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

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

ANNUAL RESULTS

The Board of Directors (the "Board") of Frasers Property (China) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 September 2009 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
Year ended 30 September 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	3	**124,796**	123,560
Cost of sales		**(1,990)**	(21,102)
Gross profit		**122,806**	102,458
Direct operating expenses		**(99,359)**	(63,848)
Other income	3	**25,590**	21,483
Changes in fair values of investment properties		**(14,826)**	(31,153)
Gain on disposal of an available-for-sale financial asset		**1,412**	—
Gain on disposal of property, plant and equipment		**—**	12,724
Impairment on property, plant and equipment		**—**	(1,242)
Provisions written back, net		**—**	14,822
Administrative expenses		**(25,894)**	(26,643)
Finance costs	4	**(24,442)**	(24,151)
(Loss)/profit before tax	5	**(14,713)**	4,450
Tax	6	**11,743**	19,446
(Loss)/profit for the year		**(2,970)**	23,896
Attributable to:			
Ordinary equity holders of the parent		**3,169**	8,301
Minority interests		**(6,139)**	15,595
		(2,970)	23,896
Earnings per share attributable to ordinary equity holders of the parent	7		
- basic (HK cent)		**0.05**	0.12
- diluted (HK cent)		**0.05**	0.12

* *For identification purpose only*

Consolidated Balance Sheet
30 September 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**3,115**	4,063
Investment properties		**1,047,561**	1,054,454
Prepayment for acquisition of land use rights		**442,142**	419,749
Prepayments, deposits and other receivables		**1,855**	1,888
Available-for-sale financial assets		**8,822**	14,787
Deferred tax assets		**15,278**	23,625
Total non-current assets		**1,518,773**	1,518,566
CURRENT ASSETS			
Properties held for sale		**35,173**	37,055
Properties under development		**2,550,357**	2,205,630
Trade receivables	*8*	**4,775**	6,618
Prepayments, deposits and other receivables		**80,681**	21,428
Due from the immediate holding company		**66,213**	71,443
Restricted cash		**45,574**	334
Cash and cash equivalents		**812,316**	596,096
Total current assets		**3,595,089**	2,938,604
CURRENT LIABILITIES			
Trade payables	*9*	**7,947**	15,587
Advanced receipts, accruals and other payables		**1,267,403**	369,791
Interest-bearing bank borrowings		**478,532**	195,502
Due to the immediate holding company		**91,291**	91,291
Due to a fellow subsidiary		**54**	220,107
Tax payable		**2,463**	52,493
Total current liabilities		**1,847,690**	944,771
NET CURRENT ASSETS		**1,747,399**	1,993,833
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,266,172**	3,512,399
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,026,593**	1,310,363
Deferred tax liabilities		**122,253**	122,951
Total non-current liabilities		**1,148,846**	1,433,314
NET ASSETS		**2,117,326**	2,079,085
EQUITY			
Equity attributable to the ordinary equity holders of the parent			
Issued capital		**684,337**	684,337
Reserves		**1,118,953**	1,110,781
		1,803,290	1,795,118
Minority interests		**314,036**	283,967
Total equity		**2,117,326**	2,079,085

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 ("HKICPA"), 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$").

1.1 Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 14	HKAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 1 (Revised)	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]

HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Amendment to HK(IFRIC)–Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives* [3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers* [4]
HKFRSs (Amendments)	*Improvements to HKFRSs* [5*]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods ending on or after 30 June 2009

4 Effective for transfers of assets from customers received on or after 1 July 2009

5 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

* Improvements to HKFRS contains amendments to HKFRS 2, HKFRS 5, HKFRS 7, HKAS 1, HKAS 7, HKAS 8, HKAS 10, HKAS 16, HKAS 17, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40, HKAS 41, HK(IFRIC)-Int 9 and, HK(IFRIC)-Int 16.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 23 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. Segment information

Segment information is presented on the basis of the Group's key business categories, namely property development and business park. No geographical segment information is presented as over 90% of the Group's revenue were derived from customers in mainland China. Similarly, over 90% of the Group's assets were 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 segment represents a strategic unit that offers products and services which are subject to different risks and returns. Summary details of the business segments are:

Property development - development, investment and management of properties

Business park - development, investment and management of business parks

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

The segment information is presented:

For the year ended 30 September 2009

	Property development *HK$'000*	Business park *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
REVENUE				
Total revenue	**7,417**	**117,379**	**—**	**124,796**
RESULTS				
Segment results	**(56,879)**	**91,342**	**(26,920)**	**7,543**
Changes in fair values of investment properties	**—**	**(14,826)**	**—**	**(14,826)**
Gain on disposal of an available-for-sale financial asset	**—**	**—**	**1,412**	**1,412**
	(56,879)	**76,516**	**(25,508)**	**(5,871)**
Interest income				**15,600**
Finance costs				**(24,442)**
Loss before tax				**(14,713)**
Tax credit				**11,743**
Loss for the year				**(2,970)**

At 30 September 2009

	Property development *HK$'000*	Business park *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	**3,651,743**	**1,105,727**	**10,600**	**4,768,070**
Unallocated assets	**—**	**—**	**—**	**345,792**
Total assets				**5,113,862**
LIABILITIES				
Segment liabilities	**1,223,455**	**46,196**	**5,699**	**1,275,350**
Unallocated liabilities	**—**	**—**	**—**	**1,721,186**
Total liabilities				**2,996,536**

For the year ended 30 September 2009

OTHER SEGMENT INFORMATION	Property development *HK$'000*	Business park *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Capital expenditures	**666**	**314**	**15**	**995**
Depreciation	**1,100**	**329**	**196**	**1,625**
Amortisation	**16,053**	**—**	**—**	**16,053**
Changes in fair values of investment properties	**—**	**14,826**	**—**	**14,826**
Gain on disposal of an available-for-sale financial asset	**—**	**—**	**(1,412)**	**(1,412)**

For the year ended 30 September 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	(4,648)	59,272	(20,628)	33,996
Changes in fair values of investment properties	—	(31,153)	—	(31,153)
Gain on disposal of property, plant and equipment	—	—	12,724	12,724
Impairment on property, plant and equipment	—	(1,242)	—	(1,242)
	(4,648)	26,877	(7,904)	14,325
Interest income				14,276
Finance costs				(24,151)
Profit before tax				4,450
Tax credit				19,446
Profit for the year				23,896

At 30 September 2008

	Property development *HK$'000*	Business park *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	3,304,982	1,085,601	16,460	4,407,043
Unallocated assets	—	—	—	50,127
Total assets				4,457,170
LIABILITIES				
Segment liabilities	326,991	48,921	9,466	385,378
Unallocated liabilities	—	—	—	1,992,707
Total liabilities				2,378,085

For the year ended 30 September 2008

OTHER SEGMENT INFORMATION	Property development *HK$'000*	Business park *HK$'000*	Corporate *HK$'000*	Total *HK$'000*
Capital expenditures	1,070	1,661	33	2,764
Depreciation	1,179	306	241	1,726
Amortisation	15,490	—	15	15,505
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)
Impairment allowance on other receivables	74	—	—	74

3. **Revenue and other income**

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

An analysis of revenue and other income recognised is:

	2009	2008
	HK$'000	*HK$'000*
REVENUE		
Sales of properties	**3,697**	34,706
Gross rental income	**88,737**	68,772
Property management fee income	**32,362**	20,082
	124,796	123,560
OTHER INCOME		
Interest income	**15,600**	14,276
Utility revenue	**5,774**	4,043
Others	**4,216**	3,164
	25,590	21,483

4. **Finance costs**

	2009	2008
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**92,010**	95,472
Other finance costs	**1,146**	1,623
Total borrowing costs incurred	**93,156**	97,095
Less: Interest capitalised to properties under development	**(68,714)**	(72,944)
	24,442	24,151

5. (Loss)/profit before tax

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

	2009	2008
	HK$'000	*HK$'000*
Depreciation	**1,912**	1,954
Less: Amounts capitalised to properties under development	**(287)**	(228)
	1,625	1,726
Gross rental income	**(88,737)**	(68,772)
Less: Outgoing expenses (Note (a))	**18,639**	16,719
	(70,098)	(52,053)
Changes in fair values of investment properties	**14,826**	31,153
Gain on disposal of an available-for-sale financial asset	**(1,412)**	—
Gain on disposal of property, plant and equipment	**—**	(12,724)
Impairment on property, plant and equipment	**—**	1,242
Amortisation of land use rights (Note (b))	**16,053**	15,505
Minimum lease payments under operating lease in respect of land and buildings	**3,874**	3,571
Employees benefit expenses (Note (c)) (including directors' remuneration)		
Wages and salaries	**26,873**	26,192
Equity-settled share option expenses	**1,739**	2,862
Net pension schemes contributions (after deducting forfeited contribution of HK$Nil (2008:HK$14,000))	**735**	631
	29,347	29,685
Auditors' remuneration	**1,516**	1,813
Foreign exchange differences, net	**60**	(21,450)

Notes:

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

(b) Related to properties under development which did not generate any revenue during the year (2008: HK$15,490,000).

(c) Included in the balance HK$18,689,000 (2008: HK$11,087,000) was charged to direct operating expenses and HK$10,658,000 (2008: HK$18,598,000) was charged to administrative expenses.

6. 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 (2008: HK$Nil). Taxation on mainland China profits were calculated on the estimated assessable profits for the year at the rates of tax prevailing in the jurisdiction where the operations occurred, based on existing legislation, interpretations and practices in respect thereof.

During the current year, tax credit mostly represented the write-back of the over-provided land appreciation tax ("LAT") of HK$12,101,000 after settlement made during the year. The provision of LAT was estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions. For the prior year, the charge for the LAT of HK$6,337,000 represented the provision for LAT of HK$17,500,000 for one of the Group's property sites, net of a write-back of LAT for another property site of HK$11,163,000.

The deferred tax for the year ended 30 September 2009 arose mainly from fair values losses for investment properties of HK$3,706,000 (2008: HK$7,788,000) and from normal operations of HK$1,467,000 (2008: HK$7,833,000). For the prior year, a net deferred tax credit adjustment of HK$25,051,000 was recorded arising from the unification of PRC income tax effective from 1 January 2009.

At the balance sheet date, deferred tax liability of HK$2,668,000 (2008: HK$Nil) regarding withholding income tax on the undistributed earnings (future dividend) of PRC subsidiaries has been provided for.

The amount of tax credit/(charge) to the consolidated income statement represented:

	2009	2008
	HK$'000	*HK$'000*
Current - Hong Kong	**—**	—
Current - Mainland China	**—**	—
Charge for the year	**(6,528)**	(14,814)
Over/(under)-provision in prior years	**6,599**	(75)
LAT in Mainland China	**12,101**	(6,337)
Deferred	**(429)**	40,672
	11,743	19,446

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 rates (i.e. the statutory tax rates) to the effective tax rates, is as follows:

	2009		2008	
	HK$'000	*%*	*HK$'000*	*%*
(Loss)/profit before tax	**(14,713)**		4,450	
Tax at Hong Kong profits tax rate at 16.5%	**(2,428)**	**(16.5)**	734	16.5
Effect of different taxation rate of specific province or local authority in mainland China	**647**	**4.4**	2,250	50.6
Effect on opening deferred tax of change in rates	**—**	**—**	(25,051)	(562.9)
Income not subject to tax	**(6,860)**	**(46.6)**	(49,290)	(1,107.8)
Expenses not deductible for tax	**16,558**	**112.5**	42,411	953.1
Utilisation of previously unrecognised tax losses	**(6,638)**	**(45.1)**	(46)	(1.0)
Tax losses for which no deferred income tax asset was recognised	**3,010**	**20.5**	3,134	70.4
LAT in mainland China	**(12,101)**	**(82.3)**	6,337	142.4
Others	**(3,931)**	**(26.7)**	75	1.7
Tax credit at the effective rate	**(11,743)**	**(79.8)**	(19,446)	(437.0)

7. 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$3,169,000 (2008: HK$8,301,000) and the weighted average of 6,843,371,580 (2008: 6,843,159,514) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share amount 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:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**3,169**	8,301

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,843,371,580**	6,843,159,514
Effect of dilution – weighted average number of ordinary shares		
Share options	**39,749,633**	13,478,253
	6,883,121,213	6,856,637,767

8. 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 and net of provision, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 1 month	**4,723**	6,557
1 to 2 months	**—**	—
2 to 3 months	**—**	—
Over 3 months	**52**	61
	4,775	6,618

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**—**	—
Less than 1 month past due	**4,723**	6,557
2 to 3 months past due	**—**	—
More than 3 months past due	**52**	61
	4,775	6,618

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.

9. Trade payables

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**784**	5,781
3 months to 12 months	**575**	1,051
Over 1 year	**6,588**	8,755
	7,947	15,587

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.

10. Comparative figures

Certain prior year figures have been restated to conform with the presentation of the current year.

FINANCIAL REVIEW

Results for the year ended 30 September 2009

The Group recorded a profit attributable to shareholders of HK$3.2 million for the year ended 30 September 2009 versus HK$8.3 million for the year ended 30 September 2008. On a per-share basis, the Group recorded earnings of HK0.05 cent.

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 30 September 2009 were consistent with those used in the previous year ended 30 September 2008.

The profit for the year ended 30 September 2009 included the write-back of the over-provisions of land appreciation tax of HK$12.1 million for certain development projects and the gain on disposal of an unlisted equity investment of HK$1.4 million, offset by a decrease in fair values of investment properties amounting to HK$14.8 million.

Review of overall performance

The revenue for the year ended 30 September 2009 increased marginally to HK$124.8 million from HK$123.6 million for the year ended 30 September 2008. The improved revenue reflected the 56% jump in rental income due to the higher occupancy enjoyed by Vision (Shenzhen) Business Park (VSBP), partially offset by the reduced sales realised from The Ninth ZhongShan, Dalian. As a result, the gross profit (revenue less cost of sales) improved by nearly 20% to HK$122.8 million for the ended 30 September 2009 from HK$102.5 million for the year ended 30 September 2008.

Direct operating expenses rose to HK$99.4 million for the year under review from HK$63.8 million in last financial year mainly as a result of selling and marketing expenses incurred for pre-sales activities for the Shanghai Shanshui Four Seasons project and increased property management expenses incurred due to higher occupancy in VSBP, while in the previous corresponding year, the direct operating expenses were offset by a net exchange gain of about HK$21.5 million. Total pre-sales receipts as at 30 September 2009 from Shanghai Shanshui Four Seasons project amounted to HK$995.2 million of which no revenue had been recognised.

Several other main transactions also impacted on the Group's profit to shareholders for the year under review against the previous financial year. The profit of the previous corresponding year included a one-off gain on the disposal of a non-core asset (a villa with the transfer of the ownership of golf club membership in Shenzhen) of HK$12.7 million, the write-back of over-accruals and obsolete other payables of HK$14.8 million offset by the decrease in fair values of investment properties amounting to HK$31.2 million. For the year under review, the overall decrease in fair values of investment properties was HK$14.8 million, the write-back of the over-provision of land appreciation tax was HK$12.1 million for certain development projects and the gain on disposal of an unlisted equity investment was HK$1.4 million.

As a result, the Group's profit attributable to shareholders for the year under review declined to HK$3.2 million, down from HK$8.3 million of the previous year ended 30 September 2008.

Final dividend

The Board has resolved not to propose any final dividend for the year ended 30 September 2009 (year ended 30 September 2008: Nil).

Business segments

Property development

For the year ended 30 September 2009, the property development segment contributed a reduced revenue of HK$7.4 million or 6% of the total revenue, compared to HK$38.1 million or 31% of the total revenue of the year ended 30 September 2008. Of the HK$7.4 million revenue, HK$3.3 million was contributed by the sale of a residential unit and the property management income from The Ninth ZhongShan, Dalian, while another HK$2.8 million was contributed by Scenic Place, Beijing.

During the year under review, another 269 units of the Shanghai Shanshui Four Seasons project were pre-sold in addition to the 87 units pre-sold as at the last financial year end date of 30 September 2008. However, no revenue had been recognised in the year under review. In compliance with accounting standards, revenue will be recognised upon the issue of building occupation permits for the pre-sold units by the relevant authorities. All payments received from buyers prior to this stage were recorded as pre-sales receipts.

Business park

During the year under review, revenue generated by the business park segment grew by 37%, from HK$85.5 million for the year ended 30 September 2008 to HK$117.4 million, representing 94% of the total revenue for the year ended 30 September 2009. This improved revenue was due to the higher revenue generated by VSBP, which consistently enjoyed near full occupancy.

Geographical markets

Hong Kong

Reflecting the consequence of the shift of the Group's investment focus to the mainland of the past few years and with no new projects in Hong Kong, the revenue derived from Hong Kong remained minimal at HK$1.3 million (1% of total revenue) for the year ended 30 September 2009 versus HK$1.2 million (1% of total revenue) for the year ended 30 September 2008. The revenue represented the rental income from the car-park lots held in a completely sold residential development, Greenery Place in Yuen Long, Hong Kong.

Mainland China

Revenue from operations in mainland China amounted to HK$123.5 million (99% of total revenue) for the year ended 30 September 2009 compared with HK$122.4 million (99% of total revenue) for the year ended 30 September 2008. The revenue during the year under review comprised mainly the rental income and property management fee income (HK$117.4 million) contributed by VSBP and Beijing Sohu.com Internet Plaza (SIP) and the sale of a residential unit and the property management fee income (HK$3.3 million) realized from The Ninth ZhongShan, Dalian.

Assets

The value of the Group's total assets increased by 15% to HK$5,113.9 million as at 30 September 2009, up from HK$4,457.2 million as at 30 September 2008.

Assets held under the property development segment amounted to HK$3,651.7 million (71% of total assets) as at 30 September 2009 compared with HK$3,305.0 million (74% of total assets) as at 30 September 2008. The higher amount reflected the increase in capitalised development costs incurred in connection with the Shanghai Shanshui Four Seasons project.

Assets held under the business park segment remained relatively stable at HK$1,105.7 million as at 30 September 2009 compared with HK$1,085.6 million as at 30 September 2008, reflecting additional cash and cash equivalents, partially offset by a diminution in fair values of investment properties.

Total assets held in mainland China amounted to HK$4,761.6 million as at 30 September 2009, representing 93% the Group's total assets.

Shareholders' funds

The Group's total shareholders' funds increased marginally from HK$1,795.1 million as at 30 September 2008 to HK$1,803.3 million as at 30 September 2009. On a per-share basis, the consolidated net asset value of the Group as at 30 September 2009 was HK26.4 cents, about equal to the HK26.2 cents as at 30 September 2008. The total shareholders' funds constituted 35% of the total assets of HK$5,113.9 million as at 30 September 2009.

Financial resources, liquidity and capital structure

Liquidity and capital resources

The Group's total borrowings remained stable at HK$1,505.1 million as at 30 September 2009 compared with HK$1,505.9 million as at 30 September 2008. However, the net debt (measured by total bank borrowings minus cash and bank deposits) fell to HK$647.2 million as at 30 September 2009 from HK$909.4 million as at 30 September 2008. For the year under review, a new bank loan of HK$360 million in Hong Kong was drawn down to fund various projects while proceeds received from the pre-sales of the Shanghai Songjang project were used to repay certain bank loans. In line with the stable borrowings, the Group's gearing ratio (defined as the total borrowings over total equity, including minority interests) held constant: 71% as at 30 September 2009 against 72% as at 30 September 2008. The Group's cash and bank balances increased to HK$857.9 million as at 30 September 2009 from HK$596.4 million as at 30 September 2008.

Short-term and long-term borrowings

The maturity profiles of the Group's bank borrowings outstanding as at 30 September 2009 and 30 September 2008 are summarised below:

	As at	
	30 September 2009	30 September 2008
	HK$'000	*HK$'000*
Within the first year	**478,532**	195,502
In the second year	**833,442**	949,229
In the third to fifth year, inclusive	**193,151**	361,134
Wholly repayable within five years	**1,505,125**	1,505,865

Financial management

Foreign currency risk

Borrowings denominated in United States dollar remained at the same level while those in Hong Kong dollar increased and in renminbi decreased during the year under review. Most of the borrowings were matched by assets denominated in renminbi. The foreign currency risk exposure was considered minimal and no hedging was considered.

The currency denominations of the Group's bank borrowings outstanding as at 30 September 2009 and 30 September 2008 are summarised below:

	As at	
	30 September 2009	30 September 2008
	HK$'000	*HK$'000*
Hong Kong dollar	**499,102**	138,274
Renminbi	**724,507**	1,086,844
United States dollar	**281,516**	280,747
Total	**1,505,125**	1,505,865

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 2009, all borrowings of the Group were on a floating rate basis. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. 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 2009, the Group's bank borrowings were secured by certain investment properties with a total value of HK$143.7 million (30 September 2008: HK$147.1 million).

Contingent liabilities

As at 30 September 2009, the Company issued guarantees to the extent of HK$183.2 million (30 September 2008: HK$199.5 million) of which HK$171.8 million (30 September 2008: HK$188.1 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 property comprises seven medium-rise blocks built around a 16,000 sm lush landscaped park complete with sporting and recreational facilities. It 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 realise operating efficiency from economies of scale and to offer an unrivalled service standard.

VSBP provides high quality office space and consistently reliable property management services to both big and small tenants. This has differentiated VSBP from its numerous competitors within the Shenzhen High-tech Industrial Park and throughout Shenzhen. VSBP's position as market leader in the business park sector is demonstrated by the consistently high occupancy of over 95% achieved. Today, VSBP has established a reputation for quality and won accolades from well-known international and domestic names, both tenants and visitors.

During the year under review, 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. It is hoped that an amicable agreement can be concluded in due course.

Sohu.com Internet Plaza (SIP)

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 technologically modern 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 completion in 2004, it has stood as a landmark building with a sought-after address within Zhongguancun. Following the sale of certain floors 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 corporate names.

Real estate development

Property projects in mainland China

Shanghai Shanshui Four Seasons

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 100,600 sm, comprising 418 units of terrace and semi-detached houses, a clubhouse and some commercial and retail space, was largely completed within the year under review. The necessary occupation permits have been applied for and were being processed by the authorities. Upon the issue of such permits, the pre-sold housing units will be ready for possession by the purchasers. This handover of units is expected to occur from December 2009.

Notwithstanding the challenging market conditions, 90% or 377 of 418 units had been pre-sold as at 6 November 2009, about 15 months after the commencement of the phase 1 marketing in July 2008. The revenue will only be recognised in the new financial year upon obtaining the occupation permits. 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 (referred to as Jin Lang site no. 9-4) 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 Centre, which has to deliver vacant possession by the deadline of 31 January 2010. The preliminary conceptualization and planning works for this project have started. Subject to approvals being obtained, the development will comprise office, retail and serviced apartment components. It is envisaged that the construction of this high-rise multi-tower project will commence in 2010 and finish in 2013.

The Group is taking the opportunity presented by the lead time prior to site possession date to review the changing market conditions and make necessary adjustments to ensure this investment yields an acceptable risk-adjusted return. The Group is confident of the long-term prospects of

Shenyang – the largest city in northeast China and the political, economical 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 economic growth prospects and physical transformation.

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

In its drive to build a business platform for sustainable growth and creation of shareholders' value, the Group has always exercised caution and prudence to ensure that its scarce financial resource is allocated optimally while remaining vigilant to investment risk. The Group is confident of the long-term prospects of the mainland property market. In this context, the Group has focused on the execution of its existing portfolio of projects during the year under review and will selectively consider new investment opportunities when there are compelling strategic and economic reasons to do so.

PROSPECTS

2009 has indeed been a challenging year, fraught with major difficulties and unknowns arising from the global financial crisis. China, supported by the central government's timely and effective policies on monetary and credit supply, is on course to maintain a GDP growth rate exceeding its target of 8% for 2009. Notwithstanding the encouraging signs, experts have warned that any premature withdrawal of economic stimulus may harm the sustainability of this tentative recovery, given that demand is still weak.

As a result of the financial meltdown, China's role as a market leader has probably been accelerated especially in view of the negative growth, high unemployment and low consumption demand in the developed nations. With the worst now over and recovery expected to continue, the spotlight will be on how China can expand its domestic demand to sustain its growth which had historically been dependent on export demand. On the basis of China's continued sound economic fundamentals, the Group believes that there will be strong and sustainable demand in all property sectors in the years ahead. Moving forward the Group will manage the potential challenges emanating from market shifts with care and diligence and position itself to seize suitable opportunities that may become available to strengthen and broaden its business platform.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2009, the Company and its subsidiaries had 202 (2008: 212) 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 of the Board was formed in August 2001. It currently comprises four independent non-executive directors and one non-executive director. It is chaired by an independent non-executive director. A new set of written terms of reference, which described the authority and duties of the Audit Committee, was adopted by the Board during the year and the contents of which are in compliance with the new amendments to the Code Provisions and Recommended Best Practices of the Code of Corporate Governance Practice (the "CG Code") which became effective on 1 January 2009. 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 and Ernst & Young, the auditors 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 2009.

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 emphasise 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 2008/09 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 of the Company in accordance with the bye-laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions 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 is 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 MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") which became effective on 1 January 2009, as amended on 1 April 2009, as its own code for dealing in securities of the Company by the directors of the Company. Having made specific enquiry, all directors of the Company have confirmed their compliance with the required standards set out in the Model Code applying before and after 1 January 2009 throughout the year. The Model Code also applies to other specified senior management of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 14 January 2010 to Monday, 18 January 2010 (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, 13 January 2010.

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. Hui Choon Kit, Mr. Chia Khong Shoong, 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, 6 November 2009