

> Corporate Citizenship



To Our Shareholders,

To proceed with new developments in a new direction with innovation, the New World Group has established a set of Corporate Philosophy with vision, mission and core values, which serve to explain the philosophy, business focus and future targets of the Group. Externally, we have performed our corporate responsibility for the environment, actively supported social charitable services and stayed in good communication with investors by clearly conveying our corporate information to them. Internally, new channels of communication with our employees have been established and recreational activities have been made available to them. This coupled with our on-the-job professional training which are intended to boost their sense of belonging and working efficiency and to ultimately achieve good corporate governance for the Group.

A workforce of more than 57,000 employees from different regions covering Hong Kong, Mainland China and Macau who possess wide-ranging talents and innovations represents strong momentum to drive the Group forward. We believe that a people-based culture upholding bilateral communication can nurture team spirits within the corporation. Accordingly, we have launched our staff publication known as *New World • New Words* to keep employees abreast of latest information of the Group in a timely manner. Contributions written by the management and employees can enhance their mutual understanding and serve as a communication platform for the employees of the New World Group.

We believe that an outstanding management team is crucial for the Group to change and evolve. To this end, the Group has embarked upon its first Corporate Management Officer Training Programme for training up a young generation of managers through a two-year programme. The New World Star Executive Development Programme has also been established to put new art of management to practice through the provision of practical management knowledge to employees under the training.

High-calibre people are the foundation for the success of an enterprise. They are also indispensable social assets for the development of the community. The New World Group hopes to create a better society with innovative thinking and sustainable development. Therefore, the Group has set the goal of developing the new generation and actively done its part in promoting youth development. Apart from setting up a social enterprise in the community and promoting charity and environmental protection, efforts have also been made to educate young people about their motherland, in the hope that we can build a harmonious new world together.

Cheng Chi-Kong, Adrian

Executive Director

Hong Kong, 14 October 2008

Caring for the New World

As a pioneer in embracing the concept of corporate citizenship, New World Group has been committed to participating in community affairs and showing its care for people in need in the community. In recognition of its devotion in corporate social responsibility, NWD and its 25 group companies have been awarded the Caring Company Logo by the Hong Kong Council of Social Service.

Committed to Hong Kong

Dedicated to Nurture Our Next Generation

New World Group has been placing great emphasis on the nurturing of local young people and actively supporting the all-round development of them. NWD has established awards to support the academic research conducted by ethnic Chinese around the world and offered opportunities of training and artistic creation for young people, enabling them to grow up in a better community.

“New World Mathematics Award”

NWD recognizes the importance of the development of high-calibre individuals. To support academic research conducted by young people, the Group established the “New World Mathematics Award” with Professor Shing-Tung Yau, a globally-renowned mathematician, in 2007, which aims at encouraging ethnic Chinese youngsters around the world to study mathematics. The first Award was presented at the “International Congress of Chinese Mathematicians” held in Hangzhou in December 2007, which was attended by 24 young-Chinese winners of Mathematics thesis awards from around the world and more than 200 guests from the international mathematics field. “New World Mathematics Award” is a key academic event held every three years and the next Award will be presented in 2010.



“Road to Green — Striving for a Young New World” Social Enterprise

A pioneer in supporting the development of social enterprises, the Group joined hands with the Tuen Mun Youths Association to launch a social enterprise named “Road to Green — Striving for a Young New World”. By motivating the tri-partite collaboration among the government, society and business, the enterprise provides extensive on-the-job training and job opportunities for young people with low working skills and lack of working experience, and helps them re-integrate into society. Apart from business operations, the enterprise also organizes volunteering activities to give away clothes to people in need in order to encourage trainees to care for the society, thereby building a supportive community.

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“People Power In A New World” Youth Arts Exhibition

The New World Group has been committed to promoting artistic creation and encouraging development of creativity of young people. The Group joined hands with the China Young Leaders Foundation, the Hong Kong Youth Arts Foundation and Médecins Sans Frontières (“MSF”) to launch an exhibition named “People Power in A New World” Youth Arts Exhibition. Around 5,000 secondary and primary students were invited to create figures with the themes of international frontiers and

terrains and their artworks were displayed at New World Centre in Tsim Sha Tsui. Through creating artworks, students were able to learn more about the work of MSF. We are looking forward to igniting creativity of young people by artistic creation and nurturing the future new generation for Hong Kong.



Devoted to China Facilitate Exchange between Mainland and Hong Kong

New World Group has been actively participating in Mainland and Hong Kong affairs and committed to contributing to the Greater China region. The Group organized disaster relief immediately after the occurrence of the “12 May” Sichuan Earthquake, lending a helping hand to our compatriots in Mainland China. In addition, the Group also arranged local university students to attend internship programmes in Beijing and Shanghai to encourage young people to learn about their home country and care about their motherland.

Sichuan Disaster Relief

In quick response to the occurrence of the “12 May” Sichuan Earthquake, Dr Henry Cheng, Managing Director of the Group, donated in the name of his family over RMB50 million and 300 sets of wireless visual communication equipment of RMB15 million to front-line rescue teams. Together with the donations raised by subsidiaries, the Group made supplies and cash donation of around RMB80 million in total. In addition, under the Group, staff members of NWCL delivered materials and medical supplies to disaster areas; corporate volunteer teams went to disaster areas to carry out relief and reconstruction work. We encouraged staff members from all regions to actively support relief campaigns in enshrinement of the spirit of sharing with and helping others.

“New Youth New World” Beijing-Shanghai Summer Internship Tour

The New World Group joined hands with the Hong Kong United Youth Association to organize the “New Youth New World” Beijing-Shanghai Summer Internship Tour 2008 and arranged 170 local university students to attend their six-week internship in state-owned and Hong Kong-owned enterprises in Beijing and Shanghai, including 12 students who had their internship positions at our NWDS headquarters in Shanghai to learn about the operations of the department store industry in Mainland China. In addition, students were also arranged to meet government officials and outstanding youth entrepreneurs, and exchanged with university students from Mainland China. The Internship Tour provided them with the opportunity to experience the daily lives and culture of our country, thereby widening their horizons and equipping them with knowledge and professional skills to contribute to society in the future.



Promotion of National Education among Young People

The New World Group believes young people are important to future contribution to both the motherland and Hong Kong, therefore it has been in active promotion of national education. The Group fully supported the series of events on “30 Years of Reform and Opening Up of China” organized by the Y Elites Group, including the online voting named “30 Years of Reform and Opening Up — 10 Most Significant Events”, the publication of “30 Years of Reform and Opening Up of China” and the exhibition named “Review of 30 Years of Reform and Opening Up of China”. These events strengthened the knowledge of young people on the reform and opening-up of China, thereby helping them to take up the opportunities and tackle the challenges in Mainland China and Hong Kong in the future.

Protect Our Environment

Participation by All Colleagues

Environmental protection has become a globally urgent task. As a responsible corporate citizen, New World Group actively concerns about and participates in environmental protection to fulfill its corporate responsibility for it. Internally, policies on environmental protection are advocated and implemented, making proper contribution to the global environment.

Endorsement of the “Clean Air Charter” and Becoming “Carbon Audit • Green Partners”

Striving to contribute a nice blue sky to Hong Kong, the Group signed the “Clean Air Charter”, a joint effort by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment, in November 2006, as its commitment to the improvement of the quality of air. In July 2008, the Group became one of the first “Carbon Audit • Green Partners” carried out by the Environmental Protection Department. Under the “Carbon Reduction Charter”, the Group has agreed to conduct or assist carbon audit on its buildings, and to launch relevant carbon reduction campaigns in the coming two years.

Putting “Green Office” to Practice

The Group and its subsidiaries have successively implemented “Green Office” to carry out various energy-saving and waste reduction measures in offices through specific environmental protection policy. We hope to call upon all the staff members to play a part in creating a green office. Also, Hong Kong Convention and Exhibition Centre, New World Centre and various properties managed by Urban Property Management responded to “6.21 Dim it, Lights Out Campaign” initiated by Friends of the Earth to turn off the large illuminations outside our buildings for thirty minutes, so as to show our determination for supporting actions for environmental protection.

Environment Education to Advocate New Green Living

The New World Group is dedicated to environment education and has sponsored the Hyper Workshop to publish an education book set on educating children ways to protect the earth in different aspects, including schools, families, society and personal life by way of different themes.

Under the Group, NWCL and NWDS also joined hands with UNICEF to organize the “New Green Living”, a nationwide environmental friendly shopping bag charity sale, so as to arouse the public sense in cities of China to protect our environment and care for the earth. Proceeds from the activity are all donated to the UNICEF “Child-Friendly Schools” Project in the Mainland China.

Moreover, the Group hosted seminars and workshops about environmental protection to enable subsidiaries to share ways of creating a green work space. NWSH of the Group also established its Environmental Protection Committee in December 2007 to assist subsidiaries to understand the Group's aspiration towards environmental protection; NWCL also held environmental protection construction seminar, which targeted at introducing green construction in a systematic manner as well as evaluating how the design and technological application of green construction can be attained in different development phases of projects in different places.



Delight in Offering Help Support Community Charity

New World Group has always been fully supporting charitable services and encouraging its subsidiaries to form corporate volunteer teams to care for underprivileged people in the community and at the same time enhance tacit understanding and friendship among staff members.

“Wu Zhi Qiao (Bridge to China) Charitable Foundation” (“WZQCF”) Charity Gala Dinner

In January 2008, the Group sponsored the first fund-raising banquet of the WZQCF and was one of the platinum sponsors. WZQCF aims to build bridges in poor areas in Mainland China. Mr Wong Yan Lung, the Secretary for Justice of the Hong Kong Special Administrative Region, was invited to be the officiating guest. The event attracted nearly 500 guests from both political and commercial arenas and a total of over HK\$4 million was raised. All the proceeds were contributed to WZQCF as the fund for the construction of five to six bridges in remote areas of Mainland China in the coming two years.



“The Community Chest Award”

The Group actively participates in activities held by the Community Chest every year. Apart from its support for the “Dress Special Day”, the Group also sends representatives to take part in charitable activities such as “Community Chest Corporate Challenge Half Marathon” and “Community Chest Sports Corporate Challenge”. New World Group has been presented “The Community Chest Award” by the Community Chest for years in appreciation of the Group’s and its members’ active participation in charitable activities of the Community Chest and their contribution to promoting community services.

Formation of Corporate Volunteer Teams

The New World Group encourages participation in voluntary services in the community by its management and staff members in their spare time to bring out the spirit of a supportive community, and in turn to enhance team morale and spirit. Under the Group, NWCL Corporate Volunteer team has its branch teams scattering in different regions. NWSH has also established its “NWSH Volunteer Alliance” based on the vision of “serving our society with what we know, what we have and what our heart has told us”.



Team Spirit Build a Harmonious New World

New World Group will proceed with new developments in a new direction with innovation. An outstanding management team is crucial for the Group to change and evolve. Dedicated and professional talents are the key to drive the development of the Group in today's fast-changing world. Therefore, we endeavor to create an ideal working environment for our staff members and attract, develop and retain talents through competitive employment package and incentive policies.

Nurturing Talents to Establish an Outstanding Team

As at 30 June 2008, the Group had over 57,000 employees. The New World Group values staff-training as it is essential for upgrading the quality of its workforce and contribute to the operational excellence. In August 2008, the Group embarked upon its first "Corporate Management Officer Training Programme", a two-year programme to nurture young talents for the Group. Trainees under the programme will be arranged to work in different departments within the Group to enhance their business knowledge and management skills, and will return to work in their respective departments upon the completion of training.



Moreover, the New World Group also co-operates with Richard Ivey School of Business of The University of Western Ontario to launch the "New World Star Executive Development Programme" to provide a 15-month leadership training programme to our experienced executives. Apart from the acquisition of practical management knowledge, we expect that the participating employees can exchange their ideas, learn from each other and inspire each other's creativity, so as to upgrade the management skills, strengthen their training functions and nurture high-calibre individuals.



Moreover, in order to improve our employees' skills in leadership, management, customer services, occupational safety, interpersonal communications and self-improvement, the Group arranged a number of regular internal training courses for our staff. The Group also encouraged subsidiaries to hold workshops and seminars for staff to assist them in relieving life and work-related stress.

The Group also provides its staff with education subsidies for upgrading their work skills and provides a competitive remuneration system with fair promotion opportunities. The Group has also established a mentor programme for the continuous improvement of the staff. The Group recognizes the contribution and achievements of staff through its award programme. This cultivates staff commitment to strive for excellence and professionalism.

Enhancing Communication and Creating a Positive New World

Staffs are kept abreast of the latest development of the Group via effective communication channels including monthly newsletters, intranet and emails. In August 2008, we published the first New World Group staff magazine *New World • New Words*, featuring the Group's latest developments and business developments as well as interviews with the Group's management team. With *New World • New Words*, the New World Group hopes to strengthen the communication with staff, deepen their understanding towards the Group and promote their sense of belonging.

The Group set up the "Speaking with Adrian" blog in April 2008. With a view to establishing a bilateral and open communication platform, Mr Adrian Cheng, Executive Director of the New World Group, shares his view on the Group's development in the blog and encourages staff to give their feedback.



Moreover, to encourage employees and their families to participate in company-sponsored staff gathering and enhance our employee's understanding towards each others, the Group has established a Sports and Receptions Committee in 2008 to organize regular events such as Spring Dinners, Christmas Parties, various sports and recreational activities including interest classes, hiking and company trips. The Group also holds corporate fun days, charity events and community services, etc. in order to boost employee's sense of belonging and create a harmonious working environment.



Care about Investor Relations

The New World Group values good investor communication and strives to ensure shareholders' thorough understanding of the Group through clear communication. We are committed to timely and effective communication with our investors, having actively participated in different investment forums and overseas road-shows, and undertaken numerous site visits and meetings with the media and the investment community.

To further enhance our communication with investors and the general public, maintain our corporate transparency and provide easy access to our corporate information, our website is additionally available in text format in English, traditional Chinese characters as well as simplified Chinese characters to allow browsing of our website by visually-disabled people and all those in need, which efforts can be evidenced by the Group being granted the Gold Prize in e-Inclusion Campaign 2008, which was organized by the Internet Professional Association and aimed at encouraging the public and the private sectors to construct websites with easy accessibility which can provide equal opportunities to underprivileged people as to benefiting from the development of the Internet in Hong Kong. The Group has committed to carry on with its efforts to actively enhance and timely update the design, functionality and contents of its website which will allow browsing of the Group's latest information by investors and the general public. Such information would include corporate information, data on share prices, financial performance, announcement, code of corporate governance, etc.

In addition, the Group has always treated its annual reports as important channels for communication with its investors and has received numerous annual report awards in international contests. In the 21st International Mercury Awards, FY2007 Annual Report of NWD was presented a Merit Award for "Annual Report — Overall Presentation: Holdings & Property Development"; FY2007 Annual Report of NWCL was presented

a Bronze Award for "Annual Report — Overall Presentation: Residential Property Development"; and that of NWDS was presented a Silver Award for "Design: Annual Report — Interior" and a Bronze Award for "Design: Annual Report — Cover".

In the 18th International Astrid Awards, FY2007 Annual Reports of NWD and NWSH won the Gold Award and Bronze Award in the category of "Annual Reports — Overall Presentation — Corporate" respectively. What's more, that of NWSH was presented a Gold Award in "Annual Reports — Photography", whereas FY2007 Annual Report of NWCL was presented a Silver Award in the category of "Annual Report — Cover".

Furthermore, in the 22nd International ARC Awards, FY2007 Annual Report of NWSH and NWDS were presented a Bronze Award in the categories of "Cover Design — Infrastructure" and "Interior Design — Retail" respectively. NWDS also won an Honors Award in the category of "Cover Photo/ Design: Retail — Convenience and Department Store".

The marvelous performance of the New World Group in international annual report contests was good illustration of the judges' recognition of the Group's clear disclosure of information in its annual reports. We will keep on maintaining corporate transparency and the faithful disclosure of accurate information; enhancing external communication and continual achievement of excellence in annual reports and websites; keeping investors in sound and thorough understanding of the strategies and prospects of the Group.

