

SALARY SURVEY 07/08

WELCOME

Welcome to the Michael Page Procurement & Supply Chain Salary Survey for 2007/2008.

The survey provides employers and candidates with useful insights into employment conditions, business confidence levels and recruitment trends in Hong Kong and China.

Our commentary is based on both quantitative and qualitative research and covers the following sectors:

- Procurement
- Supply Chain

We wish to thank everyone who contributed to this year's survey and trust you find it helpful and informative. We welcome your feedback and encourage you to contact us for further information or specific market advice.

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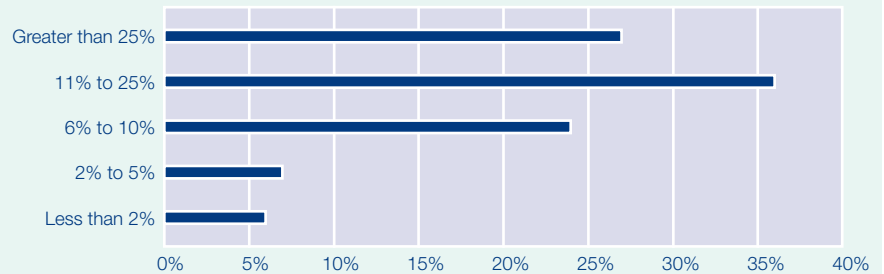
INTRODUCTION

In relation to procurement and supply chain, there has been strong employment growth in Southern China as many engineering and manufacturing companies relocate there to capitalise on the positive market conditions. By contrast, demand for procurement and supply chain professionals in Hong Kong has been strongest in industry sectors such as FMCG, electronics, financial services, pharmaceutical and third-party logistics providers (3PL).

With demand for professionals in these sectors far exceeding supply, we anticipate upwards pressure on salaries over the next 12 months. To attract and retain candidates, employers will need to offer competitive packages and benefits as well as career advancement, which our research indicates is a key reason for candidates changing jobs.

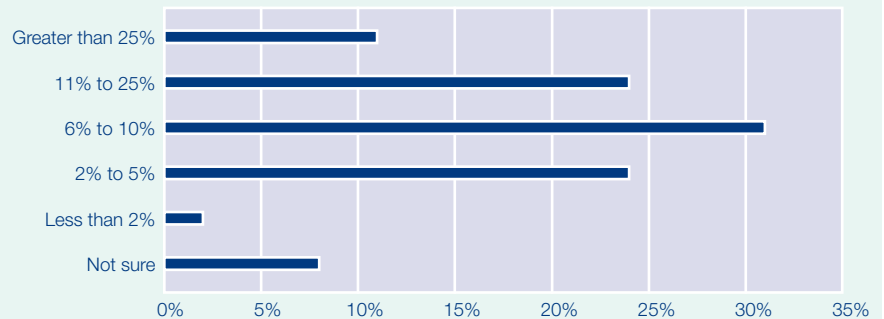
PERCENTAGE OF SALARY GIVEN FOR MOST RECENT BONUS

Three-quarters of respondents had a bonus component as part of their salary package. When asked about their last bonus payment, 27% reported a payment greater than 25% of their base salary.



WHAT PERCENTAGE INCREASE WOULD YOU EXPECT WITH YOUR NEXT SALARY REVIEW?

The majority of respondents were optimistic in terms of salary expectations, with almost one-quarter expecting a rise of between 11% and 25%.



NATIONAL EMPLOYMENT SURVEY

The National Employment Survey is conducted on an annual basis and measures employment conditions, business confidence levels and recruitment trends. The survey for 2007 was completed by 1454 employees and 503 employers from a variety of professional sectors in Hong Kong and China.

A selection of key findings is listed throughout the publication. The survey results, which form this quantitative component of the broader research project, are supplemented with qualitative insight derived from our extensive involvement with white collar employers and job seekers across Hong Kong and China.

KEY FINDINGS FROM THIS STUDY:

Employer Trends

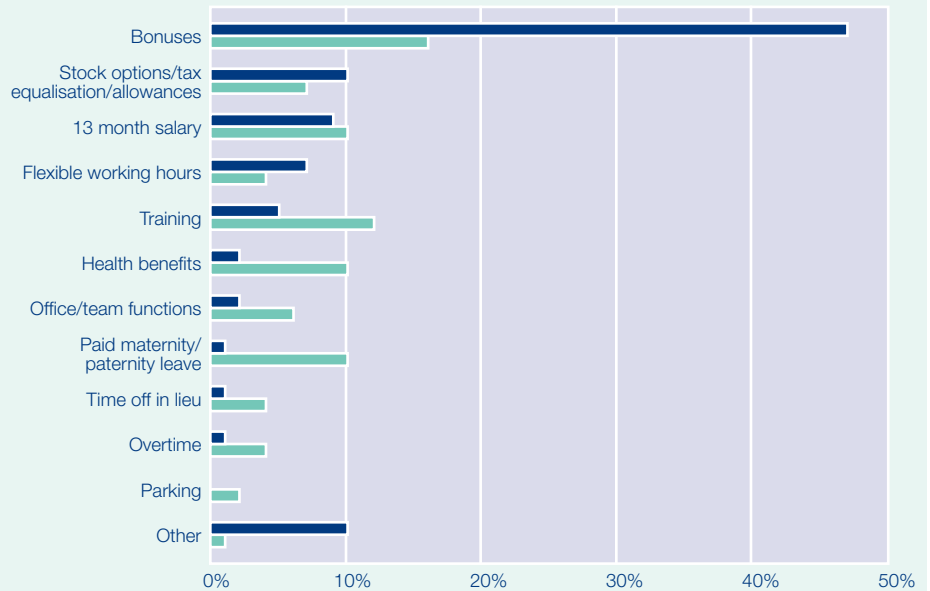
- 98% of employers surveyed predicted their staff numbers would remain constant or increase in the next 12 months, an increase of 40% from our last survey.
- At 32% and 25% respectively, organic growth and new projects were listed as the main areas of focus for employers in the year ahead.
- Over the past 12 months, 65% of companies experienced difficulty in retaining staff.
- 84% of companies see staff retention as another important focus for the next 12 months.
- When asked which retention strategies employers would consider over the next year, career promotion, training and development and bonus schemes were the three most common responses.

Employee Trends

- 47% of respondents cited career advancement as the primary motivator for their last job change. Only 7% nominated more money as the main reason.
- 76% of respondents rated their company's training and career development opportunities as average or below average.
- Half of the respondents surveyed have worked overseas and of those 76% would consider doing it again.
- When asked what their salary expectations were for the year ahead, one third of the respondents expected a salary increase greater than 11%.
- Close to half of the respondents surveyed expect a bonus of 11% to 25% of their salary, with one third of respondents seeking a minimum of 25%.

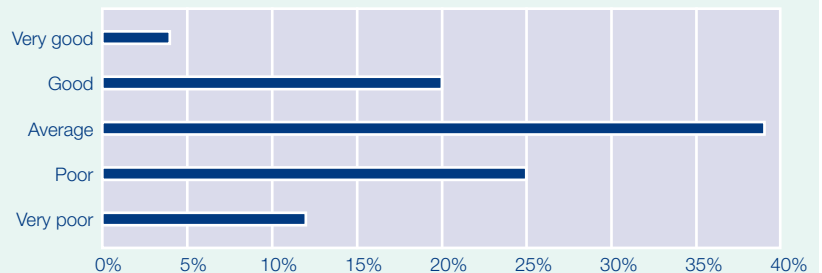
ACTUAL INCENTIVES VS PREFERRED INCENTIVES

The survey showed there was disparity between the incentives employees wanted and those their employers were providing. Bonuses and stock options/tax allowances were the most preferred incentives by employees.



HOW WOULD YOU RATE YOUR COMPANY'S TRAINING AND CAREER DEVELOPMENT OPPORTUNITIES?

76% of respondents rated their company's training and career development opportunities as average or below average.



PROCUREMENT & SUPPLY CHAIN

HONG KONG MARKET REVIEW

The procurement and supply chain sector is undergoing a transformation in Hong Kong as a result of Asia's continued economic growth. The relocation of engineering and manufacturing operations to Southern China and mainland China has greatly reduced the number of employment opportunities for procurement and supply chain professionals in Hong Kong.

As a result local residents are increasingly accepting positions outside Hong Kong to advance their careers. There is a growing trend for employees in middle and senior management positions to commute from Hong Kong. Some supply chain positions continue to be based locally, however, the majority are junior to middle positions with regional travel required.

While we have seen an overall decline in demand for procurement professionals in Hong Kong, recruitment activity in areas such as financial services, FMCG and electronics remains consistent as businesses operating in these sectors recognise that improved operational and purchasing efficiencies will increase profit levels. In terms of supply chain management, there is strong demand for candidates with planning, inventory, logistics and operations experience and we are seeing the creation of new roles at the junior to middle management level.

We are in a candidate short market and employers need to move quickly to secure talent ahead of their competitors. Although most professionals would prefer to live and work in Hong Kong, employers in China are offering competitive packages and flexible working arrangements to attract candidates who want to accelerate their careers. In the current market, Hong Kong employers need to consider providing regional responsibility and clear career paths to retain talent for the long term. Our research supports this, with 47% of employees citing career advancement as the primary motivator for their last job change.

EMPLOYMENT FORECAST

We anticipate the demand for procurement and supply chain professionals to remain positive at the junior to middle levels over the next 12 months. Our forecast is for standard salary increases of 10% across the board, with increases of up to 20% for hard to find skill sets. In addition to higher base salaries, employers are offering incentives such as stock options, rental reimbursement and larger bonuses.

TOP FIVE ROLES IN DEMAND

- Commodity Manager
- Logistics Planner/Inventory Analyst
- Supply Chain Manager
- Operations Manager
- Logistics Manager

HONG KONG AND SOUTHERN CHINA PROCUREMENT & SUPPLY CHAIN SALARY TABLE

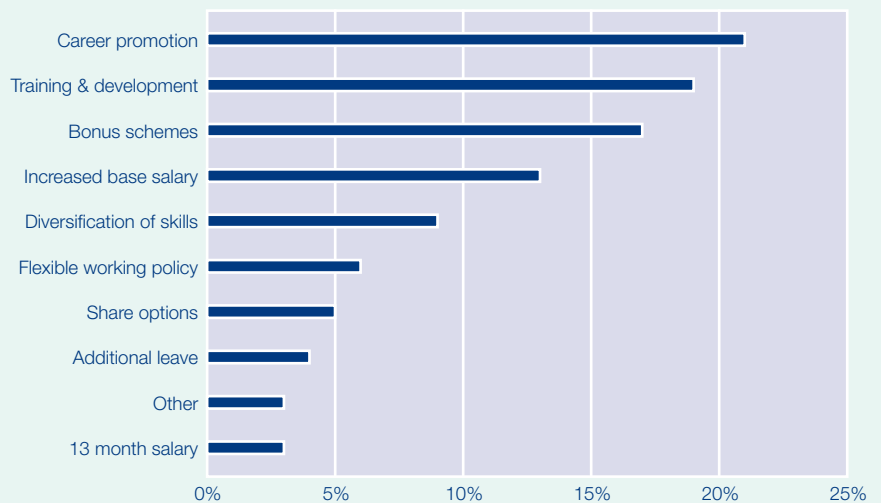
Role	Experience	Salary HK\$'000
PROCUREMENT		
Regional Vice President/Director	12–15+ years	1–1.5 million
Country Head	8–12+ years	800–1.2 million
Procurement Manager	6–10+ years	600–800
Purchasing Officer	3–6+ years	300–500
SUPPLY CHAIN		
Regional Vice President/Director	15+ years	1–1.5 million
Supply Chain Manager	8–12+ years	550–800
S&OP Manager	9+ years	650–900
Planner	4–7+ years	350–500
LOGISTICS/WAREHOUSING/DISTRIBUTION		
Director/Vice President	15+ years	800–1.2 million
Senior Manager	8–12+ years	600–800
Manager	5–8+ years	400–650
Assistant Manager	3–6+ years	300–450

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, as there are often specific circumstances relating to individual companies. Please call us for additional information.

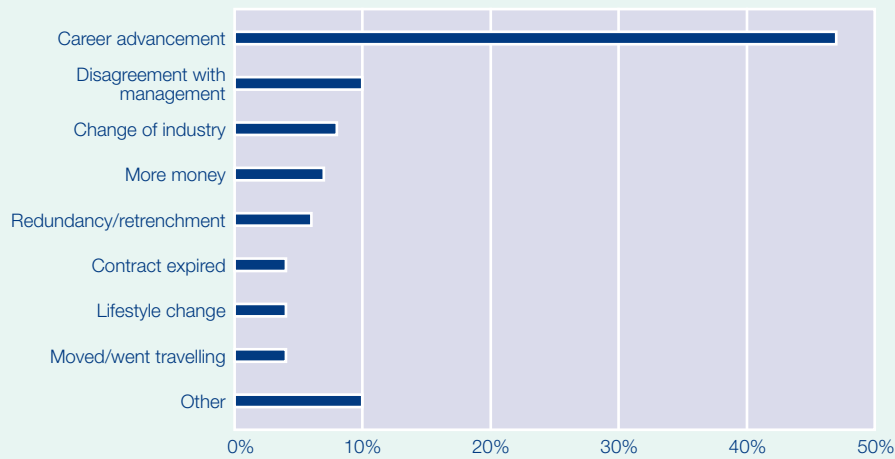
WHICH RETENTION STRATEGIES DO YOU THINK YOUR COMPANY WILL CONSIDER OVER THE NEXT 12 MONTHS?

84% of companies see staff retention as an important focus for the year ahead. When asked which retention strategies they would consider over the next 12 months, career promotion and training & development were the most common responses.



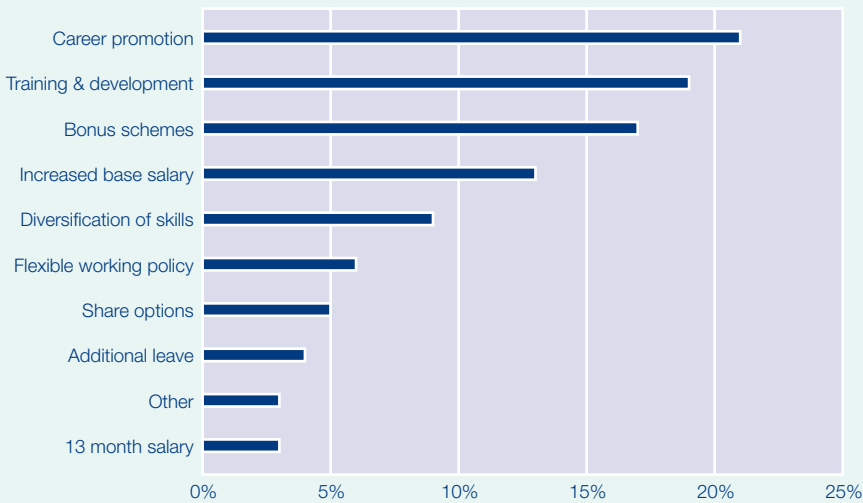
WHAT WAS THE MAIN REASON FOR YOUR LAST JOB CHANGE?

Almost half of respondents cited career advancement as the primary motivation for their last job change.



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PROCUREMENT & SUPPLY CHAIN

CHINA MARKET REVIEW

China's explosive growth is placing heightened demands on the supply chains of most companies. There is a significant shortage of managers to lead global sourcing centres in the country. Despite a desire to localise their workforce, many organisations have a high number of candidates at the junior end of the market and have to rely on international candidates to fill senior positions.

The level of demand within the procurement and supply chain market has increased substantially over the past year. As the economy has grown and more manufacturing plants have relocated to China, new procurement and supply chain positions have been established to evaluate existing processes and improve operational efficiencies.

The rising number of companies establishing global sourcing centres in China is driving demand for senior strategic procurement and supply chain professionals. Although the volume of candidates in China is high, there is a shortage of candidates with managerial experience. The majority of professionals are at the junior to middle end of the market.

Recruitment of Chinese nationals is a focus for many employers as continued economic growth makes it unsustainable to rely on the skills of expatriates. However, the challenge lies in investing in the skills and career development of junior level Chinese nationals as opposed to hiring middle to senior level expatriates with a successful track record. As a result, employers need to look at new ways of attracting and retaining talent such as offering increased responsibility and accountability at a younger age.

Despite increasing demand for procurement and supply chain professionals in China, employers face a challenge in securing the best talent ahead of their competitors. To attract Hong Kong candidates, employers need to consider tax equalisation strategies and offer competitive packages including housing, travel and education allowances.

EMPLOYMENT FORECAST

We anticipate continued demand for procurement and supply chain professionals in China over the next 12 months. While our prediction is for average salary increases of 10% to 15%, inflated salaries are common at the senior end of the market.

To retain staff in the current environment, employers will need to demonstrate clear opportunities for career progression and invest in training and development.

TOP FIVE ROLES IN DEMAND

- General Manager
- Operations Manager
- Logistics Manager
- Supply Chain Manager/Director
- Procurement/Purchasing Manager

MAINLAND CHINA PROCUREMENT & SUPPLY CHAIN SALARY TABLE		
Role	Experience	Salary RMB'000
PROCUREMENT/PURCHASING		
Director/Vice President	12+ years	900–1.2 million+
Senior Manager	8+ years	600–900
Manager	5+ years	400–600
Assistant Manager	2–3+ years	250–400
SUPPLY CHAIN		
Director/Vice President	10+ years	1–1.8+ million
Senior Manager	7+ years	600–1 million
Manager	5+ years	450–600
Assistant Manager	2–3+ years	200–450
LOGISTICS/WAREHOUSING/DISTRIBUTION		
Director/Vice President	12+	900–1.5 million
Senior Manager	8+ years	650–900
Manager	4–5+ years	400–650
Assistant Manager	2–3+ years	250–400
QUALITY CONTROL/ASSURANCE		
Director/Vice President	10+ years	700–1 million+
Manager	4–6+ years	350–700
SOURCING/MERCHANDISING		
Director/Vice President/General Manager	10+ years	800+
Senior Manager	7–8+ years	600–900
Chief Representative	6+ years	600–900
Manager	5+ years	400–600
Senior Merchandiser	3–4+ years	250–400
3PL		
Director/Vice President	12+ years	1.5 million+
General Manager	10+ years	800–1.2 million+
Business Development Manager/Director	8+ years	700–1 million
Operations Manager	6–8+ years	500–700
Key Account Manager	3–5 years	250–400
ENGINEERING/MANUFACTURING		
Factory/Plant Manager	10+ years	600–1 million+
Production Manager	8+ years	400–800
Material Manager	6+ years	350–700
CONSULTING		
Director	10+ years	1 million+
Senior Manager	8+ years	700–1 million
Engagement/Consulting Manager	4+ years	600–800

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, as there are often specific circumstances relating to individual companies. Please call us for additional information.

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