



PwC China

# Family Business Integrated Service Platform



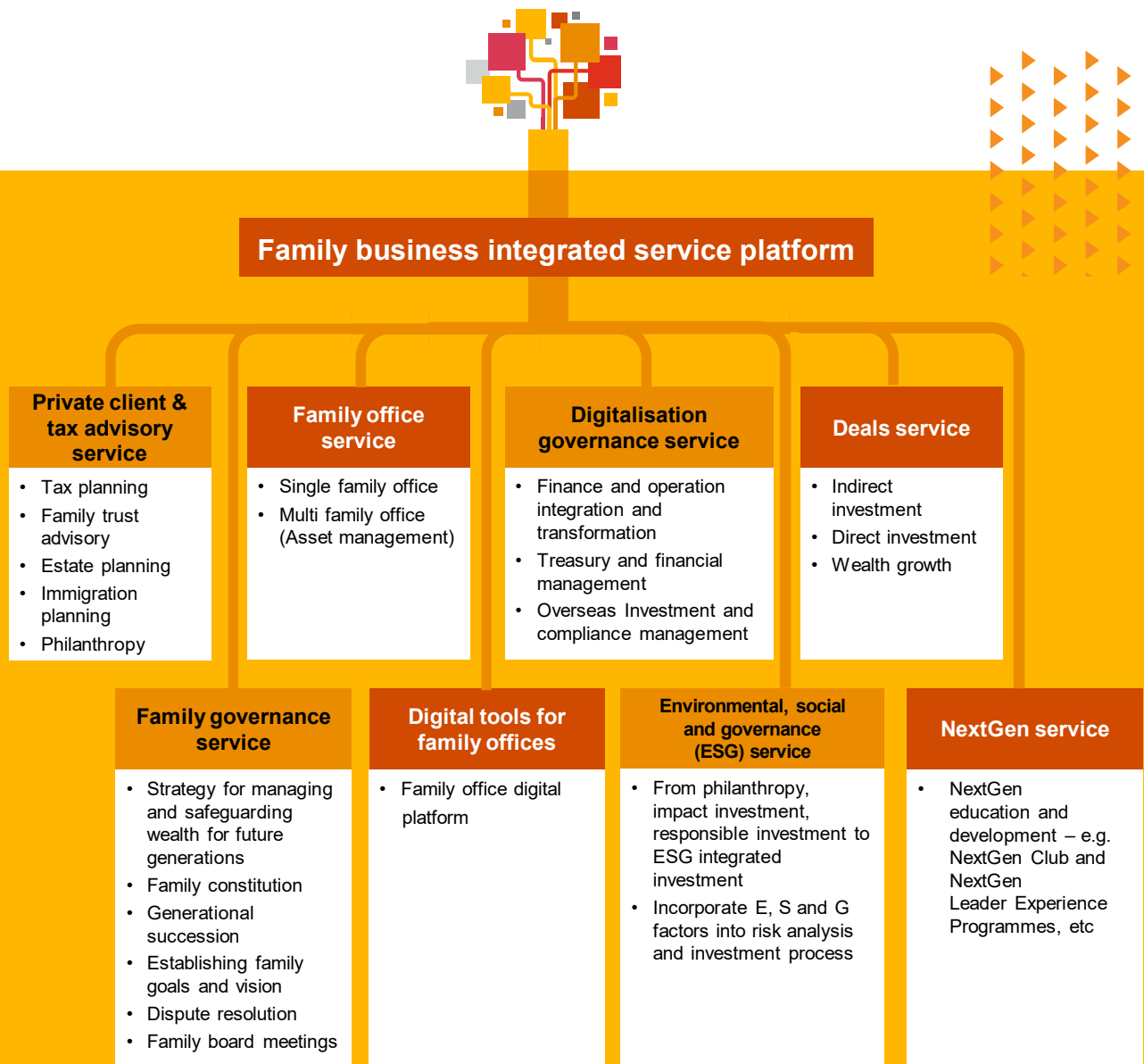
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# Family business integrated service platform

Asian high net worth families today face a multitude of needs and challenges of increasing complexity. As the family business grows, it will be necessary to dedicate more resources and attention to achieve orderly business succession, family cohesion, as well as effective management of family assets. In addition, the family will also need to consider topics such as environmental and social governance, digitisation and value creation in an increasingly complex investment environment.

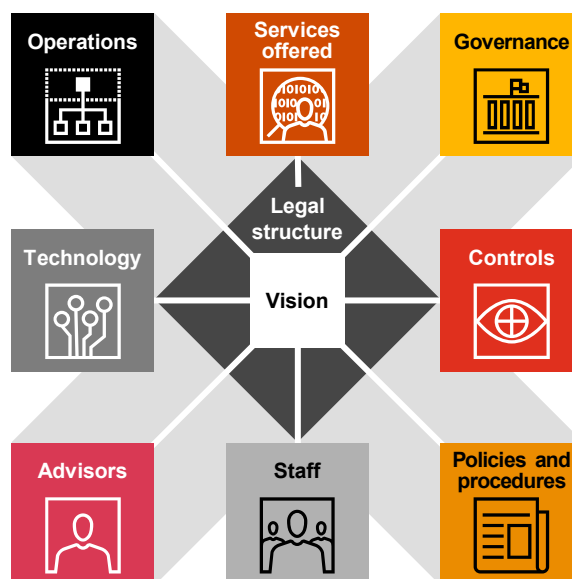
PwC's proposition is to provide an integrated service offering to help build and preserve your family business. By adopting a holistic and comprehensive approach, we aim to assist the family business in making more impactful and informed decisions, become more adaptive to change, while at the same time safeguarding the family's legacy and privacy. Our services consist of areas including: private client & tax advisory, family governance, family office, digitisation governance, deals, environmental, social and governance (ESG) service and NextGen services.



# Private client and tax advisory service

High net worth families require specialised services to manage their family wealth effectively. Our professionals in the Greater China region have extensive experience advising high net worth clients on their family business and giving tailored recommendations to achieve the family's objectives.

Based on each family's unique vision, residency, succession and philanthropic objectives, PwC will conduct holistic planning for the family and advise on the appropriate asset holding structure. We can make recommendations to optimise asset holding structures (including the use of private companies, trusts and charitable foundations), and provide comprehensive advice in relation to your private wealth.



Our holistic planning process aims to cover all elements of family wealth, including liquid investments, interests in the family business, investments in other business interests, real estate and insurance. In the planning process, it is vital to consider both tax and non-tax objectives:

Tax objectives
<ul style="list-style-type: none"> <li>• Implementing efficient holding structures for family assets</li> <li>• Tax planning for family members with residencies in multiple jurisdictions</li> <li>• Compliance with Foreign Account Tax Compliance Act ("FATCA"), Common Reporting Standards ("CRS"), economic substance requirements and other reporting obligations</li> </ul>

Non-tax objectives
<ul style="list-style-type: none"> <li>• Protecting personal and family assets</li> <li>• Refrain from the application of probate procedures</li> <li>• Retaining management and control of the family business</li> <li>• Achieving the family's charitable objectives</li> </ul>

After implementation, we can also provide guidance on the governance and operational aspects of the legal structure, to ensure the family's needs will be continually met, and to protect the family's legacy.



# Family Governance service

Family business owners face challenges in ensuring members of future generations have aligning vision, mission and objectives in regards to the management of the business. Furthermore, the issue of family cohesion is of great importance as the owner passes the baton to the successor generation. To ensure the family's legacy, a family business owner should think through the following questions:



- How will the control of the company pass to the next generation?
- Should there be restrictions in transfers of shares in the family business?
- Should there be mechanisms to retain control over the family business within the family?
- What are the core values to be encouraged or instilled to the next generation?
- What is the mechanism of resolving conflicts between family members?
- How can effective communication channels within the family be established?
- Do different members of the family take on different roles within the family and the family business?

Family governance is a system of procedures and tools designed to uphold the cohesion and unity of the family. A well designed framework provides for effective communication mechanism between different generations of family members, and sets out processes for making important family decisions, and defines the shared goals and aspirations of the family. In addition, it will also define the criteria for ownership and participation in the family business. Careful consideration and adoption of family governance principles will help families in ensuring each member understands their roles and responsibilities within the family and in the management of the family business.

PwC's team of professionals can hold tailored consultation sessions with the family to seek clarity to the above questions and codify the answers in a bespoke family governance framework. We will design the appropriate family governance structure, draft a bespoke family constitution and supporting documents, hold meetings with various stakeholders to explain the concepts of family governance, and provide support in annual family gatherings where important decisions are made once the framework is finalised.

# Family Office service

High net worth individuals in Asia are increasingly interested in setting up family offices. The need for a family office arises as the family accumulates wealth and investments of increasing complexity and scope.

In essence, a family office is a dedicated team of professionals helping the family manage its investments and assets, providing administrative support and managing risk. Certain sophisticated family offices may also play an important role in the

family governance framework, assisting the family in passing on its legacy. The family office may be “virtual”, comprising of a small team of professionals, or may be constituted as a separate legal entity established to provide services to the family. The main functions of a well-rounded family office are as follows:

<b>Managing investments</b>	<b>Ensuring Compliance</b>	<b>Handling Administrative tasks</b>
<ul style="list-style-type: none"> <li>• Setting Investment strategy and making investment decisions</li> <li>• Managing properties, fixed assets and luxury assets</li> <li>• Impact investing and philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of financial statements, tax returns and other compliance requirements for family members entities</li> </ul>	<ul style="list-style-type: none"> <li>• Operating bank accounts and making payments on behalf of family members</li> <li>• Securely filing and storing important family documents, such as wills, trust deeds etc.</li> </ul>
<b>Managing risk</b>	<b>Playing a role in family governance</b>	<b>Other tasks</b>
<ul style="list-style-type: none"> <li>• Identify relevant risks and seek professional advice when needed</li> <li>• Managing economic, political, investment and regulatory risks, including compliance with tax rules</li> </ul>	<ul style="list-style-type: none"> <li>• Assist the family to uphold its values and culture</li> <li>• Encourage family cohesion by mediating disputes between family members</li> </ul>	<ul style="list-style-type: none"> <li>• Provide concierge services to the family – booking travel, restaurants etc.</li> <li>• Assisting with the family business</li> <li>• Assisting with philanthropic and ESG efforts of the family</li> </ul>

Our private client services team is well experienced in advising families throughout the process of establishing a family office. In helping families build a future-ready family office, we will have comprehensive discussions with the family and assist with the following:

- Review the family’s objectives and needs to define the main components of the family office;
- Advise on the applicability of tax concession regimes for family offices (e.g. Hong Kong profits tax concession for single family offices and Singapore’s 13O/13U regimes);

- Working with your family to structure and implement key family office systems and procedures;
- Provide ongoing assistance and periodic review of the family office to ensure optimal functionality and adoption of leading practices.



# Digitalisation governance service

Family business digital governance advisory service covers digitalisation transformation of control governance in the key areas such as finance and operation integration and transformation, treasury and financial management, as well as overseas investment and compliance management. It aims to assist family business governance to transform from traditional governance to sustainable and tech-driven smart governance, to not only improve the operating effectiveness and efficiency and but also create more value for family members. Our services include:



1

**Finance and Operation Integration and Transformation:** To assist family business in the finance digital transformation journey, develop the transformation roadmap based on current business model and financial system, enhance finance function to align with company strategy and support business decision, enhance enterprise risk management system and provide insight to business and operation.

2

**Treasury and Financial Management:** To assist the fast-growing family business to streamline budgeting, financial and treasury management process, enhance the data analytics capabilities over financial and operational data, as well as develop robust financial reporting and monitoring control mechanism.

3

**Overseas Investment and Compliance Management:** For those domestic family business going overseas or having overseas operations, we provide one-stop integrated services with a joint-team covering professional areas of global tax compliance, export control, anti-fraud, environmental protection and safety, labour employment, cyber security. Our services include compliance system development, organisational structure setting, policy and procedure design and implementation, compliance risk management, special evaluation, as well as compliance system implementation.



# Deals Service

With extensive M&A experience, full scope capabilities, a global network and the largest dedicated M&A team in China, PwC can provide an integrated offering to support the growth of high net worth families and their family offices, from indirect investments to direct investments.



## Investment in PE funds

- **GP introducing** — with long-term relationships with many of the top PE/VC funds, PwC can introduce high performing GPs to family offices and share our practical experience in the sector.
- **GPs due diligence** — Ranked top in providing audit, tax and M&A services to the PE/VC funds, PwC knows the private equity market well, we can help you identify and evaluate the right GP for you.
- **Fund establishment and continuous management** — PwC provides professional services for PE/VC funds and other organisations covering various fields. Our professional knowledge can assist you in multi-dimensional evaluation and continuous management of fund managers.

## Equity investment

- **Deal sourcing** — our Deal Sourcing Platform (DSP) can assist you with deal sourcing, target screening and preliminary target review.
- **Financial advisory** — PwC will play as the lead financial advisor to support throughout the investment cycle, with flexible options for the scope of service.
- **One stop due diligence** — PwC can provide integrated due diligence to support you to evaluate the potential target from different perspective of the deal value, e.g. financial, tax, commercial, IT, HR, operational and ESG.

## Post deal support

- **Post deal control support** — full scope post deal support service, to help you take over the business smoothly and realise the deal value.
- **Synergy achievement** — gaining an understanding of potential parties' fields of post deal synergy, establishing a synergy work plan and assisting in tracking and reporting the implementation progress.
- **Exit support** — establish a comprehensive value creation plan to assist you to best demonstrate the business performance, lower exit risk and maximize the deal value.

In order to help you and your family make more informed and sustainable decisions, our professional team will help you sort out and answer the following important questions, covering all aspects of deals decisions:

- PE investment or equity investments? Investment strategy?
- How to identify the right PE funds for your investment strategy?
- How to identify and select suitable PE fund managers?
- How to evaluate GPs?
- Any deal source? Majority or minority investment?
- How to identify potential risks of the investment?
- How to negotiate the right deal price and legal terms in the investment agreement?
- How to operate the business post deal? Any transparency in financial and operational data to shareholders?
- When and how to exit?



# Environmental, social and governance (ESG) service

ESG integration has been growing in the wealth management community in recent years. Navigating between terminologies such as responsible investment, impact investment, sustainable investment and ESG integration can be exhausting. At PwC, we combine your family vision with our ESG expertise to concurrently achieve positive societal impact alongside meaningful financial returns.

## How PwC can help

### 1 We can help you to build awareness and align on your family values

There are many sustainability and ESG-related related frameworks on the market, and it can be difficult to navigate.

Understanding the differences between different ESG investment strategies, various ESG frameworks and market trends is an important first step to navigating ESG.

PwC can help to facilitating dialogue between members of the family office to align on values and articulate strategic goals and objectives, in order to develop the basis of your investment objectives.

### 2 We can support you in implementing a investment framework

Based on your core purpose and values, PwC can support you in developing an easy-to-understand investment framework that integrates with your family values and investment objectives, be it negative screening, ESG integration or impact investing.

Our services include, supporting in drafting responsible investment policies, and equipping you with the right tools to support at each stage of your investment process (from pre to post investments, to exit) across different asset classes.

### 3 We can help monitor the ESG performance and measure impact of your investments

PwC can support in defining a bespoke set of quantitative and qualitative KPIs to track the performance of your investments, enabling you to make more informed investment decisions. Particularly, when it comes to impact investing, applying a consistent methodology is crucial to measure the impact of your capital invested.

We are here to help you design and incorporate appropriate metrics that you see fitting to monitor through your impact journey.

### 4 We can help you select and engage with your investment manager

We can support you in selecting and engaging with investment managers that have proven expertise and ESG knowledge that can deliver on your impact and financial goals and matches your family's values.

We can also support you as a third-party specialist in evaluating the investment manager's performance, in order to determine the extent to which they deliver on what they promise in aligning with your investment goals.

# NextGen service

PwC is committed to support the personal growth journey of NextGens in becoming the leaders of tomorrow.

## PwC NextGen Club

NextGen Club provides an excellent international platform for young entrepreneurs in family businesses in various countries to connect and share experience and knowledges through industry sharings and professional training events to enhance their Connect (social), Learn (learning) and Lead (leadership) skills.

NextGen Club members typically aged between 25 and 40 years, who has a role in either the management, ownership or governance of family business, or have set up own entrepreneurial venture separate from the family business. PwC China NextGen Club is by invitation only.



**PwC China NextGen Club**  
Click here or scan the QR code above

## Connect

- Connect with the global club network which currently has more than 2,000 next-generation members from 26 different countries and regions
- Meet and connect with successful peers and industry leaders



## Learn

- Customised family wealth succession plan learnt from reputable business leaders, and top institutions worldwide
- Meet with family business experts for practical guidance
- Company visits to world's famous companies



## Lead

- Inspire the potentials and discover the strengths of young entrepreneurs
- Continuously shape your own outstanding leadership vision



**PwC Hong Kong NextGen Club**  
Click here or scan the QR code above



# Meet PwC experts

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## NextGen Service

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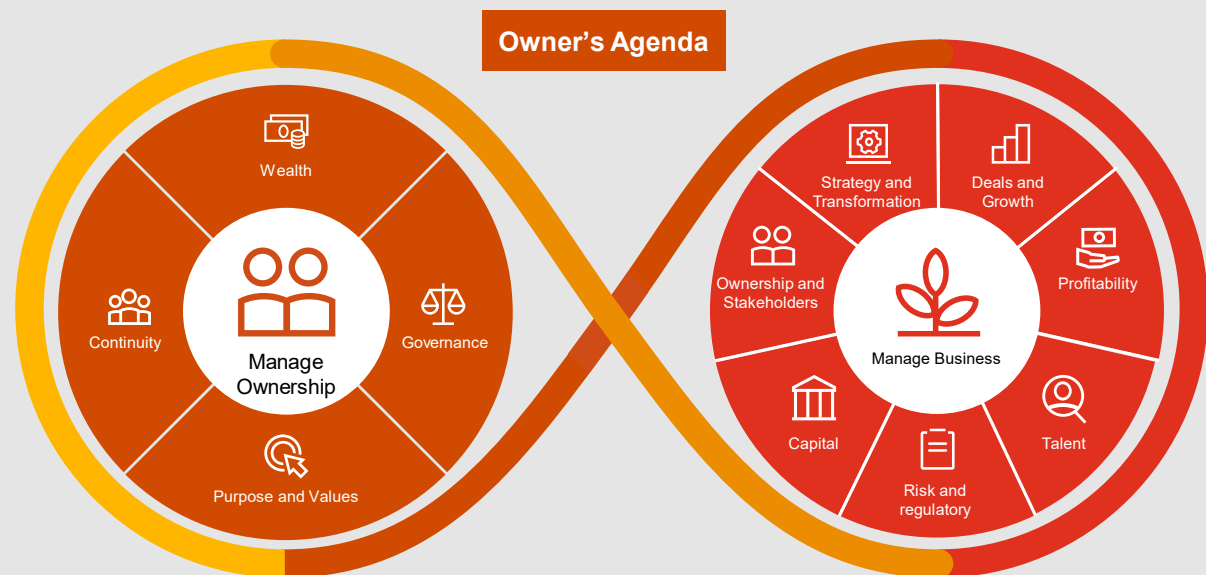
# PwC China Entrepreneurial and Private Business Service

## Built around you for successful legacy

### You're at the center

We understand growing a business can be demanding, exhilarating and intensely personal. That's why PwC is here to help you manage your ownership and growth at every stage, in a way that fits the needs of your business. At PwC, we're built around you. We're here to listen, today and tomorrow.

We call our framework "The Owner's Agenda". The framework can help you balance and reconcile your ownership and business strategies, in a consistent, integrated and joined-up way, reflecting that you sit at the heart of each of them. It will focus on your most pressing agenda, your goals, your network and your legacy.



Explore more our service offerings  
[Click here or scan the QR code]

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