



CHUNG MEI INDUSTRIES LTD.

Legacy of Progress

With acuity and flair, SEBASTIAN MAN seamlessly mingles western business and Chinese industry to produce rewarding results.

China has long been regarded a global giant in manufacturing. Despite speculation to the contrary, its positioning and performance keep it ahead and above the rest. This however has much to do with the more noteworthy companies comprising this sector, a shining example of which is Chung Mei Industries.

The household electronics manufacturer founded in 1963 has produced a multitude of electrical appliances for major international brands worldwide. Sebastian Man took the reins in 1989 and has since bolstered the company's enduring presence in Hong Kong and Chinese business.

Man returned to Hong Kong in the 1980s, having obtained bachelor's and master's degrees in mechanical engineering from MIT, and an MBA from Harvard Business School. He found success in investment banking, particularly in mergers and acquisitions. At the decade's end, as the company headquarters, now Chung Mei Centre was being redeveloped, Man saw an opportunity.

"I always wanted to do something on my own, and I guess having spent quite a bit of my time in mergers and acquisitions, I sort of knew the ins and outs," says Man. "It was something I could add value to."

While Man's father, the largest of 15 minority shareholders was initially opposed, the rest welcomed the exit. "In a sense I went into a partnership with my father, but he would have said that I had gone back to work for him."

Room for Improvement

While the Chinese manufacturing behemoth remains ever imposing, shifts in economic climate have nonetheless prodded adjustment from its constituents.



Chairman and CEO Sebastian Man.

"This issue of the industry really goes back to the manufacturing sector in China. By and large, a lot of the businesses are still relatively labour intensive. With the problems of cost, the situation has been getting more and more tight. Can you believe it? In a nation of 1.3 billion, we lack human beings."

While costs may have gone down with the recent 2015 RMB drop, government policies in the Pearl River delta have become less conducive to progress. Added to inflation levels of different business and consumer environments in constant state of flux, the paradigm of setting up factories in China to sell wares in the west is no longer the same. "The historic mission of this type of manufacturing is over. The question is 'what's next'? How do you compete?"

Apart from the overt recourse of upscaling and value creation, Chung Mei continuously aligns with multinationals as their base in China. "Since we have China knowledge and western culture and philosophy, they find it more comfortable to collaborate with us than with companies strictly indigenous to the PRC," says Man. Chung Mei will also benefit from engaging in more joint ventures with Chinese firms, he adds. "As they are interested in learning the more western corporate style while we try to get deeper into the heart of China, collab-

oration would be a win-win situation."

Bridge of Influence

Chung Mei continues to focus on two key areas, namely the design and development of new, innovative products, and a keen familiarity with Western business practices. These, Man shares, have always been the company's areas of strength; such a wealth of knowledge and experience is highly coveted in the industry.

Seasoned Chinese manufacturing companies on the other hand are near unmatched in the production field. Offering great cost-effectiveness, they make potentially invaluable partners. Their collaboration with Chung Mei – a synergy of competitive advantages – contributes to making the Pearl River Delta bloc a force to reckon with.

"I think today we definitely are in a consolidated environment. Trying to compete on your own is probably a little more difficult. We believe we can take the lead. The joint effort of a bigger, cohesive and more powerful force is the way to go." ■

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