

THE INFORMER

Events

**Tomorrow:** British Chamber of Commerce lunch: "20 tips for negotiating better business deals". British Consulate-General.

Hong Kong Securities Institute lunch: "Tailoring your winning edge - Achieving sustainable wealth management business". Hong Kong Securities Institute.

**Thursday, August 26:** Canadian Chamber of Commerce workshop: "Environmental performance". Hong Kong Convention and Exhibition Centre.

Hong Kong Securities Institute lunch: "Developments in the Macau gaming sector". Hong Kong Securities Institute.

**Monday, August 30:** Canadian Chamber of Commerce workshop: "The Starbucks experience: Lessons in leadership to spark you and your business to unimagined success". Hong Kong Jockey Club.

**Wednesday, September 1:** British Chamber of Commerce workshop: "Preparing to do business in China". British Consulate-General.

**Tuesday, September 7:** Canadian Chamber of Commerce evening: "Will cross-border employees give rise to corporate tax problems?" Kinwick Centre, Central.

IPO Corner

West China Cement (中國西部水泥) .....B5

Announcements

China Shanshui Cement Group.....B6  
Chinney Investments.....B2  
Fufeng Group.....B8  
Kingboard Chemical Holdings.....B7  
Kingboard Laminates Holdings.....B7  
Prosperity Real Estate Investment Trust.....B6  
Sino-Ocean Land Holdings.....B4

**More announcements in Classified Notices**  
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IN THIS ISSUE

Advent Intl.....B4 Fufeng Group.....B8  
AIA.....B1, B2 Mexicana.....B4  
China Const Bank.....B3 New Co-op Trade.....B3  
China Asset Mgmt.....B1 Sanjian Chemicals.....B1  
Cosco Pacific.....B6 Shenzhen High-Tech.....B3  
Elec-Tech Intl.....B2 Sinopec.....B1  
Klu Hung Energy.....B1 Starbucks.....B2

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If you have information on events that should be included here, e-mail business.diary@scmp.com

Results

**Today Interim:** Aluminum Corporation of China, Beijing Capital Land, C.P. Lotus Corporation, C.P. Pokphand, China Flavors & Fragrances, China Investment Fund, China Lilang, China National Building Material, China Pipe Group, China Resources Gas Group, China Resources Power Holdings, China Starch Holdings, Chu Kong Petroleum and Natural Gas Steel Pipe Holdings, Comba Telecom Systems Holdings, CVM Minerals, Daido Group, Fongs Industries, Galaxy Semi-Conductor Holdings, GOME Electrical Appliances Holding, Greentown China Holdings, Hop Fung Group Holdings, Hunan Nonferrous Metals Corporation, Intime Department Store (Group), Jackin Intl Holdings, Jiuzhou Development, Kaisa Group Holdings, Kong Sun Holdings, Lijun Intl Pharmaceutical (Holding), Manta Holdings, Mastermind Capital, MOBI Development, Neo-China Land Group (Holdings), New Smart Energy Group, Opes Asia Development, Orange Sky Golden Harvest Entertainment (Holdings), Pacific Online, PacMOS Technologies Holdings, Regent Manner Intl Holdings, S.A.S. Dragon Holdings, Shui On Construction and Materials, Sino Oil and Gas Holdings, Sinopec Yizheng Chemical Fibre, Sun Innovation Holdings, TC Interconnect Holdings, Tech Pro Technology Development, Titan Petrochemicals Group, Tongda Group Holdings, Towngas China, Vital Group Holdings, Weichai Power, Wongs Intl (Holdings), Xtep Intl Holdings, Zhongsheng Group Holdings

**Final:** Vongroup  
**AGM:** Coastal Greenland, Long Success Intl (Holdings), Magician Industries (Holdings), Man Sang Intl, Sinocop Resources (Holdings), Yau Lee Holdings

Markets	Close/ Wk Chg %
▲ Bangkok SET	893.92 +3.68
▼ Hong Kong Hang Seng	20,981.82 -0.43
▲ Jakarta Composite	3117.72 +2.12
▲ Kuala Lumpur FBM KLCI	1,395.02 +2.56
▲ Manila Composite	3,593.6 +3.58
▲ Mumbai Sensex	18,401.82 +1.29
▲ Seoul Korea Composite	1,775.54 +1.68
▲ Shanghai Composite	2,642.307 +1.37
▼ Singapore Straits Times	2,936.48 -0.12
▼ Sydney S&P/ASX 200	4,430.09 -0.64
▲ Taipei Weighted	7,927.31 +0.45
▼ Tokyo Nikkei-225	9,179.38 -0.8
▼ Wellington NZX 50	3,000.4 -0.49
▼ London FTSE 100	5,195.28 -1.52
▼ New York Dow Jones Indu Avg	10,213.62 -0.87
▲ Nasdaq Composite	2,179.76 +0.29
▼ S&P 500	1,071.69 -0.7

# Elec-Tech promises to improve conditions and safety for workers

Ben Perez

Household appliances maker Elec-Tech International has vowed to improve safety conditions in the workplace and offered additional financial compensation to those disabled by industrial mishaps.

The Shenzhen-listed company's actions are a response to allegations made in a report last week by a local labour rights group, the Students & Scholars Against Corporate Misbehaviour (Sacom), about the poor safety record at its mainland plants, where frequent industrial accidents have left many workers with severed hands and fingers.

Retail chain giant Wal-Mart Stores, a major customer of Elec-Tech, launched an investigation into the alleged hazardous working conditions soon after learning of the report.

The *South China Morning Post* on Thursday reported that more than 60 workers had been disabled by inju-

ries sustained in industrial accidents between July last year and June this year at Elec-Tech's main Zhuhai production site, which employs a workforce of about 6,000.

A probe by Sacom earlier this month found the causes of the injuries at Elec-Tech's factories included unsafe machines, inadequate training, absence of protective equipment and pressure to work faster.

"We can hardly imagine how many fingers, hands and arms have been cut by the machines at Elec-Tech over the years," Sacom spokeswoman Debby Chan Sze-wan said, noting those accidental injuries were "man-made tragedies" that could have been prevented.

Elec-Tech, in a statement released over the weekend, said: "The injuries at the workplace have caused the company's management and staff great sorrow. We express our sincere sympathy and solicitude to them."

The company, which also has fac-

It is good to know the company will provide additional compensation to victims of accidents

Debby Chan Sze-wan, Sacom spokeswoman

ories in Zhongshan and Shenzhen, said it would provide "the necessary assistance, including extra financial support, to the injured workers and their families".

An investigation of accidents at its factories would be conducted, it said. An independent consultant has been hired "to perform a safety audit and come up with recommendations to further enhance the safety measures at the workplace".

"We will take every action to reduce the occurrence of accidents in

future," the company said. No response was received to an inquiry on exactly when and how Elec-Tech will implement the additional financial support it has promised to disabled workers, and the safety audit.

Elec-Tech is one of the world's largest contract manufacturers of small household appliances bearing its own brands or those of clients in Europe and North America.

Its products include toaster ovens, coffee makers, deep fryers, blenders, computer-controlled bread makers, flat irons and outdoor electronic grills.

Chan last week said Wal-Mart, the world's largest retailer, has a responsibility to ensure safe and decent working conditions at its supplier.

United States-based Wal-Mart, which has 187 stores in 99 cities across the mainland, has partnerships with about 20,000 local suppliers.

All of Wal-Mart's suppliers must adhere to its strict code of conduct.

Despite Sacom's allegations, Elec-Tech denied any wrongdoing, pointing out that it stressed safety in the workplace, was devoted to improving its equipment, and provided new workers "with necessary and sufficient training".

The company also said it followed mainland laws regarding labour insurance and compensation for workers injured in industrial accidents.

Sacom, however, accused Elec-Tech of not being committed to the standard of protection for workers based on mainland laws.

The group cited as example the continued use of old, floor pedal-operated equipment, called "hand-eating machines" by workers, at its Zhuhai plant.

"Although Elec-Tech denied their responsibility, it is good to know the company will provide additional compensation to victims of industrial accidents," Chan said, adding that Sacom would continue monitoring the company.

# Consultant helps companies get personal

Staff Reporter

Consultant Joseph Michelli's book about the rise and rise of the Starbucks coffee company could not have been more ominously timed.

Described by *Publisher's Weekly* as a "paean to one of the truly exceptional American success stories", Michelli's authorised corporate profile, *The Starbucks Experience*, hit bookstores in the United States in November 2006 and began working its way up a number of bestseller lists.

But three months later, Starbucks founder Howard Schultz penned his now famous company-wide memo, "The Commoditisation of the Starbucks Experience", which bemoaned the watering-down of the company's ethos for the sake of unbridled growth.

Schultz's memo marked the start of a painful, multi-year campaign to reverse the ill-effects of over-expansion that included closing US stores by the hundred, refocusing on Starbucks' core coffee drinks and pushing more international expansion.

"I hit a sweet spot as far as Starbucks' rise. Everything started to turn fairly quickly thereafter," Michelli said last week.

"Starbucks made a lot of small decisions that cumulatively were focused on investors and not on customers and they paid the price," he said.

"Today, a lot of the money they cut in their budgetary structure has gone right back into the customer experience ... they did have a loss of



Consultant Joseph Michelli says for a while Starbucks lost its soul, but is back on the right path. Photo: AFP

soul for a while, but they are back on the right path again," he said. He has a new book deal to write a follow up, due out in 2012, called *Revitalising the Starbucks Experience*.

Michelli's work focuses on teaching companies and their staff about the importance of "making a personal or relevant emotional connection with every customer through the way you design the customer service delivery system".

Currently on his third Asian trip

since October last year, Colorado-based Michelli's clients in the region include telecommunications companies, carmakers, hotels and businesses with staff who face customers.

"There are definite cultural differences here in Asia and what people expect in terms of service and what they'll tolerate in terms of lack of service," he said.

He spends most of his time "looking for ways to teach employees not to just execute based on the checklist

but to improvise in the direction of a desired outcome".

"That's a big challenge in Asia because I think in some cases compliance has been a big part of the education system," he said. "So when you're talking about this model you're actually trying to encourage people to do more active problem solving beyond the script, and that can be a bit of a challenge in Asia relative to other parts of the world."

While many companies in Asia

fail to make a sales environment that connects with customers, others are almost too successful. He cites the example of Ikea in China.

"It's really come to the point where they've created such a rich experience that in some ways it's a misapplied experience. Now it is almost a recreational experience instead of a sales experience in China. Lots of people come and spend the full day there with their families."

Overall, he says, companies are starting to pay "more attention to the fact people in China want to feel important when they buy certain products". And not just luxury products.

"You try to create a perception of luxury across any product if you can. If it doesn't cut into your margin to create a luxurated sense of service delivery then why not do it? Often it is inexpensive and just a matter of training employees."

Starbucks, he said, is a case in point. "Really, at the end of the day, Starbucks is a lot about service justifying that price point."

He said the atmosphere in the chain's stores instils customers with "a sense of emotion, of being in the nurturing living room of a community. You have to have the right people doing that or else it's awful. It's just coffee."

**Classified Post and Speakers Connect** are sponsoring a workshop by Joseph Michelli on August 30 at the **Hong Kong Jockey Club in Happy Valley**. E-mail [info@speakersconnect.com](mailto:info@speakersconnect.com) for more information

# Cities think big - but can they win?

CONTINUED FROM B1

the middle of the freeway. Nevertheless, Zhengdong New Area is also being planned as a financial centre. A short walk from the vast, new exhibition centre, the government has built the "central business district". This area contains 60 new office skyscrapers. Construction is under way on a 280-metre-tall hotel and office tower, which is the same height as Hong Kong's Cheung Kong Center, and taller than Britain's highest building, One Canada Square.

State-owned banks and enterprises have purchased 80 per cent of the business area's office space, says Wei Zhigang, the head of the new city's investment promotion committee, a 30-something man who sports a fashionable Polo shirt and a wide smile. Wei says he has read extensively on the history of urban planning.

It is unclear how much of that space is actually occupied. Sun, the government's public-relations officer, would not disclose the CBD's occupancy rate.

Whatever the level of success so far, enthusiasm is high. Zhengzhou's local authority plans at the end of next year to start building a second business district, identical to the first. The twin financial centres will be linked by a new road and surrounded by more than six kilometres of artificial lakes.

The local authority has spent around 30 billion yuan of its own cash building Zhengdong New Area. Now it must find another 16 billion yuan to complete the city. For a government that collected 40 billion yuan revenue last year, that seems a big requirement. Yang Dongfang, a senior planning official, said in an interview that the government will find the money from a mixture of bank loans, tax income and land sales. He did not elaborate.

Property developers, who are building the residences, will shoulder the rest of the 150 billion yuan total



Zhengdong exhibition centre and hotel. Despite Zhengzhou's big spending, Wuhan is favoured to dominate the region's economy. Photo: Lulu Chen

tab for Zhengdong New Area. More than 300,000 new homes have been built, and they are all sold, says Sun, the public-relations official. However, she concedes that many have been snapped up by investors from wealthier areas, such as Wenzhou, the southern city that is the mainland's biggest manufacturer of light-scale goods, including cigarette lighters and buttons, and Shaanxi province, China's coal mining heartland.

At prices ranging from 500,000 yuan to 1 million yuan for a 100 square metre home, the Zhengdong New Area's real estate seems pricey for Zhengzhou's urban residents. Zhengzhou already has a university,

but Zhengdong New Area will be home to 15 more, with capacity for 90,000 students.

The obvious question about the Zhengdong New Area is: "Why is it there?"

By all appearances the city is not a likely home for skyscrapers and exhibition centres. But Wei, the investment promotion official, has his own vision of the Henan capital's future. "We want to make Zhengzhou a business city and transport hub for central China," he says.

He concedes he is "concerned" that Zhengdong New Area's real estate is being snapped up by investors who do not live in Zhengzhou, but adds that, someday soon, the city's residents' lives will improve so they can all afford better homes.

Because wages are rising fast in China's coastal export hubs, manufacturers are going to move inland to Henan, Wei argues. He points to Foxconn as an early example of Zhengzhou's success. The Taiwanese iPhone maker, whose Shenzhen base was hit by a spate of suicides and riots by workers who remain unhappy with their wages and living conditions, opened a factory in Zhengzhou

and Xian, 500 kilometres away in the northeast of China that opened in February, could help bring the Henan capital closer to the national economy.

Like Zhengzhou city authorities, many local governments in China see such projects as Zhengdong New Area as a way of growing their economies. After all, property development creates construction jobs.

"It is a short-term fix," says Victor Shih, a professor at Chicago's Northwestern University who specialises in studying mainland local governments. "There are thousands of these new economic development zones all competing with each other. They have all borrowed heavily from banks to fund themselves. How can they all work?"

After studying 8,000 local government projects, Shih believes mainland municipalities have borrowed a massive 11.4 trillion yuan from the nation's banks to fund new developments.

Meanwhile, local authorities are largely relying on land sales to repay their bank loans, Shih and other economists say. Any collapse in property prices could leave the banks saddled with bad loans.

China Banking Regulator Commission, which governs the country's banks, already is concerned about the financial health of local governments and has ordered mainland lenders to urgently curtail lending to municipal authorities.

Capital Economics, a London consultancy, says this could lead to construction halts on real estate and infrastructure projects all over China before they are completed.

But Zhengzhou's Wei is confident. "The regulator is concerned about wealthier parts of China, where there is more of a property bubble," he says. Land in Henan remains cheap compared with wealthier coastal cities, Wei adds. "This does not apply to us."

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**建業實業有限公司**  
**Chinney Investments, Limited**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 216)

**APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

The Board is pleased to announce that Mr. Paul Hon-To Tong has been appointed as a non-executive director of the Company with effect from Friday, 20 August, 2010.

The board of directors (the "Board") of Chinney Investments, Limited (the "Company") is pleased to announce that Mr. Paul Hon-To Tong has been appointed as a non-executive director of the Company with effect from Friday, 20 August, 2010.

Mr. Paul Hon-To Tong, aged 64, obtained his BSc (Economics) and postgraduate Certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a Barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a CPA of The Hong Kong Institute of Certified Public Accountants and an Associate Member of The Institute of Chartered Secretaries and Administrators. Mr. Tong has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly Executive Vice President and General Counsel of Johnson Electric Holdings Limited. He also served for many years as a member on the Inland Revenue Board of Review. Since 19 August, 2007, he has served as a non-executive director of Wing Tai Holdings Limited listed on the Singapore Exchange.

Save as disclosed, Mr. Tong has not held any directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

At the date hereof, Mr. Tong did not have any interests in the shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance. Other than his capacity as a director of the Company, Mr. Tong did not have other business relationship with any director, senior management or substantial or controlling shareholder of the Company.

Mr. Tong is not entitled to any basic monthly salary but is entitled to director's fees and/or emoluments as determined by the Board from time to time based on his performance, experience, responsibilities and prevailing market conditions.

Save as disclosed above, there is no other information relating to Mr. Tong which is required to be disclosed pursuant to paragraphs (b) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

Taking this opportunity, the Board would like to extend its warmest welcome to Mr. Tong to the Board.

By Order of the Board  
**James Sai-Wing Wong**  
Chairman

Hong Kong, Friday, 20 August, 2010

At the date of this announcement, the directors of the Company are Mr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Mr. William Chung-Yue Fan, Mr. Herman Man-Hoi Fung and Mr. Paul Hon-To Tong and the independent non-executive directors are Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen.