

*The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **RREEF China Commercial Trust** **睿富中國商業房地產投資信托基金**

*(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: 625)**

**Managed by**  
**RREEF China REIT Management Limited**

### **WRIT OF SUMMONS ISSUED BY MR TIN LIK AGAINST DEUTSCHE BANK AG, THE MANAGER and THE TRUSTEE AND POTENTIAL DELAY TO THE PROPOSED LIQUIDATION, PROPOSED DELISTING AND PROPOSED DEAUTHORISATION**

On 5 July 2011, Mr Tin Lik issued a writ of summons in the High Court of the Hong Kong Special Administrative Region as plaintiff against DB as first defendant, the Manager as second defendant and the Trustee as third defendant (the “Writ”).

Pursuant to the Writ, Mr Tin Lik makes certain Claims, including amongst others:

1. against DB, the Manager and the Trustee, jointly and severally, challenging the amount under the Set-Off and claiming, amongst other things, an entitlement to the Initial Retention Amount and an amount of HK\$289,426,166 which Mr Tin Lik claims to be refundable by the Trustee and/or the Manager; and
2. against DB and the Manager, jointly and severally:
  - a) for damages on the basis, amongst other things, that employees of DB and the Manager were not only aware of the implementation of the Fraud and raised no objection to it, but devised and recommended the implementation of the Fraud (all without the knowledge of Mr Tin Lik),

that Mr Tin Lik was wrongfully and unlawfully intimidated by employees of DB and/or the Manager and coerced into making the Lump Sum Payment, that DB and/or the Manager fraudulently misrepresented to Mr Tin Lik, and that DB and/or the Manager have breached certain contractual and/or statutory duties in connection with the Listing; and

- b) for a contribution and/or indemnity in relation to the Lump Sum Payment on the basis that the Lump Sum Payment was extracted from him by unlawful means.

**The Board's and the Trustee's opinion is that the Claims are wholly without merit and will be very vigorously defended by DB, the Manager and the Trustee. DB, the Manager and the Trustee are formulating their formal responses to the Claims, which will be submitted within the prescribed timeline. The Manager will update Unitholders as to any material developments in connection with the Claims.**

The Manager and the Trustee are considering whether the Claims will impact on the final distribution of RREEF CCT and the timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation. Depending on the outcome of the Claims, it is possible that dealing with the Claims may result in additional costs being required to be borne by RREEF CCT due to the Manager and the Trustee defending the Claims and a delay to the timetable. The Manager will update Unitholders by further announcement in relation to any material development and the timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation in accordance with applicable regulatory requirements.

Reference is made to (i) the announcement of RREEF CCT dated 10 September 2007 (the "**10 September 2007 Announcement**"); (ii) the announcement of RREEF CCT dated 28 October 2007 (the "**28 October 2007 Announcement**"); and (iii) the announcement of RREEF CCT dated 4 July 2011 regarding the outcome of the court application filed by HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**") in the High Court of the Hong Kong Special Administrative Region on 18 February 2011 (the "**4 July 2011 Announcement**"). Capitalized terms used in this announcement shall have the same meaning as defined in the 28 October 2007 Announcement unless otherwise defined herein.

## **The 10 September 2007 Announcement and the 28 October 2007 Announcement**

In the 10 September 2007 Announcement, the Board announced that, amongst other things:

- a) the Manager had discovered discrepancies between the amount of the rental payments being made by tenants of the Property, and the amount of the rental payments expected to be paid under the lease agreements disclosed to the Manager at the time of the initial public offering of units in RREEF CCT in June 2007 (the “**Listing**”);
- b) at the Manager’s request, Mr Tin Lik, as vendor of the Property, had agreed to make an upfront, immediate payment of HK\$278,526,708 (the “**Lump Sum Payment**”) into the account of the Trustee on an unconditional basis to make good the expected difference in rental payments. This sum was paid into the account of the Trustee on 7 September 2007; and
- c) the Manager was taking urgent steps to investigate and ascertain the cause of the discrepancy.

In the 28 October 2007 Announcement, the Board announced that, amongst other things:

- a) pursuant to the findings of the independent sub-committee of the Board, Clifford Chance and Ernst & Young, there was a complex fraud perpetrated by members of Mr Tin Lik’s team, which had the effect of concealing the true lower value of rentals payable by tenants of the Property. The fraud at its heart involved the surreptitious generation of false lease agreements (being the High Lease Agreements) which were introduced covertly into the due diligence process for the Listing to replace the lease agreements at lower values actually entered into by tenants (being the Low Lease Agreements) (the “**Fraud**”). Further details of the Fraud are set out in pages 11 to 12 of the 28 October 2007 Announcement;
- b) the Manager had written to Mr Tin Lik setting out in detail the additional claims that RREEF CCT and the Manager had against him in the amount of approximately HK\$ 174.4 million as set out in the 28 October 2007 Announcement. Following despatch of the letter to Mr Tin Lik, the Manager had exercised its lawful rights of set-off (the “**Set-Off**”) against an initial amount of approximately HK\$271 million under its control (the “**Initial Retention Amount**”) of an amount of approximately HK\$174.4 million owed by RREEF CCT to Mr Tin Lik as at 28 October 2007, and that the Manager would continue

to exercise its lawful rights of set off against the balance under its control (as at 28 October 2007, being approximately HK\$96.6 million) in respect of any further loss, or additional expenses incurred by it on behalf of RREEF CCT, in each case as a result of the acts of Mr Tin Lik, going forward.

According to the latest audited accounts of RREEF CCT published on 21 March 2011, as at 31 December 2010 the aggregate amount set-off by the Manager pursuant to the Set-Off was HK\$276,597,000, and the balance retained by it was HK\$10,900,000. This balance represents the Manager's latest provisional calculation of the amount payable to Mr Tin Lik as of 31 December 2010.

Prior to the issue of the Writ, Mr Tin Lik has in the period since 7 September 2007 taken no formal action to challenge or dispute the Lump Sum Payment or the Set-Off, despite the fact that the details of the Set-Off have been provided to Mr Tin Lik and made public through the 28 October 2007 Announcement and subsequent annual and interim results of RREEF CCT.

#### **Writ issued by Mr Tin Lik against Deutsche Bank AG, the Manager and the Trustee**

On 5 July 2011, Mr Tin Lik issued a writ of summons in the High Court of the Hong Kong Special Administrative Region as plaintiff against Deutsche Bank AG (“DB”) as first defendant, the Manager as second defendant and the Trustee as third defendant (the “Writ”).

Pursuant to the Writ, Mr Tin Lik makes certain claims (“Claims”) against DB, the Manager and the Trustee, including amongst others:

1. against DB, the Manager and the Trustee, jointly and severally, challenging the amount under the Set-Off and claiming, amongst other things, an entitlement to the Initial Retention Amount and an amount of HK\$289,426,166 which Mr Tin Lik claims to be refundable by the Trustee and/or the Manager; and
2. against DB and the Manager, jointly and severally:
  - a) for damages on the basis, amongst other things, that employees of DB and the Manager were not only aware of the implementation of the Fraud and raised no objection to it, but devised and recommended the implementation of the Fraud (all without the knowledge of Mr Tin Lik), that Mr Tin Lik was wrongfully and unlawfully intimidated by employees of DB and/or the

Manager and coerced into making the Lump Sum Payment, that DB and/or the Manager fraudulently misrepresented to Mr Tin Lik, and that DB and/or the Manager have breached certain contractual and/or statutory duties in connection with the Listing; and

- b) for a contribution and/or indemnity in relation to the Lump Sum Payment on the basis that the Lump Sum Payment was extracted from him by unlawful means.

#### **The opinion of the Board and the Trustee regarding the claims under the Writ**

**The Board's and the Trustee's opinion is that the claims under the Writ (the "Claims") are wholly without merit and will be very vigorously defended by DB, the Trustee and the Manager. DB, the Manager and the Trustee are formulating their formal responses to the Claims, which will be submitted within the prescribed timeline. The Manager will update unitholders of RREEF CCT ("Unitholders") as to any material developments in connection with the Claims.**

#### **Potential delay to the Proposed Liquidation, Proposed Delisting And Proposed Deauthorisation**

The Board announced in the 4 July 2011 Announcement that following the judgment dated 30 June 2011 pursuant to which the High Court granted the Trustee the declaration it sought, namely that the Trustee should proceed with a distribution of the entirety of the net assets of RREEF CCT without any retention to meet any possible claim by Mr Tin Lik, the Manager and the Trustee would take steps to proceed with the proposed liquidation of RREEF CCT (the "**Proposed Liquidation**"), the proposed delisting of RREEF CCT (the "**Proposed Delisting**") and the proposed deauthorisation of RREEF CCT in accordance with applicable regulatory requirements (the "**Proposed Deauthorisation**"). Assuming no valid appeal is lodged before 28 July 2011, being the end of the appeal period for the Judgment (the "**Appeal Period**"), the expectation was that the final distribution by RREEF CCT would be made within 2 months from the lapse of the Appeal Period.

The Manager and the Trustee are considering whether the Claims will impact on the final distribution by RREEF CCT and the timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation. Depending on the outcome of the Claims, it is possible that dealing with the Claims may result in additional costs

being required to be borne by RREEF CCT due to the Manager and the Trustee defending the Claims and a delay to the timetable. The Manager will update Unitholders by further announcement in relation to any material development and the timetable for the Proposed Liquidation, the Proposed Delisting and the Proposed Deauthorisation in accordance with applicable regulatory requirements.

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

Hong Kong, 7 July 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 Mark Henry Ford, Dr Meng Xiaosu and Mr Jack Richard Rodman as Independent Non-executive Directors.*