

Mrs. Grace Lee Chan Ka-yan

Your Ref: CB(3)/PAC/R49

12th December 2007

Clerk to Public Accounts Committee
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Attn: Ms. Miranda Hon

Dear Madam,

**Chapters 5 and 6 of
the Director of Audit's Report No.49**

I refer to your letter dated 30th November 2007.

I enclose a copy of a draft "2nd Contract of Employment" between Ms. Clara Chong and the Hong Kong Tourism Board (HKTB) with my notes marked in my own handwriting. I was recently provided by the HKTB with a copy of this document, to which I may need to make reference at the public hearing.

I thank you for your kind attention.

Yours faithfully,



Grace LEE CHAN Ka Yan

- c.c. Mr Anthony Lau, Executive Director, HKTB
Mrs. Daisy Lam, Deputy Executive Director, HKTB
Ms. Clara Chong

*Draft contract from
Emcee.*

*Clara has agreed on the
terms & will return us
the signed copy.*

2 April 2004

Ms Clara Chong
Present

Dear Clara,

2nd Contract of Employment : Executive Director

Further to your contract of employment dated 23 January 2001, we have pleasure in offering you a second contract for the post of Executive Director on the following terms:

1. Term of Appointment

- 1.1 The appointment takes retrospective effect from 19 March 2004 for a period of 3 years.
- 1.2 The renewal of this contract shall be subject to the mutual agreement of the terms and conditions of employment to be reviewed no less than three months prior to the expiry of this appointment.

2. Monthly Basic Salary

- 2.1 The salary for this appointment shall be at a fixed rate of \$278,000 per month on a 12 months' basis.
- 2.2 The salary will be reviewed every 12 months based on performance, cost of living and market situation.

3. Variable Pay

- 3.1 You shall be eligible for a variable pay of up to 15% of your total annual package of \$589,000 per annum subject to satisfactory achievement of targets as agreed with the Board on an annual basis, for instance, tourism arrival, tourism spending, performance indicators with reference to the annual business plan.

3.2 The variable pay shall be payable annually on your anniversary date. However, you shall forfeit any right or entitlement to any such pay if you resign from the Board prior to the agreed payment date.

3.3 You shall be eligible for a pro-rata amount of the variable pay upon your leaving the Board in the event that your contract expires or the Board terminates your appointment for reason other than those as stipulated in Clause 3.6 (b) in the Employees' Handbook prior to the agreed payment date.

4. Mandatory Provident Fund

4.1 Hong Kong Tourism Board shall continue to contribute 5% of your relevant income with the amount capped at HK\$1,000 per month to a scheme established pursuant to the Mandatory Provident Fund Schemes Ordinance; and

4.2 Hong Kong Tourism Board will deduct 5% of your relevant income with the amount capped at HK\$1,000 per month as your own contribution to such scheme.

5. Gratuity

5.1 Hong Kong Tourism Board shall pay a terminal gratuity to you after your satisfactory completion of the 3 years' contract or on pro-rata basis after completion of 2 years' term plus notice period.

5.2 The amount of the abovementioned terminal gratuity shall be a sum calculated as follows:

- a) 15% of the total amount payable by Hong Kong Tourism Board to you as basic salary during the period commencing from 19 March 2004 to the date of termination of the employment hereunder (and for the purposes of calculation of the terminal

gratuity, such basic salary shall not, for the avoidance of doubt, include any housing or rental allowance, travelling allowance or medical or other allowances or expenses that may be paid by Hong Kong Tourism Board to or for the benefit of you during such period); *less*

- b) the total amount of contributions (if any) paid by Hong Kong Tourism Board to the Mandatory Provident Fund Scheme during such period.

5.3 Where you become entitled to the above-mentioned terminal gratuity, it shall be paid with your salary for the last month of employment hereunder.

6. Car

A car and driver shall be provided by the Board for use by yourself, with full car expenses covered. You are entitled to use the vehicle for weekends and non-business days. You have the discretion to make it available for general office use when not required by yourself.

7. Annual Leave and Leave Passage

You shall be entitled to 30 working days of paid leave per year. These shall be taken at such times as may be agreed with the Board and in accordance with the Board's policy set out in the Employees' Handbook. The Board shall grant you an annual leave passage allowance equivalent to 3 return business class tickets for yourself, your spouse and child to the United Kingdom or other destinations, including other long haul destinations.

*on
(29/2/04)*

8. Business Travel

Your entitlement shall be business class for all journeys.

*Notably agreed by
The Chairman that the
allowance can be
paid + class on a
non-accountable
basis.*

9. Medical and Dental Scheme

You shall be covered by the Board's Medical and Dental Schemes for the period of your employment hereunder subject to the terms set out in the Board's Employees' Handbook.

10. Club Membership

You shall continue to be entitled to membership of a luncheon club (China Club or equivalent) and a recreational club (The Clearwater Bay Golf & Country Club or equivalent) which are held on the basis of your post.

*Not fully agreed by the Chairman
that SHWB will agree to Clara's
request of upgrading her medical
plan to a 'unlimited' one.*

11. Notice of Termination of Employment

Either party may terminate this contract by giving not less than 6 months' written notice for the first two years and not less than 3 months' written notice for the third year to the other party.

12. Prevention of Bribery

All employees of the Board are classified as "public servants" for the purposes of the Prevention of Bribery Ordinance and any subsequent amendments thereof, and you are prohibited from either accepting or soliciting any advantage or advantages from any person or persons as set out in the said Ordinance.

13. Employees' Handbook

This appointment is subject to the terms and conditions set out in the Board's Employees' Handbook as may be amended from time to time by the Board. In the event of conflict or inconsistency between such terms and conditions with the provisions in this contract, the latter provisions shall prevail.

14. Miscellaneous

- 14.1 This contract is governed by and shall be construed in accordance with the laws of Hong Kong.
- 14.2 The parties hereto submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- 14.3 This contract contains the entire understanding between the parties and supercedes all previous agreements and arrangements (if any) relating to the matters described herein. The terms hereto cannot be modified, supplemented or rescinded except by writing signed by both parties. Neither party shall be bound by or liable to the other for any representation, promise or inducement made by that party or his/its agents or employess and not embodies herein.

Please sign and return the duplicate copy of this letter to confirm your understanding and acceptance of this contract of employment.

Yours sincerely

I understand and accept the terms
indicated above

Selina Chow
Chairman

Signature

Date _____

cc Ms Sandra Lee, JP, Permanent Secretary for Economic Development & Labour
Ms Eva Cheng, JP, Commissioner for Tourism
Mr Stanley Ko, JP, Chairman of HKTB Staff & Finance Committee