

## CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility ("CSR") programme reflects our position as a global leader in the leisure and hospitality industry providing responsible world-class entertainment within a sustainable business environment. We aim to surpass industry standards in all aspects of management, operations and procedures in the areas of Environment, Marketplace, Workplace and Community. We also ensure that we fulfill our core responsibilities to all our stakeholders.

### ENVIRONMENT

Right from the beginning, the Group has shown tremendous respect for the environment in the Resort. Despite building a resort complex of this magnitude, we are proud of our strong environmental record based on policies of minimal impact on the environment and environmentally sound policies.

The Group has an ongoing policy of environmental protection and conservation. From the outset, the development of the Resort was intentionally confined to just two areas to preserve the surrounding forest. The main development sits on a 33.6-hectare area on the hilltop and 105-hectare area at the mid-hill level.

Our projects at the Resort have been strategically designed to minimise the use and clearing of land for development. The construction methods used are eco-friendly such as the use of hand-dug caisson methods which do not require extensive clearing to create platforms for piling. Careful planning has also been adopted to minimise the impact on the natural environment of the Resort. We have used bridges and overhanging structures on steep sections of the roads to minimise cutting of slopes and felling of trees.

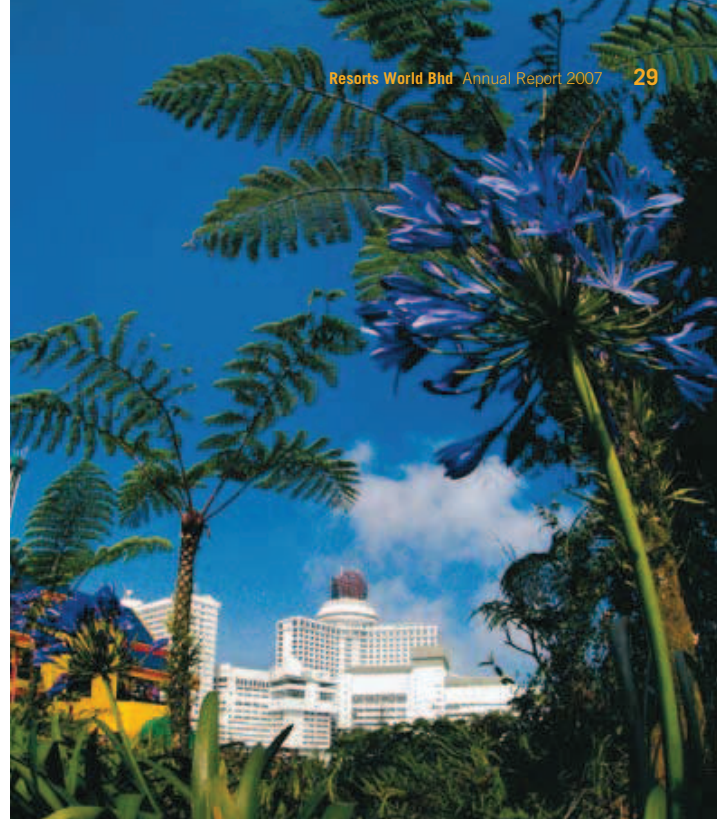
We have achieved marked reductions in infrastructure needs by concentrating our development. As a result, the major portion of our forest concession at the Resort is preserved and approximately 96% of the 4,297 hectares is still virgin forest. The Group maintains a stringent policy of "no logging" on our land-bank at the Resort.

Our environmental management systems are constantly being reviewed and adapted to improve the quality of the environment. For example, we use environmentally friendly waste disposal systems including composting and have converted from environmentally hazardous diesel to electrical water pumps for our water treatment system. This reduced our direct energy use from this source by 100% and converted to indirect energy use which can be monitored and reduced more effectively.

Within our hotels, facilities and staff quarters, we continually monitor air emissions to ensure compliance with the IAQ (Indoor Air Quality) guidelines.

Energy, water consumption and waste production are also monitored to ensure the growth rate is lower than the growth rate of our business. Last year we achieved a 3% reduction in total water use and a 40% reduction in waste, which is now around 18,000 tonnes per annum.

We have also introduced a number of initiatives to reduce our energy consumption. These include rescheduled operating hours for water catchment motors, laundry facilities and generator settings for our Sky Venture facility to avoid times of maximum electricity demand. We have installed energy saving light bulbs in all 10,000 guest rooms and other hotel facilities. Timers are used on fixed lighting and sensor lighting is installed at common kitchens and staff quarters to ensure that lights are switched off when the rooms are not in use. We have reduced blowdown frequency and the number of boilers in operation. We have also improved steam piping and steam trap leaks management to improve efficiency.



The Group has implemented the "Integrated Management System" comprising Environmental Management System, Quality Management System and Occupational Health & Safety Assessment Series (OHSAS) for the purpose of improving the quality of services with special focus on environment and safety of all stakeholders. Our Theme Park operations are certified to ISO9001:2000 standards.

The Group runs Environmental Impact Assessments before starting all major projects. These are carried out by independent consultants for all the Group projects in accordance with the Environmental Quality Act and the respective approvals were obtained from the relevant authorities.

### MARKETPLACE

In an effort to instill CSR with all our business associates, our terms and conditions require contractors to contribute to SOCSO/Workers' Compensation Insurance, Employee Provident Funds and other contributions for the benefits of their employees.

Our standard supplier contracts require conformity to the Environmental Control Act 1974 to ensure no releases, emissions, discharges or disposal of radioactive, toxic or harmful substances, chemicals, pollutants, contaminants or other waste of any form on or under our sites.

Our standard and specific terms and conditions require all of our contractors and subcontractors to comply with our Occupational Safety and Health Act 1994 requirements. These ensure that their employees shall always comply with good safety practices and be properly attired with safety devices as required by law.

The Group assists suppliers to understand our policies with on-site demonstrations and visits, supplier purchasing charters and briefings for suppliers before contracts are conducted. We have a policy to promote local sourcing of products and services especially in preventative maintenance, renovations and refurbishments, repairs and support and consultancy for professional services.

In providing our services to our guests, we adopt the highest standards of product responsibility. Customer satisfaction surveys are conducted regularly. In addition we use Service Judges, Focus Groups and our Service Standard (TQM) System to monitor and maintain high quality service for our guests.



"WeXL Exemplary Service Model" employees posing by the poster after receiving their awards.

## WORKPLACE

As at 31 December 2007, the Group has a total workforce of approximately 13,400 employees.

Staff development and training are central to our Human Resources ("HR") policies. In 2007, over 11,000 employees underwent training beyond induction. A key focus was on enhancing customer service. Our front liners were trained to deliver service par excellence to our guests, while our supervisors and managers underwent training in managing services. Safety and ISO awareness were also emphasised to enhance our commitment to professionalism.

Benefits extended to all employees include health and accident insurance, disability insurance and maternity/paternity leave. We also offer staff quarters and meals, sports facilities, counselling and ongoing learning and study leave options on a company-wide basis.

Development programmes on core competencies were also organized for our executives. The 19th Senior Managers' Conference was held at The Datai, Langkawi and the theme "Growing Profitability in a Highly Competitive Environment" was adopted. The 14th Resorts World Bhd Group HR Conference was held at Awana Porto Malai, Langkawi, to deliberate and adopt the 2007 - 2008 HR initiatives towards "Service Excellence - Our Competitive Advantage". Team-building sessions were held in departments to promote *esprit de corps* and bonding among the team members.

To ensure that the returns on training investments are realized, the Kirkpatrick's *evaluation model* was adopted where trainees were evaluated based on observations of skills transfer and application on the job. Employees moving up the career ladder were assessed to ensure they possess the required competencies and qualities for their next job level. The process is linked to our performance management system: *rewards for performance*.

In August 2007, we inaugurated the Hotel Management Trainee programme to provide career and growth opportunities for high potential hotel employees. This initiative is also part of our efforts to retain talent. The programme fast tracks those hotel employees who hold at least diploma qualifications and who have been identified as potential Executives. The trainees undergo a rigorous 12-month training programme with exposure to various hotel functions. Upon completion, they are evaluated to measure their readiness for Group positions. A total of 13 candidates participated in the programme last year. As part of our branding initiative, these opportunities were also extended to external candidates from selected colleges and universities.

As an ongoing exercise to inject quality fresh graduates into our talent pool, a total of 29 management trainees were engaged to undergo a structured development programme for succession into managerial positions in the future.

The HR Department will continue to focus on people development in our continuous effort to raise our service and skill levels to ensure a steady supply of talent for now and the future.

Some of our employees belong to our staff trade union ("RWEU") and our executive employees are represented by the Executive Consultative Committee ("ECC"). Regular monthly meetings are held with RWEU and ECC over any organizational changes. Wherever organizational changes impact a particular department, briefings are held directly with employees concerned. Recent talks held have covered new appointments to key positions and new departmental reporting lines.

Health & Safety is given the highest priority within our operations. Our management systems conform to MS1722:2003 (Malaysian Standards) and cover fire risks, contagious diseases, environmental air quality, workplace safety and emergency evacuation readiness.

We have achieved low accident rates mainly involving minor incidents such as minor cuts from cutlery.



HR Department Football Closed Competition at Awana Genting



19th Senior Managers' Conference



YA Bhg Tun Mohammed Hanif Omar (third from left) presenting "Genting and Nanyang 50th National Day Message Cards" to YAB Dato' Seri Abdullah Hj Ahmad Badawi, Prime Minister of Malaysia on 30 August 2007, witnessed by YB Datuk Paul Leong (second from left), Nanyang Press Group Chairman.



Y Bhg Tan Sri Lim Kok Thay (right) presenting mock cheque to YAB Dato' Seri Mohd Najib Tun Abdul Razak, Deputy Prime Minister of Malaysia for Pekan Fest 2007 on 4 May 2007.

## COMMUNITY

The Group's community investment contributions are in line with our philosophy to contribute to the betterment of the society in which we operate. They fall within a clear set of priority areas.

**Infrastructure Support and Services to Local Communities:** In this aspect, the Group rendered monetary support for St. John Ambulans Malaysia - 24-Hour Highway Emergency Ambulance Service; Negeri Sembilan Chinese Maternity Hospital, a non-profit private hospital with 75 beds that was established 75 years ago that offers health services to the community at a minimum charge; and Jawatankuasa Pembinaan Tokong Shin Zhuin Temple, Kuantan to help complete the work of the temple, which has become a central meeting point for the local community. The Group also rendered financial support and essential supplies to the Pahang flood victims during the flood calamity.

Our community investments are aligned with the National Development Goals and the UN Millennium Development Goals especially Goal 6 which is to combat that fatal diseases. Health and medical related causes and organisations that we have supported include the Malaysian AIDS Foundation, Majlis Kanser Nasional (MAKNA), Cancerlink Foundation, PRIDE Foundation (breast cancer) and a number of other foundations supporting liver and kidney ailments.

**Youth Development** including Persatuan Pedagang dan Pengusaha Melayu Malaysia (PERDASAMA) to organise skills and entrepreneurship seminar to help SPM leavers opportunity to train in a specialised field. Perkhemahan Kor Kadet Polis Peringkat Kebangsaan for which we sponsored over 100 students from various schools in Pahang to participate in the National Police Cadet Camp with the help of the State Police of Pahang.

**Education:** We provided support in monetary terms and in-kind to many schools to enhance the quality of education to their community. These include Sekolah Kebangsaan Sri Layang, Bentong District Education Office, SJK (C) Bukit Tinggi, Sekolah Kebangsaan Kg. Kuantan, Batang Kali, SMK Khai Mun, Bentong, Yayasan Pendidikan Kota Tinggi, Sekolah Kebangsaan Taman Maluri, Universiti Kebangsaan Malaysia and Kolej Tuanku Ja'afar.

**Underprivileged and Disability Groups:** The Group is an ardent supporter of the underprivileged and disabled. During 2007, more than 70 separate disability groups received monetary donations. This aside, the Resort has so far played host to 25 children's home and two old folk's home, totalling over 1,100 disadvantaged children and senior citizens in 2007.

**Sports:** We have contributed in cash and in kind to various sporting organisations to help organise sports activities in the country. These include Le Tour de Langkawi, the Selangor Tennis Association - Junior Development Programme 2007, the Kuala Lumpur International Marathon in collaboration with Kuala Lumpur City Hall, the Genting Masters Golf Tournament with the Malaysian Professional Golfers' Association (MPGA), the Football Association of Malaysia (FAM) and YDSM - PENN Endurance Challenge 2007, a qualifying leg for competitors of the International Federation for Equestrian (FBI) World Endurance Championship 2007.

**Culture and Arts:** The Group does its fair share of promoting culture and arts in the society. In 2007, in collaboration with several organisations, we sponsored several events including Urmi, an adaptation of Shakespeare's The Tempest by Masakini Theatre Company. The Charity Theatre Presentation night was also for the benefit of Kelantan Disabled Foundation, a non-profit organisation that provides rehabilitation, education, socio-economic assistance, vocational training centre and computer classes free of charge to disabled people. Mystical Steppes: Along the Silk Road the Premiere Night proceeds were channelled to Yayasan Raja Muda Selangor, Alzheimer's Disease Foundation and Hospis Malaysia and Malaysian Youth Orchestra Foundation (MYOF) Young Musicians Fund Raising Performance where the proceeds were donated to the National Autistic Society of Malaysia (NASOM).

## CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance. Set out below is a statement on how the Company has applied the principles and complied with the best practices as set out in the Malaysian Code on Corporate Governance ("the Code").

### A. DIRECTORS

#### (i) The Board

The Board has overall responsibility for the proper conduct of the Company's business. The Board meets on a quarterly basis and additionally as required. The Board has a formal schedule of matters specifically reserved for its decision, including overall strategic direction, annual operating plan, capital expenditure plan, acquisitions and disposals, major capital projects and the monitoring of the Group's operating and financial performance.

Formal Board Committees established by the Board in accordance with the Code namely, the Audit Committee, Nomination Committee and Remuneration Committee assist the Board in the discharge of its duties.

During the year under review, eight meetings of the Board were held and all Directors have complied with the requirements in respect of board meeting attendance as provided in the Articles of Association.

The details of Directors' attendances are set out below:

Name of Directors	Number of Meetings Attended
Tan Sri Lim Kok Thay	7 out of 8
Tun Mohammed Hanif bin Omar	7 out of 8
Tan Sri Alwi Jantan	8 out of 8
Mr Quah Chek Tin	8 out of 8
Tan Sri Dr. Lin See Yan	8 out of 8
Tan Sri Wan Sidek bin Hj Wan Abdul Rahman	8 out of 8
Tan Sri Clifford Francis Herbert	8 out of 8
General (R) Tan Sri Mohd Zahidi bin Hj Zainuddin	5 out of 8

#### (ii) Board Balance

The Board has eight members, three executive Directors and five non-executive Directors. Four of the five non-executive Directors are independent non-executive Directors. The Directors have wide ranging experience and all have occupied or currently occupy senior positions in the public and/or private sectors. The independent non-executive Directors provide a strong independent element on the Board with Tan Sri Wan Sidek bin Hj Wan Abdul Rahman as the senior independent non-executive Director to whom concerns may be conveyed. Three of the independent non-executive Directors also participate in the Audit, Remuneration and Nomination Committees as members of these Committees.

The Board is mindful of the dual roles of Chairman and Chief Executive held by Tan Sri Lim Kok Thay but is of the view that there are sufficient experienced and independent-minded Directors on the Board to provide the assurance that there is sufficient check and balance. Also, the dual roles have to a certain extent been balanced by the presence of Tun Mohammed Hanif bin Omar as Deputy Chairman.

A brief profile of each of the Directors is presented on pages 8 to 10 of this Annual Report.

#### (iii) Supply of Information

Notice of meetings, setting out the agenda and accompanied by the relevant Board papers are given to the Directors in sufficient time to enable the Directors to peruse, obtain additional information and/or seek further clarification on the matters to be deliberated.

As a Group practice, any Director who wishes to seek independent professional advice in the furtherance of his duties may do so at the Group's expense. Directors have access to all information and records of the Company and also the advice and services of the Company Secretary.

#### (iv) Appointments to the Board

The Nomination Committee comprising entirely of independent non-executive Directors is responsible for identifying and recommending to the Board suitable nominees for appointment to the Board and Board Committees.

On appointment, Directors are provided with information about the Group and are encouraged to visit the sites of the Group's operating units and meet with key senior executives.

All the Directors have attended the Mandatory Accreditation Programme and are also encouraged to attend courses whether in-house or external to help them in the discharge of their duties.

## CORPORATE GOVERNANCE (cont'd)

## A. DIRECTORS (cont'd)

## (iv) Appointments to the Board (cont'd)

The following are the courses and training programmes attended by the Directors in 2007:

COURSES	NAMES OF DIRECTORS							
	Tan Sri Lim Kok Thay	Tun Mohammed Hanif bin Omar	Tan Sri Alwi Jantan	Mr Quah Chek Tin	Tan Sri Wan Sidek bin Hj Wan Abdul Rahman	Tan Sri Dr. Lin See Yan	Tan Sri Clifford Francis Herbert	Gen. (R) Tan Sri Mohd Zahidi bin Hj Zainuddin
Training on BASEL II								√
TED 2007 : "Icons. Geniuses. Mavericks."	√							
How to Find the Land Mines in Financial Accounts (Pre-Conference Workshop) - Finding the Land Mines in Financial Accounts : A Guide for Audit Committees								√
Audit Committees : Crucial Updates 2007								√
Directors' Continuing Education Programme 2007			√					
International Financial Reporting Standards (IFRS) Implementation Issues and Development				√		√	√	
Tax Highlights & Implications - MIFC by PricewaterhouseCoopers		√						
Enterprise Agenda for PLC Directors - In House Training Programme					√			
1/2 Day Workshop on Understanding and Making Effective Use of Financial Statements								√
Audit Committee Forum • Meeting New Audit Committee Challenges								√
Improving Board Performance, Leadership & Governance								√
Amendment to Companies Act							√	√
Tax Seminar - The 2008 Budget				√				√
G2E 2007 - NCRG Conference on Gambling and Addiction - G2E Leadership Academy	√							
Reading, Interpreting & Analysing Annual Financial Statements				√	√		√	√
Key Performance Indicators (KPI), Balanced Scorecard (BSC) and Goal Alignment						√		
Appraising Board Performance						√		
Great Eastern Life Workshop (Board Retreat)						√		

## (v) Re-election

The Articles of Association of the Company provides that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire once in every three years. A retiring Director is eligible for re-election. The Articles of Association also provides that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

## CORPORATE GOVERNANCE (cont'd)

### B. DIRECTORS' REMUNERATION

The Remuneration Committee comprising three independent non-executive Directors and one executive Director is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration. The Board as a whole determines the level of fees of non-executive Directors and executive Directors. Directors' fees are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages.

The Remuneration Committee met twice during the financial year.

Details of the Directors' remuneration are set out in the Audited Financial Statements on pages 61 to 62 of this Annual Report. In the interest of security, additional information have not been provided other than the details stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

### C. SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Company's Annual General Meeting remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and to ask questions about the resolutions being proposed and the operations of the Group.

The Group maintains a corporate website at [www.resortsworld.com](http://www.resortsworld.com) which provides information relating to annual reports, press releases, quarterly results, announcements and corporate developments.

The Group also participates in investor forums held locally and abroad and also organises briefings and meetings with analysts and fund managers to give them a better understanding of the businesses of the Group.

### D. ACCOUNTABILITY AND AUDIT

#### (i) Financial Reporting

The Board aims to ensure that the quarterly reports, annual financial statements as well as the annual review of operations in the annual report are presented in a manner which provides a balanced and understandable assessment of the Company's performance and prospect.

The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards for Entities Other than Private

Entities in Malaysia and which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

A statement by the Board of its responsibilities for preparing the financial statements is set out on page 81 of this Annual Report.

#### (ii) Internal Control

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system is designed to manage rather than eliminate risks and therefore cannot provide an absolute assurance against material misstatement or loss.

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the Group has in place, an adequately resourced internal audit department. The activities of this department which reports regularly to the Audit Committee provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control. As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks.

#### (iii) Relationship with Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of audit of the Group's financial statements, the external auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. All Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

### E. OTHER INFORMATION

#### (i) Material Contracts

Material Contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 42 to the financial statements under "Significant Related Party Disclosures" on pages 76 to 78 of this Annual Report.

#### (ii) SHARE BUY-BACK

The details of the Company's Share Buy-Back exercises for the financial year ended 31 December 2007 are as follows:

Schedule of Share Buy-Back for the Financial Year Ended 31 December 2007

Monthly Breakdown	No. of Shares Purchased & Retained As Treasury Shares	Purchase Price Per Share		Average Cost	Total Cost (RM)
		Lowest (RM)	Highest (RM)	Per Share (RM)	
July	33,178,400	4.04	4.50	4.330	144,088,296
August	50,101,900	3.18	4.10	3.785	190,227,350
September	-	-	-	-	-
October	21,979,300	3.70	3.88	3.797	83,709,530
November	15,864,600	3.64	3.78	3.717	59,160,020
December	-	-	-	-	-
<b>Total</b>	<b>121,124,200</b>			<b>3.928</b>	<b>477,185,196</b>

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 31 December 2007, the number of treasury shares is 121,124,200.