

UOB: Chinese business families are looking to deepen their knowledge on wealth distribution

Shanghai, China, 20 July 2016 – A survey¹ conducted jointly by United Overseas Bank (UOB) and the Singapore Management University's Business Families Institute (BFI@SMU) revealed that business families in China need deeper knowledge on wealth distribution to enhance their capability in managing and passing wealth to the next generation.

According to the survey, only 17 per cent of business families in China said they have sound wealth distribution knowledge when it comes to succession planning.

Mr Winston Lim, Head of Personal Financial Services, UOB (China) said, "Most business families in China are currently led by first generation leaders who are heavily involved in managing the day-to-day operations of their businesses. As the scale and size of their companies continues to grow, these Chinese business family leaders are actively seeking advice on succession planning. This is to ensure that the value of both their business and wealth will not be lost during the transition to the next generation."

Among the Chinese business families surveyed, 68 per cent said they prefer to keep the ownership and management of their business to the most suitable successor within the family. They also acknowledged that they need to put in place a systematic succession plan so that the business can be passed to the next generation efficiently. About half of the respondents indicated that they have a clear succession plan or have started to develop their potential successors. To train and develop the

¹ The survey was conducted by BFI@SMU between November 2014 and July 2015 with 192 key decision makers of business families from China, Indonesia, Malaysia, Myanmar, Philippines, Singapore and Thailand. 104 respondents were from China.

skill sets of the next generation, 74 per cent of respondents have encouraged their children to start their own businesses as their business ventures can serve as incubators to establish entrepreneurial credentials.

Value of professional managers is still appreciated

Even as Chinese business families remain focused on developing family members as successors, they appreciate the value that professional managers bring to their businesses.

Nearly three quarters of business families cited talent recruitment and development as the main challenge to securing the long-term sustainability of their companies, which they are countering by hiring professional managers from outside their families. These managers possess specialist skills in financial management, technology implementation and human resources to set up professional talent development structures and modern management systems. As such, more than half of the Chinese business families polled indicated that they were investing in training, developing and retaining their talent pool.

The survey also found that more than 80 per cent of Chinese business families place great emphasis on values such as commitment, integrity and trust which they have observed in their own families and which they believe underpin the long-term financial and strategic decisions made by their leaders. They therefore expect that professional managers working with them uphold a similar set of values.

Conducted by BFI@SMU in 2015, the survey shares insights into how business families in Asia perceive, build and grow entrepreneurship in their family businesses. It also offers a comparative analysis of entrepreneurial activities as well as succession planning involving professional managers in Asian business families across different countries.

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About United Overseas Bank (China)

United Overseas Bank (China) Limited (UOB (China)) is a wholly-owned subsidiary of the United Overseas Bank Limited (UOB), a leading bank in Asia. Headquartered in Shanghai, UOB (China) was incorporated in the People's Republic of China on 18 December 2007 and commenced operations on 2 January 2008.

With a stable and far-sighted approach, UOB (China) has grown its network to 16 branches and sub-branches in the major cities across China. As UOB (China) continues to grow its business, it is also committed to its people and the community. Since 2012, UOB (China) has participated in the annual UOB Heartbeat Run/Walk to raise funds for underprivileged children and to support various education initiatives in China.

For more information about UOB (China), please visit www.UOBChina.com.cn

About Singapore Management University

Singapore Management University (SMU) is internationally recognised for its world-class research and distinguished teaching. Established in 2000, SMU's mission is to generate leading-edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. SMU education is known for its highly interactive, collaborative and project-based approach to learning, and for its technologically enabled pedagogy of seminar-style teaching in small class sizes. Comprised of six schools specialising in Accountancy, Business, Economics, Information Systems, Law and Social Sciences, it offers a wide range of bachelors', masters' and PhD degree programmes and is home to 8,800 students. With an emphasis on generating relevant multi-disciplinary research that addresses Asian issues, and being Singapore's only university in the city, SMU enjoys strategic linkages with business, government and the wider community through its research institutes, centres and labs. www.smu.edu.sg

About Business Families Institute @ SMU

SMU established the Business Families Institute (BFI@SMU) in August 2012 in response to the growing needs of business families in Asia. Since 2010, SMU had recognised the emergence of Asian business families and discerned that they require specifically contextualised thought leadership and applied knowledge. With this in mind, BFI@SMU intends to collaborate with various partners, academic or otherwise, to be a knowledge leader in Asian business family-related education, engagement and research. The Institute will address business family-specific issues such as family, ownership, business succession and governance. The vision of BFI@SMU is to facilitate business families in Asia to develop, harness and leverage their family and financial capital across generations. <http://bfi.smu.edu.sg/>

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