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REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the transactions between NWDS, NWD and CTFJ under the Master Sales Agreement, details of which were disclosed in the Joint Announcement.

In view of the expected increase in the amount of the Sales Transactions, the Original NWDS Annual Caps and the Original NWD Annual Caps in respect of the two years ending 30 June 2014 will be insufficient, and the NWDS Directors and the NWD Directors therefore revised the Original NWDS Annual Caps and the Original NWD Annual Caps, respectively.

NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS. Accordingly, the Revision of the NWDS Annual Caps constitutes continuing connected transaction of NWDS and the Revision of the NWD Annual Caps constitutes continuing connected transaction of NWD, under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for each of the Revised NWDS Annual Caps are less than 5% for NWDS and each of the Revised NWDS Annual Caps exceeds HK\$1,000,000, the Revision of the NWDS Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for NWDS.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for each of the Revised NWD Annual Caps are less than 5% for NWD and each of the Revised NWD Annual Caps exceeds HK\$1,000,000, the Revision of the NWD Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for NWD.

Reference is made to the transactions between NWDS, NWD and CTFJ under the Master Sales Agreement, details of which were disclosed in the Joint Announcement.

In view of the expected increase in the amount of the Sales Transactions, the Original NWDS Annual Caps and the Original NWD Annual Caps in respect of the two years ending 30 June 2014 will be insufficient, and the NWDS Directors and the NWD Directors therefore revised the Original NWDS Annual Caps and the Original NWD Annual Caps, respectively.

NWDS

The Original NWDS Annual Caps for each of the two years ending 30 June 2014 are RMB82,058,000 and RMB95,680,000, respectively.

The Revised NWDS Annual Caps for each of the two years ending 30 June 2014 are RMB135,000,000 and RMB135,000,000, respectively.

The aggregate transaction amounts payable by (i) the CTFJ Group to the NWDS Group; (ii) the NWDS Group to the CTFJ Group; and (iii) the NWD Group to the NWDS Group under the Master Sales Agreement for the year ended 30 June 2012 was approximately RMB23,810,000. The NWDS Directors confirm that the transaction amounts under the Master Sales Agreement for the period from 1 July 2012 to the date of this announcement comply with the relevant Original NWDS Annual Cap.

The NWDS Directors, including the independent non-executive NWDS Directors, consider that the Revision of the NWDS Annual Caps is fair and reasonable and in the interests of the NWDS Group and the shareholders of NWDS as a whole.

NWD

The Original NWD Annual Caps for each of the two years ending 30 June 2014 are RMB56,686,000 and RMB67,835,000, respectively.

The Revised NWD Annual Caps for each of the two years ending 30 June 2014 are RMB100,000,000 and RMB100,000,000.

The aggregate transaction amounts payable by (i) the CTFJ Group to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group under the Master Sales Agreement for the year ended 30 June 2012 was approximately RMB13,800,000. The NWD Directors confirm that the transaction amounts under the Master Sales Agreement for the period from 1 July 2012 to the date of this announcement comply with the relevant Original NWD Annual Cap.

The NWD Directors, including the independent non-executive NWD Directors, consider that the Revision of the NWD Annual Caps is fair and reasonable and in the interests of the NWD Group, the NWDS Group and the shareholders of NWD as a whole.

General

The Revised NWDS Annual Caps and the Revised NWD Annual Caps have been determined based on historical transaction amounts under the Master Sales Agreement, the expected values of the Prepaid Shopping Cards to be purchased by the NWD Group and the CTFJ Group, the Shopping Vouchers to be provided by the NWD Group and the Joint Name Vouchers to be purchased by the customers by reference to the estimated marketing expenses to be incurred by the NWD Group and the CTFJ Group for purchase of the Prepaid Shopping Cards, issue of the Shopping Vouchers and sale of the Joint Name Vouchers respectively as part of the marketing plan for the sale of their products, the prevailing market conditions and the estimated expansion of existing and future projects of members of the NWD Group and the CTFJ Group.

GENERAL

The NWDS Group is principally engaged in the business of operating department stores in the People's Republic of China.

The principal businesses of NWD and its subsidiaries include property, infrastructure, hotel operation, department store operation, services, as well as telecommunications and technology businesses.

To the best knowledge of the NWD Directors and the NWDS Directors, the CTFJ Group is a jeweller whose principal products are mass luxury and high-end luxury jewellery products, including gem-set jewellery, platinum/karat gold products, gold products and watches.

LISTING RULES IMPLICATIONS

Pursuant to the Listing Rules, if NWD and NWDS propose to revise the annual caps for continuing connected transaction, NWD and NWDS will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transaction.

NWD is a substantial shareholder of NWDS and hence a connected person of NWDS. CTFJ is a fellow subsidiary of CTFE which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of NWDS. Accordingly, the Revision of the NWDS Annual Caps constitutes continuing connected transaction of NWDS and the Revision of the NWD Annual Caps constitutes continuing connected transaction of NWD, under Chapter 14A of the Listing Rules.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for each of the Revised NWDS Annual Caps are less than 5% for NWDS and each of the Revised NWDS Annual Caps exceeds HK\$1,000,000, the Revision of the NWDS Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for NWDS.

As all the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) for each of the Revised NWD Annual Caps are less than 5% for NWD and each of the Revised NWD Annual Caps exceeds HK\$1,000,000, the Revision of the NWD Annual Caps is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules for NWD.

APPROVAL BY THE BOARD OF NWDS DIRECTORS

None of the NWDS Directors has a material interest in the Revision of the NWDS Annual Caps. Dr. Cheng Kar-shun, Henry and Mr. Cheng Chi-kong, Adrian are common directors of NWDS, NWD and CTFJ. It was stated in the prospectus of NWDS dated 28 June 2007 that three of the NWDS Directors, Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda (who are also the executive directors of NWCL, a member of the NWD Group and Ms. Ngan Man-ying, Lynda holds directorships in certain companies controlled by NWDS) will abstain from voting in the resolution(s) relating to transactions(s) between the NWDS Group and the NWCL Group. As the NWD Group includes members of the NWCL Group, Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda have abstained from voting on the relevant board resolutions. Other than Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian and Ms. Ngan Man-ying, Lynda, none of the NWDS Directors is required to abstain from voting on the relevant board resolutions.

APPROVAL BY THE BOARD OF NWD DIRECTORS

None of the NWD Directors has a material interest in the Revision of the NWD Annual Caps. Dr. Cheng Kar-shun, Henry and Mr. Cheng Chi-kong, Adrian are common directors of NWD, NWDS and CTFJ, and Mr. Cheng Chi-heng is common director of NWD and CTFJ. Dr. Cheng Kar-shun, Henry who was present at the meeting of the executive committee of the board of NWD Directors voluntarily abstained from voting on the relevant board resolutions. Mr. Cheng Chi-heng was not present at that meeting and therefore did not vote on the relevant board resolutions. An independent board committee

comprising five independent non-executive NWD Directors, namely, Mr. Yeung Ping-leung, Howard, Mr. Cha Mou-sing, Payson, Mr. Ho Hau-hay, Hamilton, Mr. Lee Luen-wai, John and Mr. Liang Cheung-biu, Thomas, has been formed to review and approve the Revision of the NWD Annual Caps.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

“connected person”	has the meaning ascribed to it under the Listing Rules
“CTFE”	Chow Tai Fook Enterprises Limited, a substantial shareholder of NWD and a fellow subsidiary of CTFJ as at the date of this announcement
“CTFJ”	Chow Tai Fook Jewellery Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“CTFJ Group”	CTFJ and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the joint announcement of NWDS, NWD and CTFJ dated 22 March 2012
“Joint Name Vouchers”	have the meaning ascribed to it in the Joint Announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Sales Agreement”	the agreement in relation to the Sales Transactions entered into among NWDS, NWD and CTFJ on 22 March 2012
“NWCL”	New World China Land Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and is a subsidiary of NWD as at the date of this announcement
“NWCL Group”	NWCL and its subsidiaries from time to time
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange, and is the holding company of NWDS and NWCL as at the date of this announcement

“NWD Director(s)”	director(s) of NWD
“NWD Group”	NWD and its subsidiaries (other than the NWDS Group) from time to time
“NWDS”	New World Department Store China Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange and is a subsidiary of NWD as at the date of this announcement
“NWDS Director(s)”	director(s) of NWDS
“NWDS Group”	NWDS and its subsidiaries from time to time
“Original NWD Annual Caps”	the annual cap amounts payable by (i) the CTFJ Group to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group in respect of the relevant Sales Transactions as disclosed in the Joint Announcement
“Original NWDS Annual Caps”	the annual cap amounts payable by (i) the NWD Group to the NWDS Group; (ii) the NWDS Group to the CTFJ Group; and (iii) the CTFJ Group to the NWDS Group in respect of the relevant Sales Transactions as disclosed in the Joint Announcement
“Prepaid Shopping Cards”	have the meaning ascribed to it in the Joint Announcement
“Revised NWD Annual Caps”	the revised annual cap amounts payable by (i) the CTFJ Group to the NWD Group and the NWDS Group; and (ii) the NWDS Group to the CTFJ Group in respect of the relevant Sales Transactions as set out on page 2 of this announcement, for the two years ending 30 June 2014, respectively
“Revised NWDS Annual Caps”	the annual cap amounts payable by (i) the NWD Group to the NWDS Group; (ii) the NWDS Group to the CTFJ Group; and (iii) the CTFJ Group to the NWDS Group in respect of the relevant Sales Transactions as set out on page 2 of this announcement, for the two years ending 30 June 2014, respectively
“Revision of the NWD Annual Caps”	the revision of the Original NWD Annual Caps for each of the two years ending 30 June 2014, respectively
“Revision of the NWDS Annual Caps”	the revision of the Original NWDS Annual Caps for each of the two years ending 30 June 2014, respectively

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sales Transactions”	have the meaning ascribed to it in the Joint Announcement
“Shopping Vouchers”	have the meaning ascribed to it in the Joint Announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the laws of Hong Kong)
“%”	per cent.

By order of the board of
New World Development Company Limited
Wong Man-hoi
Company Secretary

By order of the board of
New World Department Store China Limited
Wu Yuk-kwai, Catherine
Company Secretary

Hong Kong, 27 December 2012

As at the date of this announcement, the executive NWD Directors are Dr. Cheng Kar-shun, Henry, Mr. Cheng Chi-kong, Adrian, Mr. Chen Guanzhan, Ms. Ki Man-fung, Leonie, Mr. Cheng Chi-heng and Miss Cheng Chi-man, Sonia; the non-executive NWD Directors are Mr. Liang Chong-hou, David and Mr. Cheng Kar-shing, Peter; and the independent non-executive NWD Directors are Mr. Yeung Ping-leung, Howard, Mr. Cha Mou-sing, Payson (alternate director to Mr. Cha Mou-sing, Payson: Mr. Cha Mou-zing, Victor), Mr. Ho Hau-hay, Hamilton, Mr. Lee Luen-wai, John and Mr. Liang Cheung-biu, Thomas.

As at the date of this announcement, the non-executive NWDS Directors are Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong and Ms. Ngan Man-ying, Lynda; the executive NWDS Directors are Mr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip and Mr. Wong Kwok-kan, Kenneth; and the independent non-executive NWDS Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.