

Members Participation



Tony TSE
President

At the Annual General Meeting held on 12 December last year, I said that we are a members' organisation with the responsibility for direction of its affairs within members themselves. I have therefore called on members' participation in matters relating to our profession.

Since I took up the presidency about eight weeks ago, there are a number of tasks that we need to seek members' view. Today, we have two main issues:


(1) In early January this year, the Government published the Consultation Paper on Building Management and Maintenance, seeking views from professional bodies and the public by April 2004. Over the years, the Government has sought to address the weak building-care culture in Hong Kong.

Whereas the outbreak of Severe Acute Respiratory Syndrome has heightened public concern at the importance of proper building management, maintenance as well as good living environment and hygiene, it is sad to note not many actions have actually been put in hand by those owners and occupants living in the poorly managed buildings. As a leading professional organisation in the field, we must put forward our views and suggestions to the Government and to assist in the identification of an effective and sustainable solution to the problem. Your contributions for us to prepare a meaningful submission are therefore urged.

(2) According to the Closer Economic Partnership Arrangement (CEPA) signed in June 2003 and commenced on 1 January 2004, Hong Kong companies in 18 service industries including real estate professional services (which cover property agency, property management and surveying) can have more effective access to the Mainland market. To ensure professional surveying services benefit from the Arrangement, we need to feedback practical difficulties encountered by our members in starting a business or working in the Mainland. On the top of the Institute's agenda is to make progress in the reciprocal recognition of professional qualifications with our Mainland counterparts, apart from resolving the formidable barriers in the licensing and business registration requirements.

Apart from these, we also have issues such as the Consultation Paper on Hong Kong 2030, the Town Planning (Amendment) Bill 2003 etc., all of which will have significant impact in the future of Hong Kong; again, we need your comments and suggestions here.

With members' active feedback, we could undoubtedly do meaningful submissions and achieve far better results within the shortest time frame.

The Institute is recognized as one of the most influential professional bodies in the real estate market, we have come a long way and now is the time for all of us here today to keep this going. 

HK2030

The Town Planning and Development Committee held a discussion forum on 15 December 2003 for members to express and exchange views on Stage Three Public Consultation on the Hong Kong 2030: Planning Vision and Strategy Study. The Stage Three public consultation will last until 31 March 2004. Further information on HK2030 can be found at www.info.gov.hk/hk2030

HKIS 20th Anniversary Celebrations

The Hong Kong Institute of Surveyors will be celebrating its 20th anniversary on 26 April 2004. To celebrate the special occasion a series of activities are being planned. There will be a Cocktail Reception on 26 April, a photo competition, a special 20th anniversary publication and other activities, which will be announced in due course.

Secretariat Office

To strengthen the administrative support to the Divisions, Committees and on general communications, and to provide a better service to members, the Institute will add extra hands by the recruitment of an Assistant Manager.

Personalised web mail address

Some of you may have opted for a personalised HKIS web mail address recently. Please note and treat the personalised HKIS web mail address as a new one as no setting of the old account will be brought forward and all settings are blank. Therefore, please reconfigure the settings in your new personalised web mail such as the 'mail folder', 'mail forward' and 'pop mail profile', or add new folders according to your own preference. If you should have any query, please contact i_tdept@hkis.org.hk

West Kowloon Cultural District

A second briefing/consultation forum on the West Kowloon Cultural District was organised on 19 December 2003 for members to understand the government's approach in inviting proposals for the West Kowloon Cultural District (WKCD). About 30 members turned out and gave some challenging ideas for the government representatives. As WKCD will be a very important development for Hong Kong, HKIS will continue to keep track of its development and comment as appropriate. Further information on the WKCD can be obtained from www.hplb.gov.hk/wkcd/eng/main.htm


Surveyors Learning Centre

To cope with the increased need for more space for meetings, conferences and seminars, it was approved by the General Council to lease office space of 3,471 sq. ft. at 810-815 Jardine Office as a Surveyors Learning Centre in addition to renewing the lease for the existing premises. The General Council had based on 2 factors in arriving at its decisions. One was the increased demand and flexibility of CPDs and the increasing venue charges. The other was the low office rental market.

Works are in progress for the design and fitting out of the Learning Centre, to be followed by the redesign and modification for part of the existing office premises. The designer and Project Manager is Mr. Raymond Chan, currently the chairman of the Building Surveying Division.


Call for Participation In Journal Editorial Board

Many of us have been waiting for a long while to see a new edition of the Hong Kong Institute of Surveyors Journal. We need good articles as well as editors. It was resolved in the 2004 first Editorial Board Meeting that more effort and assistance from all members should be solicited to revitalize our journal. Expertise of all divisions should be gathered in the team. To have a journal representing a prestige profession and work towards an international referee standard, your participation is vital to the journal. Please come to the first Journal Editorial Board meeting on **8 March 2004 (6:00 pm)** in the HKIS Secretariat office.

For more information or any queries, please contact the convener, Dr Conrad Tang at 2766 5963 or email to lstang@polyu.edu.hk 

Contribution to **Surveyors Times**

The Editorial Board is inviting members to contribute articles and news of interest relating to real estate, property, construction and the surveying profession for publication in the Institute's newsletter "Surveyors Times". If you are interested or know someone who has an article(s) to submit, please contact the Hon. Editor at editor@hkis.org.hk.

The Editorial Board would also welcome your comments and suggestion to make Surveyors Times more interesting and informative. 



Chairman's message

Raymond Chan

Chairman

I would like to report a few things which have happened recently.

New BSD Council for 2003-2004

In November 2003, we had a very successful election year. Two candidates competed for the post of Vice-chairman. It has been many years since we had members competing for positions in our council. The AGM proved to be very exciting. The annual dinner which followed was also wonderful.

The new BSD Council for 2003-2004 is as follows:

Chairman

Mr. Chan Yuk Ming, Raymond

Vice Chairman

Ms. Wong Pui Yee, Cecilia

Hon. Secretary

Ms. Wong Kam Wah

Hon. Treasurer

Mr. Leung Chi Tim, Robin

Council Members

Mr. Chan Kwok Hung, Kenny

Mr. Wong Loi Fat, Alex

Mr. Tse Chi Ming, Philip

Mr. Ho Kui Yip, Vincent

Mr. Dy Wai Fung, Peter

Mr. Kam Man Yiu, Philip

Mr. Ho Kwok Keung

Mr. Li Kwok Wah, Edgar

Mr. Yun Ying Kit, Kenneth

Mr. Tang Hoi Kwan, Edwin

Co-opt Members

Mr. Chan Tin Lun

Mr. Chong W.H., Ben

Mr. Chow K.M., Augustine

Mr. Chung W.K., Bishop

Mr. Fu Chi Kwong, Edward

Mr. Ho Yun Kuen, John

Mr. Ho S.L., Nelson

Mr. Ip C.K., Andrew

Mr. Lai W.Y., Anthony

Ms. Law P.S., Annie

Mr. Lee H.T., Nathan

Mr. Suen Wai Cheung, Kenny

Mr. Tang Siu Kwan, Terry

Mr. Wong S.K., Peter

Mr. Yeung M.K., Gary

Ms. Yiu Miu Shan, Catherine

Mr. Alan Wong

Discussion with Building Surveying Consultancy firms

A meeting was held on 29 December 2003 in the HKIS office among some BS firms. Representatives from 6 BS firms were present.

The following were discussed:

(a) There was a concern on some cut-throat bids which is not healthy to the profession as a whole. A tendency for offerers of these "cut-throat" bids is to cut corners to save cost. Not enough input, sub-standard staffing (including free-lance part-time staff) and eagerness to grasp every chance to make claims can be found.

As yet Hong Kong has no legislation restricting bidding below cost (many places including USA and Mainland China - yes, even Mainland China, have legislation restricting this mal-practice), we

can still bid like this here legally. However, as many places in this world (including the most advanced and civilized places) have already found that this is not good and ban it by law, it is obviously a bad thing which we should not tolerate. We should urge the institutional employers (including government departments) to discourage this mal-practice.

We need to develop an improved system of assessing consultant's promised and actual input on particular projects. We should encourage reasonable bids & satisfactory output. One suggestion is to find out the "reasonable" man-hour for particular projects and to compare this with the fees quoted to see if it is also reasonable. Unreasonable bids can be subject to challenging queries and possible refusal. We should bear in mind that professional fees only occupies a

small percentage in the total project sum. Inadequate professional input can easily lead to wastage and delay.

(b) We need to liaise more with government departments (including ASD, BD and HD) to eliminate conflict (if any) between civil servants and private consultants. We need to explore

areas (and direction) of common interest, create win-win situation.

(c) Arrange bidding of similar projects in one-go. This can reduce commercial decision made purely on out-bidding others instead of building up bids from cost (especially in the currently poor economic environment in which everyone is not having enough work). Someone told me (not in this meeting) that it will be wonderful if he as an employer can ask his employees (and others who wish to join) to bid on the expected salary every month in order to find out the cheapest crew to be employed on the following month. He can expect a gradual decrease of salary as his staff (and others who are seeking employment) may like to bid low to out bid others in order to maintain some income.

We would be grateful to receive your further comment on the above.


Meeting with Ministry of Construction (MOC) and China Association of Engineering Consultants (中國建設監理協會) (CAEC) in Shenzhen

Vincent Ho, Robin Leung, Nathan Lee and I attended a whole day meeting with MOC and CAEC in Shenzhen on 12 December 2003. Our then President Kenneth Chan attended the morning session and had to leave to prepare for the HKIS AGM in the afternoon.

It was a lengthy meeting (and exciting). We finally sorted out that Building Surveyors are most appropriate for reciprocal recognition with CAEC (of course, details have to be worked out later). HKIA and HKIE have to be further studied before further progress.

Consultancy Paper on Building Management and Maintenance

The HKSAR government has recently published a consultancy paper on building management and maintenance.

A meeting was held on 8 January 2004 between BSD and P&FM Forum. A working group was set up to gather comments and suggestions for submission to the government. A discussion forum open to all members will be held in February to gather members' comments. 





Chairman's message

YU Kam Hung

Chairman

In view of land scarcity in countries around the globe, general practice surveyors - possessing professional skills and knowledge - play a crucial role in providing valuable advice on how land and property can be best used and preserved. Their areas of specialty spread across all aspects of residential and commercial property within both the private and public sectors. Principle activities include Valuation, Development and Town Planning Consulting services, Sales and Lettings, and Property and Facility Management. The General Practice Divisional Council's mission is to promote career success of our members by excelling professional standards and strengthening the profession's influence on industry-related affairs.

Adhering to a set of commitments that characterises the heart and soul of the Council, we aim to constantly improve services to our members. One of our focuses is to enrich individual general practice surveyors' skills and knowledge in their own areas of specialty and spearhead the development of individual functions. Promoting an industry-wide integration of expertise is also our main goal. Most important of all, we aim to drive forward the development of general practice surveying profession in Hong Kong, Asia and the world.

In line with the Hong Kong Institute of Surveyors' inherent function, the GPD Council will strive to maximise the Institute's influence on government policies and issues impacting the industry. We will also support the HKIS in making continuous contributions to the industry and community. As a solid foundation and superior practice are the essential elements for the success of an organization, we are dedicated to developing and maintaining a well-established structure as well as operational traditions for the GPD Council.

Serving this goal, we have established a comprehensive organisational structure consisting of 16 specialised working panels to maximise the effectiveness of our concerted efforts. The specialised working panels are listed as follows:

- Business Valuation,
- Continued Professional Development & Internal Communication,
- Disciplinary & Professional Ethics,
- Education & APC,
- Government Practice & Local Affairs,
- Information Technology Support,
- Internal Affairs,
- Mainland Affairs,
- Membership,
- Practice Notes,
- Professional Development,
- Professional Practice / Standard,
- Property Management,
- Public Relations,
- Sales & Letting and
- Technical Associate.

We always believe in the utmost importance of accepting and appreciating diversified opinions. Therefore, we will actively invite HKIS members and other professions to join our panels. Maintaining high transparency of our operation and receiving members' opinion are also critical in establishing effective communication. Reports of council activities, achievements, circulars and an enquiry email will be posted on the HKIS website so as to facilitate a two-way communication and sharing of value-added advice.

Communications, Concerns and Commitments are the core values of our dedication. By considering your opinions and needs, we hope members can derive a deep sense of belonging of the Council. On behalf of the Council, I would like to take this chance to thank you for your membership and patronage. We are all excited to serve the industry and our members in the years ahead.

"We Will Make the APC Format More Open and Transparent"

GPD chairman vows to take candidates' concerns seriously in an APC Review



Reported by Herman CHUI

Taking the APC could be the worst experience among new members in their fight to gain the HKIS qualification. Worst still, as many talented student members throw in the towel after several unfulfilling attempts each year, concerns are raised that the current APC format could undermine the influence of the surveying profession in the property industry.



Candidates in a candid exchange with GPD committee members

The major challenge against the current APC practice is that it is lacking a transparent system. The assessment standards between each panel vary. Candidates are often not told specifically why they fail in the assessments and what improvements they should make for the next attempt.

Disgruntled APC candidates from last December's interview session aired their grievances against the APC format in a forum held on 10 January 2004. They also made a whole host of suggestions, including:

- Panel member's experience must tie in with the candidates'
- Flexible test timing for the interview session and no quota for the interview exam after passing the written test
- Panel chairman's report should be specific so that candidates could make meaningful improvement

- Issue a brief remark on the candidate's performance in the written exam

The new GPD chairman Mr. K. H. Yu took a sympathetic stance towards the candidates and promised to review the APC system to make it more open and transparent, and "to enhance the candidates experience in their APC journey".



GPD chairman Mr. K H Yu

"The APC Forum, the first of its kind to provide an opportunity for us to seriously look at the concerns of candidates in APC, underscores the commitment of the current council to uplift the GP profession," he said.

Mr. Yu believed that the future APC format would engage a more consultative and communicative element in order to encourage and aid candidates to work towards a professional qualification after a well-structured two-year training period.

"The APC assessment, while it is a professional competence test, should not be seen as a block to thwart candidates' ambition in our profession," he said.

Two council members Mr. Simon Wang and Mr. Mak Wing Lung also attended the APC forum. They listened to and exchanged dialogues with candidates on the APC review.

Mr. Simon Wang, the chairman of the APC Working Panel, will chair the APC review and make recommendations to the GPD on improvement of the current APC format.

He echoed Mr. Yu's view: "Candidates should not be frightened of taking the APC. Such qualities of candidates as demonstrating a positive attitude, acting proactively, conducting presentation in a professional

manner and displaying a clear understanding on ethical issues are equally important as their in-depth knowledge in their respective fields."

"I gained many valuable insights in this APC Forum," said one forum participant Sheldon Ip. The committee members have been helpful in explaining the assessors' expectations on an APC project



Simon Wang, chairman of APC Working Panel

other than a valuation case. I got the confirmation that all candidates share an equal chance in APC, no matter whether you are from the valuation field or not."

While many of his former classmates from the PolyU passed the APC last December, Sheldon, a leasing officer in Lai Sun Properties since his graduation, has to wait another two years for his first attempt.

"The change in APC policy allowing external supervisors last year has given me back the APC opportunity."

Certainly, the HKIS can do more in APC to keep talents in the profession.

Assessors Tips for Taking APC

- Write in a precise manner in the written exam, novel writers are not welcome
- Demonstrate a clear flow of mind and concept in your answer
- Spend your time wisely - don't dwell on one or two points, write as many points as possible
- Communicate with your supervisor frequently
- Treat your assessors like clients in the oral exam
- Be alert to professional ethic issues
- Always be proactive and positive



Chairman's message

LAM Li Wah

Chairman




In 1899, a group of some 20-30 Surveyors began a challenging surveying task, namely, to set up survey controls and conducted cadastral survey systematically in the New Kowloon, New Territories and the outlying islands. Until 1904, five years later, they completed 563 maps in 477 Demarcation Districts. The total area surveyed was 40,737.95 acres and a total of 328,639 pieces of land holdings were demarcated and registered. These Demarcation District Maps then formed the basis of land records in the New Territories and have been used for 100 years!

We, the professional land surveyors, understand that these maps were prepared by

using primitive surveying instruments and were drawn in graphical form. Its accuracy is largely limited to the scale of the maps. Without other better alternatives, we have to rely on these District Demarcation Maps for the identification of land parcels and the interpretation of land boundaries. We know these graphical “land records” are insufficient to meet the standards and requirements of today with respect to land valuation, land management and demarcation of land boundaries. Last year, HKIS suggested to the Administration to conduct a systematic boundary survey for the New Territories but the reply was negative due to the resources implication.

In view of the above, a one-day conference will be organized jointly with the Department of Land Surveying and Geomatics of Hong Kong

Polytechnic University on 24 June 2004. Well known speakers from various sectors such as the Administration, law society, land developers, bankers, land owners, surveyors etc. will be invited to present their viewpoints on the past, present and future development of the land tenure system in Hong Kong. The issue on land boundary will also be addressed and discussed from different perspectives. This is a good opportunity for surveyors to share and exchange ideas with professions of other disciplines, our clients and counterparts.

Details of the conference will be announced soon and members are requested to mark their diaries and to submit their registration as early as possible. This event has been earmarked in the HKIS 20th Anniversary Programme 2004. 

Goodwill Visit to LSGI, the HK Polytechnic University



Reported by Rina TSOI

Mr. LAM Li Wah, the LSD Chairman, led LSD representatives to visit the Department of Land Surveying Geo-Informatics (LSGI) of the Hong Kong Polytechnic University (HKPU) on 13 January 2004.

Under a warm and cheerful atmosphere, we discussed with the staff of LSGI the following topics:


- Creation of Technical Grade Membership in HKIS and arrangement of supporting courses in the near future;
- Cooperation in organizing more CPD events for the professional and technical members; and
- Accreditation vs partnership relation between HKIS and LSGI.

Professor CHEN from LSGI also shared his views regarding the course structure, future trend and requirements for land surveying industry and the cooperative relationship with HKIS.

In addition, LSGI agreed with HKIS to co-organize a one-day Conference on a theme of “Land Tenure”. The event would be held at HKPU on 24 June 2004. We believe the conference would provide good opportunities for exchanging of views and sharing of

knowledge amongst professionals from various sectors and the academics.

Finally, special thanks to Dr. Conrad TANG of LSGI who has been appointed by the HKIS as the Editorial Board Convener for the HKIS Journal.

Following the discussions, LSGI hosted a welcome dinner during which the friendly conversation continued. 



(Front row from left to right) Dr. Conrad TANG, Mr. LAM Li Wah (LSD Chairman), Professor CHEN Yong Qi, Mr. SIU Wai Ching (LSD Vice-Chairman)

(2nd row from left to right) Mr. Marvin CHAU, Ms LO Hoi Yin, Ms Rina TSOI, Dr. Esmond MOK, Mr. Henry CHAN, Dr. Bruce KING, Dr. DING Xiao Li, Mr. KWAN Lam Fat (Chairman of LSD Education Committee) & Dr. John SHI



Chairman's message

Gilbert KWOK

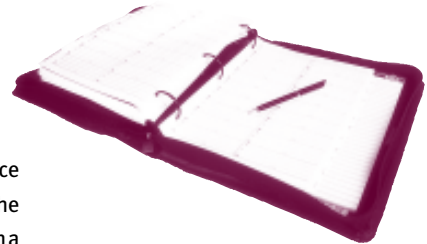
Chairman




I believe by the time this newsletter has reached you, the Chinese New Year will have already passed. In any event, on behalf of the QS Divisional Council, I would like to say Kung Hei Fat Choy to all QS members.

This will be a busy Council year. However, for the first report I would like to keep it brief and would only highlight the following important events:

1. On 24 December 2003, the Institute's office sent you my report on the progress of the reciprocal arrangement with China Engineering Cost Association by means of the Institute's webmail system. That letter has been posted on the QS Division's website.
2. There will be in May this year an important conference on PPP/PFI. Distinguished speakers will be invited to speak. I invite all of you to attend the conference.



3. It is planned to officially launch the new Standard Method of Measurement and General Conditions of Contract in this Council year.

I will provide you with details of other events in later reports. 

Young Surveyors Celebrated the **New Year** in *High Spirited Style*



Reported by Desmond LEUNG

The New Year Cheese and Wine Party on 2 January 2004 got off with a bang, as 30 enthusiastic young surveyors networked with each other and learnt a bit of new knowledge about a deadly toxic while at the brink of intoxication in this free wine-drinking party.


The event guest speaker Mr. James Pong, Head of Prosecution of Environmental Protection Department, shared his intriguing career path from a building surveyor to a barrister and to leading the prosecution team in EDP in which he drafted the department's prosecution policy.

As he said: "I am very proud of the fact the EPD's prosecution policy was drafted by a building surveyor." We know where his loyalty lies.

Mr. Pong also talked about the legal frameworks upon which EDP relies for enforcement and prosecution. Interesting to us, he told how he grappled with Dioxin, a chemical toxic reported to be found in the former shipyard of the Disney project, in a few days when he gathered evidence to testify in court.

The party also marked the first joint event co-organised by the HKIS Junior Organization and RICS Matrics (HK Chapter). "I am delighted of this landmark achievement. We work together because we share the same vision and same resolve in promoting surveying profession. The future of our profession lies in our young members," said Jim Yip, RICS Matrics chairman.

RICS Matrics, the new official name of the Junior Organisation, represents some 36,000 members of the RICS internationally. It works to encourage surveyors to participate in a diverse programme of professional and social activities, providing essential life long learning and networking.

The event had certainly empowered young surveyor's networking skill. Avan Fan, a quantity surveying probationer who made his debut in our social event, said: "As it was my first time to join this type of social event, I felt a little bit nervous. However, the warm welcome from members made me feel very relaxed." 



Jim Yip, introduced guest speaker Mr. James Pong



Surveyors talked about the job market in 2004

Town Planning and Development Committee



Bernard CHAN

Chairman

The Committee has submitted views on various issues relating to planning and development matters to the Government and Legco for consideration. To quote a few are the Harbour Reclamation, the West Kowloon Cultural District Development, Hong Kong 2030 and the Town Planning (Amendment) Bill 2003. Those who are interested would be aware that views have been called for and forums have been held. These subjects are ongoing, therefore your valuable contributions and views are most welcome at all times. Information may be browsed on the Government website, and our comments can be found on our website and the Surveyor Times.

To update members, the current consultation is on further amendments to the Town Planning (Amendment) Bill 2003 which deal mainly on the plan making system. An invitation for submission by the Bills Committee dated 8 January 2004 has been called and we have restricted our comments on the proposal as stipulated in the Paper. In regards to other aspects, such as appointment of committees by the Board, further delegation of authorities to public officers, transaction of business by circulation of papers, and owner's consent etc., we would maintain our views expressed previously in September 2003.


As a fundamental issue, we would wish to see that the system should encourage public participation not promoting public awareness. There is still a lack of such fundamental in the current proposed amendment. We do not consider it right in town planning process by striking the balance between streamlining

procedures and enhancing public participation because haste decisions should not be made at the expense of people's wishes.

On Plan publication period, we consider the longer the consultation period the better, therefore we support to retain the publication period of two months.

We also consider that the two-stage consideration process is preferable to the original single stage and that second stage representation should also be open to the public for further consultation. After all, land ownership should be distinguished from land use designation, which should be so drawn up for the community, irrespective who owns it.

On the powers of CE in C upon submission of draft plan, we welcome the switch retaining status quo for obvious reasons.

I would post in this column any current news in respect of Town Planning and Development issues. If you would wish to spare your valuable time to contribute, you are most welcome. Kindly let me know by writing to bernardchan@hkis.org.hk. 

Site Visit to 129 Repulse Bay



Reported by Kelvin NG

200 members were completely taken aback by the panoramic scenery of South China Sea when they looked out from the penthouse of 129 Repulse Bay, a new addition of an



architectural landmark in Repulse Bay in a project site visit organised by the Junior Organization on 10 January 2004.

The development designed by world-renowned architect Norman Foster is known as “the Lily” for its vertically curved façade resembling a blossoming lily. It has recently

been approved for conversion from residential use to hotel.

The land was acquired in the first land auction after the Handover in 1997 with a staggering land value of HK\$5.55 billion, or at an A.V of more than HK\$16,000 p.s.f. The project costs more than HK\$8 billion (including land cost).

Mr. Heng Kim-Thiam, project director of Chinachem, the project’s developer, gave a vivid account to the participants of the design concept and the technical challenges for translating the concepts into reality. For example, the 15% site coverage restriction for the development is not accommodating to the building’s unique leaning back and forth design.



Mr. Heng’s account of how they overcame the site constraints and construction challenges in this complex project was fascinating.

We are grateful to Mr. T. W. Leung, a quantity surveyor in Chinachem’s project department, for the arrangement of this wonderful site visit.

Merry Go Round

Young Surveyors visited Guangzhou to see what CEPA holds in store for them



Reported by Jim YIP

Back in the 80s, the number one place that every street kid in Guangzhou wanted to go was Hong Kong, but it was elusive to most of them. The real number one was indeed the Children's Park in Beijing Road, where it boasted the only one mechanic amusement ride in the city - the Merry-Go-Round.

Now, the old children's park has gone, part of the site has been redeveloped into the 4-star Hotel Canton, and a large part of it is left vacant awaiting developers to pour in concrete for another glittering mall in an area that is best known as Guangzhou's Causeway Bay.

More than two decades' of rapid economic growth has given the city a new toy - Money Go Round. And a growing number of Hong Kong professionals are being attracted to work in Guangzhou.

Official statistics show that the number of Hong Kong professionals working in Guangzhou has risen to over 90,000 in the last year. The number is growing each year.

Experts expect that the new Closer Economic Partnership Agreement which gives Hong Kong companies and professionals advantages to do business in PRC, will see the number rising even more rapidly in coming years.

The Hotel Canton on 10 January 2004 saw a large gathering and exchange of over 100 professionals between Hong Kong and Guangzhou. The theme in discussion was to examine the opportunities for professional services in Guangzhou and



how a Hong Kong professional adapts locally, from renting a flat, getting his business license to observing the subtlety in the cultural difference - surprisingly there are a lot of differences despite the fact that the two places are sharing a deeply-entrenched canton-pop culture.

In this three-hour long discussion forum, over 70 Hong Kong professionals drawn from surveying, engineering, accountancy, legal and medical fields were actually seen pouring in questions to their Guangzhou counterparts.

"I think history has been made today!" said Mr. C. Y. Leung, the founder of the Coalition of Hong Kong Professional Services, which was the organiser of the two-day exchange program. He said he had never seen such a spectacle in which Hong Kong and Guangzhou professionals mingled and shared with each other so closely in his past 25 years.



The reasons for the 10 young surveyors on this tour were mixed: Jeffrey Wong wanted to make new contacts as he was about to

work in his company's new Guangzhou representative office; Ricky Chan, a council member in QSD, wanted to explore the market and expand his construction consultancy to the Mainland; Nathan Lee, former JO chairman and a partner in a new project management consultancy, had a similar reason, while Kenny Chan, a land surveying graduate in the Lands Department with his training contract to expire later this year, said "My career is basically in a "zero start" in Hong Kong as well as in Guangzhou. So, why don't I come out and see what the future holds for me here."

C. Y. Leung believed that the two cross-border infrastructure projects, namely the Hong Kong-Shenzhen Western Corridor and Lok Ma Chau Spur Line, would only trigger an even faster pace of economic integration between Hong Kong and the Pearl River Delta Regions.

"Upon completion of the Western Corridor, the journey time to Guangzhou will save 45 minutes," he said, providing a new perspective on the merging boundary theme. About one year ago in a JO luncheon he cited one anecdotal evidence that the journey from the HKIS office in Central to Guangzhou is only separated by one traffic light.

With more Hong Kong professionals going to Guangzhou to look for jobs and business opportunities, all the local counterparts surprisingly said they welcomed this and didn't see it as a threat.

"The demand for professional services outstrips supply and there is unlimited business opportunities in Guangzhou," Mr. Xie Pengfei, the deputy-secretary general and chief director of the Center for Development Research of Guangdong Province, gave an upbeat message of Guangdong economy in his welcoming speech to the Hong Kong delegates.

Guangdong GDP has been growing at an average rate of 13.4% each year since 1978. Despite the SARS outbreak that disrupted the economy in the first half of 2003, GDP growth was achieved at 13% p.a. in the year, the biggest rise since 1996. GDP in 2003 was RMB1,300 billion. The export in the year was US\$148 billion, exceeding that of Russia and three times that of India.

Mr. Xie outlined three factors underpinning Guangdong's economic momentum and demand for professional services: a new economic engine from the heavy and petrochemical industry, which has taken up 58% of total industrial production; the growing and thriving private sector - currently with 350,000 private companies, a total of 70,000 private companies registered last year; and an emerging trend of fast development in areas outside the traditional high-growth Pearl River Delta region.

"We welcome the arrival of Hong Kong capitals and professional services into Guangdong. What we have seen in the past is that this has created a win-win situation," he said.

As part of the exchange program, there was also a talk from the local labour department on the labour policy and incentives for foreign professionals and the application process for a local residential card.

Apart from the seminar and exchange, the Program also featured a visit to the local surveying and planning institute. The institute's director shared the challenges they faced in reforming the institute from once a government body to a collective-owned enterprise and how they perceive and position themselves in future competition in the post-WTO era when the market will be open to foreign consultancies.

The two-day program ended with a trip to the Guangzhou new airport in Hua Du. At a total cost of RMB19.6 billion, the twin-runway airport took 3 years to complete. With a projected annual passenger capacity of 27 million, the Guangzhou new airport will rise to the second spot in the Mainland airport league table, when it will open later this year.



"This is the second tour of the exchange program. Since the first one we have put in a lot of effort to help Hong Kong professionals get a first-hand intelligence on the ground and capture business opportunities in the PRD," said Hon. P. C. Lau, the program leader.

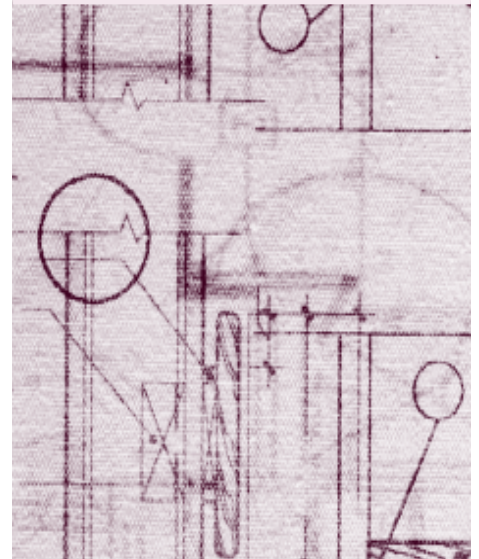
True, participants in this exchange program returned home to find not just with a hundred more business cards in their pockets, but more confidence and knowledge in developing business across the border.



HKIS members in the exchange tour

About the Young Exchange Professional Exchange Program

The Hong Kong Coalition of Professional Services, founded by 10 leading professional bodies, has initiated this Young Professional Exchange and Enchance Program which aims to bridge the communication and understanding between Hong Kong and Guangzhou professionals. The exchange program partly sponsored by the government through the Professional Services Development Assistance Scheme program comprises a total of five tours and the third tour will be held in April. More details about the program at this link <http://www.hkprofessionals.org> 



The End of Deflation?



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Deflation

Hong Kong has been, and is still, suffering from deflation. The plain truth is that the deflationary spiral of the past five years has not been completely halted, despite some reversal of the downward trend in the third quarter of 2003.

Deflation, or inflation, is gauged by changes in the weightings of various components of the consumer price index (CPI). What makes rental value so significant to deflation is that private housing rent makes up 24.6% of the weighting of the CPI, second only to food.

Chart 1 below shows the weighting allocation of the CPI.

As private housing rent has fallen since 1998, CPI inevitably falls, resulting in deflation. A study of the CPI over the past five years revealed that over 50% of the slide was due to a fall in private housing rental value. The fall in rental value itself in the past five years, at 27.4%, is greater than that of the CPI as a whole, which is at 14% only. This is illustrated in Chart 2 below.

It is obvious that, despite an expansion of 4% of Hong Kong's gross domestic product, a rise in rental value holds an important key to the eventual abatement of deflation.

Rental Value

The rental market, like any market, was hard hit by SARS in Spring 2003. In Chart 3 below, the rental value of small to mid-sized private housing fell to an abyss in June 2003.

Fortunately, it leveled off after SARS ran its course, stabilized for three months, and has actually rebounded after September 2003.

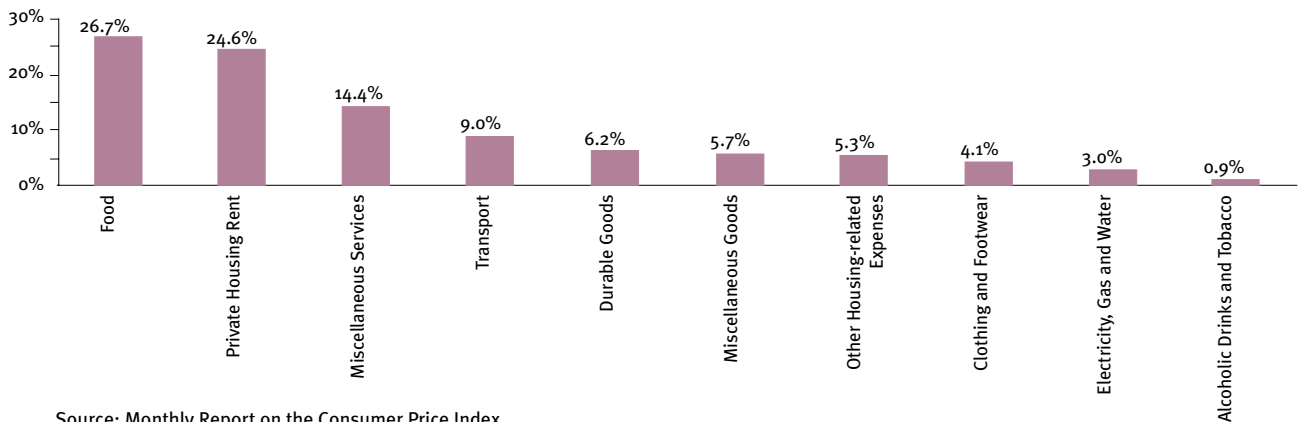
The luxury homes sector, meaning those commanding a monthly rent of HK\$25,000.00 or more, has fared even better. Chart 4 below illustrates this.

Prospects

In fact the luxury housing rental market has shown optimistic signs of improvement, including:

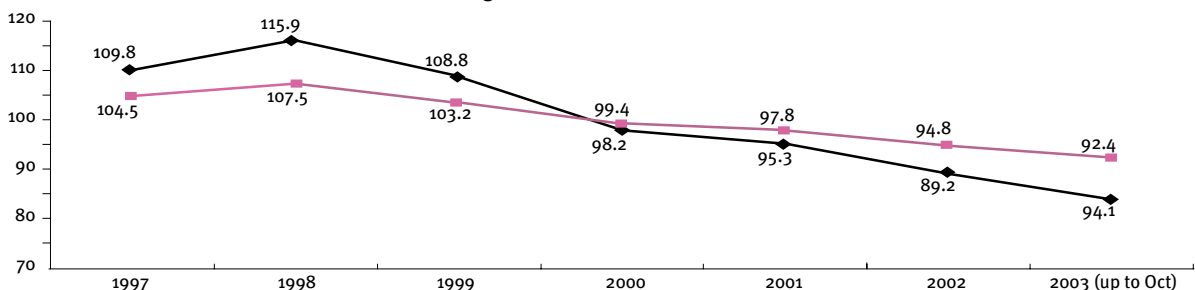
- (i) According to the government's statistics, the number of foreign firms in June 2003 rose 3.1% from the corresponding month a year ago. Also the number of regional headquarters in Hong Kong rose 1.9%.

Chart 1 Weighting Allocation of the CPI



Source: Monthly Report on the Consumer Price Index

Chart 2 The CPI Movement vs. Private Housing Rental Trend



Source: Monthly Report on the Consumer Price Index

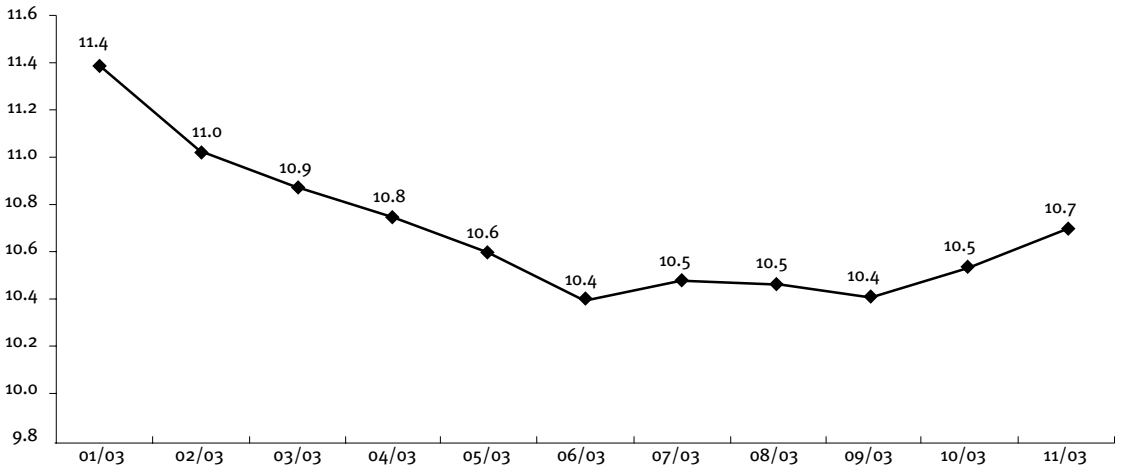
- (ii) An influx of expatriate middle to top level staff, particularly from the Mainland China, will lead to an increase in demand for middle to upper end housing.
- (iii) The advent of the Closer Economic Partnership Agreement (CEPA) in January 2004 and the opening of Hong Kong Disneyland in 2005 will likely draw more expatriates to Hong Kong, raising the market share of expatriate tenants from 56% in 2003 to 70% in 2004.
- (iv) 404 rental transactions for homes exceeding HK\$10 million in value in the

second half of 2003 were recorded in the Land Registry, up 88.8% from that in the first half.

- (v) The economy has shown signs of a rebound and, possibly, recovery. As such, more agreeable, or even favourable, rental policy may be adopted by some companies, raising the demand for better rental accommodation.

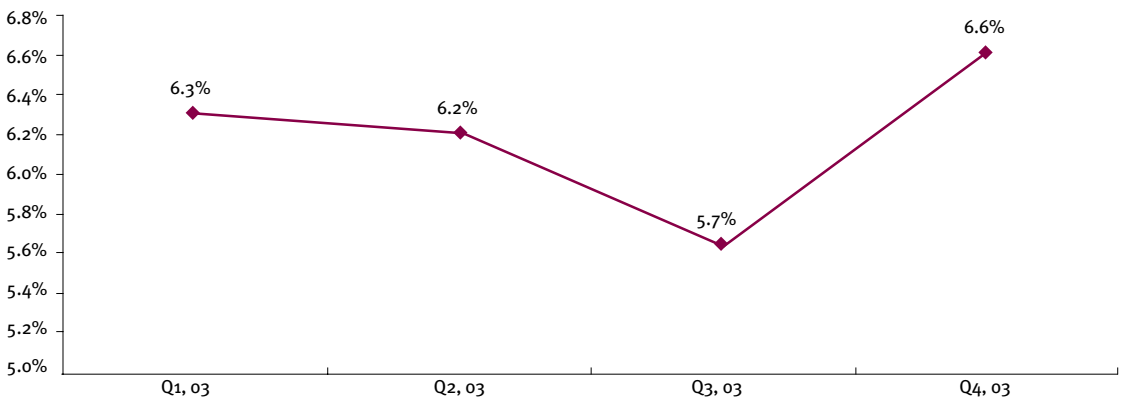
Pushed by a rebound in the luxury sector, the overall rental level may climb 5% to 10% in 2004, contributing to ending deflation probably by the end of 2005.

Chart 3 Rental Trend for Small to Mid-sized Private Homes in 2003



Source: Monthly Report on the Consumer Price Index

Chart 4 Rental Trend for Flats Commanding Monthly Rents of \$25,000 and Above



Source: Monthly Report on the Consumer Price Index

Letters of Intent



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Fast track construction methods often leave in their wake the procedure for drawing up the contract, which in many instances lacks the necessary urgency, it merits.

This has led to an increase in the use of letters of intent, the original purpose of which is little more than a method of informing the contractor or subcontractor that his tender is successful and that a contract is to be entered into at some stage in the future.

To establish a contract not only requires agreement by the parties on all the terms they consider essential, but also sufficient certainty in their dealings to satisfy the requirement of completeness. An intention to create a legally binding relationship must also be present. Letters of intent traditionally fail on both since they are usually incomplete statements preparatory to a formal contract. Under normal circumstances therefore, a letter of intent is binding upon neither party *Turiff Construction Ltd v Regalia Knitting Mills Ltd (1971)*.

The original purpose of the letter of intent has changed in recent times. It is now common practice to include in a letter of intent an instruction to commence design, order materials, fabricate and even start construction on site in anticipation of a contract being entered into.

Arguments often arise as to whether the letter of intent itself constitutes a contract and if not, whether the negotiations which

follow result in a concluded contract. If it is held that there was never a contract entered into, further disputes can arise as to the basis on which payment is due for the work carried out in accordance with the instruction contained in the letter of intent.

In *British Steel Corporation v Cleveland Bridge Ltd (1984)* ¹ All ER 504, the Court had to deal with the question as to whether a particular letter of intent created a contract. In the context of the case the judge, said:

“Now the question is whether in a case as the present, any contract has come into existence must depend on a true construction of the relevant communications which have passed between the parties and the effect (if any) of their action pursuant to those communications. There can be no hard and fast answer to the question whether a letter of intent will give rise to a binding agreement; everything must depend on the circumstances of the particular case.”

The judge went on to say that if work were done pursuant to a request contained in a letter of intent, it would not matter whether a contract did or did not come into existence because, if the party who has acted on the request is simply claiming payment, his claim will usually be based on a quantum meruit. Unfortunately, it seems the judge took a rather simplistic view, as there is no hard and fast rule as to what constitutes a quantum meruit payment. Further it is of little advantage to a contractor or subcontractor to learn that he is entitled to a payment if there is no agreement as to how much the payment will be.

In *Kitsons Insulation Contractors Ltd v Balfour Beatty Buildings Ltd (1989)* the court

had to decide whether a letter of intent sent by the main contractor to a subcontractor created a contract.

Balfour Beatty was appointed main contractor for Phase 1 of the White City Development for the BBC in London. Kitsons submitted a tender to Balfour Beatty on 28 October 1987 in the sum of £1,109,303.00 for the design, manufacture, supply and installation of modular toilet units and accessories. In the period which followed, a large number of variations were made by Balfour Beatty to the details of the work required by them and as a result Kitsons revised their tender to £1,179,379.00.

Balfour Beatty sent a letter of intent to Kitsons dated 23 March 1988. The general gist of the letter was that Balfour Beatty intended to enter into a subcontract with Kitsons using the standard subcontract DOM/2 1981 edition amended to suit Balfour Beatty's particular requirements which was to be forwarded in due course. The approximate subcontract amount was £1,162,451.00 less 2½% discount on a fixed price lump sum basis. Finally, the letter of intent requested Kitsons to accept the letter as authority to proceed with the subcontract works.

Kitsons, as requested, signed and returned the letter as acknowledgement of receipt and then commenced work.

It was not until 22 August 1988 that Balfour Beatty drew up and submitted a formal subcontract to Kitsons. Accompanying the subcontract was a letter indicating an acceptance of Kitsons' offer. The letter went on to say that payment was not to be made until the subcontract had been signed by Kitsons and returned.



Kitsons did not sign and return the subcontract. Their stated reasons were twofold. Firstly, the amount in the subcontract received for signing from Balfour Beatty included a number of variations not provided for in the price. Secondly, the main item of cost related to off site fabrication and to safeguard their cash flow, Kitsons had included with their tender an Activity Schedule for interim valuations and payments. No provision had been made for including this Schedule in the subcontract.

Following commencement of the work by Kitsons payments totalling £992,767.00 were made to them by Balfour Beatty during the period October 1988 to January 1989. These payments were based upon the subcontract conditions DOM/2 with amendments, which Balfour Beatty considered applied. Kitsons claimed that no binding subcontract had been concluded by the parties and claimed to be entitled to be paid on a quantum meruit basis. In other words, a reasonable sum for the work. It was Kitsons' opinion that the amount paid by Balfour Beatty fell £660,000.00 short of what constituted a reasonable amount.

Kitsons commenced an action against Balfour Beatty and the Court had to decide a preliminary point as to whether Balfour Beatty in sending a letter of intent to Kitsons dated 23 March 1988 created a contract.

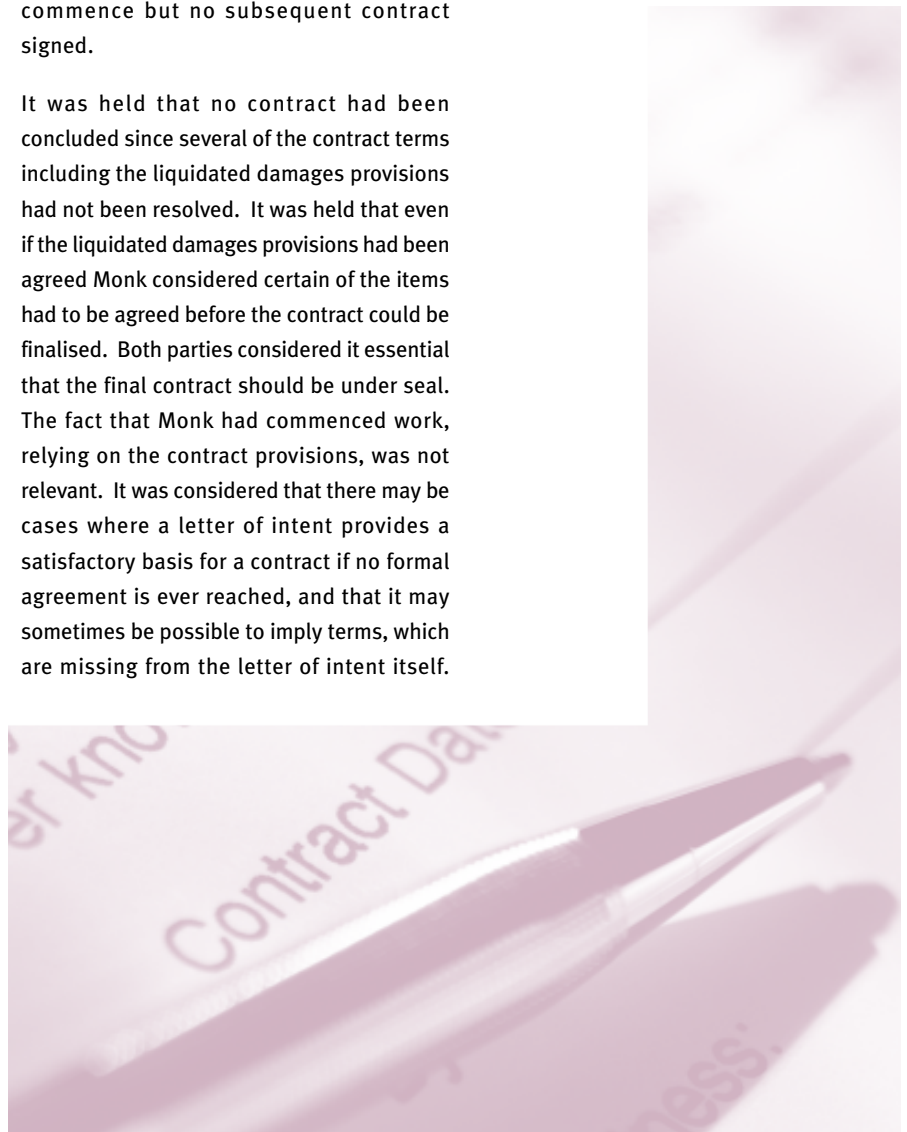
The Court held that no contract had been concluded, as the parties had not arrived at the stage where it could be said that full agreement had been reached between them. It was considered that the matters outstanding, in particular the method of payment was too significant for a contract to come into place. Accordingly Kitsons were entitled to be paid on a quantum meruit basis.

In *Monk Building and Civil Engineering Ltd v Norwich Union Life Assurance Society (CA) (1993)* a similar dispute arose. A letter of intent had been issued authorising works to commence but no subsequent contract signed.

It was held that no contract had been concluded since several of the contract terms including the liquidated damages provisions had not been resolved. It was held that even if the liquidated damages provisions had been agreed Monk considered certain of the items had to be agreed before the contract could be finalised. Both parties considered it essential that the final contract should be under seal. The fact that Monk had commenced work, relying on the contract provisions, was not relevant. It was considered that there may be cases where a letter of intent provides a satisfactory basis for a contract if no formal agreement is ever reached, and that it may sometimes be possible to imply terms, which are missing from the letter of intent itself.

However such a letter of intent must contain the important terms and it must be clear that the letter of intent is to apply to the main contract work as opposed to preparatory work, if no formal agreement is ever reached.

The moral of these cases is clear. Parties to a contract should make sure that all the terms are agreed before work commences. If this is not possible, any letter of intent should be carefully worded to detail the precise method of payment in respect of any works that the letter of intent requests be carried out prior to the formal contract being concluded. ¹⁸



Success in Mediation

- the Conduct of the Mediation Hearing from a Consultant's Perspective



Patrick O'NEILL

Brian E. Rawling & Associates



In the two previous articles in this series the writer emphasised the importance of preparation in advance of the mediation hearing and reviewed the particular aspects to be addressed in preparing for the mediation hearing. This month's article takes the mediation process one step further to the actual mediation hearing itself and examines some key aspects relating to the conduct of the parties in the mediation hearing from a consultant's perspective.

Since mediation is a voluntary and non binding process carried out on a without prejudice basis, generally in a relatively informal setting, it will have little or no chance of success unless the parties to the mediation enter into the mediation process with a spirit of co-operation and a commitment to settle should an acceptable set of settlement criteria emerge. An essential part of the mediation process, therefore, has to be the willingness of the respective parties to compromise and this factor needs to be borne in mind by both parties throughout the course of the mediation hearing. If either party enters into the mediation hearing with an intransigent approach, and preset views cast in stone as to what they perceive as being the other party's entitlements, then there is little chance of the mediation process reaching a satisfactory conclusion and the parties reaching an agreement. Each party has a responsibility, both to the mediator and to the other side, to begin the mediation hearing from day one in a frame of mind which indicates a willingness to actively participate in the mediation process and having both the scope and the

preparedness to compromise. This all important backdrop of compromise is something that Brian E. Rawling & Associates (BERA) emphasise throughout the mediation hearing.

Whilst each construction mediation hearing may differ depending on the circumstances of the disputes, the personal style of the mediator and the identity of the respective parties, a typical construction mediation hearing should follow the process outlined below.

The Joint Session Stage

The mediation hearing traditionally begins with a joint session which is attended by all participants. The joint session is an opportunity for the mediator to explain the ground rules for the mediation hearing, to recap the structure and envisaged timetable of the mediation hearing, and to ensure that all the participants are committed to the mediation process.

Following a brief introduction by the mediator as to the rules and procedures that are to be adopted during the mediation hearing, it is normal practice for each party to deliver their respective opening statements. The opening statements provide each party with an opportunity to present their side of the dispute to the other side and to the mediator without interruption and it should, therefore, be viewed as an ideal opportunity for each party to tell its side of the story, simply and succinctly. From a consultant's perspective, since mediation is designed to be a process of negotiation, there is little point in either of the parties souring what is supposed to be an atmosphere conducive to reaching a negotiated settlement by an aggressive

approach to the whole intention. Rather, it is best if the opening statements set out what each party hopes to achieve. Perhaps there will be some frustration expressed as a consequence of the past but the overall objectives should not be forgotten. The writer has found that the most effective opening statements were those that were presented by the party in person and were restricted to a concise but persuasive oral presentation (assisted by powerpoint) of the party's position, and not merely a regurgitation of the history of the dispute or lengthy rhetoric in support of that party's case. Opening statements made by lawyers or consultants can have the effect of giving too formal a feel to the presentation which may give the wrong message to the other party and could potentially upset the tone that mediation should be attempting to achieve, which should be co-operative but persuasive in style and not too formal or legalistic. An opening statement presented by the party in person can be perceived by that party as having a more personal feel to the delivery and has the potential of giving the party a feeling, not just of participation in the mediation hearing, but of possessing an element of ownership in the mediation process. From a consultant's perspective, BERA subscribe to a hands on involvement by the party as much as possible and view this as an important feature that should be maintained throughout the mediation hearing.

Following the opening statements, the parties will then be given the opportunity of describing how they view the dispute(s), outlining their understanding of the issues and the facts surrounding the dispute(s) as well as summarising what each of the parties want to achieve and why. Following the opening presentation by one of the parties

(which could be in relation to a part of the dispute only or in relation to the dispute(s) as a whole), the other party is presented with an opportunity of responding and making a response presentation to the other party and to the mediator.

The main purpose of this joint session is to assist the mediator to gain an understanding of the respective positions relating to each of the issues in dispute and to identify those needs, interests and objectives which the mediator will focus on during the caucus sessions. It also has the benefit of reminding each of the parties of the other side of the dispute and may in fact be the first time some of the participants in the mediation have heard the respective points of view in full. Whilst the mediator has no ultimate decision making authority of his own, he or she can be a powerful player in the settlement process. Since one of the functions of the mediator is to help each party evaluate the strengths and weaknesses of the other party's case, it is, therefore, important that each party does everything in their power to build trust and credibility with the mediator.

Bearing in mind the range of potential participants that may be involved in the joint session from each side, there are many permutations as to how the parties might structure their presentations and who out of the respective teams will be doing the talking and actually presenting the case. It is important that a party is comfortable with the roles and responsibilities of each of the participants and is happy with how the team is divided up into those individuals actually participating in the mediation hearing and those individuals providing backup support. For this reason, the individual roles and responsibilities of the presentation team need to be decided carefully in advance of the mediation hearing.

Very often, a party will take the lead role and perform much of the case presentation personally with consultants and lawyers

being relegated to playing a supporting role. This arrangement is fine provided that the party is sufficiently knowledgeable about the technical and legal aspects of the dispute and is comfortable in articulating its position. In other situations, perhaps where the party is not comfortable in personally articulating its position, it may be that he desires consultants or lawyers to take the lead role in terms of presentation and the party limits his involvement to perhaps delivering the opening statement and providing input intermittently, as and when required.

From a consultant's perspective, BERA have found that there is no pre-determined right or wrong way in which a party should present its case, and indeed, who specifically should be involved in the actual presentations. The decision should be made on a case by case basis, however, whatever arrangements are made in terms of individual responsibility for the presentation, that involvement should reflect the teams' desire as a whole to take maximum advantage of the opportunity to make as convincing a presentation as possible during the joint session stage of the mediation hearing.

As a consultant that has provided assistance during numerous mediation hearings, BERA view the mediation hearing as perhaps the parties best, and indeed, last opportunity to resolve the dispute personally, since, if the dispute does not settle and is referred to litigation or arbitration for resolution, the parties will have little or no control of the eventual outcome of the case. The mediation process allows the parties a considerable degree of flexibility in the joint session phase of the hearing to draft creative solutions not only for the presentations but also in considering what aspects of the respective positions may ultimately be conceded in order to reach a compromise. This flexibility is simply not available in litigation or arbitration and so each party's conduct within the joint session should be geared to maximizing the opportunities that are available.

The joint session should ideally continue until both parties have had an opportunity

to present and comment upon the other party's position in relation to all of the issues in dispute. Both parties will then be in a better position to enter the caucusing stage of the mediation, in the full knowledge of the other party's position.

The Caucusing Stage

The idea of the caucusing stage is that it is private and allows each of the parties to discuss with the mediator information which may assist in working towards an agreement, but which either of the parties would prefer not to disclose in direct negotiations with the other party. One of the mediator's functions in the caucus sessions is to play devil's advocate with the parties in order to help each party gain a balanced evaluation of the matters in dispute, to find the common ground between the parties, and to explore the extent to which each party might exercise an element of flexibility in revising their original positions with the ultimate goal of reaching a settlement.

The mediator can point out to each party the weakness of its position and its chances of success in arbitration if a dispute is not settled in mediation.

In working with the mediator during the caucus sessions, each party should ideally use the mediator as a messenger, conveying messages to the other side with a view to attempting to shift the other party's position towards a settlement. A necessary requirement for passing such messages is the need for each party to be candid with the mediator in revealing their true position. Since the mediator's role is essentially to move the parties off their initial positions and towards the middle ground, he can only carry out this function if he is given room to maneuver by both parties. That said, however, from a consultant's viewpoint, it would not be in the best interests of a party to reveal its bottom line to the mediator at the very beginning of the caucus sessions. Rather, the better strategy is to allow the mediator to gradually discover the bottom line over a period of time during the caucus sessions. If the mediator is made aware of

the bottom line too soon, he may opt to take short cuts in attempting to drive an early settlement, rather than taking the longer route and exploring the possible alternative options to a settlement that may have been explored had the mediator not known the bottom line at such an early stage. Revealing the bottom line too soon could result in one party being inadvertently put in the position of having to settle for something other than the best deal it could otherwise have obtained (not forgetting that there is no obligation on either of the parties to accept unfavorable terms of settlement). The caucus sessions should allow the mediator to gain a better understanding of each party's true position and, by adopting such conduct, there is less danger of the mediator underestimating the value of either party's position.

Since the caucus sessions provide each party with an opportunity to assess realistic options for resolving the dispute without endangering its negotiating position, the caucus sessions are an ideal venue for each party to fully explore the range of creative options that are available for settlement. From a consultant's perspective, the mediation team should not restrict themselves to simply analysing the situation on a strictly legal or contractual basis, which is perhaps what a lawyer might do. Rather, the team should jointly look for innovative solutions that may assist a settlement. This process of "thinking outside the box" and being creative has worked very successfully from BERA's experience and innovative solutions have been generated during the caucus sessions which have assisted in the parties ultimately reaching a settlement. Indeed, consultants and lawyers are able to provide the added advantage of providing the parties with independent advice on the possibilities of success in arbitration or litigation proceedings.

This is where BATNA (the best alternative to a negotiated settlement) and WATNA (the worst alternative to a negotiated settlement) come in. Such factors can be quite persuasive since, as a consequence of the advice provided by a consultant or lawyer,

and notwithstanding that a party may find itself in a position of perhaps not wanting to concede a certain point or a particular claim, conversely the cost of not achieving a settlement could be greater than making a settlement. A consultant might, therefore, be able to provide independent advice on what might be the consequence of a non settlement in terms of money, legal costs, management time, negative publicity, future relationships, etc., which are aspects that each party may not have previously considered. Each party should, therefore, be prepared to take such advice into account when considering the conduct and strategy during the caucus sessions.

One final point relating to conduct during the caucus sessions is that it is vital that the decision makers are available at all times, both to talk to the mediator and to provide input into the settlement discussions for the duration of the caucus sessions. Whilst the mediator may be going back and forth between the parties trying to broker an agreement, there may be significant periods of down-time and inactivity when the mediator is spending time with the other party. It is important that the team stay together unless the mediator has agreed that there is no need to wait around.

The Agreement Stage

The caucusing sessions will normally continue until the mediator is satisfied there is a consensus that can be reached which both sides feel is acceptable.

Since a clear, unambiguous agreement is the ultimate goal of the mediation hearing it is essential that once an agreement is reached and both parties are satisfied with the terms of the settlement, the details of the agreement are put in writing and the agreement is signed by both parties. In order for the agreement to be enforceable in law, it should be clear and unambiguous in dealing with the agreed obligations of each of the parties so as to rule out the possibility of any future challenge due to ambiguity. The best strategy is for the document to be prepared at the time the agreement is actually reached and it should

be clear in spelling out the terms of the settlement. Non-monetary aspects of the agreement such as agreements to correct defects in workmanship, or agreements to provide spare parts free of charge, for example, should similarly be documented in a comprehensive, unambiguous manner.

Finally, in order to ensure that the written agreement really does put an end to the matters mediated, the agreement should address the fact that all matters arising under, out of, or in connection with the contract, are now settled, if that is what was indeed agreed. The last thing either party wants are aspects of a claim, which were originally thought to have been buried, resurfacing again as a consequence of an ambiguous agreement.

This article is the last in this series of articles covering mediation. Hopefully, you as readers have found them to be of assistance and helped your understanding of the mediation process. If anyone has concerns on any aspect of these three articles please do not hesitate to contact me direct. I will be very pleased to discuss such concerns.

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Discount Rate for Valuing Closely Held Small Businesses and the Schilt's Premium



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Senior Valuation Surveyor, Chesterton Petty

Like other investments, the value of a business is in fact the present value of the investors' expected future income flow (or benefits) that may be derived from its ownership. Mathematically, it can be expressed as follows:

$$P_0 = \frac{C_1}{(1+r)} + \frac{C_2}{(1+r)^2} + \frac{C_3}{(1+r)^3} + \dots$$

where

P_0 = present value or market price

r = investors' required rate of return

C_1, C_2, C_3 = expected income flows in periods 1, 2, 3

However, if there is a constant growth element, g^1 , in the cash flow, so that

$$P_0 = \frac{C_1}{(1+r)} + \frac{C_1(1+g)}{(1+r)^2} + \frac{C_1(1+g)^2}{(1+r)^3} + \dots$$

where $C_2 = C_1(1+g)$, $C_3 = C_1(1+g)^2$, etc., by virtue of what we learnt in the secondary school (of the geometric progression formula), the equation above can be reduced to

$$P_0 = \frac{C_1}{r - g}$$

as long as r is greater than g .

Perhaps unintrigued, we are adopting the above formula day-to-day when we refer to the initial yield of real properties, C_1/P_0 , which, in effect, is equal to $r - g$. Therefore, when we talk about the initial yield of a property at 9%, we are not conceding the required rate of return of the investment is 9%; we have simply deducted, perhaps implicitly, the expected long term growth rate of the property from the required rate of return and this expected growth rate could

be quite substantial especially in the 90s.

Certainly, the required rate of return for investing in a business can be substantially different from investing in a property, not to mention that the expected growth rate of a business also varies. More particularly, it is a function of risk; at any given level of growth expectation, the higher the risk perceived by investors, the higher will be the required rate of returns.

Thus, in valuing a business, the present value of the future economic benefit streams is derived from discounting the economic benefits at an appropriate discount rate to reflect the risks associated with the certainty of receiving such future economic benefits. But establishing the proper discount rate is one of the most difficult and, at the same time, critical part of a valuation. Even a cursory check of the rates of return and dividend yields in terms of the selling prices of corporate shares listed on the major exchanges will give no ready or simple solution. Wide variations will be found even for companies in the same industry. Moreover, the ratio will fluctuate from year to year depending upon the economic conditions. Nevertheless, it is common knowledge that the required rate of return or a simple discount rate² can be decomposed into three elements:

- (i) the current risk-free rate of return
- (ii) an allowance for inflation
- (iii) the risk premium appropriate to the investment (or business) in question

Based on this concept, the discount rate can be built up from these three elements. This method, known generally as the build-up method, is often used for small and medium-size businesses which are difficult to compare with publicly traded companies in

the stock market because of the following:

- Size of the company
- Depth of management
- Financial structure
- Product diversification
- Reliance on major customers
- Reliance on major suppliers
- Geographical diversity of customers
- Length of time in business
- Pattern of earnings
- Economic factors of special concern to the company

By the build-up method of evaluation, the discount rate is built up by starting with the current risk-free rate and adding one or more components of risk appropriate to the business to be valued. The risk-free rate, as a minimum opportunity cost of money, can be determined by reference to the Government securities, which, in Hong Kong, may be the Exchange Fund Bills and Notes issued by the Hong Kong Monetary Authority or simply the bank deposit rates when the secondary market for the trading of Exchange Fund Bills and Notes has not been so popular. Then the choice between whether the short- or long-term government securities to which the risk-free rate is made reference depends on the life expectancy of the business to be valued.

Generally, the rates quoted in the money market are nominal rates, comprising two elements, being an inflation rate and a real rate of return. Especially in times of high and unstable inflation, to protect the investor from purchasing power risk as a result of inflation, valuation is often done in real terms. Effectively this means that cash flows or earnings are estimated using real growth rates and without allowing for the growth that comes from price inflation. To be consistent, the discount rates used have to

be real discount rates. The standard approach of subtracting an expected inflation rate from the nominal interest rate to arrive at a real risk-free rate provides a good approximation³.

Then comes the adjustment to compensate for the risks inherent in a particular business. Here, while everyone may share the view that running or investing in a business is risky, the risk in a business is always perceived to be higher for an undiversified investor than for a diversified one because the latter does not shoulder any firm-specific risk like the former. If both investors have the same expectations about future earnings and cash flows on an asset, the diversified investor will be willing to pay a higher price for that asset because of his or her perception of lower risk. This argument is more manifest in a market where the investment can be readily traded and at low cost. But in markets where investments cannot be easily traded or the cost of trading are high, the marginal investor may well be undiversified, and firm-specific risk may continue to matter for an individual investment. From the viewpoint of the business operator himself who has the bulk of his capital, human and financial, invested in a firm, risk is more significant from that of an investor who holds investments or stocks in a large portfolio. Small businesses, in particular, often have a high degree of reliance on one or more key owner/managers. In extreme cases, the business may rely on a single person for sales, technical expertise and/or personal contacts and may not be able to survive without that person.

In this regard, the risk factor may be further decomposed as follows⁴:

$$E(R_i) = R_F + R_{Pm} + R_Ps + R_{Pu}$$

where

$E(R_i)$ = the required rate of return for cashflow i

R_F = the risk-free rate

R_{Pm} = Equity risk premium for the "market"

R_Ps = Risk premium for small size

R_{Pu} = Risk premium for specific company

While it is easier said than done, valuing the risk premium is most problematic. The difficulty is exacerbated when valuing a closely held small business, which differ from their public counterparts at least in the following⁵:

1. Difficulty to raise financing;
2. Lack of product, industry and geographical diversification;
3. Inability to expand into new market;
4. Key person management risks;
5. Lack of management expertise;
6. Higher sensitivity to economic movements, higher sensitivity to business risks, supply squeezes and demand lulls;
7. Lack of economies of scale or cost disadvantages;
8. Lack of access to distribution channels;
9. Lack of relationships with suppliers and customers;
10. Lack of product differentiation or brand name recognition;

11. Lack of deep pockets necessary for staying power;

12. Lack of internal control.

Other empirical evidence also support that size of a business matters⁶ and because of this very peculiar nature, references may not be easily made to analysis of the public companies in the stock market. For instance, the Lands Tribunal in *Shun Fung Ironworks Ltd. v. Director of Buildings and Lands (1995)* 2 HKLR 311 was frustrated by the analogies of the subject purported by the parties in comparison with the performance of the public companies. As an alternative, it considered Schilt's categorisation theory helpful. In 1982, James H. Schilt, a veteran business appraiser in U.S., advanced the adoption of a risk premium scale for valuing closely held businesses. In his article "A Rational Approach to Capitalization rates for Discounting the future Income stream of a Closely Held Company", *The Financial Planner*, January 1982, Mr. Schilt wrote: "As discount or capitalization rates are fairly arbitrarily determined, I have attempted to set forth guidelines for using specific premiums." He categorised businesses into various risk classes and assigned each with

Figure 1 Schilt's Risk Premiums for Discounting Projected Income Streams

Category	Description	Risk Premium
1.	Established businesses with a strong trade position, are well financed, have depth in management, whose past earnings have been stable and whose future is highly predictable	6-10%
2.	Established businesses in a more competitive industry that are well financed, have depth in management, have stable past earnings and whose future is fairly predictable	11-15%
3.	Businesses in a highly competitive industry that require little capital to enter, no management depth, element of risk is high, although past record may be good	16-20%
4.	Small businesses that depend on the special skill of one or two people. Larger established businesses that are highly cyclical in nature. In both cases, future earnings may be expected to deviate widely from projections	21-25%
5.	Small "one person" businesses of a personal services nature, where the transferability of the income stream is in question	26-30%

a bonus or premium in the rate that is above the risk free or safe rate to reflect the risk perceived by him for that category (Figure 1).

According to Mr. Schilt, the “Risk Premium” column was meant to include equity risk, industry risk, and the company-specific risk. By this method, Mr. Schilt allowed a range of five percentages point to allow some flexibility in tailoring to the specific valuation problem. The risk premium was added to the current risk-free rate to provide a risk-adjusted capitalization rate for use in discounting the projected income stream. Albeit appearing to be crude at first glance, this Schilt table closes the gap between risk factors that can be empirically justified and those that must be selected based on subjective judgment. In any event, a degree of subjectivity cannot be avoided in business valuation. And more, Mr. Schilt did not seek to conceal the reality that there is a fairly arbitrary element in selecting discount rates; he just intended to provide benchmarks rather than something conclusive.


Unsurprisingly, therefore, Mr. Schilt’s theory was well received by the business appraisal profession and was, for instance, supported by another famous business appraisal consultant and writer, Shannon P. Pratt, in his book, *Valuing a Business*, 2nd Edition, Business One Irwin, 1989. Indeed, when time passed, Mr. Schilt reviewed his former works in 1991⁷, by reference to the latest data published by Ibbotson Associates⁸. He concluded the table still had its validity and survived the test of time.

How far can this Schilt’s risk premium theory be applied in Hong Kong? Needless to say, in many respects, the position in Hong Kong is not the same as in the United States. But by reference to the stock-market indices, the risk level for doing business is among the highest in the world. In this regard and in face of the continuing globalisation of

businesses, almost certainly, a higher discount rate will be appropriate for Hong Kong. At least, the Lands Tribunal in the Shun Fung case agreed, after making reference to an article entitled “The Risk and Return of Investing in the Far East Emerging Markets” by Dr. Ho Yan Ki and the book, *Investments*, 2nd Edition, Homewood, Ill.: Irwin, 1988 by Nancy L. Jacob & R. Richardson Pettit. Notwithstanding this, similar empirical evidence can be found more recently in *A Guide to the Equity Markets of Hong Kong*, New York: Oxford University, 1999, by Paul B. McGuinness and *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, 2nd Edition, New York: Wiley, 2002, by Aswath Damodaran. The volatility of the Hong Kong stock market, the surrogate for risk in investing, had always been twice as much as that of the United States. The hierarchy of businesses in terms of the categorisation by Mr. Schilt cannot as well be substantially different for that in Hong Kong as in the United States.

In property valuation, we have been told that direct comparison would be the best approach. But in business valuation, direct comparison is always an illusion if it is not a dream because no two businesses can be regarded equal. The only common benchmark is perhaps the investment criteria in terms of the required rate of return on investment. Nevertheless, regardless of how much sophistication one may bring to the valuation methodology, business valuation is replete with subjective judgments, which cannot be avoided at all costs. Valuation is not an exact science anyway. With the aid of the Schilt’s risk premium table, however, one may obtain a systematic and close-to-reality approach in determining a discount rate.

Notes:

- 1 It does not matter if the constant growth is not expected for each year; g should be considered as the average expected growth rate, which inevitably would be missed in some years, but exceeded in others. Of course, a totally different growth rate may occur in real life. Perhaps there may be no growth at all. However, what ultimately occurs is irrelevant to the present prices. Investment prices are based on expectations for the future, not on outcomes.
- 2 As explained above, the discount rate may not be equal to the yield because of the adjustment for growth element.
- 3 The actual formula should be:
$$1 + \text{Real rate} = \frac{1 + \text{nominal rate}}{1 + \text{inflation rate}}$$
- 4 James R. Hitchner, *Financial Valuation: Applications and Models*, John Wiley & Sons, 2003.
- 5 Jeffrey S. Tarbell, “The Small Company Risk Premium: Does it really exist?”, a presentation to the 18th Annual Advanced Business Valuation Conference of the American Society of Appraisers, New Orleans, LA, October 1999.
- 6 Barad, Michael W., “Technical Analysis of the Size Premium”, CCH Business Valuation Alert (September 2001); Pratt, Shannon P. “Small Stock Risk Premium No Myth: Size Does Matter”, Business Valuation Updates (September 2001).
- 7 James H. Schilt, “Selection of Capitalization Rates - Revisited”, Business Valuation Review, June 1991.
- 8 Ibbotson Associates is a renown investment consultant that provides extensive asset allocation-related products and services for the financial services industry, the most popular one being the Stocks, Bonds, Bills, and Inflation Yearbook which covers such topics as domestic U.S. and international historical data, valuation data and cost of capital by industry. 

CEPA - A Free Entry Permit to the Mainland Market?



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Hong Kong consultancy firms are allowed to set up wholly owned enterprises three years ahead of China's WTO timetable.

The performance of enterprises both in Hong Kong and those set up by Hong Kong companies on the Mainland, are taken into account in assessing the qualification of construction enterprises on the Mainland.

Hong Kong-invested construction enterprises on the Mainland are exempted from foreign investment restrictions when undertaking Chinese-foreign joint-venture construction enterprises on the Mainland.

The two sides will encourage mutual recognition of professional qualifications and promote the exchange of professional talent between them.

Competent authorities and professional bodies on both sides will (in consultation with each other) consider and design specific methodologies for mutual recognition of professional qualifications.

This is good news for our industry but detailed implementation is yet to be agreed. The two sides need to have further discussion on matters such as newly applicable laws and practices, exemptions, and amendments to relevant regulations.

When one compares the PRC local regulations with those of CEPA, one can find various breakthroughs made by CEPA against current PRC regulations. On the Mainland, every province and city has regulations as well as practices that are not favourable to our industry. In fact, CEPA provides a conceptual framework setting out the overall direction to follow by removing the existing restrictions and barriers in the three broad areas concerned. However, negotiation for detailed rules takes time and an exact timetable for implementation very much depends on the efforts of both sides.

Individual Business Licences for Every Discipline

In Mainland China, different disciplines in the real estate industry need to apply for separate business licences. For example, a property consultant firm that wishes to provide valuation, agency, building consultancy and property management services in Mainland China needs to obtain business licences for these four services separately.

It is common for Hong Kong-based and international property consultant firms to provide the full range of real estate services. In Hong Kong, it is easy to obtain one single business licence for multi-disciplinary services. Under CEPA, can a Hong Kong real estate consultant firm obtain a single business licence to cover multi-disciplinary services? This will be a subject for discussion by both sides.

Existing Valuation Business Licensing System

Taking the valuation business in Shanghai as an example, the current minimum requirements for obtaining a real estate valuation business licence in Shanghai include:

- a) Registered capital not less than RMB1.0 million (US\$120,200);
- b) At least one shareholder or partner is a PRC Registered Real Estate Appraiser;
- c) Employing at least 7 PRC Registered Real Estate Appraisers;
- d) With a business office in Shanghai;
- e) Agreement on partnership and Articles of Memorandum

The above second requirement of having at least one shareholder or partner being a PRC Registered Real Estate Appraiser is a major barrier in that it does not allow for valuation firms formed by two companies, nor 100% foreign ownership. This definitely discourages foreign firms and investors from entering Shanghai's valuation business. CEPA allows 100% wholly-owned operations. That implies that new regulations allowing Hong Kong companies to be exempted from the current regulations need to be prepared, or an amendment to current regulations is required.

The third requirement regarding qualified valuation staff is another obstacle for small to medium-sized Hong Kong valuation firms. It would demand high initial outlay at an early stage of company formation to comply with this requirement if it is applicable to Hong Kong firms.

In Mainland China, valuation services have been broadly divided into three areas, namely real estate appraisal, land appraisal and asset appraisal; and

Introduction

The signing of the Closer Economic Partnership Arrangement (CEPA) between the Central People's Government and the Government of the Hong Kong Special Administrative Region (HKSAR) is praised by many as heaven-sent to our economy. By removing all substantial trade and investment barriers, CEPA aims at promoting joint economic prosperity as well as enhancing closer cooperation between the two sides. Many businessmen have a positive attitude and see great prospects arising from CEPA. One of the biggest opportunities arising from CEPA is for the service industry. The real estate sector, being one part of the service industry, will definitely benefit from CEPA. What the impact on, and opportunities for, the Hong Kong real estate industry will be the concerns of many investors and professionals.

Liberalization in Market Access to Construction and Real Estate Sectors under CEPA

CEPA covers three broad areas: trade in goods, trade in services and trade and investment facilitation, effective from 1 January 2004. Concerning the trade in services, CEPA eliminates market access restrictions for 17 service sectors, including Real Estate and Construction, ahead of China's WTO commitments.

Hong Kong companies are permitted to engage in the form of wholly owned operations in activities relating to self-owned or leased properties for high-standard real estate projects which are excluded in China's WTO commitments. They are also permitted to provide (in the form of wholly-owned operations) real estate services on a fee or contract basis on the Mainland.

these three practices are monitored by three different regulatory authorities. A company is required to apply for a separate business licence for each of the appraisal services provided. It would be a tough negotiation for HKSAR to get common consent from three ministries (Ministry of Construction, Ministry of State-owned Land Resources and Ministry of Finance) in order to pursue a one-step application for three business licences.

Another concern is the qualification grading of a valuation firm. The existing system in Mainland China is to classify valuation firms into three grades depending on their track record, experience and business scale. Grade C is the entrance level that allows valuation firms to provide appraisal services in a city, whilst Grade A valuation firms can provide services covering the whole nation. Many valuation firms in Hong Kong have strong capability in valuing properties in various cities of China. Whether a Hong Kong company can apply for Grade A qualification at the first trial, or has to follow the local regulations and apply for qualification step by step, is a matter that needs to be discussed by both sides.

Business Environment to be Improved

For many businesses, the real challenge lies not in market entry but in getting down to business after entry. The administrative procedures and regulations in Mainland China have been improved a lot but some are still opaque and so complicated that foreign enterprises find them hard to follow. The following are some typical obstacles:

- Low transparency and frequent changes in law and regulations
- Complicated administrative and practical procedures
- Opaque practices of government authorities, departments and bureaux
- Fees and taxes collected by different local governments vary from one city to the other
- Lack of reliable information

According to CEPA, the provision of Trade and Investment Facilitation would include enhancing the transparency of law and regulations, to improve the current situation. However, a substantial number of matters need to be tackled and discussed before actual implementation. It is not an easy task as those problems are long-established; and the complication is that such reform may involve a wide range of government organisations, departments and officers. With no details of the facilitation, CEPA may not help so much to dispel existing problems.

Mutual Recognition of the Valuation Profession

For the professional side, another piece of good news to general practice surveyors following CEPA is the signing of an agreement for mutual recognition of professional qualifications between the China Institute of Real Estate Appraisers (CIREA) and the Hong Kong Institute of Surveyors (HKIS) on 4 November 2003. This is a great result from long negotiations and efforts made by both HKIS and CIREA. General practice surveyors of HKIS with not less than 5 years post-qualification experience and a minimum one year of PRC experience within 3 years can apply for the CIREA qualification. These requirements are not difficult for most general practice surveyors to meet. Mutual recognition would generate great opportunities for Hong Kong surveyors in entering the valuation market in Mainland China. On the same basis, CIREA members can conduct valuations in Hong Kong if they get the HKIS qualification.

Apart from the CIREA qualification, two other relevant qualifications - land appraiser and asset appraiser - are also the target of many HKIS members. Further consultation and discussion with these two professional bodies are required for the mutual recognition of the two appraisal qualifications. Without these two professional qualifications, Hong Kong general practice surveyors would have a limitation on valuation practices in Mainland China.

Real Estate Industry in Mainland China - Opportunities and Risks

Under CEPA, the Hong Kong real estate industry and practitioners are expected to benefit. It offers great opportunities, but risk does exist.

Strengths

Hong Kong enjoys a unique role as the springboard for overseas investors to enter the Mainland market, and for Mainland enterprises to go overseas. CEPA reaffirms its position as a key service provider to Greater China, particularly the Pearl River Delta. This further removes the traditional provincial barriers, with Hong Kong and Shanghai working in tandem.

In addition, Hong Kong real estate firms, having strong management and highly experienced surveyors, can provide multi-disciplinary and quality services to their clients.

Weaknesses

The down-sizing of property consultant firms due to the recent recession in the real estate market inevitably lowers the ability of these firms to compete with our counterparts in Mainland China.

Hong Kong firms are not familiar with the Mainland's laws and regulations, which weakens their

competitive edge, and increases the difficulty of entering the Mainland's real estate industry.

Opportunities

CEPA offers earlier and wider access to the Mainland's market, for Hong Kong interests. Mutual recognition of professional qualifications provides potential for Hong Kong professionals to develop their careers and businesses in China.

It also gives them the option to operate wholly-owned businesses. This allows them to exercise more effective control over their Mainland businesses. The lower entry requirements will enable more small and medium-sized Hong Kong firms to enter the Mainland market.

In addition, it heightens our potential to attract foreign investors to Hong Kong, and allows Mainland companies to use Hong Kong as a base for overseas expansion.

CEPA gives broad directions for the improvement of administrative procedures and regulatory provisions on the Mainland and this will therefore enhance the investment environment for Hong Kong interests.

Threats

CEPA is still at a preliminary stage and only offers a framework and overall direction, with most of the details needing further consultation and discussion, with an unknown outcome.

According to CEPA, any problems arising from interpretation or implementation of CEPA should be resolved "in the spirit of friendship and co-operation". In other words, there is no clear rule and standard practice to resolve those problems and this may create uncertainties.

Conclusion

The signing of CEPA undoubtedly brings good news to Hong Kong's economy by providing a positive and healthy framework for the two sides' future co-operation on trade and investment. Liberalization of market access, mutual recognition of professional qualifications, and an increase in the transparency of law and regulations are essential to strengthen economic co-operation and the promotion of joint prosperity.

CEPA provides a passport or permit for Hong Kong real estate professionals to enter the Mainland market. How to reach their destination is open to debate on both sides. Detailed procedures and actual implementation are subject to further consultation, discussion and confirmation. Although the exact timetable for such detailed agreement and implementation is as yet unknown, the final outcome will, by whatever means, fulfil WTO commitments. ^[9]

Tina Wong

- Property Manager of Repulse Bay Company Ltd



Kelvin NG

What was your first job? What was your career path?

I graduated from the University of Hong Kong with a Bachelor of Arts degree in Architectural Studies. After graduation, I joined Shui On Properties Limited in its property development and project management team. We completed a number of development projects such as PSPS schemes and some private housing projects.

I then joined Henderson Land Development Limited and this time I was not on the development side. I was in the marketing department and involved in the leasing and marketing of many of the investment properties in Henderson.

After leaving Henderson, I joined CITIC Pacific Limited as the General Manager of Sales and Marketing. Once again, I was heavily involved with the sales, leasing and marketing works. Projects launched included CITIC Tower, The Paragon, Hang King Garden, etc.

How did you get started in surveying?

With my work experience in property development and investment, I thought a further study in real estate and surveying would benefit my career. I therefore took up a Master program in the University of Hong Kong with a major in real estate development.

After obtaining the MSc in real estate development, I entered the currently defunct RICS/HKIS Mature Entry Scheme and successfully passed the final interview and written examination and was qualified as a GP surveyor.

What is your present job?

Now I am the Property Manager of The Repulse Bay Company Limited, which is a wholly owned subsidiary of the Hongkong and Shanghai Hotel Group. Other than overseeing the Leasing Department, I am also supervising other departments of the company, including Estate Management, Security, Engineering, Human Resources, Club management, Accounting as well as F&B.

What are the major challenges in the present job compared with the previous jobs?

The major difference from the previous responsibilities is that I now oversee various departments. A high level of management skills in a multi-departmental environment is required in order to achieve the company's performance objectives.

It is a very interesting job, encompassing a much wider scope of works. It is also more challenging, as it requires more management skills and responsibilities beyond merely achieving business performance.

What are your considerations in naming a new development?

I would consider the meanings of both the Chinese and English versions, whether they fit in with each other or not. The name has to be stylish and yet trendy, not too traditional, nor too money-related.

What are your aspirations in career?

My philosophy as a professional is to pursue continuous career development and self advancement. Be courageous to take up new challenges and do not be hindered or scared by uncertainties.

Therefore, I would always strive to update myself in different aspects of life, for example the global economic trends, property market



information, business circle news and creative or innovative news around us. This also helps to cheer me up in the midst of a heavy workload.

What are the key attributes that you see as important in a career?

After many years of working in the industry and in different companies, I see that a pro-active working attitude is important, as this would require your commitment and thoroughness in your works, which give you the right instincts to make a sensible judgment.

What is your expectation of HKIS?

Recently I have seen the HKIS moving towards the direction of closer interaction with the society and to this end, I hope that our profession may get wider and wider exposure and recognition.

Do you have any particular interest?

In my spare time, I do reading and attend some social activities. I play tennis and Tai-Chi regularly. 🎾