



PERSONNEL MANAGEMENT CLUB

PM VOICE

SPRING 2005

The 36th AGM & Fellowship Dinner

The 36th Annual General Meeting and Fellowship Dinner was held on 28 January 2005 evening at the Rosedale on the Park in Causeway Bay.

Dr. Felix Yip, Chairman of the Club, presented the reports on the Club's activities and accounts for the Year 2004. Following the adoption of the Chairman's Report and the Accounts of the Club, a new Executive Committee for 2005 elected as follows:

Chairman	Dr Felix Yip <i>i-CABLE Communication Ltd</i>
Vice Chairmen	Ms. Freda Cheuk <i>Estee Lauder (HK) Ltd</i> Mr. Aaron Chiang <i>Hutchison Telecommunications (HK) Ltd</i>
Hon. Treasurer	Mr. Alan Li <i>Hong Kong Polytechnic University</i>
Officers	Ms. Pauline Chung <i>Chiaphua Industries Ltd</i> Mr. Lincoln Lam <i>Nanyang Brothers Tobacco Co Ltd</i> Mr. C K Lee <i>C K Lee & Associates</i> Mrs. Leslie Leung <i>Hutchison Whampoa Properties Ltd</i> Mr. Philip Li <i>Sun Hung Kai Insurance Consultants Ltd</i> Mr. Alex Wong <i>Triumph International Overseas Ltd</i> Ms. Amy Wong <i>BASF East Asia Regional Headquarters Ltd</i> Mr. Chris Wu <i>Li & Fung (Retailing) Ltd</i>

Dr. Felix Yip, Chairman of the Club, presenting his report



Dr. Thomas Chan, Head, China Business Centre of the Hong Kong Polytechnic University addressing participants at the AGM

The Fellowship Dinner thereafter was attended by many guests, including panelists of the selection committee for the Club's Student Scholarship Programme from the Chinese University of Hong Kong and the City University of Hong Kong, and four candidates of the PMC Student Scholarship Programme. This year, Ms Cheung Ting Ting from Hong Kong Baptist University was selected as the Winner of the 2004-2005 PM Club Scholarship with an award of HK\$4,000, while Ms Yvonne Cheung from the Chinese University of Hong Kong won the First Runner-Up award of HK\$2,000 and Miss Water Shui from City University of Hong Kong got the Second Runner-Up award of HK\$1,000.



An enjoyable get-together for members and guests

Members and guests had the privilege of sharing the insights on China of Dr. Thomas Chan, Head, China Business Centre of the Hong Kong Polytechnic University,

in his a talk on "The Economic Challenges of China". His precise and concise talk was well received. Other highlights of the dinner included exciting games and raffle draws with vivid prizes which contributed to a wonderful evening for all.

Pay Trends & Latest Development In HRM

Ms May Chan, Consultant, Human Capital Group of Watson Wyatt Worldwide had kindly delivered a talk on 25 May 2004 on the subject of "Pay Trends and HRM Latest Development & Issues" which covered a wide range of subjects. For those who missed the informative talk, the salient points of which were summarized below:



Ms May Chan, Consultant, Human Capital Group of Watson Wyatt World, delivering her speech to members and guests at the evening talk

1. Snapshot of Compensation & Benefits Environment in Hong Kong & China

A concise comparison of the compensation and benefits of the topic was made firstly from the economic background on the reward & benefits environment.

- Reward Environment
 - Performance-based bonus plan is common in HK and is gaining popularity in China as well
 - Salary increases has been negative to flat in HK whilst salary in China is constantly on the rise
 - Local managers' salaries are beginning to catch up with that of their expatriates counterparts in China, which is already prevalent in HK
- Benefits Environment
 - Mandatory social insurance in China accounts for 30% - 35% of the total cash compensation, much higher than the case in HK
 - Stock option is becoming more common in China particularly for MNCs, albeit it is losing its attraction in HK
 - HK companies are committing less and less on retirement benefits scheme such as the conversion / frozen of DB scheme to DC but there is a growing tendency for increasing their retirement benefits in China with a view to recruiting and retaining their talents



Mr Aaron Chiang, Vice-Chairman of the Club, presenting souvenir to the speaker

2. Compensation & Benefits Trends in Hong Kong & China

An overview of the compensation and benefits trend in HK & China had been made

Major observations on Hong Kong were:

- Number of companies with positive salary increase from February to December 2004 was increasing despite that some companies were still having salary freeze
- Majority of the industries had a more optimistic forecast in the pay review especially in financial market, consumer products and high-tech industry
- It was increasingly common for surveyed companies to apply variable bonus to align business performance to individual bonus



Participants attending the evening talk

3. Work China Survey

As the champion of Watson Wyatt's Hong Kong office's in conducting the Work China Survey, May gave a very objective and comprehensive analysis of employee attitudes in China. The survey was participated by 67 companies covering 10,000 employees for 7 industries and focused on the following ten areas including compensation & benefits, training, job satisfaction, leadership and teamwork, which were the drivers of employee commitment.

Key findings of the Survey are:

- Employee motivation varies depending on age, years of service and gender. HR programs need to be flexible enough to motivate all employees;
- Companies that handled change well, had significantly higher levels of trust and commitment in their employees
- A key competitive advantage in China can be communicating about pay and benefits, as this is an area where most Chinese companies do poorly
- Commitment is driven by leadership, performance management, communication, job satisfaction and work environment
- Chinese employees are most dissatisfied with their personal issue such as compensation, benefits and training / development;
- Compensation is a "hygiene" issue. You have to have it, but it is not the key motivator for commitment

~ By Aaron Chiang, Vice-Chairman ~

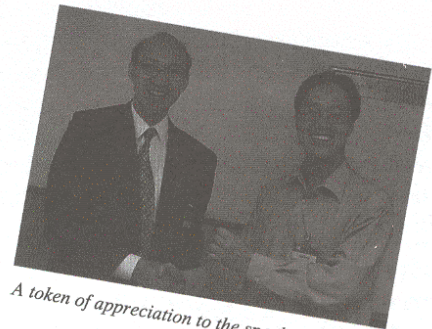


Employee Benefits and Actuarial Practice In China

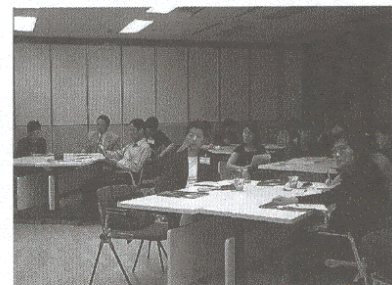
The June talk by Mr. Joseph Yip of Watson Wyatt gave the members an overview of the benefit structure of PRC and shared his experience in some of the cases. Starting with the current employee benefits, he then highlighted the large deficit of the existing pool of pension fund, which is a potential pressure to society.

Mr. Yip explained in great details the newly-introduced Enterprise Annuity, in which the employer and employee contribute no more than 1/6th of the total salary of all staff of previous year in the pension pool. The benefit is payable to the employee on statutory retirement. The accumulated balances of employee can be transferred to the new employer who has also joined the Enterprise Annuity scheme. A Trustee must be appointed, who will then appoint the administrator, fund manager and custodian. The plan, which should be set up through discussion between the sponsor and the employee representative/union, has to be filed to the local ministry of labour. There are restrictions on allocation of assets on securities, stock, equity fund and time deposits. The guideline has also set the maximum administration fee charged by the service provider.

~ By Amy Wong, Executive Committee Member ~



A token of appreciation to the speaker



Members and guests in all ears

Termination Of Employment In The Mainland

Ms. Liu Xu, lawyer of Guangdong Leeda Law Firm, had traveled all the way from Guangzhou to give members in the October talk an overview of the legal requirements of employment termination in China:

1. Termination of employment contract:
 - Before contract completion date
 - Upon the occurrence of mutually agreed condition or in accordance with legal provision
 - Due to changes in material provisions of employment contract
2. Economic compensation for termination of employment contract before contract completion date:
 - Compensation paid by the employer on the scenarios of termination including
 - mutually agreed termination
 - unilateral termination for reason other than employee's fault
 - lay-off on economic ground
 - Compensation paid by the employee for unilateral termination of employment contract for reason other than those allowed by law
3. Non-competition clause.

It was a pity that due to limitation of time, she had not been able to touch on the last topic on non-competition clause, leaving with her advice that this clause was becoming more and more common in the Mainland.

~ By Aaron Chiang, Vice Chairman ~



Ms Liu Xu, Lawyer of Guangdong Leeda Law Firm, addressing members and guests at the evening talk



A total of 46 participants attending the event



The Cathay Experience in Employee Relations

Mr. Albert Wong of Cathay Pacific was the speaker for the evening talk in November 2004. He who was a line manager, now a Personnel Manager in Strategy & Relations Development., understands very well the expressive needs of the staff. He stresses a lot on the direct communication between management and staff. Transparency in communication is utmost important. Cathay Pacific has built a website which is a very useful channel to communicate with staff, especially the pilots and the flight attendants who do not station in one office. It updates the employees company information in a timely manner.



Ms Amy Wong of the Executive Committee, presenting a souvenir to Mr Albert Wong

Employee relations in Cathay Pacific are also the responsibility of the line managers. The managers are empowered to handle staff issues with discretion based on the set staff policy. The HR acts as advisors to the line managers.

Mr. Wong emphasizes that company policies should be written in a justifiable, reasonable and defensible manner. As employees are now more aware of their own rights and the cost of filing law suits is lower and lower, people policies should be clearly elaborated and transparent to employees, and at the same time safeguard the company against law suits.

~ By Amy Wong, Executive Committee Member ~



Visit To The Cathay Pacific City and HAECO

As a continuation of last year's success and to get a better understanding of the aviation industry, the Club joined the other eight Specialists Clubs of HKMA on 26 June 2004 in a visit to the Cathay Pacific City and Hong Kong Aircraft Engineering Co., Ltd. (HAECO) on the Lantau Island.

Club members enjoyed a brilliant morning which began with a corporation presentation by Ms. Olivia Kwan, the Corporate Communication Executive of the Cathay Pacific Airways Ltd. (CX). Olivia briefed the participants the challenges ahead of CX as well as resumption of her flights to Beijing.

The presentation was then followed by a privileged look of various locations including the Flight Training Centre, First Class Mock-up, Benefits Services Centre, Crew Lounge and Dakota Club in the Cathay Pacific City as well as the Maintenance Hanger and Support Shops in HAECO. The visit ended with a buffet luncheon at Catalina, a quiet restaurant with delicious food and beautiful seaview in the Cathay Pacific City.

We have to sincerely thank both the Cathay Pacific and HAECO for providing us with an in-depth understanding and knowledge of their operations as well as an unforgettable tour on Lantau.

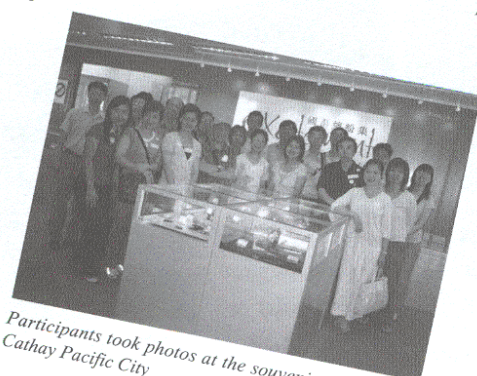
~ By Alex Wong, Executive Committee Member ~



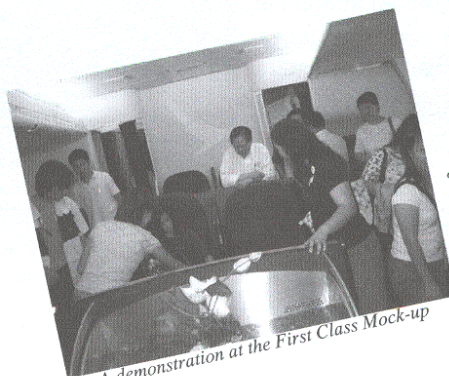
A guided tour around the Dakota Club



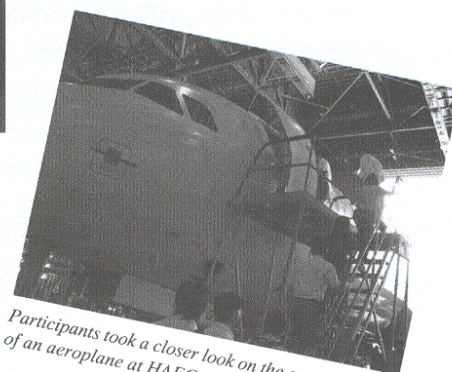
Participants of the visit to HAECO



Participants took photos at the souvenir shop at the Cathay Pacific City



A demonstration at the First Class Mock-up



Participants took a closer look on the components of an aeroplane at HAECO