

# Kent Wong & Hamilton Cheng: Partners in Governance How Industry Veteran Teams up with Young Professional to Inspire Sound Corporate Values

## 黃紹基、鄭炳熙：承擔企業管治的伙伴 不同年資的董事攜手 提升良好企業價值

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**C**how Tai Fook Jewellery Group Ltd (Chow Tai Fook) has two reasons – not just one – to be proud of the company’s governance system. Last December, both its Managing Director and its Finance Director and Company Secretary were given the Institute’s awards for Executive Directors among non-Hang Seng Indexes constituents.

### Collaborating as Team

Having joined Chow Tai Fook back in 1977, Mr Kent Wong Siu Kee is a veteran who knows the company inside out. He also is familiar with both markets across the border; he was responsible for developing Chow Tai Fook’s business in Mainland China before being appointed to oversee the entire company in 2008.

When commenting on why they awarded Mr Wong, the Judges credited this “long-serving director” for leading the jewellery group to “remarkable growth with his strong business acumen, experience and knowledge.” Judges also commended him for “building a corporate culture that empowers employees to follow internal procedures for proper checks and balances and timely disclosure.”

The company’s other awardee is Finance Director and Company Secretary Mr Hamilton Cheng Ping Hei, who joined Chow Tai Fook much later in 2004. Armed with a business degree and professional certifications in accounting and company secretarial disciplines, he was fast-tracked up the corporate ladder to become one of the youngest executive directors of Chow Tai Fook at age 37 in 2011.

In their citation, the judges praised Mr

Cheng for his “strategic thinking,” his “strong knowledge of the listing rules and the latest trends in corporate governance.” He was said to have played a “pivotal role in transforming a traditional family-owned company into a corporate with overseas presence” and one managed systematically via “scientific analyses and performance indicators.”

The two executive directors may have come from different backgrounds, but they apparently complement each other in skills and mind-set when it comes to corporate governance. They share the same values and go about promoting them by playing different roles. As the company’s “spiritual leader,” Mr Wong sets the tone and weaves the fibres of the corporate culture. As the professional with the technical know-how, Mr Cheng drafts, fine-tunes and reviews the methodology to comply with regulations and to fulfil the corporate values.

### Upholding Integrity as Core Value

So what is the foremost core value for Chow Tai Fook, a retail chain dealing in precious commodities and luxury items? “Integrity is fundamental for a retail business to achieve sustainability,” said Mr Wong. Indeed, Chow Tai Fook’s corporate value – “Sincerity . Eternity” is based on this fundamental principle.



▲ Mr Kent Wong  
▲ 黃紹基先生

As for other core values, Mr Wong listed accountability, engagement with various stakeholders and transparency. Mr Cheng believes likewise. “In particular, we strive to achieve a high level of transparency,” he said, by “building on other aspects such as accountability,” which all work towards “reflecting our commitment in upholding integrity, equity and fairness, etc.”

To meet the core value of integrity as a retailer – and one that is listed on the Stock Exchange of Hong Kong Ltd – Mr Wong said that “proper internal control and risk management measures are vital to operations. It is only when a sound system is in place that a listed retailer can satisfy customer demands and reinforce their confidence (in the company’s brand name) through providing quality products and services.”

In line with maintaining brand integrity, a “strict quality control system” is in place “to ensure product authenticity,” Mr Wong said. Central to this is a “Business Intelligence System” (BIS) that collects real-time sales and operating data using in-house developed Radio-frequency Identification (RFID)-enabled smart devices. Data thus collected by these devices are run through the BIS for big data analysis to understand customer spending patterns, predict sales trends and to assess management efficiency and effectiveness in general, he explained.

Chow Tai Fook’s “qualitative management process” involves a series of control procedures that emphasizes “monitoring at fixed locations, fixed times and with fixed quantities to strengthen overall control from multiple aspects,” Mr Wong said.

In addition, Mr Wong said Chow Tai Fook’s vertically integrated business model gives the jewellery group “centralised and tight control over processes” ranging from raw material procurement to jewellery design, production and marketing and sales with a global retail network of over 2,300 points of sale.

### Taking Practical Approach to Governance

On the compliance and governance front, the person in charge of installing and upkeeping a system of control and risk management is Mr Cheng. He has been taking what he described as a “pragmatic and step-by-step approach.”

First, he set standards for each aspect of governance as follows:

- Define parameters and set objectives according to priority;
- Do the “basic and mandatory” by observing listing rules and related regulations and do the “enhancement and voluntary” by benchmarking industry standards and best practices;
- Develop strategies, policies and procedures and key performance indicators; and
- Progress to review and improve regularly.

“When **setting standards**, I asked myself whether they were viable, applicable, achievable and reasonable,” Mr Cheng said. “There’s no point in having standards that are not suitable for the company or are impractical.”

Second, he tried to come up with both **quantitative and qualitative measures** to keep tab of how the standards would be met.

“Quantitative measures are important to ensure that we follow the road map, not just in terms of meeting the listing rules but also to lay the foundation for our corporate governance structure,” Mr Cheng said.

Quantitative results invariably involve frequency or volume. Mr Wong explained how it worked in terms of keeping an “active dialogue with various stakeholders,” namely, equity analysts, the media, prospective investors and the public. Last financial year, for instance, Chow Tai Fook attended over 526 one-on-one and group meetings with investors, seven investor conferences and 18 non-deal road shows in Hong Kong, Boston, Chicago and London, etc.

Qualitative measures will be developed “as applicable and progressively,” Mr



▲ Mr Hamilton Cheng  
▲ 鄭炳熙先生

Cheng added. The idea is to do more than meeting the mandatory requirements. To enhance transparency, for instance, he opted to do “voluntary disclosure” by publishing quarterly announcements and providing more information in the annual report.

Third, given that qualitative standards are hard to gauge, Mr Cheng would consider **benchmarking** by using industry best practices and professional evaluation criteria for reference.

In terms of implementation, the company has in place a governance structure applicable at all levels to daily operations. Staff also are given refreshers and updates regularly at in-house presentations, workshops and other training events.

### Bearing in Mind Market Cycles

Keenly aware that consumers tend to spend less on luxury items during an economic downturn, Messrs Wong and Cheng also favour strategic planning to forestall risks. They believe that business sustainability hinges a lot on governance.

“Corporates should have the foresight to develop strategies and directions for responding to market trends,” Mr Wong said. Guided by good governance, a company will take the opportunity of an unfavourable economic environment to reform and optimise operations and to streamline processes and systems for greater efficiency. At the same time, a company practicing sustainability will “encourage staff to overcome hurdles together and to keep their faith in long-term growth,” he said.

周

大福珠寶集團有限公司（周大福）在管治體制方面確實有足以自豪之處，而且一門兩傑，因為在去年12月，該公司的董事總經理及財務董事兼公司秘書雙雙在「傑出董事獎」的「非恒生指數成分股——執行董事」組別中獲獎。

#### 同心協力

早於1977年便加入周大福的黃紹基，不但是對公司瞭如指掌的老臣子，亦曾負責開拓周大福在國內的業務，直至2008年被委

管管治的最新趨勢。」此外，評審團認為，「周大福珠寶集團由傳統家族持有的公司演變成進軍海外的企業，以科學化的分析和表現指標實行系統化的管理，鄭先生在過程中扮演重要的角色。」

儘管這兩位執行董事有着不同的背景，但明顯地，在企業管治方面，他們不但在技能和思維上能夠互相補充，亦會透過各自的角色，在公司努力宣揚他們共同持守的價值。作為公司的「精神領袖」，黃先生負責為公司的企業文化制定基調，而鄭先生作為一名擁有專門知識的專業人士，則負責草擬、微調和檢討合規和實踐企業價值的方法。

#### 以誠信為核心價值

那麼，對於周大福這家奢侈品零售商店來說，最重要的核心價值是什麼？「零售業必須以誠信為本，才能實現可持續發展。」黃先生說。事實上，周大福的核心品牌價值「真誠·永恒」，便是以此為依歸。

黃先生亦列出周大福的其他核心價值：敢於問責；與不同持分者溝通；以及具透明度。鄭先生也秉持相同的價值。「我們尤其致力於提高公司的透明度。」他說，「這建基於敢於問責等其他核心價值之上。」而公司的所有核心價值，都是為了「反映出我們在堅守誠信、公平和公正等方面的努力」。

作為一家已在香港聯合交易所有限公司上市的零售商，周大福極為重視誠信。為達到此核心價值，黃先生表示在業務營運上「做好內部監控和風險管理措施是非常重要的。上市零售公司必須有良好的制度，才能確保貨真價實，並以真誠服務滿足顧客需求，從而鞏固他們（對公司品牌）的信心」。

黃先生說，為維護品牌誠信，周大福推行「嚴格的品質檢測系統」，以「確保產品都是正貨」。而箇中關鍵是採用了一個透過自行研發備有無線射頻功能(RFID)的智能設備來即時收集銷售和業務營運數據的「商業智能系統」。他解釋說，利用這些設備收集來的數據會輸入到公司的商業智能系統進行大數據分析，以了解顧客的購買習慣、預測銷售趨勢及評估整體的管理效率和效能。

黃先生表示，周大福的「產品質量檢測過程」包含一系列監控程序，強調「定點、定時及定量監控，以從多方面加強整體控制」。



▲ The management of Chow Tai Fook Jewellery Group toasts for the group's 85th Anniversary  
▲ 周大福珠寶集團管理層舉杯慶祝集團85周年誌慶

Looking deeper into the matter, Mr Cheng said “good policies and guiding principles are important” to ensure that an economic downturn does not compromise governance. “Management may neglect some governance aspects while focusing on business, thus losing the balance,” he noted. “For instance, in going for short-term profit instead of long-term value, a company may sacrifice integrity for commercial benefit. Meanwhile, low staff morale may jeopardise employee relations and affect performance.”

At Chow Tai Fook, the two vanguards make sure that sound governance prevails at all times. They succeed because they have the company's interest at heart.

以監督全公司的重任。因此他也非常熟悉中港兩地的珠寶市場。

談到黃先生的獲獎原因，評審團認為這位「資深的董事，以敏銳的商業觸覺、經驗和知識，領導公司取得非凡的增長。」同時，評審團又讚揚他「建立優良的企業文化，讓員工可依循內部程序行事以確保運作制衡更具成效，亦能及時披露資訊。」

另一位來自周大福的得獎者是於2004年才加入該公司的財務董事兼公司秘書鄭炳熙。他在公司的發展一日千里，並於2011年，以37歲之齡成為周大福歷來其中一位最年輕的執行董事。

評審團在對鄭先生的評語中讚揚他不但「具備戰略思考」，亦「掌握上市規則和企





▲ On behalf of Chow Tai Fook, Mr Kent Wong (second from the right) presents the sponsorship cheque to United Nations Children's Emergency Fund (UNICEF).  
▲ 周大福代表黃紹基先生(右二)遞交贊助善款支票予聯合國兒童基金會。

此外，黃先生表示，周大福的垂直整合業務模式能讓集團對整個業務作出「統一而集中的營運監控」，其中涉及的範圍從原材料採購到珠寶設計、生產及市場推廣，以及在全球超過2,300個零售點的銷售網絡。

### 務實管治

在守規和管治方面，鄭先生負責設置和管理控制及風險管理系統。一直以來，他都是採取一個他形容為「務實及按部就班的做法」。

首先，他為各個管治範疇制定了以下標準：

- 根據優先次序設定規範和訂立目標；
- 做好「基本和強制性」的，切實遵守上市規則及相關法例；做好「優化的自願性」的，以業界標準及最佳操守來訂立基準；
- 制定策略、政策及程序並訂定主要表現指標；以及
- 定期檢討進度及作出改善。

「在制定標準時，我會問自己這些標準是否可行、合適、可達成及合理的。」鄭先生說，「如果要訂立的標準並不適合公司或是不切實際的，便無必要採用了。」

其次，他嘗試提出**定量指標和定性指標**來衡量這些標準是如何達成的。

「定量的指標是很重要的，可確保我們按照路線圖行事，這不單為了符合上市規則，亦是為了替公司的企業管治架構奠下良好的基礎。」鄭先生說。

定量的結果無可避免會涉及次數和數量。黃先生解釋這如何幫助公司「與不同的持分者保持積極溝通」，當中包括股票分析員、傳媒、潛在投資者和公眾人士等。例如在上一個財年，周大福共參加了逾526個一對一及團體投資者會議、7個投資者研討會及18場非交易路演，遍及香港、波士頓、芝加哥及倫敦等地。

鄭先生補充說，定性指標會「根據可行性來逐步制定」。有這個想法是因為公司希望較強制規定的做得更多。為了提高透明度，他選擇作出「自願性披露」，除了在年報內提供更多資訊外，亦會公布季度經營數據。

第三，鑑於定性指標並不容易量度，鄭先生便考慮按照業界的良好操守及專業評估準則來**訂立基準**，以作參考。

在執行方面，周大福不但為日常運作制定了一個對各級均適用的管治架構，亦會定期舉辦內部簡介會、工作坊及其他培訓活動，讓員工有機會進修和獲得最新的資訊。

### 留心市場周期

有見消費者在經濟低迷時會減少購買奢侈品，黃先生和鄭先生亦贊成採取策略性部署來防範風險。他們相信業務能否持續發展，很大部分取決於企業管治是否做得好。

「企業必須要有前瞻性，以便制定策略和方向來回應市場趨勢。」黃先生說。如果企業管治做得好，一家公司便有能力趁着經濟不景時改革和優化運作機制，並透過簡化程序和制度來提升效率。與此同時，黃先生表示，一家可持續發展的公司亦會「鼓勵員工共同克服困難，又會穩定員工對公司長遠發展的信心。」

更深入一點來看這個問題，鄭先生說「有好的政策和指引準則是很重要的」，這樣才可確保企業在經濟低迷時也能夠堅持良好管治。「在專注於業務時，管理層可能會忽略部分管治問題，造成失衡。」他指出，「例如，假若只着眼於短期的盈利而非長遠的價值，公司便可能為了商業利益而犧牲誠信。同時，如果員工士氣低落，便可能損害勞資關係並影響他們的表現。」

有賴這兩位先鋒把關，周大福才能時刻執行良好管治。他們之所以成功，全因他們把公司的利益放在心上。