



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 – LEGAL

- Many top tier firms undertook staff cuts at the beginning of the year and we do not envisage further rounds of significant headcount reductions in the second half of 2009.
- While there have been a few well publicised rounds of redundancies at some of the larger firms across the region at the beginning of 2009, it is important to note that this includes a large amount of support staff bearing the brunt of these staff cuts. The cuts in Hong Kong, while not insignificant, have been at lower levels than top tier firms internationally, where the downturn has pushed some to reduce legal staff numbers by 20% in some cases.
- Business confidence is still fragile in most sectors but there is growing optimism that conditions will improve as the year progresses. Most firms acknowledge the importance of retaining talent and have been investigating alternate strategies such as flexible working hours, offering sabbaticals and redeploying staff into other departments.
- High calibre candidates in counter cyclical areas such as litigation, insolvency and restructuring are in demand. At the senior level, mergers & acquisitions and corporate compliance remains stable due to the fact that corporate governance requirements still prevail in any market conditions. General corporate and commercial litigation roles have also been prevalent. At the junior to mid level, commercial litigation, restructuring and insolvency specialists continue to be sought after.
- Economic uncertainty has caused the permanent market to tighten, with firms reluctant to devote additional spend to hiring more permanent staff and the hires that are being made are taking far longer than in previous years. Some decision makers are looking to the contract market to cover workload in the interim until visibility returns and budget constraints are relaxed.
- The strongest increase in contract employment has been for in-house roles. Candidates are more open to accepting contract roles to secure work, so this has become a workable solution to both firms and employees.

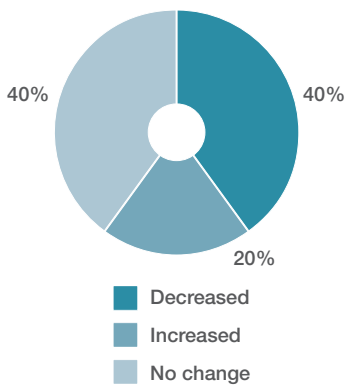


SECTOR TRENDS – LEGAL – CONTINUED

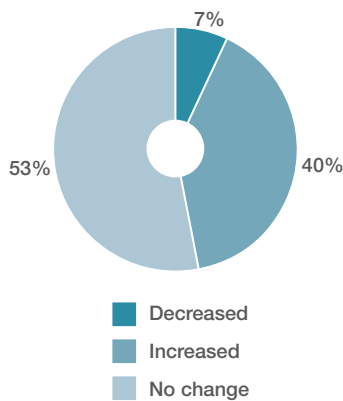
- In contrast to previous years, we predict salary levels will remain relatively stable with little to no increase across most sectors. This is a direct result of a decline in business activity, coupled with a marked increase in the volume of job seekers. With that said, we do expect to see some increases within areas such as employment relations and insolvency.
- Discretionary bonuses are still being offered in many instances. However levels being awarded are substantially reduced in comparison to recent years. Some organisations are exploring alternative incentives, such as making higher employer contributions to the mandatory provident fund.

MARKET RESEARCH RESULTS

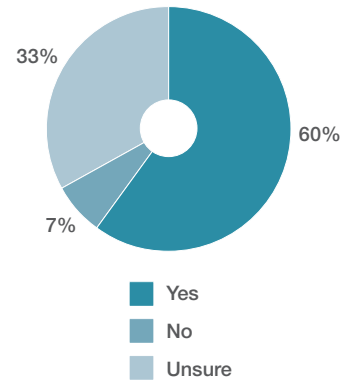
Over the last six months, how has your headcount been impacted by the global economic downturn?



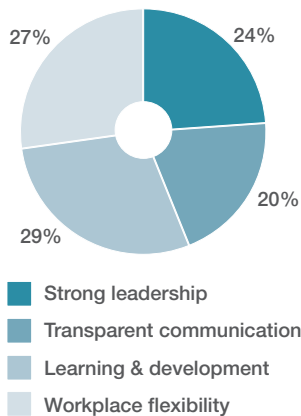
In the next 12 months, how do you see your headcount being impacted?



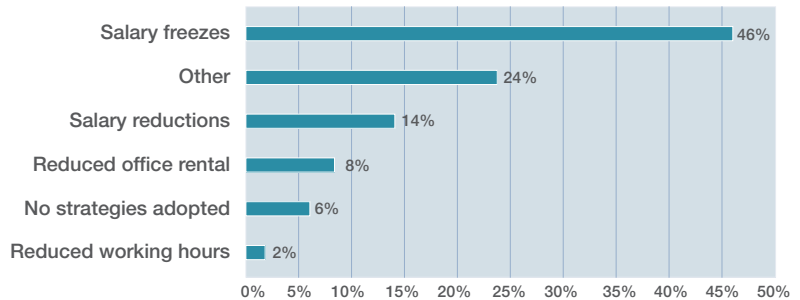
Do you anticipate business conditions will start to improve by the end of 2009?



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



What strategies has your organisation implemented to avoid job cuts?





SALARY TABLES

PRIVATE PRACTICE – NON U.S FIRMS

Experience	HK\$'000
Newly Qualified	625–840
1 year PQE	670–930
2 years PQE	760–1 million
3 years PQE	830–1.15 million+
4 years PQE	900–1.2 million+
5 years PQE	1–1.4 million+
6 years PQE	1.1–1.48 million+
7 years PQE	1.1–1.6 million+
8 years PQE	1.2–1.6 million+

PRIVATE PRACTICE – U.S FIRMS

Experience	HK\$'000
Newly Qualified	850–1.2 million
1 year PQE	940–1.25 million
2 years PQE	1–1.3 million
3 years PQE	1.2–1.4 million
4 years PQE	1.3–1.6 million
5 years PQE	1.4–1.8 million
6 years PQE	1.6–1.9 million
7 years PQE	1.6–2 million+
8 years PQE	1.7–2.1 million+

IN-HOUSE CORPORATE ROLES

Experience	HK\$'000
Newly Qualified	520–720
1 year PQE	640–780
2 years PQE	720–880
3 years PQE	755–935
4 years PQE	780–960
5 years PQE	870–1 million+
6 years PQE	900–1.1 million+
7 years PQE	950–1.2 million+
8 years PQE	1–1.6 million+

Please note:

1. Salaries indicated are based on an annual basic salary, excluding bonus/incentive schemes.
2. 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.
3. The above tables include salary data collected from Hong Kong private listed companies and multinational corporations.



PARALEGALS & LEGAL SECRETARIES

Role	Experience	HK\$'000
PARALEGALS – PRIVATE PRACTICE (NON-INCLUSIVE OF US FIRMS) & IN-HOUSE		
Law Clerk (eg Litigation & Conveyancing)	Entry level	145–265
Paralegal	1–5 years	180–365
Paralegal	6–10 years	300–480
Senior Paralegal	10+ years	480+
LEGAL SECRETARIES – PRIVATE PRACTICE (NON-INCLUSIVE OF US FIRMS) & IN-HOUSE		
Junior Legal Secretary	1–3 years	145–180
Legal Secretary	4–8 years	180–325
Senior Legal Secretary	9–14 years	300–420
Partner Secretary	12+ years	385–505+

CORPORATE SECRETARIES

Role	HK\$'000
PRIVATE PRACTICE	
Clerk (Search & Filing)	120–190
Company Secretarial Assistant	180–265
Senior Company Secretarial Assistant	215–310
Company Secretarial Supervisor I/II	265–360+
IN-HOUSE	
Company Secretarial Assistant	180–265
Company Secretarial Officer	215–310
Senior Company Secretarial Officer	310–420
Assistant Company Secretarial Manager	385–480
Company Secretarial Manager	420–575
Company Secretary	480–840+

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- The above tables include salary data collected from international and leading Hong Kong law firms, local companies, listed companies and multinational corporations.



CONTACT US

Annie Tang, Manager

t +852 2848 4790

e annietang@michaelpage.com.hk

Hong Kong

Suite 611, One Pacific Place,

88 Queensway, Hong Kong

t +852 2530 6100

Kowloon

Suite 1011, Tower 1, Grand Century Place,

193 Price Edward Road West,

Mongkok Kowloon, Hong Kong

t +852 3476 6300

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