



06/07

SALARY SURVEY

COMMERCE & INDUSTRY

WELCOME

The Michael Page Finance - Commerce & Industry Salary Survey 06/07 seeks to provide an insight into market conditions, employment trends and salary levels across the commerce and industry sectors in Hong Kong and China.

Our data has been gathered from our extensive market exposure, surveys across a broad spectrum of leading corporations, as well as an analysis of commerce and industry placements over the last 12 months.

The survey should be used as a guide only. If you require any specific or personalised advice please contact us directly.

I wish to thank everyone who contributed to this year's publication and to those who have worked with us throughout the year. I encourage your feedback and invite you to contact us for further information.



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INTRODUCTION

2006 has shown no let up in the strong economic growth experienced in Hong Kong during 2005 and all indications are that this will continue for the remainder of the year. Further business investment and expansion and a continued focus on corporate governance remain key drivers of employment activity.

Economic growth has increased demand for accounting professionals with local operational experience, as well as exposure to mergers and acquisitions. With multinational corporations increasing their business activity in China and more companies expanding or relocating their Asia Pacific headquarters to Shanghai, we anticipate this trend to continue for the year ahead.

The professional labour market has tightened considerably and top performers with relevant skill sets are in high demand. Staff retention is therefore a key corporate focus and competition for talent is placing upwards pressure on salary levels.

NATIONAL EMPLOYMENT TRENDS SURVEY 2006

The Michael Page National Employment Survey looks at recruitment trends and expectations in the Hong Kong labour market as well as overall trends from an employer's perspective across Hong Kong, Singapore and Japan. The survey provides employers and employees with an insight into market conditions and expectations.

The survey was sent to over 14,000 employees working in Hong Kong as well as 20,000 employers across Hong Kong,

Singapore and Japan to gain a regional viewpoint. All surveys were sent out via email. Respondents were employers in middle to senior management positions from a variety of industry sectors or candidates who were either placed by or still looking for a role through Michael Page.

When reading the survey please bear in mind the commentary relates to white-collar employment across the industries in which we operate.

KEY FINDINGS FROM THIS STUDY:

Employer Trends

- The major corporate focus in Hong Kong is on organic growth, followed by new projects and headcount increases. Organic growth is also the primary objective for the employers we interviewed in Singapore and Japan.
- 58% of employers interviewed are expecting a headcount increase in 2006/07 due to business expansion and additional project work.
- Career advancement was by far the most common reason for staff turnover in Hong Kong. This was also the primary reason for turnover in Singapore and Japan.
- In 15% of circumstances disagreement with management was the reason for staff turnover in Japan, which was significantly higher than Singapore at 5% and Hong Kong at 8%.
- In Hong Kong 77% of employers surveyed said that staff retention was a primary focus in 2006. The main strategies being adopted were career promotion (21%), training and development (20%) and an increase in base salary (14%).
- Across the region salary increases averaged from 2% to 5%, with the majority reviewing staff every one to two years.
- Employers in Hong Kong are more likely to calculate bonuses as a fixed percentage of the base salary rather than on a discretionary basis.
- Employers in Singapore generally offer higher levels of incentives and benefits in comparison to Hong Kong and Japan.

Employee Trends

- When asked to rank incentives and benefits in order of importance, respondents placed greatest emphasis on bonus, stock options and flexible working hours.
- The human resources sector reported the highest level of base salary paid as a bonus with 64% of respondents specifying 11% or more.
- Bonuses formed part of the salary package for over 70% of respondents in the finance, sales and marketing and technology industries.
- The majority of respondents believed that the training and development provided by their company was unsatisfactory, with 33% giving it a poor or very poor rating.
- The quality of training and development was regarded most favourably in the technology and legal industries with 28% and 31% of respondents rating it as good or very good.
- In the finance, sales and marketing, technology and engineering sectors, the most common way in which respondents found their current job was through a friend or personal referral.
- In the human resources and legal sectors, a recruitment consultant was used on most occasions.
- When asked whether they are likely to use a career change to increase salary in 2006, over 60% of those in Singapore and Hong Kong said 'yes' at 63% and 61% respectively.

OVERVIEW OF HONG KONG

Strong employment growth has led to a tight labour market with associated challenges for companies looking to increase staff numbers. Employers that are unable to offer improvements in salary levels and career growth are facing significant challenges in relation to staff retention.

Suitably qualified professionals working in growth areas are well positioned to bargain with current and prospective employers. This trend is particularly evident at the senior accounting and financial analyst level, which has experienced higher turnover rates as candidates take advantage of lucrative competitor offers.

In many instances companies are extending their recruitment campaigns to global locations in an attempt to address domestic candidate shortages. These initiatives are only having limited success because of logistical challenges and the extent of financial incentives on offer.

Economic growth has increased demand for accounting professionals with the experience to improve operations and identify areas of expansion. This is boosting demand for skills in areas such as business analysis, profitability analysis and business planning. This requirement is most evident in relation to business development in China, with the increasing number of European, Australian and US multinationals setting up plant operations and branch offices in the territory.

Such expansion has brought with it an increased demand for the services of the Big Four accounting firms both in Hong Kong and China. As a result, demand has increased for assurance and advisory professionals at all levels. With a diverse portfolio of projects on hand, a move back into the Big Four is regarded as an attractive alternative for candidates with specialised skills.

Corporate governance continues to fuel demand for high calibre compliance, risk assessment and internal audit professionals across all industries. In addition, large corporations are expanding their audit base in the Asia Pacific region in anticipation of growth in Asian markets. Demand is strongest for candidates with Sarbanes Oxley, US GAAP and SEC reporting skills.

The commercial sector has also seen a resurgence in merger and acquisition activity. A number of blue-chip multinationals from the United States, Europe and increasingly Australia are expanding their customer base by acquiring small to medium-sized PRC corporations, or joining forces with local operators. Most notable increases in activity have been in communications and consumer products related industries.

Candidates possessing even minimal on-the-ground experience in new Asia markets are in demand for front-line opportunities. 2006 has also seen a significant increase in the number of mainland companies looking to list on the Hong Kong Stock Exchange. For jobseekers, IPO projects are often viewed as a fast route into senior management and opportunities to take a lead role post IPO are keenly contested.

The effects of increased market activity in the Asia Pacific region have also impacted the tax profession. As companies expand operations, there invariably becomes a greater need to focus on tax planning strategies at both the corporate and individual level. Candidates with strong regional tax skills are well positioned to take advantage of the opportunities that have risen at all levels. However, the more significant roles are reserved for those that can also boast experience with cross border transactions and an understanding of China tax legislation.

Multinational corporations with an existing presence in Asia have also significantly increased business activity in China over the past 12 months. The primary vehicle for this has been through the expansion of supply-side and consumer elements. It follows that demand has increased for staff who are well versed in the intricacies of PRC accounting standards, joint venture accounting experience, tax and mergers and acquisitions.

From a regional perspective, we are seeing salary levels between Hong Kong and Southern China becoming more comparable. Cities such as Shenzhen and Guangzhou are now regarded as an extension of Hong Kong and this is lessening the distinction with the mainland.

OVERVIEW OF HONG KONG CONTINUED

Southern China has become an attractive alternative for many candidates who wish to gain mainland experience, but do not want to stray too far from their network of friends and family. The manufacturing sector offers extensive opportunities for white-collar workers throughout the Guangdong province. Local and multinational corporates are experiencing considerable growth in the provision of electronic manufacturing services for the telecommunications sector.

The retail sector is growing at an even faster rate than manufacturing. Increased personal wealth and an expanding consumer belt have resulted in soaring foreign investment in both supermarket and hypermarket chains. Provincial areas are the prime target of investment as they offer an existing customer base and stable platform for growth.

Looking ahead, there is evidence to suggest that large-scale industrial operations will be relocated further inland as labour costs increase in coastal cities. This is likely to result in a service sector boom across many of the major cities in Southern China.

SALARY TRENDS

Salary increments, brought about by annual pay reviews and discretionary bonuses, have resulted in increases of between 5% and 10% across all sectors. A change of employer can bring about an increase of between 10–15% and in some cases professionals with sought after skills are receiving multiple offers and command pay rises as high as 25% to 30%. These figures clearly illustrate that we are operating in a candidate driven market.

Although salary levels in China are not yet aligned with those in Hong Kong, tax equalisation initiatives have made it easier to convince more professionals to make the transition. However, with an expanding policy of localisation these tax benefits are now restricted to professionals possessing significant industry experience or specialist knowledge.

The structure of packages for senior finance professionals has changed little during the last 12 months. While basic salary levels remain modest, there are lucrative bonus incentives tied to the performance of the individual, the business unit and the company.

HONG KONG COMMERCE & INDUSTRY SALARY TABLE 2006/2007

FINANCE & ACCOUNTING | TREASURY | CREDIT CONTROL | TAXATION | INTERNAL AUDIT

Role & Experience	Salary HK\$'000 pa
FINANCE & ACCOUNTING	
Chief Financial Officer – Established company	1.5–3 million+
Finance Director – Regional	1.2–2 million
Finance Director – Country level	1–1.5 million
Financial Controller – Regional	900–1.2 million
Financial Controller – Country level	800–1 million
Business Unit Controller – Regional	800–1.2 million
Finance Manager – Regional	700–900
Finance Manager – Country level	600–850
Financial Planning & Analysis Manager	700–900
Senior Financial Analyst	450–650
Financial Analyst	350–500
Senior Accountant (Qualified)	400–550
Accountant (Part-Qualified/Qualified)	300–400
TREASURY	
Treasury Director – Regional/Corporate	1–2 million+
Treasury Manager – Regional	800–1.2 million
Treasury Accountant	400–600
CREDIT CONTROL	
Credit Manager – Regional	650–1 million
Credit Controller	350–500
TAXATION	
Tax Director – Regional	1.2–1.5 million+
Tax Manager – Regional	750–1 million
INTERNAL AUDIT	
Internal Audit Director – Regional/Corporate	1.2–2 million
Senior Internal Audit Manager	900–1.3 million
Audit Manager	650–900
Internal Auditor	400–600

1. The above table is based on basic salary, excluding bonus/incentive schemes.

2. Market rates are becoming much less uniform. While we have taken great care, these salary ranges can only be approximate guides. Since there are often specific circumstances relating to individual companies, please call us for additional information.

OVERVIEW OF CHINA

China's economic growth is continuing and multinational corporations are increasing investment levels following reductions in barriers to entry. Despite questions of sustainability in the media our view is that employment growth will continue into 2007, further impacting an already tight labour market.

China is recognised as the manufacturing hub of the world. This has led many corporations to relocate their manufacturing plants to this region to capitalize on a cheaper labour market and lower costs of production. There has also been an increase in regional headquarters being relocated to China, in order to be closer to the market and have management teams on the ground.

Economic growth has been driven by China's accession to the World Trade Organisation, as well as the Closer Economic Partnership Arrangement with Hong Kong. These initiatives have introduced new industries to the labour market which have resulted in a wider scope of choice for finance professionals beyond manufacturing.

We are witnessing strong employment growth in the professional services industry, advertising and media, banking and financial services, as well as retail and hospitality. High levels of consumer confidence and disposable income are benefiting the luxury brands market, FMCG, automotive and real estate industries.

Chinese companies are competing in international markets and looking to recruit professionals from around the world for the skills and knowledge they offer. There is strong demand for accounting professionals with technical knowledge in areas such as corporate governance and compliance initiatives that include Sarbanes-Oxley and IFRS.

At the local level, multinationals are still favouring candidates with the traditional profile: having graduated from a recognised University, trained with a Big 4 audit firm and with commercial experience from a multinational corporation. Candidates with overseas qualifications or work experience are the most highly sought after.

The skills shortage is particularly acute in the internal audit and internal controls market. Candidates that are able to travel across the region are highly sought after. With the recent introduction of Sarbanes-Oxley compliance for US multinationals, China is also looking to ensure their business on the Mainland is compliant.

The trend for centralizing the accounting processes for cost efficiencies has seen an increase in the number of shared service centres being established. Candidates with proven technical accounting experience and the leadership skills to run large teams are in high demand.

Ongoing growth through mergers and acquisitions has also fuelled demand for candidates with corporate finance, M&A and business development skills. Candidates with experience in IPOs and the ability to represent companies in roadshows and in front of investors for the listing process are also required.

For start-up businesses, the need from international corporations to have a professional accountant on the ground to represent their interests continues. Candidates with integrity and the flexibility to roll up their sleeves and be hands-on are highly sought after. However, they must also have the ability to liaise and build rapport with relevant government officials and handle all legal administration.

At the CFO level Asian expatriates that are Chinese speaking and from Hong Kong, Singapore, Malaysia and Taiwan are still taking up the vast majority of executive finance roles. This is due to the preference for professionals who can bring international experience and a global perspective to the role.

In addition to the opportunities to join multinational corporations, the Big 4 professional services firms continue to compete for top performers. Many accountants still tend to leave after acquiring their professional qualification for a more commercial role. However, the Big 4 are reviewing their recruiting initiatives, compensation and benefits to attract and retain talent for development into future partnership roles.

SALARY TRENDS

Employers need to revise their pay scales in order to attract and retain quality finance professionals. Competitive salary increases should be offered on an annual basis together with bonuses and career development prospects. Failure to do so will result in staff turnover with the associated costs of replacement and lost productivity.

High calibre local candidates are capitalising on these market conditions and are continually being headhunted and receiving multiple offers. As a result, recruitment firms and clients are seeing many candidates faced with counter-offers when they submit their resignation.

Localisation is still a key word in many human resources departments. At the expatriate level the full 'bells and whistles' of expatriate packages are becoming more difficult to come by. Many companies are now offering a lump sum package and leaving the candidate to decide how they wish to manage their expenses. However, where the expatriate skills are scarce or where transfers of expatriates are made to run the China business, top-end packages are still being paid.

CHINA COMMERCE & INDUSTRY SALARY TABLE 2006/2007

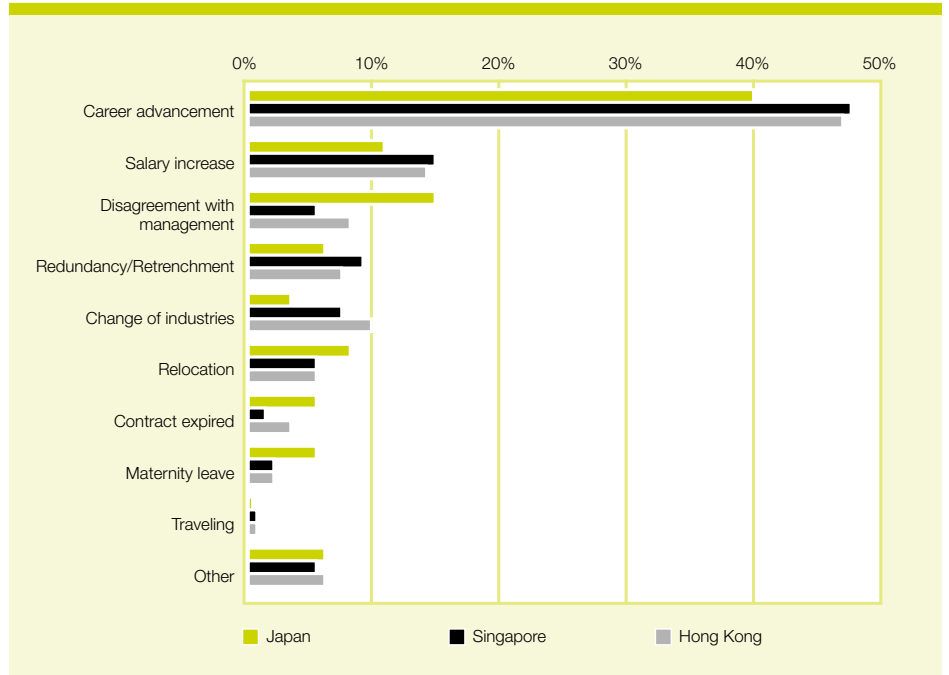
FINANCE & ACCOUNTING | TREASURY | TAXATION | INTERNAL AUDIT

Role	Salary RMB per month
FINANCE & ACCOUNTING	
Group CFO/Regional CFO	100k–180k
Regional Finance Director	80k–150k
Finance Director, China	40k–120k
Regional Financial Controller	50k–100k
Financial Controller – China/Division	30k–80k
Finance Manager	20k–45k
Management Accountant	20k–35k
Financial Accountant	20k–35k
Accounting Manager	15k–30k
Accountant	10k–25k
Assistant Accountant	10k–20k
Head of Strategy/Business Development/M&A	60k–150k
Financial Planning & Analysis Manager	35k–65k
Senior Financial Analyst	25k–45k
Financial Analyst	20k–40k
TREASURY	
Head of Treasury	60k–110k
Regional Treasury Director	70k–110k
Treasury Manager	25k–55k
Treasury Accountant	15k–25k
TAXATION	
Vice President/Head of Tax	75k–130k
Regional Tax Director	75k–120k
Tax Director, China	50k–110k
Tax Manager	25k–55k
Tax Accountant	15k–35k
INTERNAL AUDIT	
Head of Audit/Director of Audit	70k–120k
Senior Internal Audit Manager	40k–90k
Audit Manager	30k–60k
Internal Auditor	20k–45k

1. The above is based on monthly salary by 13 months, exclusive of all bonuses and benefits
2. The salary ranges are given as approximate guidelines to cover all levels of the market. For more tailored salary advice to suit your business, please contact a consultant in the Michael Page China office
3. Salaries can vary hugely depending on the size of your organisation, scope of responsibilities and location of your office. These numbers are representative of the Shanghai market
4. These salaries typically represent candidates that are suitable for multinational corporations.

MAIN REASON FOR STAFF TURNOVER LAST YEAR

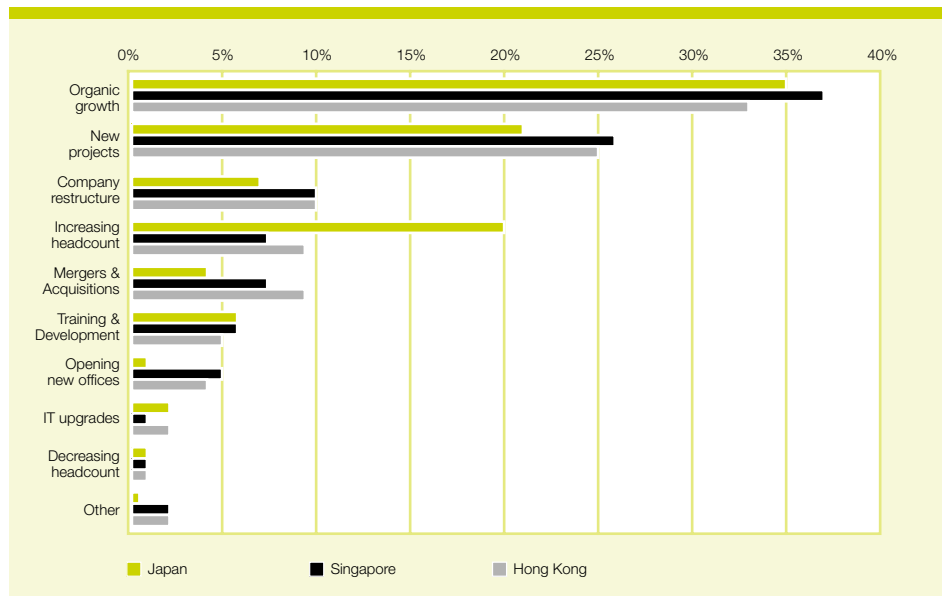
Career advancement was the primary reason for staff turnover in the last 12 months in Japan, Singapore and Hong Kong. In an interesting finding, disagreement with management accounted for 15% of staff turnover in Japan.



COMPANY FOCUS IN 2006

The stand-out difference for the company focus in 2006 was in Japan where increasing headcount accounted for 20%. This was more than double that of Singapore at 7% and Hong Kong at 9%.

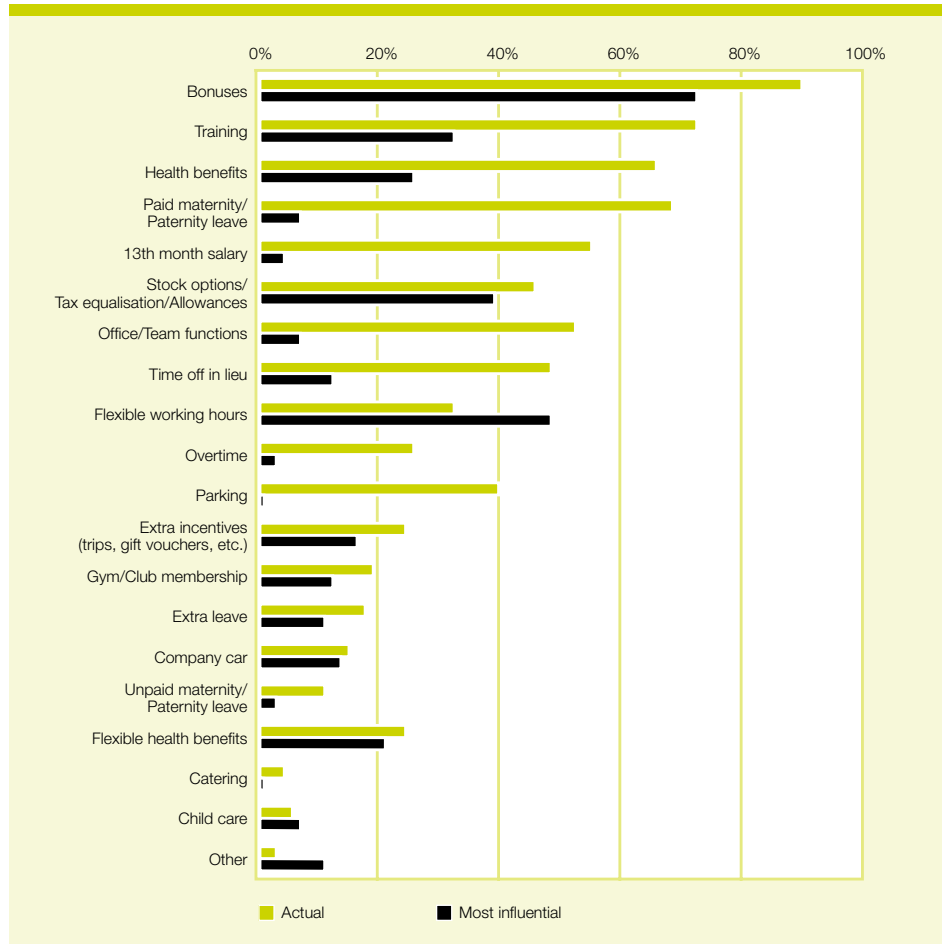
The subsequent focus areas that were down for Japan were new projects, mergers and acquisitions and opening new offices. There was no real difference seen for the company focus between Singapore and Hong Kong.



RETENTION STRATEGIES COMPANIES SHOULD CONSIDER

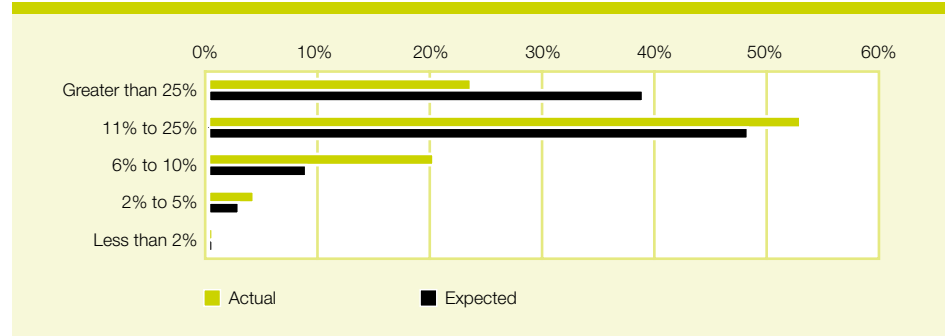
Bonuses are the most preferred incentive and employers have successfully structured their retention strategies to address this. Flexible working hours are also a popular incentive but actual employer offerings are falling below expectations.

When asked what incentives and benefits would be more influential in retaining employees, those that particularly stood out for Hong Kong were 13th month salary at 55% and flexible working hours at 20%.



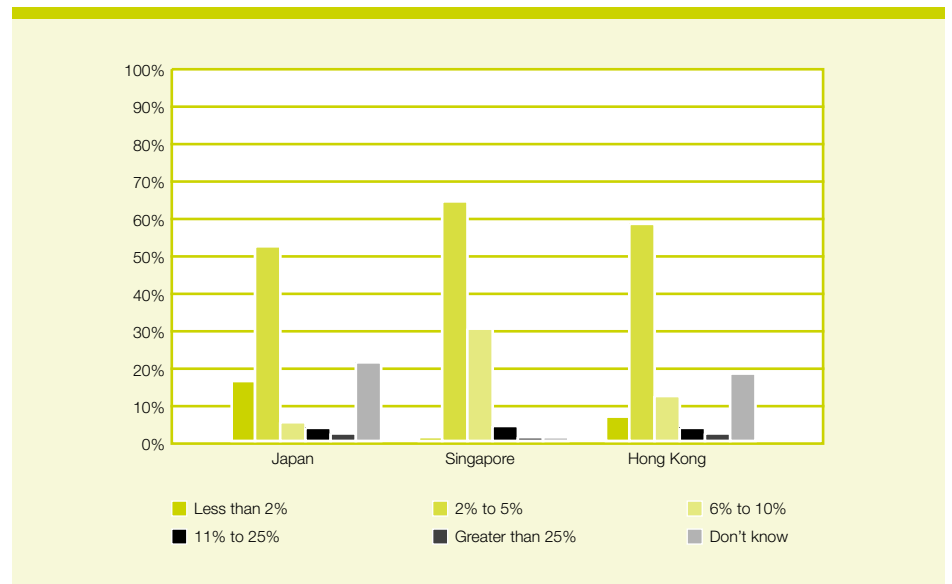
WHAT PERCENTAGE BONUS DID YOU RECEIVE VERSUS WHAT YOU WOULD HAVE EXPECTED WITH YOUR LAST SALARY REVIEW?

The majority of respondents expected and received bonuses of between 11% and 25% of their salary.



EXPECTED SALARY INCREASE

When asked what their salary expectations were for the year ahead, the most common expectation was for a salary increase of between 2% and 5%.



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