FRASERS PROPERTY
星 狮 地 产

Frasers Property (China) Limited
星獅地產（中國）有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 00535)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

ANNUAL RESULTS

The Board of Directors ("the Board") of Frasers Property (China) Limited ("the Company") announces the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 30 September 2008 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 30 September 2008

	Notes	**2008** **HK$'000**	2007 HK$'000 (Restated)
Revenue	3	**123,560**	128,601
Cost of sales		**(21,102)**	(44,685)
Gross profit		**102,458**	83,916
Direct operating expenses		**(63,848)**	(74,588)
Other income	3	**21,483**	37,189
Other (losses)/gains, net	3	**(19,671)**	323,434
Provisions written back/(made), net	4	**14,822**	(76,759)
Administrative expenses		**(26,594)**	(23,990)
Operating profit		**28,650**	269,202
Finance costs	5	**(24,151)**	(20,266)
Share of profits and losses of an associate		**(49)**	(102)
Profit before tax	6	**4,450**	248,834
Tax	7	**19,446**	(89,170)
Profit for the year		**23,896**	159,664
Attributable to:			
Ordinary equity holders of the parent		**8,301**	147,164
Minority interests		**15,595**	12,500
		23,896	159,664
Earnings per share attributable to ordinary equity holders of the parent	8		
– basic (HK cents)		**0.12**	2.15
– diluted (HK cents)		**0.12**	2.15

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET
30 September 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,063**	13,097
Investment properties		**1,054,454**	979,336
Land use rights		**–**	1,036
Prepayment for acquisition of land use rights		**419,749**	–
Interest in an associate		**5**	54
Available-for-sale financial assets		**14,787**	14,787
Deferred tax assets		**23,625**	22,667
Total non-current assets		**1,516,683**	1,030,977
CURRENT ASSETS			
Properties held for sale		**37,055**	54,521
Properties under development		**2,205,630**	1,638,196
Trade receivables	9	**6,618**	5,545
Prepayments, deposits and other receivables		**23,311**	299,128
Due from the immediate holding company		**71,443**	71,443
Restricted cash		**334**	7,644
Cash and cash equivalents		**596,096**	591,606
Total current assets		**2,940,487**	2,668,083
CURRENT LIABILITIES			
Trade payables	10	**15,587**	41,633
Other payables and accruals		**369,791**	193,741
Interest-bearing bank borrowings		**195,502**	944,291
Due to the immediate holding company		**91,291**	91,216
Due to a fellow subsidiary		**220,107**	–
Tax payable		**52,493**	83,843
Total current liabilities		**944,771**	1,354,724
NET CURRENT ASSETS		**1,995,716**	1,313,359
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,512,399**	2,344,336
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,310,363**	247,030
Deferred tax liabilities		**122,951**	164,317
Total non-current liabilities		**1,433,314**	411,347
NET ASSETS		**2,079,085**	1,932,989
EQUITY			
Equity attributable to the ordinary equity holders of the parent			
Issued capital		**684,337**	684,248
Reserves		**1,110,781**	986,816
		1,795,118	1,671,064
Minority interests		**283,967**	261,925
Total equity		**2,079,085**	1,932,989

Notes:

1. **Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$").

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policy.

1.1 Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC) – Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC) – Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC) – Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 October 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(d) HK(IFRIC) – Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC) – Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

1.2 Impact of issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKAS 1 (Revised)	*Presentation of Financial Statements*[4]
HKAS 23 (Revised)	*Borrowing Costs*[4]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[5]
HKAS 32 and HKAS 1 Amendments	HKAS 32 *Financial instruments: Presentation and* HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and obligations arising on Liquidation*[4]
HKFRS 2 Amendments	*Share-based Payment – Vesting Conditions and Cancellations*[4]
HKFRS 3 (Revised)	*Business Combinations*[5]
HKFRS 8	*Operating Segments*[4]
HK(IFRIC) – Int 12	*Service Concession Arrangements*[1]
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*[2]
HK(IFRIC) – Int 14	HKAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[1]
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*[4]
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*[3]

1 Effective for annual periods beginning on or after 1 January 2008
2 Effective for annual periods beginning on or after 1 July 2008
3 Effective for annual periods beginning on or after 1 October 2008
4 Effective for annual periods beginning on or after 1 January 2009
5 Effective for annual periods beginning on or after 1 July 2009

The revised HKAS 1 *Presentation of Financial Statements* separates owner and non-owner change in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group. In accordance with the transitional provisions in the revised standard, the Group shall apply the revised standard on a prospective basis to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 October 2009.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised HKAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

The amendments to HKAS 32 and HKAS 1 allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. As the Group currently has no such financial instruments, the amendments are unlikely to have any financial impact on the Group.

The amendments to HKFRS 2 *Share-based Payment* restrict the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

The revised HKFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised HKFRS 3 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 October 2009.

HK(IFRIC) – Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC) – Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC) – Int 13 requires that loyalty award credits granted to customers as part of a sales transaction is accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC) – Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

HK(IFRIC) – Int 15 *Agreements for Construction of Real Estate*, which was issued in August 2008 and become effective for financial years beginning on or after 1 January 2009, addresses how to make an agreement within the scope of HKAS 11 *Construction Contracts* and HKAS 18 *Revenue* and how to recognise the revenue from the construction of real estate.

HK(IFRIC) – Int 16 *Hedges of a Net Investment in a Foreign Operation* was issued in August 2008 and becomes effective for financial year beginning on or after 1 October 2008. The Interpretation addresses what the nature of the hedged risk and amount of the hedged items, where in the group the hedging instrument held, and what amounts should be classified from equity to profit or loss as reclassification adjustments on disposal of the foreign operation. As the Group has no such hedging transactions incurred, it is unlikely to have any financial impact on the Group.

As the Group currently has no customer loyalty award credits, defined benefit scheme, agreements for the construction of real estate and hedges of a net investment in a foreign operation, HK(IFRIC) – Int 13, HK(IFRIC) – Int 14, HK(IFRIC) – Int 15 and HK(IFRIC) – Int 16 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

2. Segment information

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in mainland China, and over 90% of the Group's assets are located in mainland China.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

Property development	–	development, investment and management of properties
Business park	–	development, investment and management of business parks

During the current and prior year, there were no intersegment transactions.

The segment information is presented as follows:

2008:

	Property development *HK$'000*	**Business park** *HK$'000*	**Corporate** *HK$'000*	**Total** *HK$'000*
REVENUE				
Total revenue	**38,094**	**85,466**	**–**	**123,560**
RESULTS				
Segment results before other gains/(losses)	**(4,599)**	**59,272**	**(20,628)**	**34,045**
Changes in fair values of investment properties	**–**	**(31,153)**	**–**	**(31,153)**
Impairment on property, plant and equipment	**–**	**(1,242)**	**–**	**(1,242)**
Gain on disposal of property, plant and equipment	**–**	**–**	**12,724**	**12,724**
Segment results after other gains/(losses)	**(4,599)**	**26,877**	**(7,904)**	**14,374**
Interest income				**14,276**
Finance costs				**(24,151)**
Share of profits and losses of an associate	**(49)**	**–**	**–**	**(49)**
Profit before tax				**4,450**
Tax				**19,446**
Profit for the year				**23,896**

2007:

	Property development *HK$'000* (Restated)	Business park *HK$'000* (Restated)	Corporate *HK$'000* (Restated)	Total *HK$'000* (Restated)
REVENUE				
Total revenue	65,129	63,472	–	128,601
RESULTS				
Segment results before other gains/(losses)	(80,616)	33,929	(25,288)	(71,975)
Changes in fair values of investment properties	–	104,972	–	104,972
Compensation income	161,805	–	–	161,805
Gain on disposal of investment properties	–	56,657	–	56,657
Segment results after other gains/(losses)	81,189	195,558	(25,288)	251,459
Interest income				17,743
Finance costs				(20,266)
Share of profits and losses of an associate	(102)	–	–	(102)
Profit before tax				248,834
Tax				(89,170)
Profit for the year				159,664

3. Revenue, other income and other (losses)/gains, net

Revenue, which is also the Group's turnover, represents sales of properties, gross rental income and property management fee received and receivable from the principal activities during the year.

Revenue, other income and other (losses)/gains, net recognised during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
REVENUE		
Sales of properties	**34,706**	62,104
Gross rental income	**68,772**	53,488
Property management fee income	**20,082**	13,009
	123,560	128,601
OTHER INCOME		
Interest income	**14,276**	17,743
Net exchange gain *(Note (a))*	**–**	13,135
Utility revenue	**4,043**	2,755
Others	**3,164**	3,556
	21,483	37,189
OTHER (LOSSES)/GAINS, NET		
Changes in fair values of investment properties	**(31,153)**	104,972
Gain on disposal of property, plant and equipment *(Note (b))*	**12,724**	–
Impairment on property, plant and equipment	**(1,242)**	–
Gain on disposal of investment properties *(Note (c))*	**–**	56,657
Compensation income *(Note (d))*	**–**	161,805
	(19,671)	323,434

Notes:

(a) Represents the exchange gain on settlement of bank and intra-group loans with the proceeds from the disposals of interest in a development site and a part of an investment property in the prior year.

(b) Represents the gain on disposal of a non-core asset (Shenzhen villa with the transfer of the ownership of golf club membership) in December 2007.

(c) Represents the gain on disposal of part of Sohu.com Internet Plaza to Sohu.com in the prior year. Details of this transaction have been disclosed in the Company's announcement dated 29 January 2007. The gain was increased by the land appreciation tax of HK$20,411,000 which was reclassified into "tax" for the financial year.

(d) Represents the gain on disposal of interest in the development site in Beijing in relation to the Land Development Construction Compensation Agreement. Details of this transaction have been disclosed in the announcement dated 29 November 2006. The gain was increased by the land appreciation tax of HK$6,316,000 which was reclassified into "tax" for the financial year.

4. Provisions written back/(made), net

	2008	2007
	HK$'000	*HK$'000*
Provisions written back/(made), net:		
Provisions written back on long outstanding construction cost payables	**14,896**	–
Impairment allowance on receivables *(Note)*	**(74)**	(76,759)
	14,822	(76,759)

Note:

Represents the impairment allowance for a land premium rebate receivable of HK$76,662,000 and other receivables for the prior year.

5. Finance costs

	2008	2007
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**95,472**	70,414
Other borrowing costs	**1,623**	2,689
Total borrowing costs incurred	**97,095**	73,103
Less: Amounts capitalised to properties held for development	**–**	(3,564)
Less: Amounts capitalised to properties under development	**(72,944)**	(49,273)
Total borrowing costs capitalised	**(72,944)**	(52,837)
Amount charged to the consolidated income statement	**24,151**	20,266

6. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2008 *HK$'000*	2007 *HK$'000* (Restated)
Depreciation	**1,954**	2,099
Less: Amounts capitalised to properties under development	**(228)**	(77)
	1,726	2,022
Gross rental income	**(68,772)**	(53,488)
Less: Outgoing expenses (*)	**16,719**	19,844
	(52,053)	(33,644)
Amortisation of land use rights *(Note (a))*	**15,505**	15,494
Operating lease rentals in respect of land and buildings	**3,571**	2,657
Employees benefit expenses *(Note (b))* (including directors' remuneration)		
Wages and salaries	**26,192**	26,011
Equity-settled share option expenses	**2,862**	1,505
Net pension scheme contributions (after deducting forfeited contribution of HK$14,000 (2007: HK$115,000)	**631**	420
	29,685	27,936
Auditors' remuneration	**1,813**	1,777
Gain on disposal of available-for-sale financial assets	**–**	(100)
Foreign exchange gains, net *(Note (c))*	**(21,450)**	(20,211)

(*) The outgoing expenses for the year are included in "direct operating expenses" on the face of the consolidated income statement.

Notes:

(a) Includes HK$15,490,000 (2007: HK$13,803,000) related to properties under development which did not generate any revenue during the year.

(b) Included in this balance HK$11,087,000 (2007: HK$12,895,000) was charged to direct operating expenses and HK$18,598,000 (2007: HK$15,041,000) was charged to administrative expenses.

(c) Represents the exchange gains arising from normal operations during the year.

In the prior year, balance represents the exchange gain of HK$13,135,000 *(Note 3)* on settlement of bank and intra-group loans with the proceeds from the disposals of interest in a development site and a part of an investment property, and exchange gain of HK$7,076,000 from normal operations.

7. Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year. Last year, Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during that year. Taxation on mainland China profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the jurisdiction regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the requirements of the Provisional Regulations of the People's Republic of China (the "PRC") on Land Appreciation Tax ("LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if the appreciation values do not exceed 20% of the sum of the total deductible items including amortisation of land use rights, borrowing costs and all property development expenditures, which was included in "other gains" in the prior year. Certain subsidiaries of the Group were subject to LAT which is calculated based on 1% to 2% of their revenue in accordance with the authorised taxation method, which was included in "direct operating expenses" in prior years. Should LAT of these subsidiaries be calculated according to the calculation method under the Detailed Implementation Rules on the Provisional Regulations, the estimated additional charge for the LAT would have been approximately HK$6,337,000 after written back on overprovision for LAT in the prior year of HK$11,163,000 and the provision for LAT of HK$17,500,000 (2007: HK$27,523,000).

Pursuant to the new tax law passed on 16 March 2007, a 5% to 10% withholding tax was levied on dividends declared to foreign enterprise investors for the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign enterprise investors. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from the withholding tax.

The amount of tax credited/(charged) to the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Current – Hong Kong	**–**	(1,047)
Current – mainland China	**(14,889)**	(79,170)
LAT in mainland China	**(6,337)**	(27,523)
Deferred	**40,672**	18,570
	19,446	(89,170)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rate are as follows:

	2008		2007	
	HK$'000	*%*	*HK$'000* (Restated)	*%*
Profit before tax	**4,450**		248,834	
Tax at Hong Kong profits tax rate at 16.5% (2007: 17.5%)	**734**	**16.5**	43,546	17.5
Effect of different tax rate of specific province or local authority in mainland China	**2,250**	**50.6**	21,597	8.7
Effect on opening deferred tax of change in tax rates	**(25,051)**	**(562.9)**	–	–
Income not subject to tax	**(49,290)**	**(1,107.8)**	(4,145)	(1.7)
Expenses not deductible for tax	**42,411**	**953.1**	1,846	0.7
Utilisation of previously unrecognised tax losses	**(46)**	**(1.0)**	(7,064)	(2.8)
Tax losses for which no deferred income tax asset was recognised	**3,134**	**70.4**	4,820	1.9
LAT in mainland China	**6,337**	**142.4**	27,523	11.1
Others	**75**	**1.7**	1,047	0.4
Tax (credit)/charge at the effective rate	**(19,446)**	**(437.0)**	89,170	35.8

No share of tax attributable to the associate was included in "share of profit and losses of an associate" on the face of the consolidated income statement.

8. Earnings per share attributable to ordinary equity holders of the parent

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the parent of HK$8,301,000 (2007: HK$147,164,000) and the weighted average of 6,843,159,514 (2007: 6,842,477,580) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**8,301**	147,164

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,843,159,514**	6,842,477,580
Effect of dilution – weighted average number of ordinary shares:		
Share options	**33,248,775**	9,601,624
	6,876,408,289	6,852,079,204

9. Trade receivables

Trade receivables represent consideration in respect of sold properties and rental receivables. Consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings within an average credit terms of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing and unsecured.

(a) An aged analysis of the trade receivables as at the balance sheet date, based on payment due date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**6,557**	5,001
1 to 2 months	**–**	60
2 to 3 months	**–**	411
Over 3 months	**61**	73
	6,618	5,545

(b) An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	–
Less than 1 month past due	**6,557**	5,001
2 to 3 months past due	**–**	471
More than 3 months past due	**61**	73
	6,618	5,545

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral; or other credit enhancements over these balances.

The carrying amounts of the trade receivables approximate to their fair values.

10. Trade payables

At the balance sheet date, the aged analysis of the trade payables, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**5,781**	20,245
3 months to 12 months	**1,051**	11,643
Over 1 year	**8,755**	9,745
	15,587	41,633

Trade payables are non-interest bearing and are normally settled within an average term of one month. The carrying amounts of the trade payables approximate to their fair values.

11. Post balance sheet event

On 23 October 2008, Supreme Asia Investments Limited ("SAI"), an indirect 54.78% owned subsidiary of the Company, entered into the Shareholding Adjustment Agreement with 上海中鑫華韻置業發展有限公司 (Shanghai Zhongxin Hua Yun Property Development Co. Ltd.)("Zhongxin"), 上海上科實業有限公司 (Shanghai Shang Ke Industrial Co. Ltd.)("Shang Ke") and 上海先錦置業有限公司 (Shanghai Sianjin Property Development Co. Ltd.) ("Sianjin"), who are existing shareholders of Zhong Jun, pursuant to which it was agreed that the registered capital of Shanghai Zhong Jun Real Estate Development Co. Ltd. ("Zhong Jun"), the subsidiary of SAI, will increase from RMB200 million (approximately HK$228 million) to RMB223 million (approximately HK$254.22 million). RMB12,599,400 (approximately HK$14.36 million) and RMB10,400,600 (approximately HK$11.86 million) shall be contributed by SAI and Sianjin (a direct wholly-owned subsidiary of FCL (China) Pte. Ltd. respectively by way of cash ("Capital Increase"). Zhongxin and Shang Ke, have agreed not to make any contribution under the Capital Increase.

FINANCIAL REVIEW

Results for the year ended 30 September 2008

The Group recorded a profit attributable to shareholders of HK$8.3 million for the year ended 30 September 2008 versus HK$147.2 million for the year ended 30 September 2007. On a per-share basis, the Group recorded earnings of HK0.12 cents.

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 30 September 2008 were consistent with those used in the previous year ended 30 September 2007.

The profit for the year ended 30 September 2008 was mainly attributable to the gain on the disposal of a non-core asset of HK$12.7 million (a villa together with the transfer of the ownership of golf club membership in Shenzhen), the write-back of over-accruals and obsolete accounts payable of HK$14.8 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 and partially offset by the revaluation deficit of HK$31.2 million in investment properties.

Review of overall performance

The revenue for the year ended 30 September 2008 decreased by 3.9% to HK$123.6 million from HK$128.6 million for the corresponding year ended 30 September 2007. The lower revenue was primarily due to the reduced sales realized from the completed Ninth ZhongShan project, partially offset by the higher rental and property management fee income produced by Vision Shenzhen Business Park (VSBP), which was boosted by the first full year contribution from the lease of phase 2B space.

Operating profit amounted to HK$28.7 million for the year under review against HK$269.2 million for year ended 30 September 2007. The higher profit of the previous year had been bolstered by the non-current gains on the disposal of interest in a development site in Beijing and the sale of the seven floors (with naming rights of the building) and ten car-park lots in Beijing Sohu.com Internet Plaza (SIP), formerly known as Vision International Centre, for a total sum of HK$218.5 million and was partially offset by a provision of HK$76.7 million, being the rebate of the land premium receivable under the relevant agreements in connection with the disposal of interest in the development site in Beijing. As at the date of this announcement, steps had been initiated to claim this rebate in accordance with the agreements entered into by the Group. Notwithstanding utmost efforts being directed to realize a successful outcome, the amount recoverable and timing of receipt are still indeterminate.

During the year under review, other losses included changes to the fair values of investment properties totalling HK$31.2 million, partially offset by a gain of HK$12.7 million on the disposal of a non-core asset (a villa with the transfer of the ownership of golf club membership in Shenzhen) and the write-back of over-accruals and obsolete accounts payable of HK$14.8 million.

Final dividend

The Board has resolved not to propose any final dividend for the year ended 30 September 2008 (year ended 30 September 2007: Nil).

Business segments

Property development

For the year ended 30 September 2008, the property development segment contributed revenue of HK$38.1 million or 30.8% of the total revenue, compared to HK$65.1 million or 50.6% of the total revenue for the year ended 30 September 2007. Of the HK$38.1 million revenue, HK$32.4 million was contributed by the sale of apartments and the property management fee income from The Ninth ZhongShan, Dalian, while another HK$4.5 million was contributed by Scenic Place, Beijing.

During the year under review, about 87 units of the Shanshui Four Seasons project in Songjiang, Shanghai were pre-sold. However, no revenue had been recognized in the year under review. In compliance with accounting standards, revenue will be recognized upon the issue of building occupation permit for the pre-sold units by the relevant authority. All payments received prior to this stage were recorded as deposits received.

Business park

During the year under review, revenue generated by the business park segment grew by 34.6%, from HK$63.5 million for the year ended 30 September 2007 to HK$85.5 million, representing 69.2% of the total revenue for the year ended 30 September 2008. This improved revenue was mainly due to higher yield of VSBP phase 1 and the incremental rental income from a newly completed part of phase 2.

Geographical markets

Hong Kong

Reflecting the consequence of the shift of the Group's investment focus to the mainland of the past few years, the revenue derived from Hong Kong remained relatively negligible and stable. Revenue of HK$1.2 million (1.0% of total revenue) was generated for the year ended 30 September 2008 versus HK$1.1 million (0.9% of total revenue) for the year ended 30 September 2007. The revenue represented the rental income from the car-park lots held in a Hong Kong residential development.

Mainland China

Revenue from operations in mainland China amounted to HK$122.3 million (99.0% of total revenue) for the year ended 30 September 2008 compared with HK$127.5 million (99.1% of total revenue) for the year ended 30 September 2007. The revenue during the year under review comprised mainly the rental income and property management fee income (HK$85.5 million) contributed by VSBP and SIP and the sales of apartments and the property management fee income (HK$32.4 million) realized from The Ninth ZhongShan, Dalian.

Assets

The value of the Group's total assets increased by 20.5% to HK$4,457.2 million as at 30 September 2008 compared to HK$3,699.1 million as at 30 September 2007.

Assets held under the property development segment amounted to HK$3,305.0 million (74.1% of total assets) as at 30 September 2008 compared with HK$2,291.7 million (62.0% of total assets) as at 30 September 2007. The higher amount reflected the increase in capitalized development costs incurred in connection with the Shanghai Songjiang project. In addition, a deposit of HK$419.7 million was paid in connection with the acquisition of the development site in Shenyang.

Assets held under the business park segment increased marginally to HK$1,085.6 million as at 30 September 2008, up from HK$1,082.0 million as at 30 September 2007, reflecting the appreciation of the Renminbi against the Hong Kong dollar and partially offset by changes in fair value of investment properties of VSBP and that part of the SIP held.

Total assets held in mainland China amounted to HK$4,402.9 million as at 30 September 2008, representing 98.8% the Group's total assets.

Shareholders' funds

The Group's total shareholders' funds increased by 7.4% from HK$1,671.1 million as at 30 September 2007 to HK$1,795.1 million as at 30 September 2008. On a per-share basis, the consolidated net asset value of the Group as at 30 September 2008 increased to HK26.2 cents from HK24.4 cents as at 30 September 2007. The total shareholders' funds constituted 40.3% of the total assets of HK$4,457.2 million as at 30 September 2008.

Financial resources, liquidity and capital structure

Liquidity and capital resources

The Group's total borrowings increased by 26.4% to HK$1,505.9 million as at 30 September 2008 from HK$1,191.3 million as at 30 September 2007 and the net debt (measured by total bank borrowings minus cash and bank deposits) increased to HK$909.4 million as at 30 September 2008 from HK$592.1 million as at 30 September 2007. The increase in net debt was due to the drawdown of new loans of HK$103.2 million to finance the development costs incurred in the Shanghai Songjiang project and deposit of HK$419.7 million paid for Shenyang project, partially offset by refund of two land auction deposits totalling RMB250.0 million (approximately HK$280.0 million). In tandem with the increased borrowings, the Group's gearing ratio (defined as the total borrowings over total equity, including minority interests) rose to 72% as at 30 September 2008, up from 62% as at 30 September 2007. The Group's cash and bank balances remained relatively stable at HK$596.4 million as at 30 September 2008 compared with HK$599.3 million as at 30 September 2007.

Short-term and long-term borrowings

The maturity profiles of the Group's bank and other borrowings outstanding as at 30 September 2008 and 30 September 2007 are summarized below:

	As at	
	30 September 2008	30 September 2007
	HK$'000	*HK$'000*
Within the first year	**195,502**	944,291
In the second year	**949,229**	22,222
In the third to fifth year, inclusive	**361,134**	224,808
Wholly repayable within five years	**1,505,865**	1,191,321

Financial management

Foreign currency risk

All borrowings denominated in Hong Kong dollar, Renminbi and United States dollar increased during the year under review. Most of the borrowings were matched by assets denominated in Renminbi. The foreign currency risk exposure was considered acceptable and no hedging was considered necessary.

The currency denominations of the Group's bank borrowings outstanding as at 30 September 2008 and 30 September 2007 are summarized below:

	As at	
	30 September 2008	30 September 2007
	HK$'000	*HK$'000*
Hong Kong dollar	**138,274**	–
Renminbi	**1,086,844**	1,034,285
United States dollar	**280,747**	157,036
Total	**1,505,865**	1,191,321

Interest rate risk

With borrowings applied to finance the development projects, the Group was exposed to changes in interest rate fluctuations to the extent that they affected the cost of funds of floating rate borrowings. As at 30 September 2008, all borrowings of the Group were on a floating rate basis. In the current financial crisis, interest rate movements were expected to be volatile and uncertain within the next few months but no hedging was considered necessary, with the cost of hedging being prohibitive. The Group would continue to regularly monitor the suitability and cost efficiency of hedging and the need for a mix of fixed and floating rate borrowings.

Pledge of assets

As at 30 September 2008, the Group's bank borrowings were secured by certain investment properties with a total value of HK$147.1 million (30 September 2007: HK$136.4 million).

Contingent liabilities

As at 30 September 2008, the Company issued guarantees to the extent of HK$199.5 million (30 September 2007: HK$201.6 million) of which HK$188.1 million (30 September 2007: HK$201.6 million) was utilised in respect of bank borrowings granted to its subsidiaries.

REVIEW OF OPERATIONS

Business park sector

Vision Shenzhen Business Park (VSBP)

VSBP offers some 125,000 sm of office space and about 1,000 carpark lots for lease. This is now a substantial asset in terms of capital value, size and management attention. With its sufficiently large critical mass, VSBP is being managed to realize operating efficiency from economies of scale and to raise service level to a new high.

During the year under review, VSBP continued to provide a consistently high-quality office space and reliable quality property management services to all its tenants, both big and small. This has differentiated VSBP from its numerous competitors within the Shenzhen High-tech Industrial Park and throughout Shenzhen. VSBP's competitive position as an established market leader in the business park sector is demonstrated by the consistently high occupancy for both phases 1 and 2 during the year under review. As at the date of this announcement, the overall occupancy rate for VSBP was over 90%. Today, VSBP has established a strong reputation for quality and earned many accolades from both well-known international and domestic names – a further testament to VSBP's position as a location of choice for exacting tenants.

The Group continued to engage the Shenzhen authorities to determine the future directions of phase 3 development site, which occupies an area of 254,000 sm, with a developable gross floor area of over 400,000 sm. As at the date of this announcement, the Group was still in the process of negotiating with the authorities to conclude a comprehensive settlement of the issues afflicting VSBP, including the expired construction deadline of the phase 3 site. The Group remains fully committed and plans to undertake a world-class landmark development within Shenzhen and the greater Pearl River Delta region on this site, subject to obtaining the necessary approvals. It is hoped that an amicable agreement can be concluded in the current financial year to enable the development process of the site to start early.

Sohu.com Internet Plaza (SIP), formerly Vision International Centre

SIP, the Group's joint venture project with Beijing Tsinghua Science Park Co., Ltd., a subsidiary of the prestigious Tsinghua University, is a 13-storey high quality and state-of-the-art business park facility located within the Tsinghua Science Park in Zhongguancun, Haidian district, Beijing.

The building offers an international standard of property management, with a comprehensive range of value-added services and amenities to all its occupants. Since its completion in 2004, it has stood as a landmark building with a sought-after address within Zhongguancun. Subsequent to the sale to Sohu.com in January 2007, the building was renamed SIP and the joint venture now holds the remaining gross floor area comprising 10,145 sm of office and 4,786 sm of retail space. For the year under review, the occupancy rate was over 95% with several acclaimed tenants, such as Juniper Networks, Sun Microsystems and Starbucks, in addition to owner-occupier Sohu.com – one of China's most reputable world-class corporate names.

Real estate development

Property projects in mainland China

The Ninth ZhongShan, Dalian

The Ninth ZhongShan, a twin-tower development, one 30-storey and the other 32-storey, is superbly located at the core of the central business district of Dalian and offers panoramic views of the city and its coastline. As at 30 September 2008, all 453 units had been sold (previously 439 units prior to re-configuration and subdivision).

Shanshui Four Seasons, Songjiang, Shanghai

This 71-hectare development site, in which the Group holds a controlling 52.04%-interest, was acquired in September 2005. This huge site has a permissible gross floor area of about 830,000 sm to be developed in phases. The pace of such development will be dictated by market conditions. The construction of phase 1, with a total gross floor area of about 100,340 sm (excluding basement area), comprising 418 units of terrace and semi-detached houses, a clubhouse and some commercial and retail space, is expected to be completed in early 2009.

136 units have been progressively released for sale starting from July 2008. As at 30 September 2008, some 64% or 87 units had been pre-sold. This performance is most creditable in the context of the challenging environment of the past few months. With its tranquil suburban location, easy accessibility and quality design concept, the Group is confident that the project will continue to be well-received. Given its size and market position, this development will raise the profile of the Group and reinforce its commitment to quality and customer satisfaction.

Qingniandajie project, Shenyang

The Group secured this commercial development site located at Shenyang's busiest thoroughfare, Qingniandajie, at a public auction on 2 July 2008. The 15,630 sm site has a potential permissible gross floor area of 187,568 sm. The cost of the site is RMB386 million, equivalent to an accommodation value (land cost per sm permissible gross floor area) of about RMB2,060. The site is situated within the Shenhe district and is within walking distance to a proposed subway station. The site is now undergoing resettlement of its existing occupants by the Shenyang Land Reserve Center, which will deliver vacant possession by 31 January 2010. The Group expects this new acquisition to yield a satisfactory return, confident of the long-term growth potential of Shenyang – the largest city in north-east China and the political, commercial and cultural centre of Liaoning province. Shenyang is particularly well-positioned to be a major beneficiary of the central government's strategy to accelerate the development of the north-east region and its real estate sector holds much promise in tandem with its future economic growth and physical transformation.

The preliminary conceptualization and planning works for this project have started. Subject to approvals being obtained, the development will comprise office, retail and hotel-style/serviced apartments. It is expected that the construction of this high-rise multi-tower project will commence in 2011 and finish in 2014.

Carpark spaces in Hong Kong

As all the apartments developed in Hong Kong had been sold, the Group now holds only 133 car parking spaces for lease at Greenery Place in Yuen Long.

Business development activities

During the year, the Group focused on the execution of its growth strategy and expended much resources and efforts into identifying new investment opportunities to secure the Group's future growth. The Group explored opportunities in several cities deemed suitable on the basis of their rapid economic growth, urban redevelopment and market conditions. Some proposals had to be rejected when judged to be commercially unacceptable while others were unsuccessful attempts, as in the case of participation in a government land auction in November 2007, when the Group's submitted bid was not sufficiently competitive to secure a site in Wuxi, Jiangsu province.

In the search for new investments, the Group has always exercised caution and prudence to ensure that its scarce financial resource is allocated optimally while remaining vigilant to investment risk and market uncertainty. It is fortuitous that this philosophy has borne out particularly well for the Group, in the light of current global financial turmoil and uncertainty. Despite this uncertainty and the adverse impact on the mainland economy, the Group hopes to seize suitable and attractive investment opportunities that may present themselves, confident of the long-term prospects of the mainland property market.

PROSPECTS

The Group's assets are located and operations conducted almost exclusively in mainland China. With the mainland's economic growth expected to ease and adversely impact the real estate market, the Group will strive to enhance shareholder value from existing assets and apply its resources to take advantage of the market uncertainty and prudently seek out exceptionally attractive acquisition opportunities to provide sustainable growth.

EMPLOYEE INFORMATION

As at 30 September 2008, the Company and its subsidiaries had 212 (2007: 204) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year.

AUDIT COMMITTEE

The Audit Committee currently comprises four independent non-executive directors and one non-executive director. It is chaired by an independent non-executive director. A set of written terms of reference, which described the authority and duties of the Audit Committee, was adopted by the Board and the contents of which are in compliance with the Code Provisions and Recommended Best Practices of the Code of Corporate Governance Practices (the "CG Code"). The said terms of reference of the Audit Committee adopted by the Board are posted on the Company's website.

The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Committee is also provided with other resources to enable it to discharge its duties fully.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters, including the review of the annual report of the Company for the year ended 30 September 2008.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices as set out in the CG Code in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The corporate governance principles of the Company emphasize a quality board of directors, sound internal control, principles and practices and transparency and accountability to all shareholders of the Company. The Company has complied with the CG Code throughout the accounting year covered by the 2007/08 Annual Report except for the deviations from Code Provisions A.4.1 and B.1.1 which, in the Company's opinion, are unsuitable or inappropriate for adoption. Explanations for such non-compliance are provided and discussed below:

1. The non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company. According to bye-law 109(A) and 189(vii) of the bye-laws of the Company, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one-third but not less than one-third, shall retire from office and shall be eligible for re-election at each annual general meeting. Therefore, the Board considers that non-compliance with Code A.4.1 of the CG Code is acceptable since, with ten directors and at least one-third of them being subject to retirement at every annual general meeting, all of them should be retired by rotation at least once every three years. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provision of the CG Code.

2. The majority of the members of the Remuneration Committee are not independent non-executive directors. The Board will continue with this composition and not comply with Code B.1.1 of the CG Code because the Board considers that it appropriate for the non-executive director(s) representing the controlling shareholder to play an active role in appointing the key executives and setting their remuneration.

COMPLIANCE WITH MODE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company adopted its own Code for Securities Transactions by Officer (the "Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors of the Company have confirmed their compliance with the required standards set out in the Model Code and the Code during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 January 2009 to Monday, 19 January 2009 (both days inclusive), during which period, no transfer of share(s) will be effected. In order to determine the entitlement to attend and vote at the forthcoming annual general meeting of the Company, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 14 January 2009.

BOARD OF DIRECTORS

As at the date hereof, the Board 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.

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

Hong Kong, 7 November 2008