



東風 Tung Feng



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What Happened Last Week

Pres. Chris initiated today's session by inviting IPP. Stephen to introduce the guests and visiting Rotarians. IPP. Stephen reported that there were no guests, and subsequently, asked Rt. Bill to introduce his guest from Shandong, China. Rt. Danny acted as the Sergeant-at-Arms and announced a collection of HK\$1,200, despite a low turnout of 16 members.

Pres. Chris then introduced the speaker of the day, who was none other than our club's Honorary Secretary, Rt. Eddy Wong. Pres. Chris held and recited the highlights of Rt. Eddy curriculum vitae. Rt. Eddy was the Team Manager at ING Life Insurance Company (Bermuda) Ltd. Ever since joining ING Life in March 1990, Rt. Eddy had always been among the top 5% producers in the company. In addition, he had been qualified as Million Dollar Round Table (MDRT) members for the past consecutive 10 years. Rt. Eddy was also the recipient of the 1994 Distinguished Agent Award offered by The Life Underwriters Association of Hong Kong. Rt. Eddy currently served more than 500 individual clients and 40 corporate accounts on various types of insurance and financial planning services. Apart from the Rotary, Rt. Eddy actively participated in many professional and community organizations, such as, The Life Underwriters Association of Hong Kong, MDRT, HK Chamber of Insurance Intermediaries, HK Junior Chamber and Peninsula Junior Chamber.

Our featured speaker, Rt. Eddy, then began his presentation entitling "Business Continuity & Protection through Proper Insurance Planning. He first dwelled on the semantics of Business Continuity, referring to the concept of keeping an established business running in the event of such mishaps as, death, disability, or retirement of the business owner or key employees of the business. Rt. Eddy emphasized the importance for each business owner to question himself/herself, in the event of the mishaps, about whom he/she wanted to own and manage the existing business; and whether he/she wanted the business interest be retained for a family member, sold or liquidated.

There are various concerns that needed to be addressed, depending on what a business owner wanted his business to be handled should certain mishaps take place. First of all, should a business owner wish to keep the business interest in the family, he/she needed to identify a capable and willing family member. The business owner also needed to consider the acceptability of the family member to the other owners. The owner would need to further determine the means of replacing the income previously provided by the business; the need to equalize the inheritances among family members; the capacity of the liquidity in his estate to pay



THE ROTARY CLUB OF HONG KONG ISLAND EAST

香港東區扶輪社週報

Club 4350

District 3450

Chartered on 6 April, 1954 by Charter President
PDG (Uncle) John Yuen

for taxes and other settlement costs. Second, if a business owner wanted to sell the business interest, he/she needed to determine the right buyer and selling price. The value of the business and the funding capacity of the potential buyer should also be properly assessed. Third, if a business owner would like to liquidate his/her business interest, similar considerations should be made regarding the value of the business, as compared to its liquidation value. In addition, the owner needed to consider the mechanism to replace the income previously generated by the business, as well as the availability of sufficient funds to allow for the planned liquidation.

In all the three cases above, Rt. Eddy explained that proper insurance planning could help in ensuring smooth transitioning of business interest. In the first case, where business owner chose to keep the business interest to a successor, the former could subscribe to an insurance plan that insure him/her for an amount of sufficient cash flow for business adjustment at his/her death. With the cash flow guaranteed, the successor can use it for business adjustment, sustaining the business, and providing income to the surviving dependents. The policy owner and beneficiary should be the business, in this case. In the second case, the business owner preferred to sell the business interest, where he/she could subscribe to a buy-sell plan to determine the value of the interest and find a funding vehicle to finance the buy-sell agreement. There were four ways to fund a buy-sell plan: (a) cash method, (b) installment method, (c) loan method, and (d) life insurance method. In the third case, where the owner chose to liquidate the business interest, he/she could subscribe to a business loan plan. This plan would then help the owner's family to cover any outstanding business loan at his/her death. Rt. Eddy further introduced the business protection plan that insured owner or key employees for indemnification of loss of sales, profit, credit line and so forth. This plan addressed the financial consequences of the owner's or key employees' disability. In addition, the business protection plan could be used to guarantee business loan repayment at the business owner's death. Rt. Eddy then answered some questions from the floor. He remarked that some individuals might need to seek out alternative ways of protecting their business interest, because they may already be classified as "non-insurable" due their current health conditions. Finally, Rt. Laurence led members in thanking Rt. Eddy for his informative talk in the usual Rotarian manners. PP. John Kwok also reminded members about this upcoming Golf Tournament the coming Friday and mentioned that the first tee-off would start as early as 7:30 a.m. Pres. Chris then ended the session by proposing a toast to the Rotary Club of HK Island East.

Rotary Information

November is designated as Foundation Month by Rotary International and it is appropriate to touch on this subject in this current month. The Rotary Foundation was initiated by RI Past President Arch C. Klumph in 1917 when he suggested at the Atlanta Convention, Georgia, USA to raise fund for the purpose of doing good to the world. The initial contribution was merely US\$26.50 from the Rotary Club of Kansas City, Missouri, USA. As time went by, the sum was getting bigger but still in a small scale.

It was until 1947, when our founder Paul Harris died, the donation started to pour into the Foundation in his memory. To-day, we are one of the biggest foundations worldwide. The basic income is from the contribution of Rotarians and friends who are recognized as PHFs, Benefactors, Major donors, bequest and properties plus investment earnings of the Foundation. How do we distinguish a PHF and a Multiple PHF? At a glance of your PHF pin, you will notice that there are pins with blue sapphire stones. One pin indicates a first PHF and each additional contribution of US\$1000 on top of the basic PHF contribution qualifies for one more stone, up to a maximum of 5 sapphire stones.

When the contribution reaches \$7000, a ruby stone will be decorated in your PHF pin with a maximum of 3 rubies, that is to say, your contribution should have reached US\$9000 for a 3-ruby pin. Should your accumulative contribution reach US\$10,000, you become a major donor. The major donor recognition is classified as follows:

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| Level one - US\$10,000.- | Level two - US\$25,000.- |
| Level three - US\$50,000.- | Level four - US\$100,000.- |
| Level five - US\$500,000.- | Level six - US\$1 million or above. |

There are rules governing the transfer of PHF sustaining membership who may have resigned from the club. You may do so, provided that the said PHF sustaining member signed a form giving his/her consent for the transfer.

In the past, if you do not name a person for PHF when you have contributed the money, such right shall be cancelled after 3 years period. At present, this ruling is cancelled. After your contribution, you may name anyone to be PHF without the limit of time, even after 3 years. There are many programmes operated by the Foundation, such as :

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| 1) PolioPlus | 9) Grants for Rotary Volunteers |
| 2) PolioPlus Partners | 10) Discovery Grants |
| 3) Health, Hunger and Humanity (3-H) Grants | 11) Disaster Relief Grants (this grant shall be cancelled as from 1st Jan.2003) |
| 4) 3-H Planning Grants | 12) Community Assistance Programme Grants |
| 5) Matching Grants | 13) Humanitarian Transportation Grants |
| 6) Helping Grants | 14) Ambassadorial Scholarships |
| 7) New Opportunities Grants | 15) Rotary Grants for University Teachers and |
| 8) Rotary Peace Programmes | 16) Group Study Exchange |

Now, you know the source of income and the recognition system of the Foundation. How the money raised is spent? The programme awards for 2001 ending 30th June are as follows:

1. Ambassadorial Scholarship US\$18.9 millions = 37%
2. Matching Grants US\$23.5 millions = 40%
3. 3-H Grants US\$6.4 millions = 11%
4. Group Study Exchange US\$3.8 millions = 7%
5. Volunteers US\$1.2 millions = 2%
6. Others US\$3.8 millions = 6%
7. University Teachers US\$0.4 million = 1%

Why should we contribute to the Rotary Foundation as the money donated is not used locally? The Rotary Foundation has the SHARE system which means that we share our donation by 40/60. For example, a \$1000 being donated to TRF, 40% goes to the Foundation Fund and the 60% goes to our district project fund, under the control of the District Governor. This SHARE system will be changed to 50/50 at a later date. Charity is on voluntary basis in Rotary. It is most welcome for you to enroll as a PHF or other categories as mentioned earlier.

PDG Peter Hall

LAUGH FOR THE WEEK

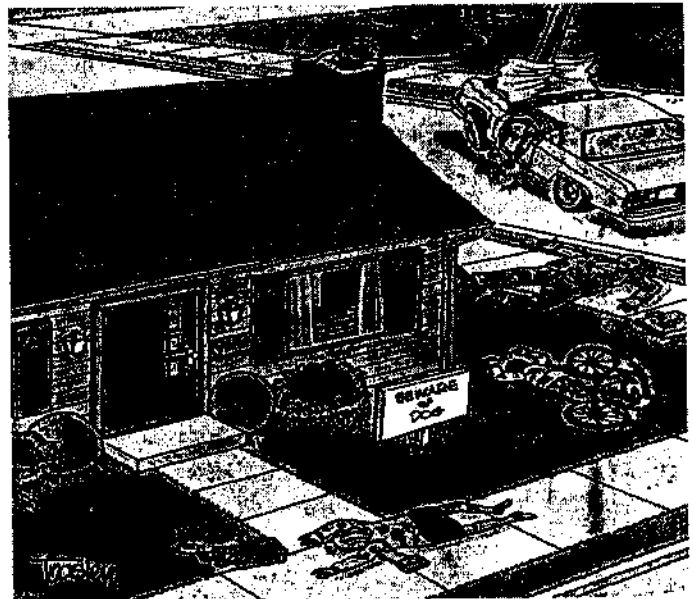
A man entered the bus, with both of his front pants pockets full of golf balls. He sat down next to a blonde. The blonde kept looking quizzically at him and his bulging pockets.

Finally, after many such glances from her, he said, "It's golf balls." The blonde continued to look at him thoughtfully and finally asked, "Does it hurt as much as tennis elbow?"

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Chris recently had his annual physical examination. After two visits and exhaustive lab tests, his physician tells him that he was doing "fairly well" for his age. A little concerned about that comment, Chris couldn't resist asking his physician, "Do you think I'll live to be 80?" He asked, "Well, do you smoke tobacco or drink beer?" "Oh no", Chris replied, "I've never done either." Then he asked, "Do you eat rib-eye steaks and bar-b-qued ribs?"

He said, "No, I've heard that all "red meat" is very unhealthy!" "Do you spend a lot of time in the sun, like playing golf?" he asked. "No I don't," Chris said. The physician said, "Do you gamble, drive fast cars, or fool around with sexy women?" "No," Chris said, "I've never done any of those things." He look at Chris and said, "Then why in hell do you want to live to be 80?"



## YEAR 2002-2003

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|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------|-------------------------------|------------------------------|-------------------------------------|
| <b>Ex-Officio</b><br>IPP Stephen Liu | <b>Vice President</b><br>Rudy Law | <b>President Elect</b><br>Henry Chan | <b>President</b><br>Chris Howe | <b>Secretary</b><br>Eddy Wong | <b>Treasurer</b><br>Clark Lu | <b>Advisor</b><br>PDG Peter Hall    |
| <b>Directors :</b><br>PP John Kwok   | PP George Leung                   | Laurence Chan                        | Paul Chan                      | Jason Chiu                    | Danny Kilis                  | <b>PP Council Rep</b><br>PP Tim Lui |

Club postal address: P.O. Box 47064, Morrison Hill Post Office, Hong Kong

Club website: <http://www.rotary.org.hk/hongkong-island-east>

Make-up cards to Club Secretary: Ms Annie Ng

c/-Li, Tang, Chen & Co., 10/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong

Tel : (852) 2827 8663 (ext. 176) Fax : (852) 2827 5086

Bulletin Editor: Danny Kilis

Tel : (852) 2888 8904

Fax : (852) 2962 5505

E-mail : [danny.kilis@pccw.com](mailto:danny.kilis@pccw.com)

**ROTARY CLUB OF HONG KONG ISLAND EAST MEETS EVERY WEDNESDAY, 12:30 p.m. AT  
EXCELSIOR HOTEL, CAUSEWAY BAY**



Our guest speaker for the day was none other than our own Hon. Sec. Eddy Wong who spoke on the subject of Business Continuity & Protection through Proper Insurance Planning.



Seated at the right hand table were PP Taj & Rtn Bill with the hands off posture on his guest of the day which turned out to be his accountant from his company in Shandong. Don't you wish your accountant look like his?



(L to R) Rtn Robert, PP Andrew, PP Hubert, PE Henry, Rtns Kenny & Alex all enjoying the meeting.



(L to R) IPP Stephen, PP Tim, (partly hidden) our bulletin Editor Rtn Danny (working very hard taking notes of this meeting), Rtns Laurence & Andy also enjoying the meeting.



Our Group photo of Pres Chris, speaker, guest & other Rotarians of our club on 13th November, 2002.



Our guest speaker for the day was none other than our own Hon. Sec. Eddy Wong who spoke on the subject of Business Continuity & Protection through Proper Insurance Planning.



Seated at the right head table were PP Taj & Rtn Bill with the hands off posture on his guest of the day which turned out to be his accountant from his company in Shandung. Don't you wish your accountant look like his?



(L to R) Rtn Robert, PP Andrew, PP Hubert, PE Henry, Rtns Kenny & Alex all enjoying the meeting.

We held our year 2002 PDG Peter Hall Golf Tournament at Fanling on 15th November, 2002



The first group teed off at the New course (L to R) PP Taj, PP George, PP Li & IPP Stephen.

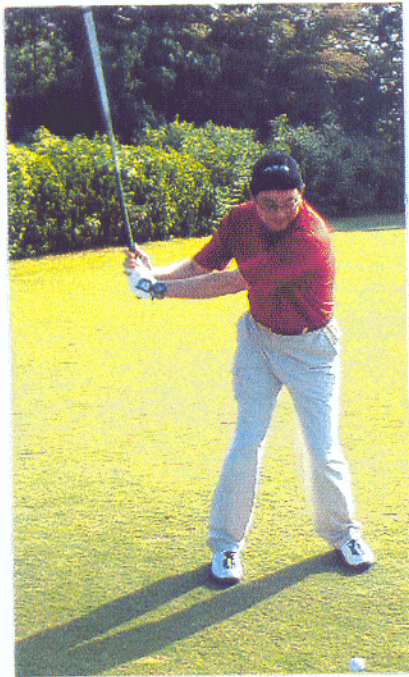


PP Taj took a mighty swing at the first Tee on the New Course.

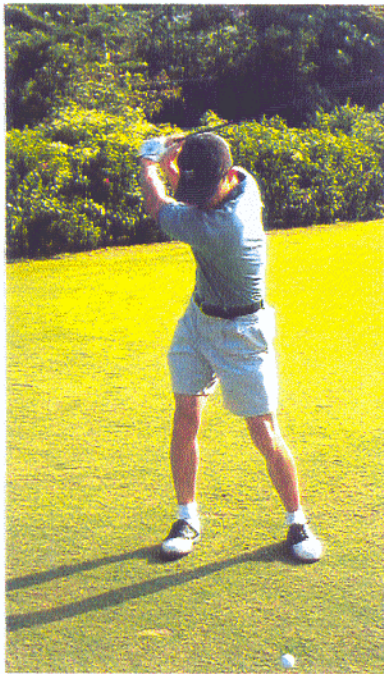


Meanwhile at the First on the Old course, PP John's swing. Good follow through but a rather short drive.





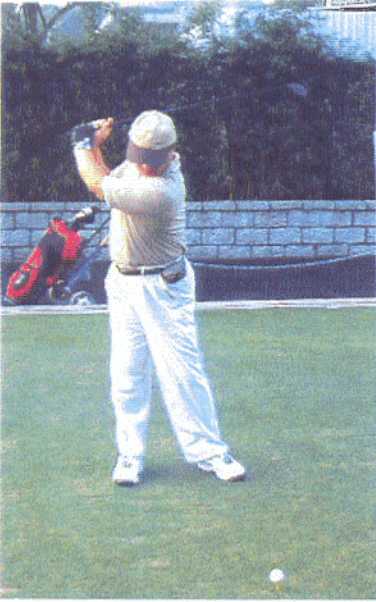
Rtn Andy's swing need more leg action & a fuller body turn at the top.



Clark's Swing a very nice looking swing with a full body turn.



Back at the New Course PP Li's address looking very good.



Also at the first at the New Course, PP George's powerful address position, offset by the slightly crooked left arm at the top of his backswing otherwise a great swinger.



IPP Stephen's address looks faultless & very powerful start of his swing.



PP Hubert's swing is the classic finish demonstrated by most professionals. A Good shoulder turn with leg action.