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RREEF China Commercial Trust

睿富中國商業房地產投資信託基金

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 0625)

Managed by
RREEF China REIT Management Limited

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

2010 FINAL RESULTS

The board of directors (the “**Board**”) of RREEF China REIT Management Limited as manager (the “**Manager**”) of RREEF China Commercial Trust (“**RREEF CCT**” or the “**Trust**”) hereby announces the audited final results of RREEF CCT for the year ended 31 December 2010 (the “**Reporting Period**”) as follows.

Key Performance Highlights

- Following RREEF CCT’s unitholders’ (the “**Unitholders**”) approval of a combined special resolution of the Disposal, the Termination and Proposed Delisting, the Disposal was successfully completed on 12 April 2010.
- The 2010 Interim Distribution of HK\$ 4.10 per unit¹ was paid in May 2010 comprising the sales proceeds of the Disposal and available cash resources of RREEF CCT.
- The Escrow Balance Amount of HK\$ 129.2 million was transferred in full to the Trust’s account on the Escrow End Date. There has been no breach of the representations and warranties under the Agreement.
- Following the payment of the 2010 Interim Distribution, the net asset value attributable to Unitholders totalled HK\$ 189.2 million or HK\$ 0.41 per unit¹ as at 31 December 2010.
- RREEF CCT made a profit for the Reporting Period of HK\$ 68.8 million.
- The loan facility of HK\$ 1,400.0 million was repaid on 12 April 2010 and as such there was no debt in the Trust as at 31 December 2010.

¹ Based on 464,161,000 units in issue.

In this announcement, the following definitions apply throughout unless otherwise stated. All other capitalised terms shall have the same meanings as defined in the circular dated 5 March 2010 (“the **Circular**”) unless otherwise stated in this announcement.

2010 Interim Distribution means the interim distribution of HK\$ 4.10 per unit declared and announced on 15 April 2010 comprising the sales proceeds of the Disposal and available cash resources of RREEF CCT. Cheques for the per unit payment pursuant to the 2010 Interim Distribution were despatched on 11 May 2010 to the Unitholders whose names appeared on the register of Unitholders on 23 April 2010. For details please refer to the Distribution Statement on page 18 of this announcement.

Agreement means the sale and purchase agreement dated 3 February 2010 entered into between the Manager, HSBC Institutional Trust Services Asia Limited (the “**Trustee**”) and Mapletree India China Fund Ltd in relation to the disposal of the entire issued share capital of BVI Gateway by the Trustee to Mapletree India China Fund Ltd.

BVI Gateway means Beijing Gateway Plaza (BVI) Limited, a company incorporated in the British Virgin Islands, which holds the entire issued share capital of the HK SPV.

Court Application means the application which the Trustee has resolved to make to the Hong Kong courts for directions regarding the proper amount to be distributed to Unitholders in the Final Distribution.

On 18 February 2011, the Trustee had issued proceedings to the High Court of the Hong Kong Special Administrative Region. Under the Court Application the Trustee seeks the Court’s direction including whether it may proceed with a distribution of the entirety of the net assets of RREEF CCT without retention to meet any possible claim which might be otherwise made by Mr. Tin Lik.

Completion means completion of the Agreement.

Completion Date means the date of Completion which occurred on 12 April 2010.

Disposal means the disposal of the entire issued share capital of BVI Gateway by the Trustee (acting as trustee of RREEF CCT) to Mapletree India China Fund Ltd pursuant to the Agreement.

Escrow Account means the separately designated interest bearing account with Standard Chartered Bank (Hong Kong) Limited in the name of the escrow agent.

Escrow Amount means an initial amount of HK\$ 150.0 million deposited in the Escrow Account on the Completion Date which was subsequently adjusted to HK\$ 129.2 million upon conclusion of the completion account audit on 22 June 2010.

Escrow Balance Amount means the balance of the Escrow Amount as at the Escrow End Date, which was HK\$ 129.2 million.

Escrow End Date means 12 November 2010 being the first Business Day falling on or after the date which is seven months after the Completion Date.

Group means the Trust and its subsidiaries.

HK SPV means HK Gateway Plaza Company Limited, a company incorporated in Hong Kong holding the Property and Gateway Plaza Property Operations (Beijing) Limited and a wholly owned subsidiary of BVI Gateway.

Original Estimated Liquidation Timetable means in the 2010 Interim Report, it was disclosed that, barring unforeseen circumstances, the Manager estimates that the Proposed Liquidation, the Proposed Delisting and the proposed Deauthorisation will be completed by 31 December 2010.

Proposed Deauthorisation means the proposed deauthorisation of RREEF CCT as a REIT by the Securities and Futures Commission of Hong Kong (the “SFC”) under section 104 of the Securities and Futures Ordinance (“SFO”). The Manager will make application to the SFC on behalf of RREEF CCT for the Proposed Deauthorisation upon completion of the Proposed Liquidation.

Proposed Delisting means the proposed delisting of RREEF CCT units from The Stock Exchange of Hong Kong Limited (the “SEHK”). The Manager has made application to the SEHK in relation to the Proposed Delisting in March 2010. The effective date and arrangement of the Proposed Delisting are subject to the SEHK’s approval.

Proposed Liquidation means the proposed liquidation of RREEF CCT in accordance with the trust deed between the Manager and the Trustee dated 28 May 2007 (the “Trust Deed”) and the Code on Real Estate Investment Trusts (the “REIT Code”) published by the SFC. The Manager has commenced procedures in respect of the Proposed Liquidation since 12 May 2010 upon the completion of the Termination.

Termination means the termination of RREEF CCT in accordance with the REIT Code. The effective date of the Termination was 12 May 2010.

Trustee’s Notice means the notice dated 29 October 2010 published by the Trustee in The Government of The Hong Kong Special Administrative Region Gazette, certain newspapers and other public channels pursuant to section 29 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) which provides, amongst other things, that any person (other than a Unitholder) who claims to be entitled to the assets of RREEF CCT and/or is otherwise interested in them, is required to send full particulars of its/his/her claim to the Trustee before 12 noon (Hong Kong time) on 30 December 2010. No claims were received by the Trustee in relation to the Trustee’s notice.

THE MANAGER’S REPORT

Strategic Review

As noted in our 2009 Annual Report dated 15 April 2010, the Manager engaged Goldman Sachs (Asia) L.L.C. to assist in the strategic review (the “Strategic Review”) for the purposes of analysing and considering strategic investment options for the future strategic direction of RREEF CCT. Based on the recommendations arising from the Strategic Review, the Manager undertook an open tender process to explore opportunities for the sale of the Property, which resulted in the following events during the Reporting Period:

Disposal:

- (i) on 3 February 2010, the Manager, the Trustee and Mapletree India China Fund Ltd. entered into the Agreement in respect of the Disposal;
- (ii) on 5 March 2010, the Manager issued the Circular seeking the approval from the Unitholders for, among others, the Disposal;
- (iii) at the EGM that convened on 31 March 2010, Unitholders approved by way of a combined special resolution of the Disposal, the Termination and the Proposed Delisting of the Trust;
- (iv) on 12 April 2010, the Disposal was completed, pursuant to which, RREEF CCT ceased to hold any interests in BVI Gateway, HK SPV and Gateway Plaza Property Operations (Beijing) Limited, which constituted substantially all the operating businesses and relevant assets of the Group;
- (v) on 19 April 2010, the trading of RREEF CCT units was suspended on the SEHK, and shall remain suspended until the effective date of the Proposed Delisting;
- (vi) on 11 May 2010, the Manager despatched cheques for the payment of the per unit amount of the 2010 Interim Distribution to the Unitholders whose names appeared on the register of Unitholders on 23 April 2010; and
- (vii) on 12 November 2010, the Escrow Balance Amount of HK\$129.2 million was transferred to the bank account of RREEF CCT.

Termination:

The Board took the view that since RREEF CCT has no remaining operating real estate assets to fulfill the criteria for operating as a REIT in accordance with the REIT Code after the completion of the Disposal, RREEF CCT should be terminated in accordance with the REIT Code. As announced on 11 May 2010, RREEF CCT was effectively terminated in accordance with the REIT Code on 12 May 2010.

Please refer to the announcements of RREEF CCT dated 11 February 2010, 31 March 2010, 12 April 2010, 11 May 2010, 10 November 2010, 31 January 2011 and 24 February 2011 and the Circular, for further details on the Disposal and the Termination.

Receipt of Escrow Balance Amount:

Further to the completion adjustment provisions set out in the Agreement, the Escrow Amount was reduced from HK\$ 150.0 million to HK\$ 129.2 million. This reduction was attributable to the completion adjustments and not as a result of any breach of the representations and warranties under the Agreement. There has been no breach of the representations and warranties under the Agreement. The Escrow Balance Amount of HK\$ 129.2 million was transferred in full to RREEF CCT's account on the Escrow End Date (12 November 2010).

Liquidation:

On 29 October 2010, the Trustee published a notice in The Government of The Hong Kong Special Administrative Region Gazette, certain newspapers and other public channels pursuant to section 29 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) which provides, amongst other things, that any person (other than a Unitholder) who claims to be entitled to the assets of RREEF CCT and/or is otherwise interested in them, is required to send full particulars of its/his/her claim to the Trustee before 12 noon (Hong Kong time) on 30 December 2010. On 2 November 2010, the Manager was informed by the Trustee that the Trustee has resolved to apply to the Hong Kong courts for directions regarding the proper amount to be distributed to Unitholders in the Final Distribution. As a consequence of the Trustee's decisions to publish the Trustee's Notice and to initiate the Court Application, the Board on 10 November 2010 announced that the Original Estimated Liquidation Timetable will be subject to the outcome of the Court Application by the Trustee and receipt by the Trustee of any responses to the Trustee's Notice.

On 3 January 2011, the Manager was informed by the Trustee's solicitors that no claims were received by the Trustee in relation to the Trustee's Notice. Please refer to the announcements of RREEF CCT dated 31 January 2011 for further details.

As disclosed in the announcement dated 24 February 2011, the Manager was informed by the Trustee that on 18 February 2011, the Trustee had issued proceedings in the High Court of the Hong Kong Special Administrative Region. Under the Court Application, the Trustee seeks the court's direction including whether it may proceed with a distribution of the entirety of the net assets of RREEF CCT without retention to meet any possible claim which might otherwise be made by Mr. Tin Lik. Mr. Tin Lik and the Manager were each named as defendants to the Court Application. No claim has been made, or relief sought, against the Manager under the Court Application. Instead, the Manager has been joined to these proceedings as a nominal defendant so that it is able to provide any assistance that may be required by the Trustee or by the Court.

As a result of the filing of the Court Application by the Trustee, in the announcement dated 24 February 2011 the Board announced that the timing of the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation will be delayed pending the outcome of the Court Application. Final distribution by RREEF CCT will be subject to the outcome of the Court Application and the costs of the Proposed Liquidation, Proposed Delisting and the Proposed Deauthorisation (including the costs associated with the Court Application by the Trustee).

Further announcements will be made in relation to the progress or outcome of the Court Application by the Trustee and the revised timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation when the Manager has further information in accordance with applicable regulatory requirements.

Financial Performance

On 12 April 2010, the Disposal was completed following which, RREEF CCT ceased to hold any interests in BVI Gateway, HK SPV and Gateway Plaza Property Operations (Beijing) Limited, which constituted substantially all of the operating businesses and relevant assets of RREEF CCT and its subsidiaries. Accordingly, although the Reporting Period covers the year ended 31 December 2010, the turnover and expenses associated with the Property relates only to the period from 1 January 2010 to 12 April 2010.

In the year ended 31 December 2010, the net property income declined to HK\$ 46.9 million from HK\$ 179.8 million for the year ended 31 December 2009, due to the shorter period of Property operations and a lower occupancy rate.

During the Reporting Period, the Trust recorded a profit for the period of HK\$ 68.8 million as a result of the realisation of exchange differences upon disposal of subsidiaries of HK\$ 193.4 million offsetting against the loss on disposal of subsidiaries of HK\$ 123.7 million.

Following the Completion on 12 April 2010 and the payments of the 2009 Final Distribution and the 2010 Interim Distribution on 9 April 2010 and 11 May 2010 respectively, the net asset value attributable to the Unitholders was reduced accordingly, from HK\$ 2,284.9 million or HK\$ 4.92 per unit as at 31 December 2009 to HK\$ 189.2 million or HK\$ 0.41 per unit as at 31 December 2010.

During the Reporting Period, the Trust made the 2010 Interim Distribution of HK\$ 1,903.1 million or HK\$ 4.10 per unit, comprising the sales proceeds of the Disposal together with the available cash resources of RREEF CCT.

Financial Management

Following the Disposal, the loan facility of HK\$ 1,400.0 million was repaid on 12 April 2010, being the Completion Date. Consequently, as at 31 December 2010, RREEF CCT had no debt.

As at the end of the Reporting Period, the Trust retained HK\$ 215.5 million in cash and bank balances. The Manager's financial strategy is to maintain an optimal level of cash to settle outstanding creditors and to meet the winding up expenses for the Proposed Liquidation.

Summary of Real Estate Sales and Purchases

On 3 February 2010, the Manager, the Trustee and Mapletree India China Fund Ltd. entered into the Agreement in relation to the sale and purchase of BVI Gateway (as the then ultimate holding company of the Property). Further details are set out in the "Strategic Review" section in this announcement. The Disposal was completed in accordance with the Agreement on 12 April 2010.

FINANCIAL OVERVIEW

Key Financial Results

For Income Statement (in HK\$'000, unless otherwise indicated)

	Year ended 31 December 2010	Year ended 31 December 2009
Turnover	53,159	210,833
Property operating expenses	(6,242)	(31,020)
Net property income	46,917	179,813
Loss on disposal of subsidiaries	(123,747)	—
Exchange differences realised upon disposal of subsidiaries	193,439	—
Decrease in fair value of investment property	—	(116,576)
Other revenue	1,124	5,634
Net exchange gains	672	1,362
Administrative expenses ¹	(24,977)	(35,986)
Finance costs	(19,048)	(29,644)
Profit/(loss) for the year, before transactions with Unitholders	68,775	(5,948)
Financial Ratios		
Earnings/(loss) per unit - basic and diluted	HK\$ 0.15 ²	(HK\$ 0.01) ²
Debt service coverage ratio as at 31 December ³	N.A.	6.07

Distribution (in HK\$'000, unless otherwise indicated)

	Year ended 31 December 2010	Year ended 31 December 2009
Distribution	1,903,060 ⁴	136,000 ⁵
Final distribution per unit	—	HK\$0.1465 ⁶
Interim distribution per unit	HK\$4.10 ⁶	HK\$0.1465 ⁶
Total distribution per unit	HK\$4.10 ⁶	HK\$0.2930 ⁶
Closing unit price as at period/year end	HK\$4.35 ⁷	HK\$3.24
Total distribution yield per unit as at 31 December	N.A. ⁸	9.0%

For Balance Sheet (in HK\$'000, unless otherwise indicated)

	As at 31 December 2010	As at 31 December 2009
Net Asset Value		
Net asset value attributable to Unitholders	189,216	2,284,940
Net asset value to Unitholders per unit	HK\$0.41 ⁹	HK\$4.92 ⁹
Financial Ratios		
Gearing ratio ¹⁰	—	35.0%

Notes:

- ¹ Administrative expenses include Manager's fees, Trustee's fees, auditor's remuneration, legal and other professional fees.
- ² Based on the weighted average number of 464,161,000 units in issue for the year ended 31 December 2010 and 31 December 2009 respectively.
- ³ Debt service coverage ratio denotes the ratio of net cash flow to finance cost after deducting upfront fees amortised during the Reporting Period. This is not applicable for the year 2010 as the borrowings of HK\$ 1,400.0 million was fully repaid on 12 April 2010.
- ⁴ The 2010 Interim Distribution of HK\$ 1,903.1 million comprising the sales proceeds of the Disposal and available cash resources of RREEF CCT. Further details are available in the Distribution Statement of this announcement.
- ⁵ The 2009 distribution of HK\$ 136.0 million comprised a net distributable income of HK\$ 101.8 million and an additional distribution of HK\$ 34.2 million from available cash resources.
- ⁶ Based on 464,161,000 units in issue as at 31 December 2010, 31 December 2009 and 30 June 2009 respectively.
- ⁷ Closing unit price as at 19 April 2010, being the last trading date of RREEF CCT units on the SEHK as disclosed in the Circular. The trading of units of RREEF CCT has been suspended, since 19 April 2010 and shall remain suspended until the effective date of the Proposed Delisting.
- ⁸ This is not applicable as the 2010 Interim Distribution comprised predominantly the sales proceeds of the Disposal and available cash resources of RREEF CCT. For further details, please refer to the Distribution Statement of this announcement.
- ⁹ Based on 464,161,000 units in issue as at 31 December 2010 and 31 December 2009 respectively.
- ¹⁰ Based on total borrowings of HK\$ 1,400.0 million as a percentage of total assets as at 31 December 2009. The amount was fully repaid on 12 April 2010, being the Completion Date and consequently, RREEF CCT had no debt as at 31 December 2010.

Reference is made to the “Strategic Review” section in page 3 of this announcement. As noted therein, the Manager, the Trustee and Mapletree India China Fund Ltd entered into the Agreement, upon completion of which, RREEF CCT ceased to hold any interests in BVI Gateway, HK SPV and Gateway Plaza Property Operations (Beijing) Limited, which constituted substantially all the operating businesses and relevant assets of the Group on the Completion Date, 12 April 2010. Accordingly, the turnover and expenses associated with the Property for the Reporting Period covers the period from 1 January 2010 to 12 April 2010.

Any other references not associated with the Property cover the Reporting Period from 1 January 2010 to 31 December 2010.

Turnover

The Trust recorded a turnover of HK\$ 53.2 million, comprising HK\$ 51.6 million in property rental income and HK\$ 1.6 million in car park rental income. The lower turnover compared with the turnover of HK\$ 210.8 million for the year ended 31 December 2009 was predominantly attributable to the Disposal of the indirect ownership of the Property on 12 April 2010. The continued challenging business conditions of the Beijing office market also attributed to the lower turnover.

Property Operating Expenses

The property operating expenses of HK\$ 6.2 million, comprised property management fees, real estate tax and land use tax. Comparing against the property operating expenses of HK\$ 31.0 million for the year ended 31 December 2009, the decrease was a result of the Disposal of the indirect ownership of the Property on 12 April 2010.

Net Property Income

Net property income for the Reporting Period was HK\$ 46.9 million, representing 88.2 per cent of turnover. The lower net property income was predominantly attributable to the Disposal of the indirect ownership of the Property on 12 April 2010.

Administrative Expenses

Administrative expenses for the Reporting Period were HK\$ 25.0 million and included the Manager’s fee, Trustee’s fee, auditor’s remuneration, legal and other professional fees. These administration expenses fell by 30.6 per cent compared with the year ended 31 December 2009 was due to lower Manager’s and Trustee’s fees resulting from a decrease in total asset value for the period subsequent to the Disposal on 12 April 2010.

Finance Costs

Finance costs for the Reporting Period of HK\$ 19.0 million includes the unamortised portion of the upfront fee of HK\$ 10.4 million that arose from the prepayment of the borrowings on 12 April 2010, compared to HK\$ 29.6 million for the year ended 31 December 2009.

Profit for the Year

RREEF CCT reported a profit for the year of HK\$ 68.8 million for the Reporting Period, compared to a loss for the year of HK\$ 5.9 million for the year ended 31 December 2009.

Net Assets Attributable to Unitholders

As a result of the Disposal and the payment of 2010 Interim Distribution, the net assets attributable to Unitholders as at 31 December 2010 totalled HK\$ 189.2 million, or HK\$ 0.41 per unit.

Distribution

Policy

It is the Manager's policy to distribute to the Unitholders at least 90 per cent of RREEF CCT's annual distributable income for each financial year. In accordance with the Trust Deed and in compliance with the REIT Code, the Manager also has the discretion to distribute additional amounts if and to the extent RREEF CCT has, in the opinion of the Manager, surplus funds available.

2010 Total Distribution

During the Reporting Period, the Trust declared an interim distribution of HK\$ 1,903.1 million, or a distribution per unit of HK\$ 4.10 comprising the sale proceeds of the Disposal and additional cash resources of RREEF CCT. This amount was paid on 11 May 2010 to Unitholders whose names appeared on the register of Unitholders on 23 April 2010.

As RREEF CCT sustained a loss of HK\$114.9 million after adjustment, there was no annual distributable income for the year 2010 and therefore no 2010 Final Distribution was declared.

The balance of cash resources, after the satisfaction of outstanding payments to creditors, liquidation costs and costs associated with the Court Application, will be potentially available for final distribution to Unitholders whose names appeared on the register of Unitholders on 23 April 2010.

Capital Structure

As at 31 December 2010, the total number of RREEF CCT units in issue was 464,161,000 units. No units were cancelled or issued during the Reporting Period. The Trust had in place a loan facility of HK\$ 1,400.0 million, which was fully drawn on 22 June 2007, the date of listing. As a result of the Disposal, the loan facility was fully repaid on 12 April 2010.

Financial Ratios

As the loan facility was fully repaid on 12 April 2010, the gearing ratio of RREEF CCT as at 31 December 2010, defined as total borrowings as a percentage of gross assets, was zero per cent compared with 35.0 per cent as at 31 December 2009.

Liquidity

As at 31 December 2010, cash and bank balances held by RREEF CCT totalled HK\$ 215.5 million. The current cash position is projected to provide sufficient financial resources for the Trust to satisfy its working capital needs.

OPERATIONS OVERVIEW

Unless otherwise indicated, all currency values contained in the Operations Overview are stated in Renminbi.

Property Portfolio as at 12 April 2010	
Average passing rent	RMB 201.9 per sq m per month
Average spot rent ¹	RMB 217.6 per sq m per month
Occupancy rate	71.4%

Notes

¹ For the period from 1 January 2010 to 12 April 2010.

Rent Improvements

The average passing rent increased marginally by 0.4 per cent from RMB 201.0 per sq m per month as at 31 December 2009 to RMB 201.9 per sq m per month as at 12 April 2010. The average spot rent increased from RMB 208.1 per sq m per month for the period from 1 July 2009 to 31 December 2009 to RMB 217.6 per sq m per month for the period from 1 January 2010 to 12 April 2010.

Occupancy Rate

The Property's occupancy rate declined from 76.5 per cent as at 31 December 2009 to 71.4 per cent as at 12 April 2010. This reduction was lowered by a relative over-supply of office space in Beijing as well as challenging business conditions.

THE OUTLOOK

Proposed Liquidation (ongoing):

Since the effective date of the Termination on 12 May 2010, the Manager has commenced procedures relating to the Proposed Liquidation in compliance with the REIT Code, the Trust Deed and all applicable regulatory requirements.

In compliance with Rules 11.8 to 11.10 of the REIT Code and the terms of the Trust Deed, following the completion of the Termination, the Trustee shall, as part of the process of the Proposed Liquidation, oversee the realisation of any remaining assets of RREEF CCT by the Manager. In addition, the Trustee shall ensure that the Manager shall repay any outstanding borrowings effected by or for the account of RREEF CCT (together with any interest thereon but remaining unpaid) and shall ensure the proper discharge of all other obligations and liabilities of RREEF CCT or provision thereof.

Each Unitholder whose name appeared on the register of Unitholders on 23 April 2010 will be entitled to participate on a pro rata basis in any proceeds (including those arising from the realisation of any remaining assets of RREEF CCT referred to in the preceding paragraph) derived from the Proposed Liquidation available for distribution to the Unitholders after settling any creditors and the winding up expenses.

The Manager will make further announcements regarding the status of the Proposed Liquidation and other information, including but not limited to the final payment per unit pursuant to the realisation of any remaining assets of RREEF CCT and the despatch date of the relevant cheques.

On completion of the Proposed Liquidation, the following shall be prepared in accordance with Rule 11.10 of the REIT Code and the Trust Deed:

- (i) the Manager's review and comments on the performance of RREEF CCT, and an explanation as to how the Property has been disposed of, the transaction prices and major terms of the Disposal;
- (ii) the Trustee's report that the Manager has managed and liquidated RREEF CCT in accordance with the REIT Code and the provisions of the Trust Deed;
- (iii) financial statements of RREEF CCT; and
- (iv) an Auditor's report.

In compliance with Rule 11.11 of the REIT Code, copies of the financial statements shall be distributed to the Unitholders within three months of the completion of the Proposed Liquidation of RREEF CCT and a copy shall be filed with the SFC.

Proposed Delisting (ongoing):

The trading of RREEF CCT units on the SEHK has been suspended since 19 April 2010 and RREEF CCT's register of Unitholders has been closed since 23 April 2010. The units shall remain suspended and RREEF CCT's register of Unitholders shall remain closed until the effective date of the Proposed Delisting. The effective date and arrangement for the Proposed Delisting are subject to SEHK's approval and the outcome of the Court Application.

Proposed Deauthorisation (ongoing):

The Manager will apply for deauthorisation of RREEF CCT as a REIT authorised by the SFC under section 104 of the SFO upon completion of the Proposed Liquidation. The effective date and arrangement for the Proposed deauthorisation of RREEF CCT is subject to the SFC's approval and the outcome of the Court Application.

Further announcements shall be made in relation to the details and timing of the above events in compliance with the Rules Governing the Listing of Securities on the SEHK ("Listing Rules") and the REIT Code.

FINANCIAL STATEMENTS

Consolidated Income Statement

For the year ended 31 December 2010

(Expressed in Hong Kong dollar unless otherwise indicated)

	<i>Note</i>	2010 \$'000	2009 \$'000
Turnover	4 & 9	53,159	210,833
Property operating expenses	5 & 6 (b)	<u>(6,242)</u>	<u>(31,020)</u>
Net property income	6(b)	46,917	179,813
Other revenue		1,124	5,634
Administrative expenses		(24,977)	(35,986)
Finance costs	6(a)	(19,048)	(29,644)
Net exchange gains		<u>672</u>	<u>1,362</u>
		4,688	121,179
Loss on disposal of subsidiaries		(123,747)	—
Exchange differences realised upon disposal of subsidiaries		193,439	—
Decrease in fair value of investment property		<u>—</u>	<u>(116,576)</u>
Profit before taxation and transactions with Unitholders		74,380	4,603
Income tax	7	<u>(5,605)</u>	<u>(10,551)</u>
Profit/(loss) for the year, before transactions with Unitholders		<u>68,775</u>	<u>(5,948)</u>
Earnings/(loss) per unit — basic and diluted	8	<u>\$ 0.15</u>	<u>\$ (0.01)</u>

The above statement should be read in conjunction with accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

(Expressed in Hong Kong dollar unless otherwise indicated)

	2010 \$'000	2009 \$'000
Profit/(loss) for the year, before transactions with Unitholders	68,775	(5,948)
Other comprehensive income for the year		
Exchange differences realised upon disposal of subsidiaries	(193,439)	—
Exchange differences on retranslation of financial statements of subsidiaries	<u>—</u>	<u>(3,943)</u>
Total comprehensive income for the year	<u>(124,664)</u>	<u>(9,891)</u>

The above statement should be read in conjunction with accompanying notes.

Consolidated Balance Sheet*As at 31 December 2010**(Expressed in Hong Kong dollar unless otherwise indicated)*

	<i>Note</i>	2010 \$'000	2009 \$'000
Non-current assets			
Investment property	11	<u>—</u>	<u>3,520,670</u>
Current assets			
Trade and other receivables	12	24	17,620
Cash and cash equivalents		<u>215,534</u>	<u>462,887</u>
		<u>215,558</u>	<u>480,507</u>
Total assets		<u>215,558</u>	<u>4,001,177</u>
Current liabilities			
Rent receipts in advance		—	9,140
Other payables and accruals	13	15,442	70,147
Tenants' deposits	14	—	49,724
Current taxation	7(c)	—	33,085
Amount due to the Vendor	15	<u>10,900</u>	<u>23,803</u>
		<u>26,342</u>	<u>185,899</u>
Net current assets		<u>189,216</u>	<u>294,608</u>
Total assets less current liabilities		<u>189,216</u>	<u>3,815,278</u>
Non-current liabilities, excluding net assets attributable to Unitholders			
Bank borrowings, secured	16	—	1,389,605
Deferred tax liabilities	7(d)	<u>—</u>	<u>140,733</u>
		<u>—</u>	<u>1,530,338</u>
Total liabilities, excluding net assets attributable to Unitholders		<u>26,342</u>	<u>1,716,237</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>189,216</u>	<u>2,284,940</u>
Number of units in issue		<u>464,161,000</u>	<u>464,161,000</u>
Net asset value attributable to Unitholders per unit		<u>\$ 0.41</u>	<u>\$ 4.92</u>

The above consolidated balance sheet should be read in conjunction with accompanying notes.

Consolidated Statement of Changes in Net Assets Attributable to Unitholders
For the year ended 31 December 2010
(Expressed in Hong Kong dollar unless otherwise indicated)

	2010 \$'000	2009 \$'000
Balance as at 1 January	<u>2,284,940</u>	<u>2,445,172</u>
Profit/(loss) for the year	68,775	(5,948)
Other comprehensive income	<u>(193,439)</u>	<u>(3,943)</u>
Total comprehensive income for the year	<u>(124,664)</u>	<u>(9,891)</u>
Distributions paid to Unitholders	<u>(1,971,060)</u>	<u>(150,341)</u>
Balance as at 31 December	<u><u>189,216</u></u>	<u><u>2,284,940</u></u>

The above statement should be read in conjunction with accompanying notes.

Distribution Statement*For the year ended 31 December 2010**(Expressed in Hong Kong dollar unless otherwise indicated)*

	2010 \$'000	2009 \$'000
Profit/(loss) for the year, before transactions with Unitholders	<u>68,775</u>	<u>(5,948)</u>
Adjustments:		
Non-cash exchange differences realised upon disposal of subsidiaries	(193,439)	—
Non-cash finance costs	10,395	4,200
Non-cash net exchange gains	(672)	(1,362)
Decrease in fair value of investment property	—	116,576
Deferred tax	<u>—</u>	<u>(11,658)</u>
Total Adjustments	<u>(183,716)</u>	<u>107,756</u>
(Loss)/profit after adjustments for the year, before transactions with Unitholders	<u>(114,941)</u>	<u>101,808</u>
Annual distributable income	<u>—</u>	<u>101,808</u>
Total distributions:		
Interim distribution, paid		
- distributable income	—	60,290
- additional distribution	—	7,710
- other distribution (note (ii))	<u>1,903,060</u>	<u>—</u>
	<u>1,903,060</u>	<u>68,000</u>
Final distribution, to be paid to Unitholders		
- distributable income	—	41,518
- additional distribution	<u>—</u>	<u>26,482</u>
	<u>—</u>	<u>68,000</u>
Total distributions	<u><u>1,903,060</u></u>	<u><u>136,000</u></u>
Percentage of annual distribution (note (iii))	<u>N.A.</u>	<u>134%</u>
Distribution per Unit (in Hong Kong dollar):		
- Interim distribution per Unit, paid (note (ii))	\$4.10	\$0.1465
- Final distribution per Unit, to be paid to Unitholders	<u>\$—</u>	<u>\$0.1465</u>
Total distribution per Unit	<u><u>\$4.10</u></u>	<u><u>\$0.2930</u></u>

Notes

- (i) Pursuant to the Trust Deed, RREEF CCT is required to ensure that the total amounts distributed or distributable to Unitholders shall be not less than 90% of its annual distributable income for each financial year. The policy of the Manager is to distribute to Unitholders at least 90% of RREEF CCT's annual distributable income for each financial year.

The Manager also has the discretion to distribute additional amounts if and to the extent the Trust has funds available, in the opinion of the Manager.

- (ii) Other distribution of \$ 1,903,060,000 (\$ 4.10 per unit) comprised sales proceeds from the Disposal and available cash resources of RREEF CCT as announced on 15 April 2010 and was paid to Unitholders on 11 May 2010 whose names appear on the register of Unitholders on 23 April 2010.
- (iii) Percentage of annual distribution is calculated by dividing the total distribution for the year by the annual distribution income for the year. This is not applicable to the year 2010 as RREEF CCT sustained a loss of \$114,941,000 for the year after adjustments, for the purpose of note (i) above.

Notes to the Consolidated Financial Statements

(Expressed in Hong Kong dollar unless otherwise indicated)

1 General

RREEF China Commercial Trust (“RREEF CCT” or the “Trust”) is a Hong Kong collective investment scheme constituted as a unit trust by a trust deed (the “Trust Deed”) entered into between RREEF China REIT Management Limited, as the manager of RREEF CCT (the “Manager”), and HSBC Institutional Trust Services (Asia) Limited, as the trustee of RREEF CCT (the “Trustee”) on 28 May 2007 and is authorised under section 104 of the Securities and Futures Ordinance. Units of RREEF CCT were listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 22 June 2007.

RREEF CCT is in the process of termination and liquidation, details of which are set out in the relevant announcements of RREEF CCT and note 2 to this announcement.

The Manager’s registered office is located at Level 52, International Commerce Center, 1 Austin Road West, Kowloon, Hong Kong.

2 Basis of Preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Code on Real Estate Investment Trusts (the “REIT Code”) issued by the Securities and Futures Commission (the “SFC”) and the Rules Governing the Listing of Securities on the SEHK.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of RREEF CCT and its subsidiaries (collectively referred to as the “Group”). Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

Pursuant to the sale and purchase agreement dated 3 February 2010, (“the Agreement”), on 12 April 2010, RREEF CCT sold the Gateway Plaza, the investment property, through the disposal to Mapletree India China Fund Ltd of the entire issued ordinary share capital of Beijing Gateway Plaza (BVI) Limited (“BVI Gateway”) (the “Disposal”), which holds the entire issued ordinary share capital of a property holding company, HK Gateway Plaza Company Limited (“HK SPV”). As a result, revenue and related expenses of BVI Gateway and its subsidiaries (“the Disposal Group”) for the period from 1 January 2010 to 12 April 2010 were included in the Trust’s annual report.

Subsequent to the Disposal, RREEF CCT had no real estate assets to fulfill the criteria for operating as a REIT and accordingly RREEF CCT is to be terminated, delisted from trading on the SEHK and liquidated in accordance with the REIT Code. The Original Estimated Timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation of RREEF CCT as disclosed in the interim financial report for the period ended 30 June 2010 has been delayed following (1) a notice published by the Trustee pursuant to section 29 of the Trustee Ordinance, and (2) the court application by the Trustee (the “Court Application”).

Under the Court Application, the Trustee seeks the court's direction including whether it may proceed with a distribution of the entirety of the net assets of RREEF CCT without retention (subject to deduction of relevant costs) to meet any possible claim which might otherwise be made by the Vendor (see note 15). The revised timetable is pending the outcome of the Court Application as announced by the Board of the Manager on 10 November 2010 and 24 February 2011.

RREEF CCT is no longer considered by the Manager to be a going concern. Accordingly, assets are valued at their estimated realisable amounts and liabilities are stated at their estimated settlement amounts, and provision for termination and liquidation costs has been made as at 31 December 2010.

3 **Changes in accounting policies**

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), Business combinations
- Amendments to HKAS 27, Consolidated and separate financial statements
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

These developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination) and there is no requirement to restate the amounts recorded in respect of such previous transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

4 Turnover

The principal activity of the Group was property investment in the Peoples Republic of China (“PRC”) until the Disposal, RREEF CCT does not carry out any operations since then.

Turnover represented property rental income, car park rental income and advertising rental income net of business tax. The amount of each notable category of revenue recognised as turnover during the year is as follows:

	2010 \$'000	2009 \$'000
Property rental income	51,578	205,951
Car park rental income	1,581	4,601
Advertising rental income	<u>—</u>	<u>281</u>
	<u>53,159</u>	<u>210,833</u>

The Group’s customer base prior to the Disposal was diversified. Only transactions with the largest tenant, the BMW Group, exceeded 10% of the Group’s revenue. In 2010, the total income derived from property, advertising, and car park rentals of the BMW Group, including entities which were known to the Group to be under common control of the BMW Group, amounted to \$8,678,000 (2009: \$35,665,000).

5 Property operating expenses

	2010 \$'000	2009 \$'000
Real estate tax	5,038	17,181
Impairment loss on rental receivables	226	1,316
Commission (refunded from)/paid to leasing agents	(152)	6,716
Property management fee	152	2,101
Land use tax	136	482
Repairs and maintenance	—	1,981
Marketing expenses	—	823
Stamp duty	—	250
Others	<u>842</u>	<u>170</u>
	<u>6,242</u>	<u>31,020</u>

6 Profit before taxation and transactions with Unitholders

Profit before taxation and transactions with Unitholders is arrived at after charging/(crediting):

	2010 \$'000	2009 \$'000
(a) Finance costs:		
Interest on bank borrowings	5,153	25,444
Other borrowing costs (note (i))	<u>13,895</u>	<u>4,200</u>
	<u>19,048</u>	<u>29,644</u>
(b) Other items:		
Manager's fees	6,894	21,399
Other legal and professional fees	12,143	5,172
Trustee's fees	955	1,613
Auditor's remuneration		
- audit services	1,260	1,150
- other services	4,475	450
Valuer's fee	—	280
Bank charges	19	37
Rental receivable from investment property less direct outgoings of \$6,242,000 (2009: \$31,020,000)	<u>(46,917)</u>	<u>(179,813)</u>

- (i) Included in other borrowing costs is an unamortised balance of up-front fee of \$10,395,000 realised upon repayment of bank loan during the year ended 31 December 2010 (see note 16).

RREEF CCT did not appoint any director nor did it enter into any employment contracts with counterparties during the years ended 31 December 2010 and 2009.

7 Income tax

(a) Income tax in the consolidated income statement represents:

	2010 \$'000	2009 \$'000
Current tax		
PRC withholding tax (note (ii))	5,602	22,203
PRC corporate income tax (note (iii))	<u>3</u>	<u>6</u>
	5,605	22,209
Deferred tax		
Reversal of temporary differences	<u>—</u>	<u>(11,658)</u>
	<u>5,605</u>	<u>10,551</u>

- (i) No provision for Hong Kong Profits Tax has been made as the Group did not earn any income assessable to Hong Kong Profits Tax during the year.
- (ii) The PRC withholding tax is calculated at 10% of the gross rental income, on a deemed profit basis.
- (iii) The PRC corporate income tax is calculated at 25% of the taxable profit of the relevant entity.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2010 \$'000	2009 \$'000
Profit before taxation	<u>74,380</u>	<u>4,603</u>
Notional tax on profit before taxation calculated at applicable tax rates	7,438	464
Tax effect of non-taxable income	(7,121)	(700)
Tax effect of non-deductible expenses	<u>51,288</u>	<u>10,787</u>
Actual tax expense for the year	<u><u>5,605</u></u>	<u><u>10,551</u></u>

(c) **Current taxation in the consolidated balance sheet represents:**

Current taxation in the consolidated balance sheet represents PRC withholding tax and corporate income tax payable at the end of the Reporting Period.

(d) **Deferred tax liabilities**

The component of deferred tax liabilities recognised in the consolidated balance sheet and the movements during the year were as follows:

	2010 \$'000	2009 \$'000
Deferred tax arising from revaluation of investment property:		
As at 1 January	140,733	152,414
Exchange difference	99	(23)
Disposal through disposal of subsidiaries	(140,832)	—
Credited to profit or loss	<u>—</u>	<u>(11,658)</u>
As at 31 December	<u><u>—</u></u>	<u><u>140,733</u></u>

8 Earnings/(loss) per unit before transactions with Unitholders

The basic earnings per unit before transactions with Unitholders for the year ended 31 December 2010 amounted to \$0.15 (Loss per unit for the year 2009: \$0.01). The calculation of basic earnings/(loss) per unit before transactions with Unitholders is based on the Group's profit for the year before transactions with Unitholders of \$68,775,000 (Loss for the year 2009: \$5,948,000) and the weighted average number of 464,161,000 (2009: 464,161,000) units in issue during the year.

As there were no potential dilutive units in issue during the current and prior years, diluted earnings/(loss) per unit is the same as the basic earnings/(loss) per unit.

9 Segment reporting

The Group managed its business by divisions. Up to the Disposal, the Group's operations were primarily located and carried out in the PRC and the principal activity of the Group was property investment.

In accordance with HKFRS 8, segment information disclosed in the annual financial statements has been prepared in a manner consistent with the information used by the Group's senior executive management for the purpose of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

(a) *Segment revenue and results*

Revenue and expenses are allocated to the reportable segments with reference to income generated and expenses incurred by those segments.

The measure used for reporting segment performance is the profit or loss for the year of the respective segment.

In addition to receiving segment information concerning segment results, management is provided with segment information managed directly by the segments on revenue, interest income and expense on cash balances and borrowings, net exchange difference, changes in fair value of investment property and income tax expense and credit.

	Property investment in the PRC		Head office		Consolidated	
	2010	2009	2010	2009	2010	2009
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Segment revenue	53,159	210,833	—	—	53,159	210,833
Segment results	46,917	179,813	(24,977)	(35,986)	21,940	143,827
Interest income from bank deposits	735	3,824	389	1,810	1,124	5,634
Net exchange gains	672	1,362	—	—	672	1,362
Finance costs	<u>(19,048)</u>	<u>(29,644)</u>	<u>—</u>	<u>—</u>	<u>(19,048)</u>	<u>(29,644)</u>
	29,276	155,355	(24,588)	(34,176)	4,688	121,179
Loss on disposal of subsidiaries	—	—	(123,747)	—	(123,747)	—
Exchange differences realised upon disposal of subsidiaries	—	—	193,439	—	193,439	—
Decrease in fair value of investment property	<u>—</u>	<u>(116,576)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(116,576)</u>
Profit/(loss) before taxation and transactions with Unitholders	29,276	38,779	45,104	(34,176)	74,380	(4,603)
Income tax	<u>(5,605)</u>	<u>(10,551)</u>	<u>—</u>	<u>—</u>	<u>(5,605)</u>	<u>(10,551)</u>
Profit/(loss) for the year, before transactions with Unitholders	<u>23,671</u>	<u>28,228</u>	<u>45,104</u>	<u>(34,176)</u>	<u>68,775</u>	<u>(5,948)</u>

(b) *Segment assets and liabilities*

Segment assets included investment property, trade and other receivables, and cash and cash equivalents. Segment liabilities managed directly by the segments include rent receipts in advance, other payables and accruals, tenants' deposits, current taxation, bank borrowings and deferred tax liabilities.

	Property investment in the PRC		Head office		Consolidated	
	2010	2009	2010	2009	2010	2009
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Segment assets	<u>—</u>	<u>3,767,407</u>	<u>215,558</u>	<u>233,770</u>	<u>215,558</u>	<u>4,001,177</u>
Additions to non-current segment assets during the year	<u>13,022</u>	<u>6,516</u>	<u>—</u>	<u>—</u>	<u>13,022</u>	<u>6,516</u>
Segment liabilities	<u>—</u>	<u>84,859</u>	<u>26,342</u>	<u>67,955</u>	<u>26,342</u>	<u>152,814</u>
Current taxation	<u>—</u>	<u>33,085</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,085</u>
Bank borrowings, secured	<u>—</u>	<u>1,389,605</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,389,605</u>
Deferred tax liabilities	<u>—</u>	<u>140,733</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>140,733</u>
Total liabilities	<u><u>—</u></u>	<u><u>1,648,282</u></u>	<u><u>26,342</u></u>	<u><u>67,955</u></u>	<u><u>26,342</u></u>	<u><u>1,716,237</u></u>

During the current and prior years, there were no inter-segment revenue, profit or loss, assets and liabilities.

10 **Disposal of subsidiaries**

On 3 February 2010, the Manager, the Trustee and Mapletree India China Fund Ltd entered into the Agreement for the disposal of the entire issued ordinary share capital of BVI Gateway, which holds the entire issued ordinary share capital of the property holding company, HK SPV. Subsequent to the completion in respect of the Disposal on 12 April 2010, RREEF CCT ceased to hold any interest in BVI Gateway, HK SPV and Gateway Plaza Property Operations (Beijing) Limited which constituted all the real estate businesses and relevant assets of the Group.

Details of the disposal transaction were as follows:

	2010
	<i>\$'000</i>
Investment Property	3,536,177
Trade and other receivables	12,734
Cash and cash equivalents	221,112
Rent receipts in advance	(14,331)
Tenants' deposits	(52,382)
Trade and other payables	(64,776)
Amount due to RREEF CCT	(125,483)
Current taxation	(31,939)
Bank loan	(1,400,000)
Deferred tax liabilities	<u>(140,832)</u>
Net assets of subsidiaries disposed of	1,940,280
Loss on disposal of subsidiaries	(123,747)
Transaction costs	76,575
Settlement of amount due from a subsidiary	<u>125,483</u>
Total consideration	<u><u>2,018,591</u></u>
	2010
	<i>\$'000</i>
Satisfied by:	
Consideration received in cash on Completion Date	1,889,383
Consideration received in cash on Escrow End Date	<u>129,208</u>
	<u><u>2,018,591</u></u>
Analysis of net cash proceeds from the Disposal:	
	2010
	<i>\$'000</i>
Cash proceeds from the Disposal	2,018,591
Cash disposed of	<u>(221,112)</u>
	<u><u>1,797,479</u></u>

11 Investment property

	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
As at 1 January	3,520,670	3,631,153
Exchange difference	2,485	(423)
Additions	13,022	6,516
Disposal through disposal of subsidiaries (note (i))	(3,536,177)	—
Decrease in fair value	<u>—</u>	<u>(116,576)</u>
As at 31 December	<u><u>—</u></u>	<u><u>3,520,670</u></u>

- (i) The investment property was held in the PRC under a medium-term lease. All land and properties held under operating leases that would otherwise meet the definition of investment property were classified as investment property. Prior to the Disposal, the investment property was pledged to secure a banking facility granted to the Group (see note 16). Following the disposal of subsidiaries as set out in note 10, the Group ceased to hold any investment property as at 31 December 2010.
- (ii) Prior to the Disposal, the Group leased out its investment property under operating leases. The initial term of leases typically ranged from two to six years, with some leases having the option to renew on terms to be renegotiated.

The Group's total future minimum lease payments under non-cancelling operating leases were receivable as follows:

	2010 \$'000	2009 \$'000
Within 1 year	—	180,509
After 1 year but within 5 years	—	218,957
After 5 years	—	<u>13,578</u>
	<u>—</u>	<u>413,044</u>

12 Trade and other receivables

	2010 \$'000	2009 \$'000
Less than 1 month past due	—	352
More than 1 month but less than 3 months past due	—	<u>809</u>
Rental receivables, net of allowance for doubtful debts	—	1,161
Other receivables	24	4,797
Deposits and prepayments	—	<u>11,662</u>
	<u>24</u>	<u>17,620</u>

Impairment losses in respect of rental receivables are recorded using an allowance account unless the Manager is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against rental receivables directly.

The allowance for doubtful debt of \$226,000 represented the movement in the allowance account for the period from 1 January 2010 up to 12 April 2010, on which all rental receivables net of allowance for doubtful debts as of that date were disposed of (see note 10).

13 Other payables and accruals

	2010 \$'000	2009 \$'000
Termination and liquidation costs (note (i))	11,618	—
Other payables and accrued charges (note (ii))	2,771	63,396
Manager's fees payable	1,053	3,574
Other amount due to the Manager (note (iii))	—	<u>3,177</u>
	<u>15,442</u>	<u>70,147</u>

- (i) The amount represents the estimated termination and liquidation expenses of RREEF CCT. The final liability could vary from the amount provided, and is dependent on the outcome of the Court Application by the Trustee (note 17(ii)).
- (ii) Other payables and accrued charges are due within one month or on demand, and are expected to be settled within one year. Included in the other payables and accruals is an amount due to the Trustee of \$101,000 (2009: \$268,000).
- (iii) The amount is unsecured, interest-free and repayable on demand. The balance was fully repaid during the year.

14 Tenants' deposits

In 2009, the amount of tenants' deposits expected to be payable after more than one year was \$33,213,000. These deposits were disposed of as a result of the Disposal on 12 April 2010 (see note 10).

15 Amount due to the Vendor

	2010 \$'000	2009 \$'000
Retention of proceeds on acquisition	156,000	156,000
Balance of initial unpaid consideration	114,955	114,955
Retention of the Vendor's unit distribution	16,542	16,542
Amounts set-off	<u>(276,597)</u>	<u>(263,694)</u>
	<u>10,900</u>	<u>23,803</u>

In the year ended 31 December 2010, the Manager continued, on the basis of legal advice, to exercise its rights of set-off against the amount due to the Vendor to compensate the Trust's losses and/or additional expenses incurred.

This balance of \$10,900,000 as at 31 December 2010 represents the Manager's present and provisional calculation of the amount payable to the Vendor. This is a non-binding indication which remains subject to subsequent developments (see notes 2 and 17(i)).

The Manager has continued to notify the Vendor in advance of the set-offs being exercised. The Vendor has stated in June 2009 and May 2010 that he disputes the set-offs. Based on the legal advice received, the Manager remains of the view that those set-offs are appropriate and legitimate.

16 Bank borrowings, secured

As at 31 December 2010, the secured bank loan was repayable as follows:

	2010 \$'000	2009 \$'000
Bank borrowings, secured	—	1,400,000
Unamortised balance of up-front fee	<u>—</u>	<u>(10,395)</u>
After 2 years but within 5 years	<u>—</u>	<u>1,389,605</u>

Under the banking facility agreement, the Group was granted a facility of \$1,400,000,000 which was interest bearing at HIBOR plus 1.2% per annum, before transaction costs, for a five-year term from the date of drawdown of the term loan. The term loan was fully drawn down by the Group on 22 June 2007.

Amongst other conditions, the term loan was primarily secured by the following:

- the mortgage over the investment property held by the Group prior to the Disposal; and
- the assignment of rental income and all other proceeds arising from and including all rights, title and interest under all tenancy agreements relating to the investment property in the event of a breach of covenant.

Pursuant to the Agreement, the bank loan of \$1,400,000,000 was fully repaid on 12 April 2010 and the unamortised balance of up-front fee of \$10,395,000 was charged to the consolidated income statement for the year ended 31 December 2010.

17 Accounting estimates

The key sources of estimation in applying the Group's accounting policies are described below.

(i) Amount due to the Vendor

The amount due to the Vendor is the net amount owing to the vendor. This amount may be subject to the outcome of the Court Application by the Trustee (see note 15).

(ii) Termination and liquidation costs

The final termination and liquidation costs are dependent on the outcome of the Court Application by the Trustee. Accordingly, additional legal and administrative costs may be incurred and charged to "administrative expenses" in the consolidated income statement.

Independent Auditor's Report

The auditor of the Trust included a section of "Emphasis of Matters" in their independent auditor's report, the details of which are set out as follows:

Without qualifying their opinion, the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2010 contains an emphasis of matter relating to the process of termination and liquidation of RREEF CCT, details about the basis of preparation of the consolidated financial statements are set out in note 2 to this announcement.

Public Float

Based on publicly available information and to the best knowledge of the Manager, more than 25 per cent of the issued units of RREEF CCT were held in public hands, as at 31 December 2010.

Units In Issue

The Manager confirms that there was no repurchase, sale or redemption of RREEF CCT units and that no new units were issued during the Reporting Period. The total number of units outstanding as at the date of this announcement is 464,161,000.

Employees

RREEF CCT is externally managed by the Manager and consequently does not employ any staff.

Corporate Governance

During the Reporting Period, RREEF CCT and the Manager had fully complied with the corporate governance policies laid down in the compliance manual. To the extent applicable, RREEF CCT and the Manager had also complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Review of Final Results and Annual Report

The final results for the Reporting Period have been reviewed by the Audit, Risk and Compliance Committee and the Disclosures Committee of the Manager in accordance with their respective terms of reference. The financial information included in this announcement has also been agreed by the auditors of RREEF CCT.

Issuance of Annual Report

The annual report of RREEF CCT for the Reporting Period will be sent to Unitholders on or before Saturday, 30 April 2011.

Annual General Meeting

The 2011 annual general meeting of RREEF CCT is tentatively scheduled to be held on 17 June 2011 (Friday). As required by the Trust Deed, details of the annual general meeting will be set out in a notice to be issued to Unitholders in due course.

Forward-looking Statements

This announcement contains several statements that are “forward-looking” or may use certain “forward-looking” terminologies. These statements are based on the current beliefs, assumptions, expectations and projections of the Board of the Manager regarding the industry and markets in which RREEF CCT operates. These statements are subject to risks, uncertainties and other factors beyond the Manager’s control.

By order of the Board
RREEF China REIT Management Limited
As manager of RREEF China Commercial Trust
Kurt William Roeloffs, Junior
Chairman of the Manager

Hong Kong, 21 March 2011

The directors of the Manager as at the date of this announcement are Mr. Kurt William Roeloffs, Junior as Chairman and Non-executive Director; Mr. Paul Thomas Keogh and Mr. So Tak Young as Executive Directors; Mr. Niel Thassim as Non-executive Director; and Mr. Jack Richard Rodman, Mr. Mark Henry Ford and Dr. Meng Xiaosu as Independent Non-executive Directors.