

# Fraser's

PROPERTY GROUP  
**Fraser's Property (China) Limited**  
星獅地產(中國)有限公司\*

(Incorporated in Bermuda with limited liability)  
(Stock Code: 00535)

## CONTINUING CONNECTED TRANSACTIONS

### SUPPLEMENTAL DEED

The Board announces that, on 14 December 2006, FCL China, Power Source and the Company entered into the Supplemental Deed to the Principal Agreement whereby the parties agreed to impose an interest obligation on FCL China when SAI delays the transfer of the remaining 5% interest in Shanghai Zhong Jun within a prescribed period ("Transfer"). As at the date hereof, the Transfer has not yet taken place pursuant to the Principal Agreement and FCL China has requested for further extension of time to complete the Transfer. FCL China expects to be able to complete the Transfer on or before 30 September 2007.

Pursuant to the Supplemental Deed, FCL China shall pay Interest to Power Source.

As FCL China is an indirect wholly-owned subsidiary of F&N and F&N is a substantial shareholder of the Company through its interest in VCL and FCL China, FCL China is therefore a connected person of the Company within the meaning of the Listing Rules. The entering into the Supplemental Deed and the payment of Interest to Power Source constitutes a continuing connected transaction of the Company.

### CORPORATE MANAGEMENT SERVICES AGREEMENT

Pursuant to the Corporate Management Services Agreement dated 14 December 2006 entered into between Shanghai Zhong Jun and SFMC, the parties agree that SFMC as the consultant shall provide or cause to provide certain corporate management services to Shanghai Zhong Jun for a total Corporate Management Services Fee of RMB4,000,000 (about HK\$3,971,600) for a period of 12 months from 1 October 2006 to 30 September 2007.

Shanghai Zhong Jun is beneficially owned as to 52.04% by the Company, 42.96% by F&N and 5% by an independent third party. SFMC is 100% beneficially owned by F&N. Accordingly, SFMC is a connected person of the Company under the Listing Rules. As a result, the Corporate Management Services Agreement shall constitute a continuing connected transaction of the Company.

Pursuant to Rule 14A.25, the Interest payable under the Supplemental Deed and the total consideration payable under the Corporate Management Services Agreement should be aggregated and treated as if they were one transaction for the purpose of Chapter 14A of the Listing Rules.

As each of the applicable percentage ratio (as defined in the Listing Rules) represented by the sum of (1) the Interest payable for 1 year by FCL China to Power Source under the Supplemental Deed and (2) the total consideration payable by Shanghai Zhong Jun to SFMC under the Corporate Management Services Agreement is on an annual basis less than 2.5%, in accordance with Rule 14A.34(1) of the Listing Rules, the continuing connected transactions are only subject to reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements. Details of these continuing connected transactions will be disclosed in the Company's next published annual reports and accounts.

The Directors consider the entering into of the Supplemental Deed and the Corporate Management Services Agreement are in the interest of the Company and the Shareholders as a whole. The Directors also consider the terms of the Supplemental Deed and the Corporate Management Services Agreement are on normal commercial terms and fair and reasonable for the Company and the independent Shareholders.

### SUPPLEMENTAL DEED DATED 14 DECEMBER 2006

#### 1. Date

14 December 2006

#### 2. Parties

Vendor: FCL China  
Purchaser: Power Source  
Guarantor: The Company

FCL China is a connected person of the Company within the meaning of the Listing Rules.

#### 3. Transaction

Reference is made to the circular dated 22 August 2005 regarding the Principal Agreement for the acquisition of a 54.78% interest in the issued shares of and debt owing by SAI. The principal asset of SAI is a property development Project owned by Shanghai Zhong Jun. Shanghai Zhong Jun is held as to 95% by SAI and as to the remaining 5% by an independent third party who is not a connected person of the Company. One of the terms in the Principal Agreement is that SAI shall procure the transfer of the remaining 5% interest of Shanghai Zhong Jun to SAI and a downward adjustment to the Purchase Price shall be made if the equity interest of SAI in Shanghai Zhong Jun is equal to or more than 95% but less than 100% as at Transfer Date. As at the date hereof, SAI has only 95% interest in Shanghai Zhong Jun and the Transfer has not yet taken place as there are still outstanding land resettlement issues relating to the property Project and the Chinese party as shareholder in Shanghai Zhong Jun is helping to resolve the issues. FCL China has requested for further extension of time to complete the Transfer. FCL China expects to be able to complete the Transfer on or before 30 September 2007. Pursuant to the Supplemental Deed, FCL China shall pay Interest to Power Source.

#### 4. Interest

Pursuant to the Supplemental Deed, if:

"according to the Completion PRC Legal Opinion, the equity interest of SAI in the PRC Subsidiary as at the Transfer Date ("Relevant Interest") is equal to or more than 95% but less than 100%, the Vendor shall pay to the Purchaser interest on the Principal Sum as defined below ("Interest") subject to the following terms and conditions:

- Interest shall accrue from and including the date immediately following the Transfer Date (i.e. 23 September 2006) up to and including the Effective Transfer Date (as defined below);
- for the period from and including the date immediately following the Transfer Date (i.e. 23 September 2006) up to and including 30 September 2006, Interest shall accrue at the rate of 1% per annum above HIBOR (as defined below) as at 25 September 2006 on a daily basis and calculated on the basis of the actual number of days elapsed and on the basis of a 365-day year. The rate of Interest determined in accordance with the foregoing is 5.22286% per annum;
- for the financial year from and including 1 October 2006 up to and including 30 September 2007 and the subsequent financial year, Interest shall accrue at the rate of 1% per annum above HIBOR as at the first Business Day of such financial year PROVIDED ALWAYS THAT for the financial year in which the Effective Transfer Date falls, Interest shall accrue at the rate of 1% per annum above HIBOR as at the first Business Day of such financial year on a daily basis and calculated on the basis of the actual number of days elapsed and on the basis of a 365-day year. The rate of Interest determined in accordance with the foregoing for the financial year commencing on 1 October 2006 is 5.22286% per annum; and

- such amount of Interest shall be paid by the Vendor to the Purchaser in cash by telegraphic transfer or such other method in four equal installments in arrears on a quarterly basis by 31 December 2006, 31 March 2007, 30 June 2007 and 30 September 2007 or some other dates as the Vendor and the Purchaser may agree upon the execution of this Supplemental Deed or from time to time.

For the purpose of this Clause 3.5:

"HIBOR" means the applicable annual rate of interest in respect of any Interest period as quoted by Hong Kong Inter Bank Offer Rate, determined as follows:

- the existing rate quoted by Bloomberg HIBOR Reference Page as of 11:00am on 25 September 2006 or the relevant rate fixing date for Hong Kong Dollars deposits for a period equivalent to that Interest period; and
- if no fixing rate quoted by Bloomberg HIBOR Reference Page as of 11:00am on 25 September 2006 or the relevant rate fixing date, the interest rate, quoted by DBS Bank Ltd (Hong Kong Branch) as of 25 September 2006 or the relevant rate fixing date for a period equivalent to the relevant Interest period in an amount comparable to the relevant amount of Interest.

"Effective Transfer Date" means the date on which SAI becomes the holder of 100% of the equity interest in the PRC Subsidiary and the Vendor shall furnish the Purchaser with an updated Business Registration Certificate issued by the local Industry & Commerce Bureau to show the Company's 100% equity interest in the PRC Subsidiary.

"Principal Sum" means the sum calculated as follows:

$$A/5\% \times \text{HK}\$16,063,339$$

$$A = 100\% \text{ less Relevant Interest}^*$$

The sum HK\$16,063,339 represents the Company's proportionate interest in the 5% interest of Shanghai Zhong Jun's asset not yet acquired by SAI at the date when the Principal Agreement is entered into.

For the purpose of the calculation of the Interest, the Relevant Interest in the Principal Sum would be SAI's equity interest in Shanghai Zhong Jun at the time when the Interest is due.

#### 5. Connected Transaction

As FCL China is an indirect wholly-owned subsidiary of F&N and F&N is a substantial shareholder of the Company through its interest in VCL and FCL China, FCL China is therefore a connected person of the Company within the meaning of the Listing Rules. The entering into the Supplemental Deed and the payment of Interest to Power Source constitute a continuing connected transaction of the Company.

### CORPORATE MANAGEMENT SERVICES AGREEMENT DATED 14 DECEMBER 2006

#### 1. Parties

Shanghai Zhong Jun  
SFMC

#### 2. Term

A period of 12 months from 1 October 2006 to 30 September 2007.

#### 3. Services

SFMC is to provide or cause to provide certain corporate management services to Shanghai Zhong Jun which principally includes general management and administration, accounting and cash-flow management, computer, executive personnel secretarial and other related services.

#### 4. Corporate Management Services Fee

The Corporate Management Services Fee payable by Shanghai Zhong Jun shall be RMB4,000,000 (equivalent to HK\$3,971,600) due in 12 monthly installments on the first day of each calendar month. The Corporate Management Services Fee has been determined after arm's length negotiations between the parties thereto with due consideration to the SFMC's experience in similar projects and with reference to the amount incurred in similar self-managed projects of the Company in the past.

#### 5. Continuing Connected Transaction

Shanghai Zhong Jun is beneficially owned as to 52.04% by the Company, 42.96% by F&N and 5% by an independent third party. SFMC is 100% beneficially owned by F&N. Accordingly, SFMC is a connected person of the Company under the Listing Rules. As a result the Corporate Management Services Agreement shall constitute a continuing connected transaction of the Company.

#### REASONS FOR THE TRANSACTIONS

The Group is principally engaged in property investment, development and management of residential and business park projects. FCL China is an indirect wholly-owned subsidiary of F&N and its principal business is investment holding. Power Source, an indirect wholly owned subsidiary of the Company, is principally engaged in investment holding. Shanghai Zhong Jun, a subsidiary of the Company, is principally engaged in property development in the PRC and currently holds a property development project located in Shanghai, PRC. SFMC, a subsidiary of F&N, is principally engaged in the provision of project management and corporate management services in the PRC. F&N through its subsidiaries has about 56.23% shareholding in the Company.

The Directors consider the entering into the Supplemental Deed and the Corporate Management Services Agreement are in the interests of the Company and the Shareholders as a whole as they will benefit from the Interest received by Power Source and SFMC has the necessary resources and expertise in the provision of the corporate management services for Shanghai Zhong Jun. The Company has only this project in Shanghai and it is assessed to be more cost effective at this stage to engage SFMC to provide the corporate services. The Directors also consider the terms of the Supplemental Deed and the Corporate Management Services Agreement are on normal commercial terms and fair and reasonable for the Company and the independent Shareholders.

#### ANNUAL CAPS

In determining the annual caps fee, the Directors have taken into consideration the interest payable by FCL China to Power Source under the Supplemental Deed for the period from 23 September 2006 to 30 September 2007 and the extent of the corporate management services required by Shanghai Zhong Jun. The interest payable by FCL China to Power Source for the year ended 30 September 2006 is HK\$18,388 and the sum has not been paid as at the date of this Announcement. The Directors propose to set the annual cap for the consideration pursuant to the Supplemental Deed at about HK\$1,000,000 for the Company's financial year ending 30 September 2007 and the annual cap for the consideration pursuant to the Corporate Management Services Agreement at about HK\$4,000,000 for the Company's financial year ending 30 September 2007. Therefore, the aggregate consideration pursuant to both connected transactions for the year ending 30 September 2007 is at about HK\$5,000,000. The Directors consider such annual caps fair and reasonable in so far as the Company and the independent Shareholders are concerned.

#### GENERAL

As FCL China is an indirect wholly-owned subsidiary of F&N and F&N is a substantial shareholder of the Company through its interest in VCL and FCL China, FCL China is therefore a connected person of the Company within the meaning of the Listing Rules.

Shanghai Zhong Jun is beneficially owned as to 52.04% by the Company, 42.96% by F&N which is a substantial shareholder of the Company through its interest in VCL and FCL China and 5% by an independent third party. SFMC is 100% beneficially owned by F&N. Accordingly, SFMC is a connected person of the Company under the Listing Rules.

Pursuant to Rule 14A.25, the Interest payable under the Supplemental Deed and the total consideration payable under the Corporate Management Services Agreement should be aggregated and treated as if they were one transaction for the purpose of Chapter 14A of the Listing Rules.

As each of the applicable percentage ratio (as defined in the Listing Rules) represented by the sum of (1) the Interest payable for 1 year by FCL China to Power Source under the Supplemental Deed and (2) the total consideration payable by Shanghai Zhong Jun to SFMC under the Corporate Management Services Agreement is on an annual basis less than 2.5%, in accordance with Rule 14A.34 (1) of the Listing Rules, the continuing connected transactions are only subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements. Details of these continuing connected transactions will be disclosed in the Company's next published annual reports and accounts.

#### DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong and Singapore are generally open for business (excluding Saturday)
“BVI”	the British Virgin Islands
“Company”	Fraser's Property (China) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion PRC Legal Opinion”	the legal opinion in terms reasonably satisfactory to Power Source on the equity interest of SAI in Shanghai Zhong Jun as at the Transfer Date as referred to in the Principal Agreement
“Corporate Management Services Agreement”	the corporate management services agreement dated 14 December 2006 entered into between Shanghai Zhong Jun and SFMC in relation to the provision of certain corporate management services to Shanghai Zhong Jun by SFMC for the period from 1 October 2006 to 30 September 2007
“Corporate Management Services Fee”	the fee payable by Shanghai Zhong Jun to SFMC pursuant to the Corporate Management Services Agreement
“Director(s)”	the director(s) of the Company
“Effective Transfer Date”	the date on which SAI becomes 100% beneficially owner of Shanghai Zhong Jun
“Extension Letter”	a letter dated 27 March 2006 from Power Source to FCL China confirming its agreement to extend the original transfer date from 22 March 2006 to 22 September 2006 or such later date as may be agreed between the parties

“FCL China” or “Vendor”	FCL (China) Pte Ltd, formerly known as CPL (China) Pte Ltd, a limited liability company incorporated in Singapore and is 100% beneficially owned by F&N
“F&N”	Fraser and Neave Limited, a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the Singapore Exchange Securities Trading Limited
“Group”	the Company and its subsidiaries
“HIBOR”	the applicable annual rate of interest in respect of any Interest period as quoted by Hong Kong Inter Bank Offer Rate, details of which are set out under the heading of “Interest” in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Interest”	the interest paid by FCL China to Power Source on the Principal Sum subject to the terms and conditions of the Supplemental Deed, details of which are set out under the section of “Interest” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Power Source” or “Purchaser”	Power Source Holdings Limited, a company incorporated in the BVI and an indirect wholly owned subsidiary of the Company
“PRC”	the People's Republic of China
“Principal Agreement”	the sale and purchase agreement dated 14 July 2005 entered into between FCL China, Power Source and the Company in relation to the shares in SAI, a company incorporated in the BVI and the Extension Letter
“Principal Sum”	means the sum calculated as follows: $A/5\% \times \text{HK}\$16,063,339$ $A = 100\% \text{ less Relevant Interest}$ details of which are set out under the section of “Interest” in this announcement
“Project”	the proposed residential development project situated at Plot No. 2 Si Chen Road, Songjiang District and Plot No. 1 Gu Lang Road, Songjiang District of which Shanghai Zhong Jun is the registered owner and developer
“Purchase Price”	the purchase price payable by Power Source for the 54.78% of the entire issued share capital of SAI and the benefit of the 54.78% of the debt owing by SAI to FCL China pursuant to the Principal Agreement
“Relevant Interest”	the equity interest of SAI in Shanghai Zhong Jun as at the Transfer Date, details of which are set out under the section of “Interest” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SAI”	Supreme Asia Investments Limited, a company incorporated in the BVI and a 54.78% subsidiary of the Company
“SFMC”	Shanghai Frasers Management Consultancy Co Ltd (上海星獅管理諮詢有限公司), a company established in the PRC and is 100% beneficially owned by F&N
“Shanghai Zhong Jun” or “PRC Subsidiary”	Shanghai Zhong Jun Real Estate Development Co Ltd (上海仲駿房地產開發有限公司), a company established in the PRC which is held as to 95% by SAI and as to the remaining 5% by independent third party
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed dated 14 December 2006 entered into between FCL China, Power Source and the Company is supplemental to the Principal Agreement
“Transfer Date”	being 22 September 2006 or such later date as may be agreed between FCL China and Power Source pursuant to the Extension Letter
“VCL”	Vision Century Limited, a company incorporated in the BVI and is 100% beneficially owned by F&N
“%”	per cent.

*Note:* For the purpose of illustration only, the translation of RMB into HK\$ for the Corporate Management Services Fee is based on the exchange rate of HK\$1.00 to RMB0.9929. Such translation should not be considered as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

By Order of the Board  
**Fraser's Property (China) Limited**  
**Ang Ah Lay**  
*Executive Director and Chief Executive Officer*

Hong Kong, 22 December 2006

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

\* For identification purpose only