



# 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 authorized under section 104 of the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))

(Stock Code: 625)



## Interim Report 2007

Managed by



睿富

RREEF China REIT Management Limited



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<b>Manager of RREEF China Commercial Trust</b>	RREEF China REIT Management Limited
<b>Board of Directors of the Manager</b>	
<i>Chairman and Non-executive Director</i>	Mr. Kurt William ROELOFFS Junior
<i>Executive Director</i>	Mr. Paul Thomas KEOGH
<i>Non-executive Directors</i>	Mr. Brian David CHINAPPI Mr. Michael Eugene BUQUOI Mr. Niel THASSIM Mr. TIN Lik
<i>Independent Non-executive Directors</i>	Mr. Jack Richard RODMAN Mr. Mark Henry FORD Dr. MENG Xiaosu
<b>Responsible Officers of the Manager</b>	Mr. Paul Thomas KEOGH (Fund Manager) Mr. LAI Wai Kit Mr. Robert Michael BYRNE
<b>Property Manager</b> (as agent of the Manager)	Beijing Jones Lang LaSalle Property Management Services Co., Ltd.
<b>Trustee</b>	HSBC Institutional Trust Services (Asia) Limited
<b>Company Secretary of the Manager</b>	Ms. LIN Siu Mui
<b>Auditors of RREEF CCT</b>	KPMG
<b>Legal Adviser to the Manager</b>	Paul, Hastings, Janofsky & Walker
<b>Independent Property Valuer</b>	DTZ Debenham Tie Leung Limited
<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited  The Royal Bank of Scotland Plc, Hong Kong Branch  Industrial and Commercial Bank of China, Beijing CBD Sub-branch
<b>Unit Registrar and Transfer Office</b>	Tricor Investor Services Limited 26/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
<b>Registered Office</b>	53/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
<b>Website Address</b>	<a href="http://www.rreefchinatrust.com">www.rreefchinatrust.com</a>

RREEF China Commercial Trust (“RREEF CCT”) is constituted by a trust deed dated 28 May 2007 (the “Trust Deed”) made between HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) as the trustee of RREEF CCT and RREEF China REIT Management Limited (the “Manager”) as the manager of RREEF CCT.

RREEF CCT is a collective investment scheme in the form of a unit trust authorised under section 104 of the Securities and Futures Ordinance (“SFO”) to invest on a long-term basis in a diversified portfolio of institutional quality office and mixed-use properties (where a significant portion of the property has been designated for office use) located in major cities in China, Hong Kong and Macau.

RREEF CCT has initially invested in Beijing Gateway Plaza (the “Property”), a Premium Grade A office building situated in Chaoyang District which is located within Beijing’s Lufthansa area, one of the three established business districts within Beijing. The Property comprises two 25-storey towers totaling over 130,000 sq.m. of gross floor area. In terms of quality, the Property is considered amongst the four most superior buildings in Beijing.

RREEF CCT commenced operation on 22 June 2007 (the “Listing Date”) when the acquisition of the Property was completed and its units (the “Units”) were listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Interim Report covers the period from the Listing Date to 30 June 2007 (the “Reporting Period”).

On behalf of the Board of Directors of the Manager (the "Board"), I am pleased to present the first Interim Report of RREEF CCT.

Backed by RREEF (the real estate and infrastructure investment management arm of the Deutsche Bank Group), one of the world's leading real estate investment managers, RREEF CCT was listed on the main board of the Stock Exchange on 22 June 2007.

As the Manager of RREEF CCT, our key objective is to provide holders of units of RREEF CCT (the "Unitholders") risk-adjusted, long-term total return through investing in a diversified portfolio of institutional quality office and mixed-use properties located in major cities in China, Hong Kong and Macau.

RREEF CCT's portfolio will be constructed to provide Unitholders with regular and stable cash distributions, with the potential for sustainable long-term growth of such distributions and appreciation in the value of the portfolio.

The Beijing Gateway Plaza, the inaugural asset of RREEF CCT, is prestigiously located, meticulously designed and is occupied by a mix of high quality tenants. The Manager will work closely with the Property Manager to ensure that the Property will continue to outperform the market to secure stable cash distributions and capital appreciation prospects to Unitholders.

Looking ahead, the Manager will aim to actively identify, evaluate and selectively acquire properties with the potential to contribute to the sustainable growth in distributions by RREEF CCT and/or to enhance the value of its portfolio over the long run. To best implement the acquisition strategy, the Manager has engaged the acquisition resources within RREEF to identify and assist in executing suitable acquisition opportunities for RREEF CCT.

On behalf of the Board, I would like to thank the management and all our staff for their efforts and contributions to the successful listing of RREEF CCT. We look forward to receiving your continuous support and creating value for the benefits of our Unitholders.

**Kurt William Roeloffs Junior**

*Chairman*

**RREEF China REIT Management Limited**

as Manager of RREEF CCT

10 August 2007

It is the Manager's policy to distribute to Unitholders an amount equal to 100% of RREEF CCT's annual distributable income for the period from the Listing Date to 31 December 2007 and thereafter at least 90% of RREEF CCT's annual distributable income for each financial year. Pursuant to the Trust Deed and in compliance with the Code on Real Estate Investment Trusts (the "REIT Code"), RREEF CCT is required to distribute to Unitholders no less than 90% of its annual distributable income (audited net income after tax under the REIT Code) for each financial year.

RREEF CCT's unaudited distributable income to Unitholders for the Reporting Period amounted to approximately HK\$4,740,000. Pursuant to the distribution policy stated in the offering circular dated 11 June 2007 (the "Offering Circular") in connection with the initial public offering ("IPO") of RREEF CCT, the first distribution of RREEF CCT will be declared upon the announcement of its final results for the financial period ending 31 December 2007 and the distribution is expected to be paid no later than 29 May 2008. Subsequently, two distributions will be made each year in respect of the six-month periods ending 30 June and 31 December.

## Operational Review

Since the Listing Date, the Manager has been focused on transitioning the ownership and operation of the Property from its predecessor owner. This process has involved, among other tasks, informing all tenants and other relevant parties of the new ownership of the Property; transitioning all of the financial and operational data to the Manager and implementing the operating procedures of the Manager.

The occupancy of the Property increased from 94.2% as at 31 March 2007 to 95.2% as at 30 June 2007, while the average monthly rental per lease remained stable at RMB273/sq.m.

During 2007, six of the Property's leases will be due for renewal, representing approximately 4.4% of the Property's lettable area. One of these six leases was renewed in March 2007, reflecting a 5% rental increase from its previous level. The Property Manager has commenced lease renewal negotiations with the other five tenants.

The Property Manager has also been engaged in active prospecting and negotiation activities with potential tenants during the first half of 2007. Given the scarcity in supply of Premium Grade A office space in the Lufthansa area and in Beijing in general, and the unrivalled high quality features that the Property offers, the Manager is confident that both the occupancy rate and the average monthly rental of the Property will stay robust in the medium term.

## Financial Review

Total revenue and total direct costs of RREEF CCT for the Reporting Period were approximately HK\$8,401,000 and HK\$432,000 respectively, resulting in a net property income of approximately HK\$7,969,000. After accounting for certain non-property operating income and expenses, the consolidated net profit of RREEF CCT for the Reporting Period was approximately HK\$81,229,000.

On the listing of RREEF CCT, a total of 484,400,000 Units were issued at HK\$5.15 per Unit. The proceeds of approximately HK\$2,494,660,000 from the IPO, together with HK\$1,400,000,000 of bank financing, were applied to the acquisition of the Property and the payment of costs and expenses associated with the IPO, including debt related payments.

As at 30 June 2007, RREEF CCT had in place a loan facility of HK\$1,400,000,000 (before transaction costs) with The Royal Bank of Scotland Plc. Hong Kong Branch. The loan has a term of 5 years. As at 30 June 2007, the gearing ratio of RREEF CCT, defined as total borrowings as a percentage of gross assets, was 30.8%.

As at 30 June 2007, RREEF CCT had cash balances and bank deposits totaling HK\$373,034,000 with maturities well diversified to satisfy its financial commitments and working capital requirements.

## Summary of the Property

*(as at 30 June 2007)*

Location	Chaoyang District, Beijing, the PRC
Year of Completion	2005
Gross Floor Area	130,488.1 sq.m
Total Lettable Area	106,393.8 sq.m
No. of Car Park Spaces	675
Occupancy Rate	95.2%
Turnover for the Reporting Period	HK\$8,401,000
Valuation	HK\$4,084,327,000

## Public Float

As at the date of this Interim Report, the Manager confirms that RREEF CCT maintains the prescribed public float under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), based on the information that is publicly available to RREEF CCT and to the best knowledge of the Manager.

## New Units Issued

The Manager confirms that, save for the 484,400,000 Units issued at the IPO, no new Units were issued during the Reporting Period.

## Repurchase, Sale or Redemption of Units

Under the Trust Deed, the Manager must not repurchase or redeem any Units on behalf of RREEF CCT unless and until permitted to do so by the relevant codes and guidelines issued by the Securities and Futures Commission (the "SFC") from time to time and the applicable law. On behalf of RREEF CCT, the Manager confirms that there was no purchase, sale or redemption of Units during the Reporting Period.

## Summary of Real Estate Sales and Purchases

RREEF CCT did not enter into any real estate sale and purchase transactions during the Reporting Period.

## Performance Table

(as at 30 June 2007)

Net asset value	HK\$2,491,996,000
Net asset value per Unit	HK\$5.14
Highest traded price during the Reporting Period	HK\$5.05
Highest premium of the traded price over the net asset value per Unit <sup>1</sup>	N/A
Lowest traded price during the Reporting Period	HK\$4.50
Highest discount of the traded price to the net asset value per Unit	12.45%
Net yield per Unit <sup>2</sup>	N/A

Notes:

1. The highest traded price during the period was HK\$5.05 which was lower than the net asset value per Unit as at 30 June 2007. Accordingly, no premium of the traded price over the net asset value per Unit was recorded.
2. Pursuant to the distribution policy stated in the Offering Circular, the first distribution of RREEF CCT will be declared upon the announcement of its final results for the period from the Listing Date to 31 December 2007 which is expected to be paid no later than 29 May 2008. Accordingly, the income available for distribution for the Reporting Period together with the income available for distribution for the second half of 2007 will be paid to registered Unitholders of RREEF CCT as at the record date for the first distribution.

## Compliance Manual

The Manager has adopted a compliance manual ("Compliance Manual") which sets out key measures and applicable regulations and legislation in relation to the management and operation of RREEF CCT to ensure that the relevant rules and regulations are duly observed.

During the Reporting Period, the Manager and RREEF CCT had complied with the corporate governance policies laid down in the Compliance Manual.

## Board of Directors of the Manager

The Board principally directs and supervises the day-to-day management of the business and affairs of the Manager and RREEF CCT to ensure that appropriate risk management, internal compliance and control, code of conduct and regulatory compliance policies are in place.

The Board comprises nine members, three of whom are Independent Non-executive Directors ("INEDs"). All Directors shall retire from their offices at every annual general meeting of the Manager and shall be eligible for re-election in accordance with the articles of association of the Manager. The Manager will, at all times, have INEDs constituting at least one third of its board members.

The Board is responsible for ensuring that the fiduciary and statutory obligations of the Manager to Unitholders are met, and that such duties have priority over all other duties including the interests of the Manager's shareholders.

## Audit, Risk and Compliance Committee

The Manager has established an Audit, Risk and Compliance Committee according to accepted practices for Hong Kong listed companies.

The majority of the members of the Audit, Risk and Compliance Committee are INEDs, with at least one of whom having appropriate accounting or related financial management expertise. The members are Mr. Mark Henry Ford, Mr. Jack Richard Rodman, Dr. Meng Xiaosu as INEDs; Mr. Kurt William Roeloffs Junior and Mr. Niel Thassim as Non-executive Directors.

The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its responsibilities by monitoring the Manager's compliance with its SFC licensing conditions, the Trust Deed, the REIT Code and other regulatory requirements as amended from time to time, and by reviewing its compliance, operational risk management and internal audit programs. The objective of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its responsibilities by reviewing the integrity and quality of RREEF CCT's financial statements and disclosures, and by reviewing RREEF CCT's auditing, accounting and financial reporting processes.

## Disclosures Committee

The Disclosures Committee is appointed by the Board to ensure that the information disclosed to Unitholders and public announcements are accurate and complete.

The Disclosures Committee comprises one INED, two Non-executive Directors and one Executive Director, namely Mr. Jack Richard Rodman, Mr. Kurt William Roeloffs Junior, Mr. Brian David Chinappi and Mr. Paul Thomas Keogh.

## Management and Investment Committee

The Management and Investment Committee assists the senior management of the Manager in the direction, implementation and monitoring of the Manager's plans and strategies. It consists of the fund manager of the Manager ("Fund Manager") and Executive Director, Mr. Paul Thomas Keogh, and four Non-executive Directors, namely Mr. Kurt William Roeloffs Junior, Mr. Michael Eugene Buquoi, Mr. Brian David Chinappi and Mr. Niel Thassim.

## Remuneration Committee

The Remuneration Committee oversees all aspects of remuneration of Directors and executives, and evaluation of their performances. It consists of one INED and two Non-executive Directors, namely Mr. Mark Henry Ford, Mr. Kurt William Roeloffs Junior and Mr. Niel Thassim.

## Code for Dealing in Units by Directors and Employees of the Manager and the Manager

The Manager has adopted a code for dealing in Units of RREEF CCT by Directors and the Manager (the "Units Dealing Code"). The Units Dealing Code is extended to apply to any senior executives or officers of the Manager or the special purpose vehicles (i.e. various property holding companies whose primary purpose is to, directly or indirectly, hold or own or arrange financing for the properties owned by RREEF CCT) or the employees of the Manager (collectively, the "Management Personnel") as the Board may determine.

Specific enquiry had been made with the Management Personnel and they had complied with the required provisions set out in the Units Dealing Code during the Reporting Period.

## Disclosure of Interests

The Manager has also adopted procedures for monitoring the disclosure of interests by the Manager, the Directors and the provisions of Part XV of the SFO shall be deemed to apply to the Manager, the Directors and chief executive of the Manager and each Unitholder and all persons claiming through or under him. The Fund Manager is taken to be the chief executive of the Manager in the deemed application of the said provisions.

Under the Trust Deed and by virtue of the deemed application of Part XV of the SFO, Unitholders with a holding of 5% or more of the Units in issue will have a notifiable interest and are required to notify the Stock Exchange and the Manager of their holdings in RREEF CCT. The Manager keeps a register for the purposes of maintaining disclosure of interests in Units of RREEF CCT and it has recorded in the register, against a person's name, the particulars provided pursuant to the notifications of interests and the date of entry of such record.

## Review of Interim Report

The Interim Report of RREEF CCT for the Reporting Period has been reviewed by the Audit, Risk and Compliance Committee and the Disclosures Committee. The interim financial report has also been reviewed by RREEF CCT's auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants.

Set out below is the information in respect of the connected party transactions involving RREEF CCT and its connected persons as defined in paragraph 8.1 of the REIT Code.

## Connected Party Transactions – Income

Save as disclosed under the section headed “Transactions with Trustee’s Connected Persons”, the following table sets forth information on all the connected party transactions from which RREEF CCT derived part of its income during the Reporting Period:

<b>Name of the Connected Person</b>	<b>Relationship with RREEF CCT <sup>1</sup></b>	<b>Nature of the Connected Party Transactions</b>	<b>Income for the Reporting Period HK\$</b>
北京佳程格偉休閒俱樂部有限公司	Associate of a significant holder of RREEF CCT and director of the Manager <sup>2</sup>	Leasing transactions	270,413
Beijing Bestride Estate Development Co. Ltd.	Associate of a significant holder of RREEF CCT and director of the Manager <sup>2</sup>	Leasing transactions	59,358
<b>TOTAL:</b>			329,771

Notes:

1. Within the meaning of the REIT Code.
2. The significant holder of RREEF CCT and director of the Manager being Mr. Tin Lik.

## Transactions with Trustee’s Connected Persons

### Ordinary Banking and Financial Services

During the Reporting Period, RREEF CCT has engaged certain companies within the HSBC Group <sup>1</sup> to provide ordinary banking and financial services (namely, bank deposits, internet banking and interest earned therefrom).

Note:

1. HSBC Group means The Hongkong and Shanghai Banking Corporation Limited and its subsidiaries and, unless otherwise expressly stated herein, excludes the Trustee and its proprietary subsidiaries (being the subsidiaries of the Trustee, but excluding those subsidiaries formed in its capacity as the trustee of the RREEF CCT).

## Interests of Connected Persons in Units

The REIT Code requires disclosure in the Interim Report holdings of each connected person (as defined in paragraph 8.1 of the REIT Code) to the scheme. The provisions of Part XV of the SFO are deemed by the Trust Deed, which constituted RREEF CCT, to apply to the Manager, the Directors and the Fund Manager and to persons interested in or having a short position in Units.

### Holdings of the Manager, Directors and Fund Manager

The interests and short positions of the Manager, the Directors and the Fund Manager in Units as recorded in the register maintained by the Manager under Schedule 3 of the Trust Deed ("Register of Interests") were as follows:

Name	As at the Listing Date		As at 30 June 2007	
	Number of Units	Percentage of Unit Holding	Number of Units	Percentage of Unit Holding
Tin Lik				
Long Position	48,440,000	10%	48,440,000	10%

### Holdings of Significant Unitholders and Others

The interests and short positions in Units of every person, other than the Manager, the Directors or the Fund Manager as recorded in the Register of Interests were as follows:

Name	As at the Listing Date		As at 30 June 2007	
	Number of Units	Percentage of Unit Holding	Number of Units	Percentage of Unit Holding
AT Asset Management (Asia-Pacific) Limited <sup>(1)</sup>				
Long Position	49,000,000	10.11%	49,000,000	10.11%
Alliance Trust Plc <sup>(1)</sup>				
Long Position	49,000,000	10.11%	49,000,000	10.11%
Prudential Plc <sup>(2)</sup>				
Long Position	39,000,000	8.05%	39,000,000	8.05%

Name	As at the Listing Date		As at 30 June 2007	
	Number of Units	Percentage of Unit Holding	Number of Units	Percentage of Unit Holding
HSBC Asia Holdings BV <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
HSBC Asia Holdings (UK) <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
The Hongkong and Shanghai Banking Corporation Limited <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
Deutsche Bank Aktiengesellschaft <sup>(4)</sup>				
Long Position	40,084,000	8.27%	87,385,000	18.04%
Short Position	4,750,000	0.98%	48,440,000	10%
HSBC Holdings BV <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
HSBC Finance (Netherlands) <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
HSBC Holdings plc <sup>(3)</sup>				
Long Position	48,440,000	10%	48,440,000	10%
Short Position	48,440,000	10%	48,440,000	10%
OZ Management L.L.C. <sup>(5)</sup>				
Long Position	36,000,000	7.43%	39,800,000	8.22%
Government of Singapore Investment Corporation Pte Ltd <sup>(6)</sup>				
Long Position	50,000,000	10.32%	50,000,000	10.32%
Henderson Global Investors Limited <sup>(7)</sup>				
Long Position	30,750,000	6.34%	30,750,000	6.34%

Notes:

**Based on the Register of Interests as at 30 June 2007**

1. AT Asset Management (Asia-Pacific) Limited was a wholly owned subsidiary of Alliance Trust Plc and Premier Alliance Trust Investment Funds was owned as to 88.80% by Alliance Trust Plc. By virtue of the SFO, the long position of 49,000,000 Units held by AT Asset Management (Asia-Pacific) Limited in its capacity as investment manager represented the same parcel of Units in which Alliance Trust Plc and Premier Alliance Trust Investment Funds were deemed to be interested in.
2. Prudential Plc was controlling the entire issued share capital of Prudential Holdings Ltd which in turn is holding 100% interest in Prudential Corporation Holdings Ltd.. Prudential Asset Management (Hong Kong) Ltd was a wholly owned subsidiary of Prudential Corporation Holdings Ltd. By virtue of SFO, the long position of 39,000,000 Units held by Prudential Plc in its capacity as investment manager represented the same parcel of Units in which Prudential Holdings Ltd, Prudential Corporation Holdings Ltd and Prudential Asset Management (Hong Kong) Ltd were deemed to be interested in.
3. The long position of 48,440,000 Units and short position of 48,440,000 Units held by The Hongkong and Shanghai Banking Corporation Limited ("HSBCL") represented the same parcel of Units in which HSBC Asia Holdings BV, HSBC Asia Holdings (UK), HSBC Holdings BV, HSBC Finance (Netherlands) and HSBC Holding Plc were deemed to be interested in and such holdings were held jointly with Deutsche Bank AG, Hong Kong Branch. HSBCL's aforesaid interests in Units related to an over allotment option granted to HSBCL, being one of the joint global coordinators as disclosed in the Offering Circular.
4. The long position of 34,756,000 Units were beneficially held whereas the long position of 48,879,000 Units and short position of 44,690,000 Units were held in the capacity of person(s) having security interest. In addition, a long position and a short position of 3,750,000 Units were held jointly with The Hongkong and Shanghai Banking Corporation Limited.
5. OZ Asia Master Fund, Ltd., OZ Master Fund, Ltd., Fleet Maritime, Inc., GPV LVII LLC, Goldman Sachs & Co. Profit Sharing Master Trust and OZ Global Special Investments Master Fund, L.P. were wholly owned subsidiaries of OZ Management L.L.C. By virtue of SFO, the long position of 39,800,000 Units held by OZ Management L.L.C. in its capacity as investment manager represented the same parcel of Units in which OZ Asia Master Fund, Ltd., OZ Master Fund, Ltd., Fleet Maritime, Inc., GPV LVII LLC, Goldman Sachs & Co. Profit Sharing Master Trust and OZ Global Special Investments Master Fund, L.P. were deemed to be interested in.
6. The long position of 50,000,000 Units was held by Government of Singapore Investment Corporation Pte Ltd in its capacity as investment manager.
7. The long position of 30,750,000 was held by Henderson Global Investors Limited as investment manager.

Save as disclosed above, the Manager is not aware of any connected persons (as defined under the REIT Code) of RREEF CCT or any persons recorded in the Register of Interests holding any Units as at 30 June 2007.

**Consolidated Income Statement**

For the period from 22 June 2007 (the Listing Date) to 30 June 2007 — Unaudited

	Note	HK\$'000
<b>Turnover</b>	4	8,401
Direct costs	5	(432)
<b>Net property income</b>		7,969
Other income – Interest income		470
Other net income – Net exchange gain		213
Administrative expenses		(1,105)
Excess of interest in fair values of the acquiree's identifiable net assets over cost of business combination		76,594
<b>Profit from operations</b>		84,141
Finance costs	6(a)	(2,072)
<b>Profit before taxation</b>	6	82,069
Income tax	7	(840)
<b>Change in net assets attributable to Unitholders</b>		81,229

The notes on pages 20 to 33 form part of these condensed interim financial statements.

# Condensed Interim Financial Statements

## Consolidated Balance Sheet

As at 30 June 2007 — Unaudited

	Note	HK\$'000
<b>Non-current assets</b>		
Investment property	9	4,084,327
<b>Current assets</b>		
Trade and other receivables	10	5,541
Amount due from a related party	11	8,087
Cash and cash equivalents	12	373,034
		386,662
<b>Total assets</b>		4,470,989
<b>Current liabilities</b>		
Tenants' deposits		(68,922)
Rent receipts in advance		(1,184)
Trade and other payables	13	(62,594)
Current taxation	7(b)	(28,268)
Amount due to the Vendor	15	(220,955)
		(381,923)
<b>Net current assets</b>		4,739
<b>Total assets less current liabilities</b>		4,089,066
<b>Non-current liabilities, excluding net assets attributable to Unitholders</b>		
Bank borrowings	14	(1,379,105)
Deferred tax liabilities		(217,965)
		(1,597,070)
<b>Total liabilities, excluding net assets attributable to Unitholders</b>		(1,978,993)
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		2,491,996
<b>Number of Units in issue</b>		484,400,000
<b>Net asset value attributable to Unitholders per Unit</b>		HK\$5.14

The notes on pages 20 to 33 form part of these condensed interim financial statements.

## Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the period from 22 June 2007 (the Listing Date) to 30 June 2007 — Unaudited

	<b>HK\$'000</b>
<b>Net proceeds from issuance of Units to Unitholders upon IPO (less costs of issuance)</b>	2,410,767
<b>Change in net assets attributable to Unitholders for the period</b>	81,229
<b>Balance at 30 June 2007</b>	2,491,996

The notes on pages 20 to 33 form part of these condensed interim financial statements.

## Distribution Statement

For the period from 22 June 2007 (the Listing Date) to 30 June 2007 — Unaudited

	<b>HK\$'000</b>
Change in net assets attributable to Unitholders for the period	81,229
Adjustments:	
Excess of interest in fair values of the acquiree's identifiable net assets over cost of business combination	(76,594)
Finance costs	105
	<u>(76,489)</u>
<b>Total distributable income</b>	<u>4,740</u>
Distribution per Unit (Notes)	<u>N/A</u>

Notes:

- (1) As disclosed in the Offering Circular, RREEF CCT's first distribution to Unitholders after the Listing Date will be for the period from the Listing Date to 31 December 2007.
- (2) Pursuant to the Trust Deed, RREEF CCT is in any event 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 as dividends an amount equal to 100% of RREEF CCT's annual distributable income for the period from the Listing Date to 31 December 2007 and thereafter at least 90% of RREEF CCT's annual distributable income for each financial year.

The notes on pages 20 to 33 form part of these condensed interim financial statements.

## Condensed Consolidated Cash Flow Statement

For the period from 22 June 2007 (the Listing Date) to 30 June 2007 — Unaudited

	Note	HK\$'000
<b>Net cash used in operating activities</b>		(7,451)
<b>Net cash used in investing activities</b>		(1,571,582)
<b>Net cash generated from financing activities</b>		<u>1,952,067</u>
<b>Net increase in cash and cash equivalents for the period and balance as at 30 June 2007</b>	12	<u><u>373,034</u></u>

The notes on pages 20 to 33 form part of these condensed interim financial statements.

# Notes on the Condensed Interim Financial Statements

## 1. General

RREEF China Commercial Trust ("RREEF CCT") 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. RREEF CCT was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 June 2007.

The principal activity of RREEF CCT and its subsidiaries (collectively referred to as the "Group") is to invest on a long-term basis in a diversified portfolio of institutional quality office and mixed-use properties (where a significant portion of the property has been designated for office use) located in major cities in China, Hong Kong and Macau. Its principal place of business is located at 53/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The condensed interim financial statements were authorised for issuance on 10 August 2007.

## 2. Significant Accounting Policies

### (a) Statement of Compliance

The condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the REIT Code and the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### (b) Basis of Preparation

The condensed interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA. KPMG's independent review report to the Board of Directors of the Manager is included on page 34.

The measurement basis used in preparation of the condensed interim financial statements is the historical cost basis except that the investment properties are stated at their fair values as explained in the accounting policies set out note 2(f).

The preparation of condensed interim financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from those estimates.

## 2. Significant Accounting Policies (continued)

### (c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the condensed interim financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the condensed interim financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

### (d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised immediately in profit or loss.

### (e) Unitholders' Funds

In accordance with the Trust Deed, RREEF CCT has a limited life of 80 years less 1 day from the date of commencement of RREEF CCT, and RREEF CCT is required to distribute to Unitholders not less than 90% of its annual distributable income for each financial year. Accordingly, the Units contain contractual obligations to pay cash dividends and also upon the termination of RREEF CCT, a share of all net cash proceeds derived from the sale or realisation of the assets of RREEF CCT less any liabilities, in accordance with their proportionate interests in RREEF CCT at the date of its termination. The Unitholders' funds are therefore classified as financial liabilities in accordance with HKAS 32, Financial instruments: disclosures and presentation.

### (f) Investment Properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(g)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(n)(i) and 2(n)(ii).

# Notes on the Condensed Interim Financial Statements

## 2. Significant Accounting Policies (continued)

### (g) Leased Assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except for property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)).

### (h) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted where the effect of discounting is material.

### (i) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

### (j) Trade and Other Payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at the end of the reporting period.

## 2. Significant Accounting Policies (continued)

### (I) Income Tax

- (i) Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss.
- (ii) Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

# Notes on the Condensed Interim Financial Statements

## 2. Significant Accounting Policies (continued)

### (l) Income Tax (continued)

- (iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:
- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
  - in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
    - the same taxable entity; or
    - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### (m) Provisions and Contingent Liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 2. Significant Accounting Policies (continued)

### (n) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

#### (i) *Rental Income and Advertising Income from Operating Leases*

Rental income receivable and advertising income arising from leasing of billboards under operating leases are recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned. Rental income excludes business tax.

#### (ii) *Car Park Income*

Car park income is recognised as revenues on an accruals basis. Car park income excludes business tax.

#### (iii) *Interest Income*

Interest income is recognised as it accrues using the effective interest method.

### (o) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

### (p) Related Parties

For the purposes of the condensed interim financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is a member of key management personnel of the Group, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

# Notes on the Condensed Interim Financial Statements

## 2. Significant Accounting Policies (continued)

### (q) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets mainly include investment properties and trade receivables, and segment liabilities mainly include operating liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings, tax balances, corporate and financing expenses.

## 3. Segment Reporting

Most of the Group's operations are located and carried out in the People's Republic of China ("PRC") and the sole principal activity of the Group is property investment. Accordingly, no segment information by business and geographical segment is presented.

## 4. Turnover

Turnover represents gross incomes generated from leasing of investment properties net of business tax. The amount of each significant category of revenue recognised in turnover during the period is as follows:

	<b>HK\$'000</b>
Rental income	7,861
Car park income	86
Advertising income from leasing of billboards	896
Business tax	(442)
	<hr/>
	8,401
	<hr/> <hr/>

## 5. Direct Costs

	HK\$'000
Property management fee	35
Urban real estate tax	384
Land use tax	13
	<hr/>
	432
	<hr/> <hr/>

## 6. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	HK\$'000
(a) Finance costs:	
Interest on borrowings	1,967
Other borrowing costs	105
	<hr/>
	2,072
	<hr/> <hr/>
(b) Other items:	
Manager's fees	680
Trustee's remuneration	50
Auditors' remuneration	270
Interest income	(470)
	<hr/> <hr/>

## 7. Income Tax

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

	HK\$'000
Current tax — Provision for PRC withholding income tax for the period	840
	<hr/>
	840
	<hr/> <hr/>

No provision for Hong Kong Profits Tax has been made as the Group did not earn any income assessable under Hong Kong Profits Tax during the period. The Group is subject to PRC withholding income tax of 10% on the gross rental income after deducting 5% business tax.

(b) Current taxation in the consolidated balance sheet represents withholding tax payable at the balance sheet date.

# Notes on the Condensed Interim Financial Statements

## 8. Earnings per Unit Before Transactions with Unitholders

The basic earnings per Unit for the Reporting Period amounted to HK\$0.168. The calculation of basic earnings per Unit is based on the Group's change in net assets attributable to Unitholders (before any distributions to Unitholders) for the period of HK\$81,229,000 and the number of Units in issue is 484,400,000 during the period.

Diluted earnings per Unit for the period ended 30 June 2007 is not presented as there was no potential dilution of earnings per Unit.

## 9. Investment Property

Additions through business combination (as referred in note 15) and balance as at 30 June 2007

HK\$'000

4,084,327

- (a) For the purpose of the IPO of RREEF CCT's Units, the investment property was valued by DTZ Debenham Tie Leung Limited who have among their staff Fellows of The Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on an open market value basis in their existing states by means of capitalisation of the net income allowing for reversionary income potential and by reference to comparable market transactions. The Manager considers there is no material change in the fair value of this investment property during the short intervening period up to 30 June 2007.
- (b) The fair value of investment property is HK\$4,084,327,000. The investment property is held in the PRC under medium-term lease.
- (c) The Group's investment property has been pledged to secure banking facilities granted to the Group (note 14).

## 10. Trade and Other Receivables

	HK\$'000
Rental receivables	4,661
Other receivables	82
Deferred rental receivables	744
Prepayments	54
	<hr/>
	5,541
	<hr/> <hr/>

Included in trade and other receivables are rental receivables with the following ageing analysis:

	HK\$'000
Current and up to 1 month overdue	2,606
More than 1 month overdue and up to 3 months overdue	2,055
	<hr/>
	4,661
Other receivables	82
Deferred rental receivables	744
Prepayments	54
	<hr/>
	5,541
	<hr/> <hr/>

Monthly rents in respect of leasing properties are received in advance and there is no specific credit terms given to the tenants. Sufficient rental deposits are held to cover potential exposure to credit risk.

## 11. Amount Due From a Related Party

The amount due from a related party is unsecured, interest-free and repayable on demand.

## 12. Cash and Cash Equivalents

	HK\$'000
Deposits with banks	150,004
Cash at bank and in hand	223,030
	<hr/>
	373,034
	<hr/> <hr/>

# Notes on the Condensed Interim Financial Statements

## 13. Trade and Other Payables

Included in trade and other payables are trade payables with the following ageing analysis:

	<b>HK\$'000</b>
Trade payables	
– Due within 1 month or on demand	8,369
Other payables	54,225
	<hr/>
	62,594
	<hr/> <hr/>

## 14. Bank Borrowings

At 30 June 2007, the bank loan was repayable as follows:

	<b>HK\$'000</b>
After 2 years but within 5 years	1,379,105
	<hr/> <hr/>

Under the banking facility agreements, the Group has been granted a facility of HK\$1,400,000,000 before transaction costs, for a five-year term from the first date of drawdown under the term loan. The term loan was fully drawn down by the Group on 22 June 2007.

Bank borrowings under the term loan is secured by, among others, the followings:

- mortgage over the investment property with a net book value of HK\$4,084,327,000 as at 30 June 2007 (note 9);
- charge over bank balances in bank accounts opened in the name of Hong Kong Gateway Plaza Co Ltd., a subsidiary of the Group;
- 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; and

The effective interest rate of the bank borrowings as at 30 June 2007 is 5.88% per annum. The carrying amounts of the bank borrowings approximate their fair value.

## 15. Business Combination

On 22 June 2007, RREEF CCT acquired two special purpose entities from Mr. Tin Lik ("the Vendor") which hold a premium grade commercial property. The purchase consideration payable to the Vendor amounted to approximately HK\$2,009,654,000.

The acquired businesses contributed the entire change in net assets attributable to Unitholders for the period from 22 June 2007 (date of listing) to 30 June 2007.

Details of assets acquired and liabilities assumed were as follows:

	HK\$'000
Investment properties	4,084,327
Trade and other receivables	7,569
Cash and cash equivalents	216,647
Tenants' deposits	(68,922)
Rent receipts in advance	(1,184)
Trade and other payables	(65,998)
Amount due to a related party	(3,098)
Current taxation	(27,428)
Secured term loan	(1,837,700)
Deferred tax liabilities	(217,965)
	<hr/>
Assets acquired and liabilities assumed	2,086,248
Excess of interest in fair values of the acquiree's identifiable net assets over cost of business combination	(76,594)
	<hr/>
Total consideration payable to the Vendor	2,009,654
Consideration not yet paid	(220,955)
Cash acquired	(216,647)
	<hr/>
Net cash outflow	1,572,052
	<hr/> <hr/>

# Notes on the Condensed Interim Financial Statements

## 16. Connected Party Transactions and Material Related Party Transactions

During the period, the Group entered into the following transactions with certain connected persons and related parties under the REIT Code and HKAS 24:

Connected Person/Related Party	Relationship with the Group
HSBC Institutional Trust Services (Asia) Limited ("the Trustee")	The Trustee of RREEF CCT
HSBC Holdings Plc and its associates ("HSBC") and other members of its group (collectively referred to as "HSBC Group")	Connected persons of Trustee
RREEF China REIT Management Limited	The Manager of RREEF CCT
Beijing Bestride Estate Development Co., Ltd.	Associate of a significant holder of RREEF CCT and director of the Manager
北京佳程格偉休閒俱樂部有限公司	Associate of a significant holder of RREEF CCT and director of the Manager

### (a) Transactions with Connected Persons/Related Parties

	HK\$'000
Rental income (note (i))	330
Trustee's fee (note (ii))	50
Manager's fees (note (iii))	680
Interest income on bank deposits received/receivable from (note (i)): — HSBC Group	470
	<u>470</u>

Notes:

- (i) These transactions were carried out on normal commercial terms and in the ordinary course of business.
- (ii) Under the Trust Deed, the Trustee is entitled to receive a remuneration of not more than 0.03% per annum of the value of the deposited property as defined in the Trust Deed (the "Deposited Property") which may be increased to a maximum of 0.06% per annum of the value of the Deposited Property, subject to minimum fees of HK\$50,000 per month.
- (iii) The Manager's fees are calculated as the aggregate of a base fee of 0.4% per annum of the value of the Deposited Property and a variable fee of 3% per annum of the Net Property Income (as defined in the Trust Deed).

## 16. Connected Party Transactions and Material Related Party Transactions

(continued)

### (b) Balances with Connected Persons/Related Parties:

Net amount due from/(to):

— the Trustee	(50)
— RREEF China REIT Management Ltd.	(680)
— HSBC Group	156,387
— Beijing Bestride Estate Development Co., Ltd.	8,087
— the Vendor	(220,955)
	<u>(220,955)</u>

HK\$'000

## 17. Accounting Estimates and Judgements

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

### Valuation of Investment Property

In arriving at the fair value of the investment property, the Manager has considered information from different sources, including a valuation performed by an independent firm of professional valuers after taking into consideration the net rental income allowing for reversionary income potential, and other available market survey reports.

The Manager's estimation of the fair value involves certain assumptions on, among others, current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents.

## 18. Possible Impact Of Amendments, New Standards And Interpretations Issued But Not Yet Effective For The Annual Accounting Period Ending 31 December 2007

Up to the date of issue of these condensed interim financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the annual accounting period ending 31 December 2007.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

**To the Board of Directors of  
RREEF China REIT Management Limited (the “Manager”)****Introduction**

We have reviewed the interim financial report set out on pages 15 to 33 which comprises the consolidated balance sheet of RREEF China Commercial Trust (“RREEF CCT”) as at 30 June 2007 and the related consolidated statements of income, and changes in equity and condensed consolidated statement of cash flows for the period from 22 June 2007 (the Listing Date) to 30 June 2007 and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Manager is responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2007 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “interim financial reporting”.

**KPMG**

Certified Public Accountants  
8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

10 August 2007