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Value and Application of Family Offices in Assisting Enterprise Entrepreneurship from the Perspective of Primary and Secondary Market Investment

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Abstract: Family Offices have been developing rapidly in China. According to data from the Hurun Research Institute, by the end of 2025, there will be 2.066 million households with a net worth of more than 10 million yuan in China. The scale of the family office market is now about 13.60 trillion yuan. The Demand for wealth management has shifted from development to preservation and inheritance, and family offices are gradually taking part in the entrepreneurial activities of enterprises. This paper will examine the two levels of the primary and secondary markets, along with the internal mechanisms, value logic and actual results of family offices for entrepreneurial enterprises. Family offices invest long-term capital and strategic resources in the entrepreneurial enterprise through direct investment, follow-on investment as LPs, and incubation in the primary market. Offer liquidity support for the development of enterprises through instruments such as private placement in the secondary market. Family offices have been developing over time and are now more patient and well-integrated into the industry than traditional venture capital. Two typical cases are selected in this paper for comparative study, namely FuSheng Capital and Minghui Investment, and the problems in the two aspects of the regulatory system and professional ability are analyzed.

Keywords: Family office; Primary market investment; Secondary market investment; Business entrepreneurship; Patient capital.

1. Introduction

In recent years, the amount of Chinese private wealth has been growing rapidly and is now at a crucial stage for intergenerational transfer. By the end of 2025, there will be 2.066 million high-net-worth families with assets of more than 10 million yuan across China. According to the "2024 Hurun Wealth Report", about 20-21 trillion yuan of wealth will be handed over from first-generation entrepreneurs to the next generation in the coming decade, and this amount is expected to reach 79 trillion yuan within 30 years. With the growth of the demand for wealth management, asset allocation, family governance and inheritance planning, family offices have spread from their initial development in Western countries to China and are now used by many high-net-worth individuals.

Family offices have not been involved in entrepreneurship for very long. Foreign experience shows that, in addition to serving the purposes of asset protection and growth, such institutions have also started to provide support for new-industry development and entrepreneurship. The founders of enterprises such as Huichuan Technology and Haidilao have established family offices with an industrial background one after another, and it can be seen that this trend is also accelerating in China. The support provided by family offices for the entrepreneurial activities is not limited to finances; it also includes strategic cooperation, industrial resource integration and governance improvement.

Viewed from an investment perspective, identify problems and propose corresponding countermeasures. The primary market is a direct path for family offices to participate in entrepreneurship, and through it, they provide capital and industrial resources for enterprises over an extended period, as well as venture capital, private equity investments and entrepreneurship incubations, etc. The function of the secondary market is also worth mentioning: It can raise funds for high-growth enterprises through private placement or offer exit routes for early investors via secondary market transactions of private equity, and family offices can participate in different phases. Most of the previous studies have concentrated on the wealth management function of family offices and have not systematically explored how they support the development of entrepreneurial enterprises in investment [1]. The paper will explore the forms, operating logic and constraints of family offices supporting the development of entrepreneurial enterprises at two levels: the primary and secondary markets.

2. The Current Development Status and Investment Pattern of Chinese Family Offices

2.1. Market Size and Institutional Structure

The Chinese family office industry is now in a period of high growth and relatively less regulation. According to data from the Hurun Research Institute, by the end of 2025, there will be 2.066 million high-net-worth families with assets exceeding 10 million yuan in China, and the number of people with investable assets of over 10 million yuan will exceed 3 million. The total wealth of high-net-worth families was about 1.8 trillion US dollars. By the beginning of 2025, the number of institutions in China with "family office" in their names had exceeded 4,500, and they were mainly concentrated in cities with well-developed financial industries, such as Beijing, Shanghai and Shenzhen. By 2025, the total market size of the entire industry will be about 13.60 trillion yuan and will have risen by 20.01% year-on-year. The development speed in the Hong Kong market is also quite fast. By the end of 2025, the number of single-family offices in Hong Kong will have reached 3,384 and will have increased by 681 over the past two years [2, 3].

The institutions in the market are not all the same in terms of their composition. Licensed professional institutions are generally trust companies, securities companies and public funds, which have been granted specific licenses and possess a large number of customers. Although they are not numerous, independent family offices have gradually developed their own strengths in the direct-investment field through high flexibility and focus. According to the "China Family Office Development Report" jointly issued by the Hong Kong Financial Development Bureau and Tsinghua University's PBC School of Finance, the total asset management scale of the top 30 Chinese family offices is 891 billion yuan, and the average management scale of these institutions is about 29.7 billion yuan.

2.2. Asset Allocation Characteristics and Investment Preferences

The Asset Allocation of the family office is relatively long-term and diversified. Family offices in the Asia-Pacific region are still allocated the most funds in the primary market for private equity and real estate. According to the UBS "Global Family Office Report 2025", 39 per cent of family offices in the Asia-Pacific region intend to expand their investment in the Chinese mainland in the coming year. Family offices also have some holdings in the stock and bond markets of developed economies on their secondary markets. Recently, in terms of industry preferences and technology and media, as well as healthcare, family offices have begun to pay more attention to these areas, and artificial intelligence is now a popular sub-sector for investment. The above allocation of assets can make the family office pay more attention to and invest in new-generation, high-tech startups. The above attention is shown in different ways in the primary and secondary markets [4].

3. Primary Market Investment: The Direct Path for Family Offices to Empower Startups

The first channel by which a family office supports a start-up enterprise is the primary market. Family offices are generally less bound by institutional regulations and therefore have a longer investment cycle. The intervention methods of the above parties generally fall into three categories: direct investment in the entrepreneurial enterprise, participation as a limited partner in private equity or venture capital funds, and participation in early project incubation. Family offices have a shorter decision-making chain for direct investment, a more flexible investment cycle, and are not subject to the short-term performance evaluation pressure of external limited partners [5]. The above features show that they have been involved in the development of the company for a long time, and some of these investments were even made before many institutional investors started paying attention.

FuSheng Capital is a typical case of observation. Li Jiajie, the head of Henderson Land in Hong Kong, has established a family office that has been concentrating on private equity for a long time. FuSheng Capital is based on the investment idea of "doing good by doing well" and provides support for its portfolio companies through innovation incubation, strategic investment and other forms of industrial network connection. At present, the total valuation of the enterprises incubated by it is about 6.2-6.5 billion US dollars. The first two representative projects in the investment portfolio are biofuel producer EcoCeres and new nickel-hydrogen battery company EnerVenue. Bain Capital provided a 400-million-dollar investment for the next round of financing at EcoCeres. Chen Yinglong, the managing partner of FuSheng Capital, once revealed that about 70% to 80% of the chief executive officers of the invested enterprises are no longer members of the founding team. The above proportion shows that the institution is closely connected to the company and has maintained a long-term relationship with it.

Besides direct investment, family offices also provide financial support for the start-up enterprise indirectly by participating as limited partners in professional venture capital and private equity funds [6]. Thus, it helps to spread investment risks and uses outside professional management services. A relatively large proportion of family offices have allocated a considerable amount of their main market assets to private equity fund products. Family offices are limited partners in the Chinese market, and now they have been included in the main-market fundraising. Some family offices have adopted a dual-track approach of direct investment and fund participation; they use the fund channel to cover various industries and spread risks, and at the same time, maintain relatively high control through direct investment. Besides the first-listed shares, there is also a secondary market that can be utilised.

4. Secondary Market Investment: Another Dimension for Family Offices to Support Growing Enterprises

The secondary market is also needed by family offices to support the expansion of enterprises, but its operating mechanism is not the same as that of the primary market. Primary market investments are generally for the initial stages of new enterprises, and participation in the secondary market tends to be higher for growth-stage and mature enterprises. Listed company private placement is a way for family offices to access the secondary market and raise funds for expansion of the enterprise. Private placements generally have lock-up periods compared with public offerings, and thus place some restrictions on how long investors are allowed to hold the shares. This is a relatively stable form of investment preferred by family offices [7].

The UBS "2025 Global Family Office Report" has provided the following data: 39 per cent of family offices in the Asia-Pacific region plan to increase their allocation to the Chinese mainland market in the coming year, and 78 per cent of the surveyed institutions adopt an active management strategy for stock investment. Healthcare, electrification and generative artificial intelligence are also relatively new and high-interest areas for family offices. Therefore, the family offices' operations in the secondary market are not passive index-tracking arrangements, but rather actively seeking enterprises with long-term growth prospects. Many of them are technology companies that have grown from a startup.

In recent years, family offices have also begun to consider investing in the secondary market of private equity. According to the "2025 Asia-Pacific Family Office Report" published by Preqin (as quoted in the report by Chih-Tsai News Network on August 29, 2025), the two main reasons for this trend are as follows: over the past three decades, the total amount of funds entering private equity annually has increased at a rate of approximately 20%, and the transaction turnover rate of such assets has also been rising steadily. Transactions in the secondary market for these early investors provide a way to realise profits and can help boost liquidity for venture capital investments in the primary market [8]. After taking over these assets, family offices generally choose to hold them for an extended period and help to reduce the disorder in the governance of start-up enterprises that arises from frequent changes in shareholders.

The buying and selling activities of family offices in the secondary market are also certain signal indicators. Well-known family offices are likely to be acquired by these markets at the same time, and the results may appear favourable to the long-term prospects of the company. The expected result will likely lead more funds to follow and participate. The pricing mechanism of the secondary market and the long-term outlook of family offices provide a certain support, and thus have objectively created a relatively stable market for the continuous financing of start-up enterprises.

5. The Core Values of Family Offices in Supporting Enterprise Entrepreneurship

The aforementioned investment practices underpin three core values.

5.1. Patience Capital And Long-Termism

The first reason why family offices are suitable for supporting enterprise entrepreneurship is their stable long-term capital. Gao Hao, Director of the Global Family Enterprise Research Center at Tsinghua University's PBC School of Finance, pointed out that in addition to insurance funds, pension funds and sovereign wealth funds, the family capital behind private enterprises are also relatively stable sources of long-term funds. The investment terms of insurance and pension funds are generally single-generation; family capital, however, aims for cross-generational inheritance and can theoretically be extended indefinitely in terms of investment period. This long-term prospect aligns with the development cycle of the entrepreneurial enterprise. It usually takes more than five years for technological innovations to be applied in practice after research and development. Traditional venture capital funds have a limited lifespan and are unable to provide prolonged follow-up support at a critical time for the company. Family offices do not have such term constraints and can accompany the enterprise at all stages of development [9].

FuSheng Capital's actual operations support this idea. Managing Partner Chen Yinglong designed this family office as "an entrepreneur for entrepreneurs" and has implemented a long-term support plan. Among the invested enterprises, 70% - 80% of the chief executives are no longer part of the founding team. The ratio is relatively high; therefore, it can be inferred that FuSheng Capital is closely involved in the corporate governance of the company and has made managerial adjustments at a crucial time during the company's development; thus, it is likely focused on the long-term health of the company rather than short-term financial benefits.

5.2. Industry Resource Integration and Strategic Empowerment

The industry background offers a starting point for many family offices and has built-in advantages of resource integration. Zhu Xingming, the head of Huichuan Technology, is a typical case. This investment institution is based on the intelligent manufacturing industry, has 2.5 billion yuan in its own funds and 10 billion yuan of reserve industrial funds. It has successively invested in the companies of Xingzhou Technology, Sifan Technology and Luobang Technology. Minghui Investment's Reasons for Existence are not financial returns. Huichuan Technology has been in the intelligent manufacturing industry for 20 years and can provide practical support to the companies it has invested in through technological cooperation, supply chain integration and market expansion [10]. Such cases show that family offices with industry backgrounds have empowered the invested enterprises to some extent beyond financial support by strengthening their strategies and operations.

5.3. Continuity of Entrepreneurial Spirit in Generational Transfer

Generational transfer is also a form of value for family offices. The first generation of Chinese entrepreneurs has now reached the age of retirement. Many tens of millions of private enterprises in China are facing a compressed transfer under the "time-space compression" scenario, rather than the gradual generational handover seen in Europe and the United States. At the same time, family offices can also be used to promote the continuity of the family's business. The second-generation members can learn about new technologies and innovative enterprises through participation in the investment activities of the family office, and thus gradually build their own judgment and vision. In other words, the family office can help the second generation go out to run a business. They do not have to take over their parents' traditional businesses directly and can accumulate experience in venture capital under the condition of manageable risk.

6. Challenges and Prospects

For these values to be fully realised, several deficiencies in the industry at present still need to be corrected. Although family offices have achieved some success in helping enterprises start up, there are still considerable deficiencies in terms of regulation, professional capabilities and market order [11]. At the level of regulations, the scope of application and corresponding regulatory responsibilities for family offices have not been specified. Single-family offices and joint-family offices vary in governance, information disclosure and conflict-of-interest control. A single-family office serves only one family and has a relatively simple governance structure; a joint-family office serves multiple families and is much more complex in terms of interest coordination and information disclosure. The compliance requirements and governance problems of the two cannot be generalised [12]. In 2025, the China Trust Industry Association released the "Family Trust Business Guidelines (Draft for Comment)" and the "Promotion Law for Private Economy" was passed; thus, initial institutional support for the industry was provided, including operational norms for trust business from the former and macro-legal guarantees for the development of the private economy from the latter. However, no particular regulatory system for family offices has been introduced yet. At the level of professional ability, the investment risk in the primary market is relatively high and liquidity is poor. If the family office is to develop in this area further, a professional team with industry experience and risk control capabilities should be formed.

Another issue is the spread of fake family offices. More than 4,500 market entities in China have been registered with "family office" in their names, but only about 60% are in good operating condition. Only about 10 per cent have social security payment records and compliant licences. A large number of shell institutions have been established in conjunction with fake family offices. The proportion of the industry is about 15 per cent, which is much lower than the 30-40 per cent in developed countries such as Europe and the United States. The two reasons for this deficiency are the absence of industry-entry standards and a shortage of professional talent. Looking ahead, the regulatory system will be strengthened and the professional level of staff will be raised to create conditions favorable for family offices to participate in the domestic entrepreneurial ecosystem more actively and provide long-term capital support for technological innovation and industrial upgrading.

7. Conclusion

Considering both the primary and secondary markets, the general way of working and essential features of family offices for supporting entrepreneurial enterprises have been revealed. In terms of the advantages of differentiation for these investors over those of traditional institutional investors, they have relatively large amounts of capital and long-term investment horizons. Family offices introduce capital and strategic support for enterprises at the beginning of their lives through direct investment, fund participation, project incubation, etc., in the primary market. They offer liquidity support and market recognition for growing enterprises in the secondary market through secondary market transactions of fixed offerings and private equity. FuSheng Capital and Minghui Investment are typical cases that show that family offices with deep industry backgrounds are generally more patient and have a better sense of the long-term value of projects in long-cycle sectors such as clean energy, intelligent manufacturing and hard technology.

A family office is not only about providing funds for the family. The value of industrial resources, long-term perseverance, and the inheritance of the entrepreneurial spirit among generations may be worth more to be given than money. The private economy is changing hands in the family generation. The family office is in a position to bridge the gap between family wealth and technological innovation, and thus can meet the requirements of both sides.

Of course, in order for this function to be realised in practice, there are still many problems. The regulations have not been specified to this extent yet, and the professional base of the industry also requires more time. This article will use a case study and does not include large-sample empirical tests at this time. As the family office industry is becoming more organised and professional, it will play an increasing role in financing the entrepreneurship enterprises in the economy. This point will be tracked in the following research.

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