



Friedrich Lung 龍甫鈞

Chief Financial Officer - Mainland China
集團中國首席財務總監

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Friedrich Lung: Financial prudence behind mainland business strategy

龍甫鈞：配合集團內地業務策略 穩健財務發揮優勢

A focus on stable growth defines the Group's mainland business strategy, which is built on a solid financial foundation. Chief Financial Officer – Mainland China Friedrich Lung oversees the Group's financial management in the fast-growing mainland market to ensure proper support for business development.

Financial prudence in line with corporate strategy

Friedrich, a corporate finance and investment management veteran, says a company's financial management should always follow the overall business development strategy, but it's important to stay alert to market trends and make timely adjustments. He says the Group is prudent about capital management: "Our mainland business is still at a stage of development and there is a high demand for operating capital. So even though our completed investment properties generate recurrent cash flows, the objective of treasury management is not capital appreciation. Rather it focuses on capital preservation so that free cash flow can be readily available for projects under development." He added that the Group

keeps monitoring changes in policies and the market closely in order to respond quickly and mitigate any financial risks.

Low cost-of-capital pivotal to building a long-term portfolio of investment properties

Domestic real estate companies on the mainland are expanding very quickly amid a burgeoning market and they have many comparative advantages, resulting in vigorous competition. The Group, however, leverages its strengths, and its high-end residential projects and integrated commercial developments have earned an excellent reputation for quality. Large-scale complexes require huge capital and have long payback periods, so they need detailed financial planning and cost control.

Friedrich said: "A project that has high funding costs may not produce the desired income and cash flow when it's complete, even if rents meet expectations." Prudent financial policies coupled with a good reputation in Hong Kong and on the mainland have helped the Group build strong relationships with many domestic and foreign banks, which ensure favourable terms for funding.

Issuing bonds, in addition to getting loans from banks, is a relatively new way of funding that is encouraged by mainland authorities. Although bonds are gaining popularity, Friedrich is cautious and said the Group will continue to treat bank borrowing as the main source of external finance for the time being because of uncertainties with government



Friedrich works to understand his team and has developed a keen sense for collaboration
龍甫鈞用心了解同事的特質，並對團隊精神有獨特見解

policies for the bond market. “The regulatory authorities are promoting development of the onshore RMB bond market,” said Friedrich, “But Hong Kong companies are still on the learning curve on the mainland. The Group has done considerable research to build a solid foundation for diversifying our funding sources in the future.”

Friedrich goes to the mainland often and part of his job is interacting with local banks and financial institutions. He says mainland creditors have different standards of assessing a company’s financial strength. They tend to focus on asset size and sales, but pay lesser attention to criteria like asset quality, financial positions and corporate governance that are essential to a comprehensive evaluation. He said: “We define corporate creditworthiness differently, so part of my work is explaining our financial policy to external parties and getting them to appreciate our healthy finances and credit quality.”

Friedrich previously lived and worked in Shanghai for over ten years and he attributes the Group’s progress in the city to its similar market environment to Hong Kong. He went on to explain the different conditions in some other parts of the mainland: “In Beijing, both state-owned and private enterprises are keen to maintain a presence – after all it’s the capital – so competition is fierce. The challenge in Shenzhen is significant barriers

to non-local companies entering the market.” The mainland’s vast size means that there are geographical disparities, therefore posing different challenges to investors. Friedrich thinks Hong Kong companies can only capitalize on the opportunities offered by the vast Chinese market if they understand their own comparative advantages well.

Defining the ethos of teamwork

Every manager has a philosophy. Friedrich believes in knowing his team and putting people’s strengths to good use. Comparing young people on the mainland and in Hong Kong offices, Friedrich thinks the main difference is that Hong Kong colleagues show more respect for professionalism and procedure, while on the mainland they are more creative and efficient in execution, but not always playing by the rules. His verdict: “There are always pros and cons with different personalities, but the key to management is exerting just enough control, as too much can cramp initiative.” Friedrich believes that instead of trying to change how staff think, managers can do more about improving the work environment to facilitate job performance. He said: “We may not be able to change a person’s character, but we can work on the combination of collaborators and their skill sets, removing obstacles that impede performance and adjusting the way efficacy is assessed to enhance motivation. Communication is also vital – everyone has to know what the others

think and needs to act in harmony for better performance.”

Friedrich explains his understanding of teamwork with reference to the shape of the Chinese character for ‘integrate’ (合). He says: “The ‘A’ at the top is like a curve on a graph with the ends representing the initial positions of people working together. The ideal is when both parties are collaborating; moving closer towards each other during the process to finally reach the point of optimal performance. If one party dominates, the other will have compromised too much, such that the result is determined by how well the weaker or disadvantaged party performs. These are represented by the lower points along both sides of the ‘A’. Mutual accommodation brings compromise to an optimum and is therefore at the heart of team spirit.”

Running out of the box

Friedrich loves to run in his spare time as a major change from the dense figures that fill his work. Running shoes are always part of his packing for business trips as he finds running a great way to let his brain unwind. He said: “I like jogging; ideally in the day when you can see how things change along the route. It gives your mind visual stimulation and nudges it. Over half of my solutions to work problems came to me when I was running.”



隨著內地經濟發展迅速，集團在內地投資亦緊隨發展步伐，並堅持穩中求進的策略。集團中國首席財務總監龍甫鈞負責集團在內地發展的財務監管及策劃的工作，為業務長遠發展提供穩固基礎。

穩健財務管理配合企業發展策略

龍甫鈞擁有豐富企業財務及投資管理的經驗，他認為一家企業的財務管理，必須配合公司整體的業務發展，同時認清市場趨勢，適時調整管理策略。他表示，集團現時的財務政策以穩健管理為主。「公司在內地的業務發展仍處於投資期，對營運資金的需求殷切，故即使公司內地已落成的投資物業已能產生經常性現金流，在現階段也不會作出進取的資本增值投資，而是做好現金管理工作，讓資金能隨時投放至其他在建項目的發展中。」他補充，集團亦會時刻留意市場及政策的變化，迅速作出調整，以減低集團的財務風險。

發展投資性物業業務有賴低融資成本

近年內地的房地產市道發展蓬勃，內資房地產企業增長迅速，並在銷售物業市場上佔有不少優勢，故市場競爭非常激烈。然而，集團充分利用既有優勢，在高端住宅物業和綜合商業項目等領域取得佳績，並在市場上建立了優質品牌。然而發展大型綜合項目的回本週期長，資金需求龐大，需要在財務管理及融資成本上有更詳細的測算和控制方法。「事實上，若果融資成本過高，即使物業落成後的租金表現符合市場預期，該項目也不一定產生理想的收益和現金流。」憑藉審慎財務政策，加之在中港兩地已建立的優良商譽，集團與內地的中、外資銀行皆保持良好合作關係，令集團得以理想的條件進行融資。

除透過銀行借貸外，近期國內也開始鼓勵企業發行債券融資。龍甫鈞坦言，儘管內地債券市場增長迅速，但政策依然存在眾多不確定性，所以現階段集團的融資渠道仍然以銀行貸款為主。「監管機構近年積極推動債券市場發展，但港資企業在內地發債仍處於起步階段。然而，集團已做了不少研究工作，為將來利用多元化的融資渠道打好基礎。」

龍甫鈞經常往返國內工作，並不時與當地銀行和金融機構接觸。他坦言國內債權人對企業實力的判斷標準與我們的標準很不一樣，一般的國內機構會較重視企業的資產和銷售規模，而非從資產質素、財務狀況和企業管治等多方面綜合評估。「由於兩地衡量企業信用的標

“ Mainland creditors define corporate creditworthiness differently, so my work is getting external parties to appreciate the Group's healthy finances and credit quality.

兩地衡量企業信用的標準不同，我的工作便是要讓內地市場認識集團的穩健財務狀況和企業信譽價值。

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Friedrich and colleagues on executive training at Harvard
龍甫鈞與同事赴哈佛大學修讀行政人員課程



準有所不同，我其中一項工作，便是要宣傳集團的企業財務政策，讓內地市場認識我們的穩健財務狀況和企業信譽價值。」

曾在上海生活和工作逾十年的龍甫鈞，表示上海的市場環境跟香港較為接近，故集團在上海的發展也較為成熟。至於內地其他省份或地區，市場環境各有差異：「例如北京為國家首府，無論國企還是民企都積極在當地尋找投資機會，所以競爭十分激烈；至於深圳，非本地企業的進入門檻頗高，進入其市場有一定難度。」他直言內地幅員廣闊，地區差異大，面對的挑戰亦有不同。龍甫鈞更認為，港資企業在內地發展，必須認清自身的優勢，才能把握國內龐大的市場發展機遇。

建立團隊 詮釋合作精神

每個資深管理人員都有一套管理哲學，龍甫鈞也不例外，他認為要建立一支成功的團隊，關鍵在於「知人善用」這四字。他笑言在中港生活多年，覺得兩地的年輕人確實有不同的特質。他指出，香港的同事較為專業和重視規則，而內地的同事比較有創意和執行能力較強，但有時會忽略一些規條。「他們各有優點和缺點，管理的關鍵就是鬆緊適宜，因為工作上太多掣肘，只會磨蝕他們對工作的積極性。」龍甫鈞笑言，做管理層不要期望可以改變下屬的思維，相反應該要創造一個能幫助同事發揮的工作環境：「我們不一定可以改變人的性格，卻可以改變團隊成員的組合、或利用某些制約條件和績效評估方法等，提升他們工作的主動性。另外，與同事溝

通亦十分重要，當大家也清楚知道各成員的想法和要求，自然更易於配合，令工作更暢順。」

對於團隊精神，龍甫鈞亦有一番見解，「合作中的『合』字，頂部就像一個中式建築的屋頂（或『倒V』型）走勢，左右兩極代表兩個合作者的起始點，雙方合作辦事便需要互相配合並願意往對方的方向靠攏，才能到達中間的最高點，令合作取得最好效果。然而，若其中一方太強勢，便會逼使另外一方過分遷就才能勉強完成工作，合作的績效水平便會大打折扣，移至頂部兩旁較低的位置，因為合作的成果，往往並不是合作雙方工作績效的平均數，而是由相對弱勢一方的績效所決定。故合作雙方強

弱勢差異愈少，願意互相遷就和妥協的機會成本便愈低，這才是合作精神的根本。」

「跑」出思考框框

日常的工作經常與金錢和數字掛勾，龍甫鈞笑言公餘時喜歡跑步，出差時更必定帶一雙跑鞋。可能是因為平日工作太繃緊，跑步令腦袋可以稍稍放鬆。「我喜歡緩步跑，最理想是日間在路上跑，集中注視不同景物的變化，給視覺神經帶來新鮮刺激，思維狀態便會發生質的變化。我在工作上碰到的難題，有超過一半的解決方法，是在跑步時間突然想出來的。」



An outdoor run gives Friedrich the ideal time to think
龍甫鈞認為在戶外跑步是思考問題的黃金時間