



仲量聯行

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公司牌照號碼：C-030171

27 June 2017

The Board of Directors
New World Department Store China Limited
7th Floor
88 Hing Fat Street
Causeway Bay
Hong Kong

Dear Sirs,

On 6 June 2017, the board of directors of New World Development Company Limited (the "Offeror") and the board of directors of New World Department Store China Limited (the "Company" or "NWDSC") jointly announced that UBS AG Hong Kong Branch, on behalf of the Offeror, intends to make a voluntary conditional cash offer to acquire all of the issued shares of NWDSC (other than those already held by the Offeror).

In accordance with your instructions to value the property interests held by the Company and its subsidiaries (hereinafter together referred to as the "NWDSC Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 May 2017 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

We have adopted the income approach in our valuation by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission; the RICS Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the NWDSC Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and other official plans relating to the property interests in PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the NWDSC Group's PRC legal advisers ("PRC legal advisers") — AllBright Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in 22 May 2017 by Miss Kathryn Han, Miss Neomi Zhai, Mr. Tony Zhai and Miss Joanna Chen. Miss Kathryn Han is a member of RICS, she is also a China Certified Real Estate Appraisers and China Qualified Land Valuers. And the other staffs have more than 2 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the NWDSC Group. We have also sought confirmation from the NWDSC Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached below for your attention.

Pursuant to the relevant rules and regulations of tax laws in the PRC, the potential tax liabilities which would arise if the property interests of the Company specified in this report were to be sold mainly include value added tax (5% of the capital gains for properties purchased before 30 April 2016; 11% of the transaction amount for properties purchased after 30 April 2016), land appreciation tax (30% to 60% of appreciated amount), income tax (25% of the capital gains after deducting the potential tax fee in effecting the sales), stamp duty (0.05% of the transaction amount) and withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies). As advised by the NWDSC Group, they have no intention to sell the properties as those

SUMMARY OF VALUES

No.	Property	Group I		Group II		Group III		Total
		Property interests held for investment by the NWDSC Group in the PRC		Property interests held for owner-occupation/operation by the NWDSC Group in the PRC		Properties contracted to be acquired by the NWDSC Group in the PRC		
		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		
		RMB	RMB	RMB	RMB	RMB	RMB	
1.	A portion of Basement Level 1, Levels 1 to 4, a portion of Level 3 for retail use and a portion on Level 3 (Room 301) for office use located at No. 138 Dongma Road, Nankai District, Tianjin, the PRC	104,245,000	N.A.	161,550,000	N.A.	N.A.	N.A.	265,795,000
2.	A portion of Levels 1 to 7 of two 26-storey office towers erected on a podium arcade located at No. 3 Jinqiao Road, Dadong District, Shenyang City, Liaoning Province, the PRC	357,561,000	N.A.	N.A.	4,122,000	N.A.	N.A.	361,683,000
3.	A portion of Basement Level 1 and Levels 1 to 4 of a 26-storey commercial/residential complex located at No. 57 Zijingshan Road, Guancheng District, Zhengzhou City, Henan Province, the PRC	240,583,000	N.A.	204,026,000	44,008,000	N.A.	N.A.	488,617,000
Subtotal:		<u>702,389,000</u>	<u>N.A.</u>	<u>365,576,000</u>	<u>48,130,000</u>	<u>N.A.</u>	<u>N.A.</u>	<u>1,116,095,000</u>



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No.	Property	Group I		Group II		Group III		Total
		Property interests held for investment by the NWDSC Group in the PRC		Property interests held for owner-occupation/operation by the NWDSC Group in the PRC		Properties contracted to be acquired by the NWDSC Group in the PRC		
		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		Market value for reference (for properties without proper title in existing state as at 31 May 2017)		
		RMB	RMB	RMB	RMB	RMB	RMB	
4.	Levels 1 to 6 of a commercial complex located at Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379 and 1383 North Shaanxi Road, the Ground Level located at No. 175 Changshou Road, the Ground Level located at No. 179 Changshou Road, Levels 1 to 4 located at No.155 Changshou Road, Level 5 located at No. 157 Changshou Road and Level 6 located at No.159 Changshou Road, Putuo District, Shanghai, the PRC	1,531,000,000	N.A.	N.A.	N.A.	N.A.	N.A.	1,531,000,000
5.	One commercial complex located at No. 762 Tianshan Road, Changning District Shanghai, the PRC	1,553,000,000	N.A.	N.A.	N.A.	N.A.	N.A.	1,553,000,000
6.	Basement Level 1 and Levels 1 to 5 of a commercial complex and a portion of Basement Level 1 and Levels 1 to 6 of a commercial complex located at Nos. 566 and 568 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province, the PRC	119,899,000	N.A.	515,164,000	N.A.	N.A.	N.A.	635,063,000
	Subtotal:	<u>3,203,899,000</u>	<u>N.A.</u>	<u>515,164,000</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>3,719,063,000</u>

No.	Property	Group I Property interests held for investment by the NWDSC Group in the PRC		Group II Property interests held for owner-occupation/operation by the NWDSC Group in the PRC		Group III Properties contracted to be acquired by the NWDSC Group in the PRC		Total
		Market value for reference (for properties without proper title in existing state as at 31 May 2017 RMB	Market value for reference (for properties without proper title certificate) as at 31 May 2017 RMB	Market value for reference (for properties without proper title in existing state as at 31 May 2017 RMB	Market value for reference (for properties without proper title certificate) as at 31 May 2017 RMB	Market value for reference (for properties without proper title in existing state as at 31 May 2017 RMB	Market value for reference (for properties without proper title certificate) as at 31 May 2017 RMB	
7.	Room 101 on Level 1 and Levels 2 to 5 and No. 41 carpark in Basement Level 1 of No. 268–290 carpark of a commercial complex located at No. 270 Wusong Road, Hongkou District, Shanghai, the PRC	32,313,000	N.A.	39,928,000	N.A.	N.A.	N.A.	72,241,000
8.	A portion of Basement Level 1 and Levels 1 to 5 of a commercial complex located at No. 12 Nanjing South Street, Heping District, Shenyang City, Liaoning Province, the PRC	N.A.	N.A.	464,000,000	N.A.	N.A.	N.A.	464,000,000
9.	A portion of Basement Levels 1 to 4 and Levels 1 to 6 of a construction in progress of a commercial complex located at No. 2 Nanjing South Street, Heping District, Shenyang City, Liaoning Province, the PRC	N.A.	N.A.	N.A.	N.A.	N.A.	565,000,000	565,000,000
	Subtotal:	<u>32,313,000</u>	<u>N.A.</u>	<u>503,928,000</u>	<u>N.A.</u>	<u>N.A.</u>	<u>565,000,000</u>	<u>1,101,241,000</u>
	Grand total:	<u>3,938,601,000</u>	<u>N.A.</u>	<u>1,384,668,000</u>	<u>48,130,000</u>	<u>N.A.</u>	<u>565,000,000</u>	<u>5,936,399,000</u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value	Market value	Total
				in existing state as at 31 May 2017 RMB	for reference (for properties without proper title certificate) as at 31 May 2017 RMB	
1.	A portion of Basement Level 1, Levels 1 to 4, a portion of Level 3 for retail use and a portion on Level 3 (Room 301) for office use located at No. 138 of Dongma Road, Nankai District, Tianjin, the PRC	The property comprises a portion of Basement Level 1, Levels 1 to 4, a portion of Level 3 of a 7-storey commercial building which was completed in about 1997 for retail use (the "Tianjin New World Department Store Property"), and a portion on Level 3 (Room 301) which is held for office purpose (the "Tianjin New World Department Store — Office Property"). The total gross floor area of the retail property and the office property is approximately 12,857.64 sq.m. and 1,378.25 sq.m. respectively. The land use rights of the property have been granted for a term expiring on 20 July 2045 for other commercial and service use.	As at the valuation date, the investment portion of the property is leased out for rental purposes and the owner-occupation/operation portion is for retail purposes. The property is operated/occupied by Tianjin New World.	265,795,000 (Please refer to Note 5 for details)	N.A.	265,795,000

Notes:

- Pursuant to a Real Estate Title Certificate — Fang Di Zheng Jin Zi Di No. 104031315894 dated 14 August 2013, the Tianjin New World Department Store Property with a total gross floor area of approximately 12,857.64 sq.m. is owned by Topsilver Limited ("Topsilver", a wholly owned subsidiary of the NWDSC Group). The relevant land use rights of the property with an apportioned site area of approximately 2,551 sq.m. have been granted to Topsilver for a term expiring on 20 July 2045 for other commercial and service use. Pursuant to a Real Estate Title Certificate — Fang Di Zheng Jin Zi Di No.104031315893 dated 14 August 2013, the Tianjin New World Department Store — Office Property with a total gross floor area of approximately 1,378.25 sq.m. is owned by Topsilver. The relevant land use rights of the property with an apportioned site area of approximately 273.4 sq.m have been granted to Topsilver for a term expiring on 20 July 2045 for other commercial and service use. As advised by the NWDSC Group, the area breakdown of owner occupation/operation portion and investment portion as at 31 May 2017 are as follow:

Total Gross Floor Area (sq.m.)	Owner-Occupation/ Operation Portion (sq.m.)	Investment Portion (sq.m.)
14,235.89	8,204.48	6,031.41

2. Pursuant to a Letter of Authorization entered into between Topsilver and Tianjin New World Department Store Co., Ltd. (“Tianjin New World”, a fellow subsidiary of Topsilver and a wholly owned subsidiary of the NWDSC Group), Tianjin New World is fully authorized to operate the property, including the finalize of lease agreement conditions, signing lease agreement with third party, collecting the rentals and conducting all relevant legal affairs.
3. We have been provided with a legal opinion regarding the property interest by the NWDSC Group’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Topsilver legally owns the land use rights and the building ownership of the Tianjin New World Department Store Property and the Tianjin New World Department Store — Office Property. It is entitled to transfer, lease or otherwise dispose of the properties pursuant to PRC laws; and
 - b. There is no mortgage or court seizure over the Tianjin New World Department Store Property or the Tianjin New World Department Store — Office Property.
4. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB20 to RMB27 per sq.m./per day. The assumed market yield is 7% which is in line with the market yield of this property sector in the region of 6% to 8%.
5. The notional apportionment for value between different groups of property interests as at 31 May 2017 are as follows:

Group I (RMB)	Group II (RMB)	Group III (RMB)	Total (RMB)
104,245,000	161,550,000	N.A.	265,795,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total RMB
				Market value in existing state as at 31 May 2017 RMB	Market value as at 31 May 2017 RMB	
2.	A portion of Levels 1 to 7 of two 26-storey office towers erected on a podium arcade located at No. 3 Jinqiao Road, Dadong District, Shenyang City, Liaoning Province, the PRC	The property comprises a portion of Levels 1 to 7 of two 26-storey office towers completed in about 2010, erected on a podium arcade with site area of approximately 4,372.78 sq.m. (excluding a 2-storey basement) (the “Shenyang New World Department Store — Jinqiao Road Branch Store Property”). The property has a total gross floor area of approximately 34,087.23 sq.m. The land use rights of the property have been granted for a term expiring on 28 April 2046 for commercial use.	As at the valuation date, part of the property is leased out for rental purposes. The remaining part is vacant.	357,561,000 (Please refer to Note 5 for details)	4,122,000 (Please refer to Notes 4 and 5 for details)	361,683,000

Notes:

- Pursuant to a State-owned Land Use Rights Certificate — Shen Yang Da Dong Guo Yong (2010) Di No. DD02864 dated 19 September 2010, the land use rights of the property with a site area of approximately 4,372.78 sq.m. have been granted to Shenyang New World Department Store Ltd. (“Shenyang New World”, a wholly owned subsidiary of the NWDSC Group) for a term expiring on 28 April 2046 for commercial use.
- Pursuant to a Building Ownership Certificate — Shen Fang Quan Zheng Zhong Xin Zi Di No. N060220916 dated 8 September 2010, a building with total gross floor area of approximately 34,087.23 sq.m. is owned by Shenyang New World.
- According to the Carpark Use Right Transfer Agreement entered into between Shenyang Fengrui Property Company Limited as transferor and Shenyang New World as transferee on 17 November 2008, Shenyang New World is entitled to use 68 car parking spaces located in the basement 1 of the property until the expiry of the term of the underlying state-owned land use right of the car parking spaces. The total purchase price under this transfer agreement in the amount of RMB5,440,000 has been paid by Shenyang New World.

4. As at the date of valuation, the carpark has not been assigned to the NWDSC Group and thus the title of the property has not been vested in the NWDSC Group. Therefore we have attributed no commercial value to the carpark. However, for reference purpose, we are of the opinion that the market value of the property as at the date of valuation would be RMB4,122,000, on condition that the property is completed (assuming), the relevant title certificates have been obtained by the NWDSC Group and the NWDSC Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

5. The notional apportionment for value between different groups of property interests as at 31 May 2017 are as follows:

Group I <i>(RMB)</i>	Group II <i>(RMB)</i>	Group III <i>(RMB)</i>	Total <i>(RMB)</i>
357,561,000	4,122,000	N.A.	361,683,000

6. We have been provided with a legal opinion regarding the property interest by the NWDSC Group's PRC legal advisers, which contains, *inter alia*, the following:

- a. Shenyang New World legally owns the Shenyang New World Department Store — Jinqiao Road Branch Store Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and
- b. There is no mortgage or court seizure over the Shenyang New World Department Store — Jinqiao Road Branch Store Property.

7. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB8.2 to RMB10 per sq.m./per day. The assumed market yield is 5.5% which is in line with the market yield of this property sector in the region of 5.0% to 6.5%.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total RMB
				Market value in existing state as at 31 May 2017 RMB	Market value as at 31 May 2017 RMB	
3.	A portion of Basement Level 1 and Levels 1 to 4 of a 26-storey commercial/residential complex located at No. 57 Zijingshan Road, Guancheng District, Zhengzhou City, Henan Province, the PRC	The property comprises a portion of Basement Level 1 and Levels 1 to 4 of a 26-storey (excluding 2-storey basement) commercial/residential complex (the “Zhengzhou New World Department Store Property”) completed in about 2009. The property has a total gross floor area of approximately 35,311.21 sq.m. The land use rights of the property have been granted for a term expiring on 19 April 2046 for commercial and service use.	As at the valuation date, the investment portion is leased out for rental purposes and the owner-occupation/operation portion is for retail purposes. The property is operated/occupied by Zhengzhou New World.	444,609,000 (Please refer to Note 7 for details)	44,008,000 (Please refer to Notes 4 and 7 for details)	488,617,000

Notes:

- Pursuant to 4 State-owned Land Use Rights Certificates — Zheng Guo Yong (2010) Di Nos. 14098, 14099, 14100 and 14102 all dated 7 July 2010, the land use rights of the property with a total site area of approximately 5,083.9 sq.m. have been granted to Wuhan New World Department Store Co., Ltd. (“Wuhan New World”, a wholly owned subsidiary of the NWDSC Group) for a term expiring on 19 April 2046 for commercial and service use.
- Pursuant to 4 Building Ownership Certificates — Zheng Fang Quan Zheng Di Nos. 1001037826, 1001037827, 1001037828 and 1001037830 all dated 23 April 2010, the property with a total gross floor area of approximately 35,311.21 sq.m. is owned by Wuhan New World. As advised by the NWDSC Group, the area breakdown of owner occupation/operation portion and investment portion as at 31 May 2017 are as follow:

Total Gross Floor Area (sq.m.)	Owner-Occupation/ Operation Portion (sq.m.)	Investment Portion (sq.m.)
35,311.21	15,339.36	19,971.85

3. According to the lease contract entered into between Henan Yuhong Property Company Limited as lessor and Zhengzhou New World Department Store Co., Ltd. (“Zhengzhou New World”, a fellow subsidiary of Wuhan New World and a wholly owned subsidiary of the NWDSC Group) as lessee on 23 December 2010, Zhengzhou New World is entitled to use the carpark with a site area of 12,180 sq.m. in the basement 1 located at Nos. 57, 59, 61 and 63 Zijingshan Road, Guancheng District, Zhengzhou, Henan Province, PRC (with approximately 350 individual car parking spaces) for a term of 20 years which shall be automatically extended until 19 April 2046 upon expiry of the 20-year term. The total rental under this lease in the amount of RMB45,000,000 has been paid by Zhengzhou New World.
4. As at the date of valuation, the property has not been assigned to the NWDSC Group and thus the title of the property has not been vested in the NWDSC Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the date of valuation would be RMB44,008,000, on condition that the property is completed (assuming), the relevant title certificates have been obtained by the NWDSC Group and the NWDSC Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
5. We have been provided with a legal opinion regarding the property interest by the NWDSC Group’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Wuhan New World legally owns the Zhengzhou New World Department Store Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and
 - b. There is no mortgage or court seizure over the Zhengzhou New World Department Store Property.
6. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB6.7 to RMB7.7 per sq.m./per day. The assumed market yield is 6.0% which is in line with the market yield of this property sector in the region of 5.0% to 6.5%.
7. The notional apportionment for value between different groups of property interests as at 31 May 2017 are as follows:

Group I (RMB)	Group II (RMB)	Group III (RMB)	Total (RMB)
240,583,000	248,034,000	N.A.	488,617,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total
				Market value in existing state as at 31 May 2017 RMB	Market value as at 31 May 2017 RMB	
4.	Levels 1 to 6 of a commercial complex located at Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379 and 1383 North Shaanxi Road, the Ground Level located at No. 175 Changshou Road, the Ground Level located at No. 179 Changshou Road, Levels 1 to 4 located at No.155 Changshou Road, Level 5 located at No. 157 Changshou Road and Level 6 located at No.159 Changshou Road, Putuo District, Shanghai, the PRC	<p>The property comprises a 6-storey shopping mall of a composite development completed in various stages between 2000 and 2006 and fully renovated in 2008, erected on a land with site area of approximately 11,757 sq.m. (the “Hong Kong New World Department Store — Shanghai Shaanxi Road Branch Store Property”).</p> <p>The property has a total gross floor area of approximately 41,090.20 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 21 March 2045 for a combination of commercial and residential use (situated at Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379 and 1383 North Shaanxi Road) and for commercial use (situated at Nos. 175, 179, 155, 157 and 159 Changshou Road) respectively.</p>	As at the valuation date, the property is mainly leased out for rental purposes.	1,531,000,000	N.A.	1,531,000,000

Notes:

1. Pursuant to 5 Shanghai Certificates of Real Estate Ownership Hu Fang Di Pu Zi 2007 Di Nos. 017207, 023487, 023488, 023261 and 022186 dated 14 June 2007, 1 August 2007, 1 August 2007, 25 July 2007 and 24 July 2007, the property with a total gross floor area of approximately 41,090.20 sq.m. is owned by Peak Moral High Commercial Development (Shanghai) Co.,Ltd. (“Peak Moral High”, a wholly owned subsidiary of the NWDC Group) The relevant land use rights have been granted to Peak Moral High for

a term expiring on 21 March 2045 for a combination of commercial and residential use (situated at Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379 and 1383 North Shaanxi Road) and for commercial use (situated at Nos. 175, 179, 155, 157 and 159 Changshou Road) respectively.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

a. Peak Moral High legally owns the Hong Kong New World Department Store — Shanghai Shaanxi Road Branch Store Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws subjected to the mortgages set forth below;

b. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of land and the construction works of the property are subject to mortgages in favor of various third parties listing in the following table:

No.	Location of the Building	GFA	Particulars of Mortgages	
1	Levels 1 to 6 of Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379, 1383 North Shaanxi Road	14,045.81	Mortgagee: Registration No.: Amount of the maximum debt: Term of the debt:	The Putuo Branch of Industrial and Commercial Bank of China PU200907022941 RMB200,000,000.00 from 25 August 2009 to 25 August 2019
2	Ground level of No. 175 Changshou Road	484.56	Mortgagee: Registration No.:	The Putuo Branch of Industrial and Commercial Bank of China PU200907022909
3	Ground level of No. 179 Changshou Road	247.85	Amount of the maximum debt: Term of the debt:	RMB20,000,000.00 from 25 August 2009 to 25 August 2019
4	Levels 1 to 3 of No. 155 Changshou Road	Level 1: 3,424.79 Level 2: 4,165.46 Level 3: 4,752.43 Total: 12,342.68	Mortgagee: Registration No.: Amount of the maximum debt: Term of the debt:	The Putuo Branch of Industrial and Commercial Bank of China PU200907022944 RMB230,000,000.00 from 25 August 2009 to 25 August 2019
5	Levels 4 of No. 155 Changshou Road, level 5 of No. 157 Changshou Road, and level 6 of No. 159 Changshou Road	Level 4: 4823.26 Level 5: 4754.85 Level 6: 4391.19 Total: 13,969.3	Mortgagee: Registration No.: Amount of the maximum debt: Term of the debt:	The Putuo Branch of Industrial and Commercial Bank of China PU200907022943 RMB140,000,000.00 from 25 August 2009 to 25 August 2019

c. There is no court seizure over the Hong Kong New World Department Store — Shanghai Shaanxi Road Branch Store Property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total RMB
				Market value in existing state as at 31 May 2017 RMB	Market value as at 31 May 2017 RMB	
5.	One commercial complex located at No. 762 Tianshan Road, Changning District Shanghai, the PRC	<p>The property comprises a 6-storey commercial building with 3-storey basement completed in 2003, erected on a land with site area of approximately 11,458 sq.m. (the “Hong Kong New World Department Store — Shanghai Tianshan Road Branch Store Property”)</p> <p>The property has a total gross floor area of approximately 43,016.13 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 2 March 2053 for composite use (commercial and office usage).</p>	As at the valuation date, the property is mainly leased out for rental purposes.	1,553,000,000	N.A.	1,553,000,000

Notes:

1. Pursuant to a Shanghai Certificate of Real Estate Ownership Hu Fang Di Chang Zi 2008 Di No. 015791 dated 24 November 2008, the property with a total gross floor area of approximately 43,016.13 sq.m. is owned by Shanghai New World Huiyan Department Store Co., Ltd. (“Shanghai Huiyan”, formerly known as Shanghai Hongxin Properties Company Limited, a wholly owned subsidiary of the NWDSC Group), the relevant land use rights have been granted to Shanghai Huiyan for a term expiring on 2 March 2053 for composite use (commercial and office usage).
2. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Shanghai Huiyan legally owns the Hong Kong New World Department Store — Shanghai Tianshan Road Branch Store Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and
 - b. There is no mortgage or court seizure over the Hong Kong New World Department Store — Shanghai Tianshan Road Branch Store Property.

3. In the course of valuation, reference has been made to rental evidence/asking rent of Ground level of similar retail developments in the locality which are in the region of RMB19.00 to RMB25.00 per sq.m./per day. The assumed market yield is 5% which is in line with the market yield of this property sector in the region of 4.5% to 5.5%.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value	Market value	Total
				in existing state as at 31 May 2017 RMB	for reference (for properties without proper title certificate) as at 31 May 2017 RMB	
6.	Basement Level 1 and Levels 1 to 5 of a commercial complex and a portion of Basement Level 1 and Levels 1 to 6 of a commercial complex located at Nos. 566 and 568 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province, the PRC	<p>The property comprises Basement Level 1 and Levels 1 to 5 of a commercial complex and a portion of Basement Level 1 and Levels 1 to 6 of commercial complex, which have been structurally connected and operated as a department store (the “Wuhan New World Department Store Property”).</p> <p>The property has a total gross floor area of approximately 42,227.75 sq.m..</p> <p>The property is erected on two adjacent sites with a total apportioned site area of approximately 2,909.75 sq.m..</p> <p>The land use rights of the property have been granted for a term expiring on 6 November 2042 for commercial and service use.</p>	As at the valuation date, the investment portion is leased out for rental purposes and the owner-occupation/operation portion is for retail purposes.	635,063,000 (Please refer to Note 8 for details)	N.A.	635,063,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wu Guo Yong (2009) Di No. 292, dated on 19 May 2009, the land use rights of Basement Level 1 and Levels 1 to 5 of Wuhan New World Department Store Co., Ltd. (“Wuhan New World”, a wholly owned subsidiary of the NWDSC Group) with a site area of approximately 2,037.82 sq.m. have been granted to Wuhan New World for a term expiring on 6 November 2042 for commercial and services use.
2. Pursuant to 7 State-owned Land Use Rights Certificates — Jiang Guo Yong (Shang 2009) Di Nos. 159096, 159097, 159098, 159099, 159100, 159101 and 159102 all dated on 2 March 2009, the land use rights of the portion of Basement Level 1 and Levels 1 to 6 of Wuhan New World Trade Tower I with a site area of approximately 871.93 sq.m. have been granted to Wuhan New World for a term expiring on 6 November 2042 for commercial and services use.

3. Pursuant to a Building Ownership Certificate — Wu Fang Quan Zheng Shi Zi Di No. 2008021862 dated 18 November 2008, Basement Level 1 and Levels 1 to 5 of Wuhan New World Department Store with a total gross floor area of approximately 11,431.46 sq.m. is owned by Wuhan New World.
4. Pursuant to 7 Building Ownership Certificates — Wu Fang Quan Zheng Shi Zi Di Nos. 2008021870, 2008021863, 2008021865, 2008021866, 2008021869, 2008021867 and 2008021868 all dated 18 November 2008, the portion of Basement Level 1 and Levels 1 to 6 of Wuhan New World Trade Tower I with a total gross floor area of approximately 30,796.29 sq.m. is owned by Wuhan New World.
5. As advised by the NWDSC Group, the area breakdown of owner occupation/operation portion and investment portion as at 31 May 2017 are as follow:

Total Gross Floor Area <i>(sq.m.)</i>	Owner-Occupation/ Operation Portion <i>(sq.m.)</i>	Investment Portion <i>(sq.m.)</i>
42,227.75	28,275.87	13,951.88

6. We have been provided with a legal opinion regarding the property interest by the NWDSC Group's PRC legal advisers, which contains, *inter alia*, the following:
 - a. Wuhan New World legally owns the Wuhan New World Department Store Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and
 - b. There is no mortgage or court seizure over the Wuhan New World Department Store Property.
7. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB10 to RMB13.3 per sq.m./per day. The assumed market yield is 6% which is in line with the market yield of this property sector in the region of 5% to 6%.
8. The notional apportionment for value between different groups of property interests as at 31 May 2017 are as follows:

Group I <i>(RMB)</i>	Group II <i>(RMB)</i>	Group III <i>(RMB)</i>	Total <i>(RMB)</i>
119,899,000	515,164,000	N.A.	635,063,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value	Market value	Total
				in existing state as at 31 May 2017 RMB	for reference (for properties without proper title certificate) as at 31 May 2017 RMB	
7.	Room 101 on Level 1 and Levels 2 to 5 and No. 41 carpark in Basement Level 1 of No. 268–290 carpark of a commercial complex located at No. 270 Wusong Road, Hongkou District, Shanghai, the PRC	The property comprises an office unit on Level 1 and Levels 2 to 5 and a carpark in Basement Level 1 of an 8-storey commercial complex completed in 2006, erects on a site with site area of approximately 21,305 sq.m. (the “Shanghai Wusong Road Property”). The total gross floor area of the property is approximately 2,422.77 sq.m. The land use rights of the property have been granted for a term expiring on 9 April 2052 for composite use.	As at the valuation date, the investment portion is leased out for rental purposes and the owner-occupation/operation portion is for office and showroom purposes.	72,241,000 (Please refer to Note 5 for details)	N.A.	72,241,000

Notes:

- Pursuant to 5 Shanghai Real Estate Ownership Certificates, Hu Fang Di Hong Zi (2012) Di Nos. 010583, 010584, 010585, 010586 and 010587 dated 7 November 2012, the property with a total gross floor area of approximately 2,422.77 sq.m. is owned by Shanghai Luxba Trading Ltd. (“Shanghai Luxba”, a wholly owned subsidiary of the NWDSC Group) for a term expiring on 9 April 2052 for composite use.
- As advised by the NWDSC Group, the area breakdown of owner occupation/operation portion and investment portion as at 31 May 2017 are as follow:

Total Gross Floor Area (sq.m.)	Owner-Occupation/ Operation Portion (sq.m.)	Investment Portion (sq.m.)
2,422.77	1,362.43	1,060.34

- We have been provided with a legal opinion regarding the property interest by the NWDSC Group’s PRC legal advisers, which contains, *inter alia*, the following:
 - Shanghai Luxba legally owns the Shanghai Wusong Road Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and

- b. There is no mortgage or court seizure over the Shanghai Wusong Road Property.
4. In the course of valuation, reference has been made to rental evidence/asking rent of similar office developments in the locality which are in the region of RMB3.80 to RMB5.50 per sq.m./per day. The assumed market yield is 5% which is in line with the market yield of this property sector in the region of 4.5% to 5.5%.
5. The notional apportionment for value between different groups of property interests as at 31 May 2017 are as follows:

Group I <i>(RMB)</i>	Group II <i>(RMB)</i>	Group III <i>(RMB)</i>	Total <i>(RMB)</i>
32,313,000	39,928,000	N.A.	72,241,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total
				Market value in existing state as at 31 May 2017 RMB	Market value as at 31 May 2017 RMB	
8.	A portion of Basement Level 1 and Levels 1 to 5 of a commercial complex located at No. 12 Nanjing South Street, Heping District, Shenyang City, Liaoning Province, the PRC	The property comprises a portion of Basement Level 1 and Levels 1 to 5 of a 38-storey commercial residential building erected on a podium arcade with site area of approximately 2,231.23 sq.m. (the “Shenyang New World Department Store — Nanjing Street Branch Store (Phase I) Property”). The property has a total gross floor area of approximately 23,028.50 sq.m. The land use rights of the property have been granted for a term expiring on 28 June 2049 for commercial use.	As at the valuation date, the property is vacant.	464,000,000	N.A	464,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Shen Yang Guo Yong (2016) Di No. HP00232 dated 30 March 2016, the land use rights of the property with a site area of approximately 2,231.23 sq.m. have been granted to Shenyang New World for a term expiring on 28 June 2049 for commercial use.
2. Pursuant to a Building Ownership Certificate — Shen Fang Quan Zheng Zhong Xin Zi Di No. N060652457, the property with a total gross floor area of approximately 23,028.50 sq.m. is owned by Shenyang New World.
3. We have been provided with a legal opinion regarding the property interest by the NWDSC Group’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Shenyang New World legally owns the Shenyang New World Department Store — Nanjing Street Branch Store (Phase I) Property. It is entitled to transfer, lease or otherwise dispose of the property pursuant to PRC laws; and
 - b. There is no mortgage or court seizure over the Shenyang New World Department Store — Nanjing Street Branch Store (Phase I) Property.

4. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB10 to RMB15 per sq.m./per day. The assumed market yield is 5% which is in line with the market yield of this property sector in the region of 4.5% to 5.5%.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value for reference (for properties without proper title certificate)		Total <i>RMB</i>
				Market value in existing state as at 31 May 2017 <i>RMB</i>	as at 31 May 2017 <i>RMB</i>	
9.	A portion of Basement Levels 1 to 4 and Levels 1 to 6 of a construction in progress of a commercial complex located at No. 2 Nanjing South Street, Heping District, Shenyang City, Liaoning Province, the PRC	The property comprises a portion of Basement Levels 1 to 4 and Levels 1 to 6 of a 38-storey commercial residential building erected on a podium arcade with site area of approximately 7,667.20 sq.m. (the “Shenyang New World Department Store — Nanjing Street Branch Store (Phase II) Property”). The property is under development as at the valuation date.				
		As advised by the NWDSC Group, the development is scheduled to be completed in 2018. The property has a total gross floor area of approximately 26,353.00 sq.m.				
		The land use rights of the property have been granted for a term				

2. As at the date of valuation, the property has not been assigned to the NWDSC Group and thus the title of the property has not been vested in the NWDSC Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the date of valuation would be RMB565,000,000, on condition that the property is completed (assuming), the relevant title certificates have been obtained by the NWDSC Group and the NWDSC Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
 - a. According to an agreement entered into by Shenyang New World Xin Hui and Shenyang Trendy Property Company Limited ("Shenyang Trendy") on 8 February 2013 (the "Agreement"), Shenyang Trendy is entitled to purchase from Shenyang New World Xin Hui a portion of Basement Levels 1 to 4 and Levels 1 to 6 of the Shenyang New World Department Store — Nanjing Street Branch Store (Phase II) Property with a construction area of 26,353 sq.m.. Shenyang Trendy has paid RMB474,354,000 to Shenyang New World Xin Hui which accounts for 90% of the total purchase price in the amount of RMB527,060,000; and
 - b. There is an existing mortgage over the Shenyang New World Department Store — Nanjing Street Branch Store (Phase II) Property created by Shenyang New World Xin Hui in favor of the Bank of East Asia (China) Co., Ltd., Shenyang Branch as the mortgagee. This mortgage was registered on 11 January 2016 to secure a debt with an amount of RMB550,000,000 (the "Debt"). The performance period of the Debt is from 17 December 2015 to 17 December 2019.
4. Shenyang Trendy is a wholly owned subsidiary of the NWDSC Group.
5. As advised by the NWDSC Group, the total purchase price in the amount of RMB527,060,000 is subject to further adjustments;
6. In the course of valuation, reference has been made to Ground level evidence/asking rent of similar retail developments in the locality which are in the region of RMB10 to RMB15 per sq.m./per day. The assumed market yield is 5% which is in line with the market yield of this property sector in the region of 4.5% to 5.5%.