



EMPLOYMENT MARKET OVERVIEW

Staffing levels in white-collar markets are stabilising after the fall in hiring activity that commenced in the second half of 2008. Our annual employment survey, which this year includes responses from 250 senior managers from leading organisations in the corporate, financial services and public sectors in Hong Kong, reveals 51% of respondents believe their headcount will remain stable over the coming 12 months. A further 34% predict their staff numbers will increase, with only 15% saying more cuts are likely.

These figures substantiate the view that most white-collar employers have already made their deepest staff cuts and are now looking to increase or at least maintain headcount. Business confidence is also increasing and 63% of employers surveyed think trading conditions will improve further by the end of the 2009.

We have seen staffing levels stabilise in recent months as a sense of cautious optimism returns to the market. Most recruitment activity is for replacement hires but we are also seeing new jobs being created, particularly within new and established companies that are focused on business opportunities in mainland China. Multinationals are still recruiting in Hong Kong and activity levels are improving

in sectors such as financial services and consumer products. The frustration for job seekers is that many of the final hiring decisions are made outside of Hong Kong, in global headquarters located in the United States and Europe. This trend has prolonged the recruitment process and job seekers are having to wait longer for the final decision to be made.

Most demand is for permanent staff but there has been a slight increase in contract opportunities, primarily at the administrative level in accounting and for specialist technical skills in marketing, engineering, procurement and supply chain. People who accept contracts in the current market may be offered their roles on a permanent basis as business conditions improve. We respect that employers will want to retain these valuable skills to position themselves for growth during the upturn.

The retention of skills has remained an important consideration despite the deterioration in business conditions over the last 12 months. To avoid staff cuts many companies have pursued alternate strategies of payroll cost reduction. Our employment survey reveals 48% of companies have frozen salaries, 13% have reduced their office rental costs and 7% have reduced working hours.

While employers have been strategic in their approach to retention, many are operating under a misconception when it comes to the ease with which new staff can be recruited. The pool of active job seekers may have increased but in the majority of situations the most talented and well regarded professionals have been retained. These workers remain cautious about changing jobs despite early signs of market stabilisation. To attract them, employers need to offer competitive salaries and demonstrate the role is secure with the opportunity for career growth.

Our forecast for the next 12 months is for a steady increase in hiring activity rather than a sharp recovery. Employment tends to be a lagging indicator and jobs growth will only occur after sustained improvement in consumer and business confidence. The second half of the year is likely to see moderate improvement off a stable base, with new job creation a more realistic proposition for early 2010.

We anticipate salary levels will remain constant or increase marginally for people who remain in their roles. Those who change jobs can expect an average increase of 5-10% although the stability of the role and opportunity for progression are also key consideration points.

SECTOR TRENDS – FINANCE

- The current economic downturn and reduced level of demand for Asian exports has weakened demand for finance professionals in the industrial and manufacturing sectors. Hiring activity has also diminished in the retail and service sectors as a consequence of falling levels of consumer confidence. In many cases this has resulted in the restructuring of finance teams, merging of responsibilities and, in some cases, redundancy.
- There is some positive news however, with market sentiment improving recently in addition to the growth of infrastructure, utilities, pharmaceutical and medical device sectors in China. This has led to qualified accountants in Hong Kong benefiting from emerging career opportunities in mainland China.
- As we enter the second half of 2009, the employment market is more stable, although in order to see a sustained growth in hiring across most sectors, confidence in the financial markets needs to return. The process for recruitment is more stringent than in recent years, with regional and head office approvals required to sign off new headcount. Recruitment processes are lengthier and candidates are often facing a more exhaustive selection process.
- Looking across industry sectors, the skills that remain in most demand are in financial and management accounting, financial controlling, tax, treasury and internal audit. Companies always need high quality professionals with these skills sets to operate regardless of the market. The finance roles most negatively impacted by the downturn have been linked to mergers and acquisitions, business development and IPOs, as companies in general look to consolidate their current positions rather than expand.
- Although the overall level of activity has reduced over the past 12 months, the percentage of companies looking to take candidates on a contract basis as opposed to permanent, has increased. Companies are using contractors to avoid issues created by headcount freezes and as an extended 'probationary period' to test the quality and fit of prospective employees before they offer them a permanent role.
- For most companies, salaries have been stable over the last 12 months. Some companies have chosen alternative employment cost reductions, such as providing extended leave. In some industry



SECTOR TRENDS – FINANCE – CONTINUED

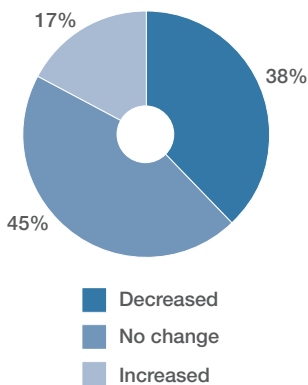
sectors badly affected by the economy, companies have implemented salary reductions and 4 day working weeks. Where there are entitlements for bonuses, most are provided on a discretionary basis and at reduced levels in most instances to reflect the decline in company profits.

- Salary expectations for the year ahead vary according to individual circumstances. People who are unemployed will usually show more flexibility in their salary expectations, whilst those who are gainfully employed expect an increase of 5-10%. Some employees will change jobs for a comparable salary if the

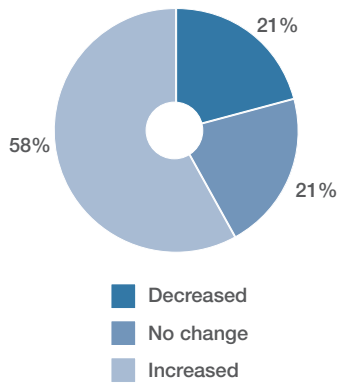
new role is more secure and provides opportunity for career development.

MARKET RESEARCH RESULTS

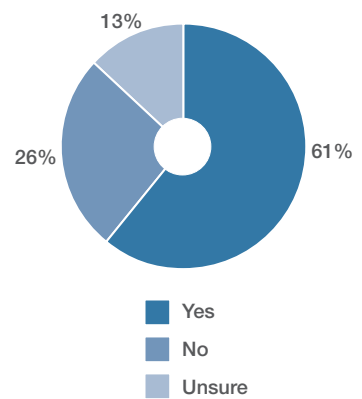
Over the last six months, how has your headcount been impacted by the global economic downturn?



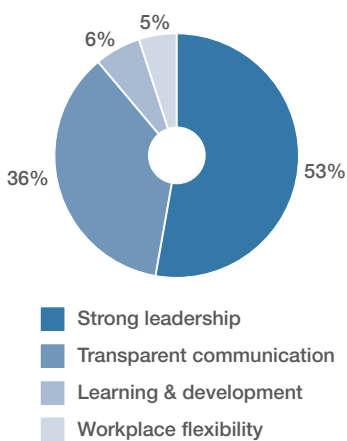
In the next 12 months, how do you see your headcount being impacted?



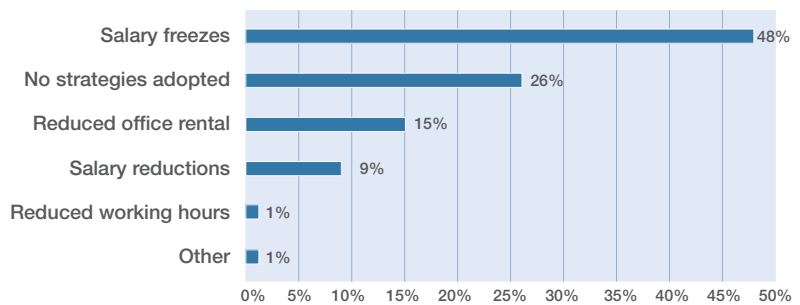
Do you anticipate business conditions will start to improve by the end of 2009?



What employee engagement strategies are proving most effective in the current environment?



What strategies has your organisation implemented to avoid job cuts?





SALARY TABLE
COMMERCE & INDUSTRY

Role	Experience	HK\$ '000
FINANCE & ACCOUNTING		
Assistant Accountant (PQ/Qualified)	2–5 years	200–300
Accountant (PQ/Qualified)	3–7 years	300–400
Financial Analyst/Business Analyst	3–8 years	300–500
Senior Accountant (Qualified)	5–10 years	400–550
Senior Financial Analyst	5–10 years	450–650
Country Finance Manager	8+ years	600–850
Regional Finance Manager	10+ years	700–900
Financial Planning & Analysis Manager	10+ years	700–900
Regional Business Unit Controller	12 + years	800–1.2 million
Plant Controller (PRC)	12 +years	800–1.3 million
Country Financial Controller	12 + years	800–1 million
Regional Financial Controller	15+ years	900–1.2 million
Country Financial Director	15 + years	900–1.3 million
Head of Financial Planning & Analysis	12+ years	950–1.5 million
Group Financial Controller – Listed Group	15+ years	1–1.5 million
Head of Mergers & Acquisitions	12 + years	1–2 million
Regional Finance Director	15+ years	1.2–2.2 million
Chief Financial Officer – Established Company	18+ years	1.7–3 million+
BUSINESS DEVELOPMENT (FINANCE)		
Business Development Manager	10+ years	600–900
Business Development Director	15 + years	900–1.6 million+
TREASURY		
Treasury Accountant	6+ years	450–600
Regional Treasury Manager	12+ years	800–1.2 million
Regional/Corporate Treasury Director	15+ years	1–2 million+
CREDIT CONTROL		
Credit Controller	5+ years	240–400
Country Credit Control Manager	12+ years	350–500
Regional Credit Control Manager	15 +years	650–1 million
TAXATION		
Tax Accountant	5+ years	300–550
Regional Tax Manager	12+ years	750–1.2 million
Regional Tax Director	15 + years	1.2–1.8 million+
INTERNAL AUDIT		
Internal Auditor	5+ years	400–600
Audit Manager	8+ years	600–900
Senior Internal Audit Manager	12 + years	900–1.3 million
Regional/Corporate Internal Audit Director	15+ years	1.2–2 million+

Please note:

- Salaries indicated are based on an annual basic salary, excluding bonus/incentive schemes.
- Market rates are becoming much less uniform. While we have taken great care, these salary ranges can only be approximate guides, as there are often specific circumstances relating to individual companies. Please call us for additional information.



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