

strategic businesses

New World China Enterprises

Wholly-owned subsidiary New World China Enterprises Projects Limited (“NWCEP”), focuses on four core business sectors in Mainland China: healthcare, consumer products, building materials, and automotive mid-stream and down-stream services. Investments to date cover more than ten projects involving strategic and technology partnerships with world-class multinationals and companies including Mosler, Bessemer, Nichimen, Companion Building Materials and Compaq.

NWCEP is also the project manager for New World Liberty China Ventures Limited, established in December 2000 as a strategic alliance with Liberty Mutual Group of the United States and other investors. One-third of the initial US\$150 million capital has been allocated to high-growth, small-sized to medium-sized enterprises in China. By initiating good corporate governance and management practices in order to bring them in line with international standards, NWCEP is

helping to increase their competitiveness. Many of the invested businesses – such as HXNW Auto Service Ltd., Shanghai Autotech Service Ltd. and Yunnan Phytopharmaceutical Co. Ltd. – are already contributing profits.

New World Department Store

As at the end of June 2002, New World Department Stores Limited (“NWDS”) had 13 department stores and four supermarkets with a total GFA of over 3.9 million sq. ft. in Hong Kong and eight cities in Mainland China. During the year under review, NWDS opened four department stores namely Shanghai-Hong Kong New World Department Store, Wuhan Trendy Plaza, Shanghai Xinning Trendy Plaza and Shanghai New World Supermarket. We also commenced management of Tianjin New World Xin An Shopping Centre. Total sales at these stores during the year amounted to HK\$1,902 million. Even excluding the new stores, the total sales increase over the previous year was 26%.

Our chain of department stores in China is increasing sales steadily. This outlet is in Ningbo.



To capture growing Mainland China consumer demand, two new stores are scheduled to open in Dalian before the end of 2002 and in Nanjing in 2003. In addition, business rationalization and interior re-decoration at Shanghai- Hong Kong New World Department Store will expand the sales area and increase the number of brand names represented. The first phase of the renovation was completed in July 2002. NWDS also plans a five-fold expansion of the sales area at Harbin New World Department Store to increase competitiveness.

Going forward, NWDS has a comprehensive retail strategy. For existing operations, we will continue to fine-tune the business strategy and merchandise mix of each store based on market demand and consumer patterns for each city. In cities where a store is already operating, NWDS is seeking opportunities and locations for a second store. NWDS is also actively exploring investment opportunities for stores in cities where New World currently has no retail operations.

City	Date of business commencement	GFA sq. ft.
Wuhan (Jianshe Dadao)		
– Phase I	Nov 1994	110,000
– Phase II	Sep 2000	260,000
Wuhan (Jiangnan Road)	Dec 2001	320,000
Shenyang (Nanjing Street)	Nov 1995	90,000
Shenyang (Taiyuan Street)	Aug 2000	110,000
Wuxi	Jan 1996	170,000
Harbin	Nov 1996	120,000
Tianjin	Oct 1997	150,000
Tianjin Xin An	Mar 2002	750,000
Ningbo	Apr 1998	110,000
Beijing		
– Phase I	Jun 1998	750,000
– Phase II	Oct 2000	410,000
Hong Kong	Apr 1999	150,000
Shanghai (Central Huaihai Road)	Dec 2001	240,000
Shanghai (Xinning)	Jan 2002	220,000
Dalian	2002 (expected)	285,000 (app.)
Nanjing	2003 (expected)	280,000 (app.)

Community Involvement

At New World Development, we recognize we are an integral part of the communities in which we operate and are dedicated to serving them.

In Hong Kong, we have made great progress in supporting staff initiatives that foster a spirit of 'giving back' to the community at large. In November 2001, the Group formed a voluntary service team to encourage our staff to build a caring society. With the participation of more than 260 Group employees, the team has already accomplished a broad range of social service work. It has joined events devised to help senior citizens and youngsters and it has organised out-reach activities to care for the infirm and needy. The team was given a Gold Award for Volunteer Service in early 2002 by the Social Welfare Department in recognition of its work. During the year, we also made donations to a number of charitable organisations.

As a business group committed to environmental conservation, we have joined the Corporate Afforestation Scheme launched by the Agriculture, Fisheries and Conservation Department. Some 200 staff and their families took part in the tree-planting day in April 2002 to help rejuvenate our countryside.

Employee Care

In a knowledge-based economy, we recognise the value of equipping our staff with new skills and knowledge. To empower our staff to serve the Group to the best of their ability, we organised a large number of training courses during the year. We also provided educational subsidies to staff to help them take courses that can enhance their professional skills.

As a means of enhancing the Group's performance, we operate a competitive staff compensation policy with pay and benefits structured to attract, retain and motivate high-calibre individuals.

As of 30 June 2002, the Group had over 26,100 employees, compared to over 25,800 as of 30 June 2001, a 1.2% increase.

Investor Outreach

We are firmly committed to sharing information about the Group's latest developments with the investment community and the public at large. To this end, we regularly conduct meetings with investment analysts and fund managers. In addition, we continue to organise a number of roadshows and investor/analyst trips to foster a greater understanding of the Group's strategy and operations among investors.

Our corporate website has become an increasingly important investor relations tool. It is now a key channel for distributing Group information across time-zone and geographic boundaries. We have also produced a more informative annual report that explains the Group's strategies, values and new initiatives, as well as the specific business goals of individual divisions. These moves gained clear recognition when our 2001 annual report won a Gold Award in the 2002 International ARC (Annual Report Competition) Awards – the world's largest competition honouring excellence in annual reports.