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Kinship and Business: Paternal and Maternal Kin in Chaoyzhou Chinese Family Firms

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It is often said that Chinese businesses depend on networking, especially the variety of networking that is closely related to family and lineage. Family relations, according to Maire Bergere, provided the basis for finance, management and technological progress within the world of business. Family connections, as Bergere stated, 'were of more account than either ties of friendship or professional or regional links of solidarity, for family relations provided the most reliable guarantees'.¹ Family, together with kinship, region and dialect ties, construct the inner circles of the fiduciary community which serve as prime criteria for recruiting employees, securing a firm's internal harmony and establishing business relations.² Overall, the consensus of opinion is that wherever successful Chinese businesses have been found they have operated within extensive networks based on kinship.³

Takeshi Hamashita has taken the argument a stage further by showing that networking does not preclude the development of the particular skills and institutions required by business: carriers, remittance bureaux, shipping companies and hostels still have to be managed.⁴ Accepting that skills and institutions must be related to networking points to a weakness in the concept. Indeed, the concept of networking on its own is bland in that it fails to take into account the many varieties of ways in which Chinese people network and the circumstances that might influence its outcome. If networking is the secret of Chinese business success, and all Chinese businesses network, why then is it the case that some succeed while others fail?

If this question is to be addressed satisfactorily then it will be necessary to consider the different techniques adopted by firms engaged in networking. This article will utilise one aspect of kinship to demonstrate how it determines success or failure in business. The examples used are of two companies, Kin Tye Lung and Yuan Fat Hong, founded at the beginning of the 1850s as the earliest Chinese import and export companies in Hong Kong. The owners of the two companies, the Chens of Kin Tye Lung and the Gaos of Yuan Fat Hong, came from the same coastal district of south-

eastern China, where less than 20 kilometres separated their home villages.⁵ At the turn of the century these two families, who were the wealthiest in the region, followed similar business activities on about the same scale.⁶ The businesses were started in Hong Kong but expanded to Shantou (or Swatow as it was generally referred to before 1949) and Southeast Asia. The two companies also widened the scope of their business activities to include not only the rice trade but also those of rice milling, shipping agent, remittance agent and banking. Moreover, members of the two families enjoyed similar social status among the high societies of Shantou, Hong Kong, Singapore and Bangkok. In 1934, however, following the collapse of four Chinese native banks in Shantou, the Gaos of Yuan Fat Hong suffered bankruptcy.⁷ In contrast, the Chens of Kin Tye Lung and its associate companies not only survived the financial crisis but continued to prosper. In fact, Kin Tye Lung's associate company in Bangkok, the Wanglee, still remains one of the most influential Chinese family firms in Thailand.⁸

Various explanations have been put forward which might account for the differing fortunes of the two family businesses. One argument attributes the failure of the Gaos of Yuan Fat Hong to the extraneous circumstances of the world economic crisis of the late 1920s. This crisis is argued to have led to the bankruptcy of Yuan Fat Hong's associate companies in Bangkok, Koh Mah Wah (Gao Manhua) and companies in 1928,⁹ and finally to the fall of Yuan Fat Hong and its Shantou associate companies in 1934, when the economic crisis spread to rural southern China.¹⁰ Another theory offers a structural explanation for the family's failure which focuses on families and lineage and argues that the fall of Yuan Fat Hong might be related to internal conflicts among brothers and cousins.¹¹ If this theory is taken to its logical conclusion, then the argument implies that any suggestion that family and lineage connections are a source of strength for business development has to be appraised more critically since there can be conflict as well as co-operation between kin over common property. Whilst there is certainly plenty of anecdotal evidence for both, this explanation remains unsatisfactory because internal conflicts seem, within this explanation at least, to be totally unpredictable. Unless the circumstances can be spelt out, whereby one could argue disputes among family members are more or less likely, this trend of analysis can have little impact.

The third argument attributes the failure of Yuan Fat Hong to 'the lack of internal structure and over-extending its [business] activities'.¹² This concept is appealing, but remains inadequate since there is no definition of what over-extension might comprise. Has the business extended beyond the limits of its capital or should one look at the limitations of management or, indeed, of networking potential itself? If networking is a factor to be considered, could the notion of whether or not network potential is a matter

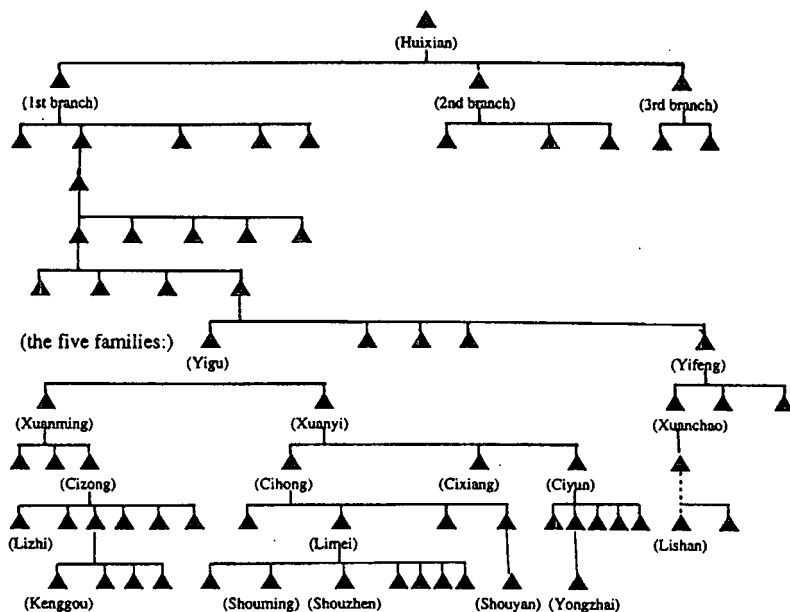
of some flexibility be equally explored? That is to say, given a common social structure, all businesses begin with similar networking potential, and that varying efforts to draw on them affect the outcome of business decisions. Posing the problem in this way demands a comparative approach to say the least. Kin Tye Lung and Yuan Fat Hong, both originating from the same area in Shantou and involved in similar lines of business, offer a particularly useful example for an examination of this critical question. It is from this aspect that the histories of the two companies will be examined in this article.

II

Both the Chens of Kin Tye Lung and the Gaos of Yuan Fat Hong came from Chaozhou, a prefecture on the south-eastern coast of China. When China lifted the ban on maritime trade in 1684, many of the villagers from this area began to import rice from Southeast Asia and export local products in return.¹³ Along with the blooming of maritime trade and the loosening of Chinese emigration policy in the mid-nineteenth century, many Chaozhou villagers established their trading companies and settled in Hong Kong and Southeast Asia. One such example was Kin Tye Lung, the oldest existing Chinese import and export company in Hong Kong, founded in the early 1850s by Chen Xuanyi and his brother Xuanming. Both of the brothers came from the Chen lineage of Qianxi village in the Chaozhou area, a line which claimed to be descended from the same founding ancestor. Descendants of the founding ancestor formed three branches of the localised lineage (see Figure 1) and, as late as the mid-eighteenth century, each branch had an ancestral hall dedicated to the focal ancestor of the branch.¹⁴ Xuanming and Xuanyi belonged to the first major branch and their father Yigu and his four brothers were cultivators and fishermen with a modest income. These five brothers were so closely bonded that their extended family was known by the local villagers as the 'five families' (see Figure 1). In the second half of the nineteenth century, the 'five families' constituted seven to ten per cent of the total population of the first branch (see Table 1) and, according to accounts by local villagers, the 'five families' helped each other in all 'red' (auspicious) occasions, such as weddings and births, and 'white' (inauspicious) occasions, such as deaths and funerals.¹⁵ In other words, this closely bonded extended family provided human, and probably capital, resources especially when the family business was established and expanded in the late nineteenth century.

In the 1840s, members of the 'five families', including Xuanyi, left their village to work as crew on ships owned by the Yuan Fat Sheng company.¹⁶ A few years later Xuanyi, probably with his brother and cousins,

FIGURE 1



Legend:

.... = adopted-in

▲ = male members

Source: Z.C. Chen and X.Z. Chen (compilers), *Qianmei Chenshi Huixian Gong Zupu* (Genealogy of the Ancestor Huixian of the Chens of Qianmei village) (manuscript, 1992).

accumulated enough money to run their own import-export business in Hong Kong. The company, Kin Tye Lung, imported rice from Siam to Hong Kong and Guangdong province and exported local products to Southeast Asia.¹⁷ Ten years later, at the beginning of the 1860s, members of the 'five families' had saved enough money to acquire land and properties in and around Qianxi village¹⁸ whilst, at the same time, an ancestral hall dedicated to Xuanming and Xuanyi's father was built in Qianxi.¹⁹ Through landownership and the process of lineage building, members of the 'five families', once poor, re-entered their home community with respectable social status.

TABLE I
POPULATION OF THE FIVE FAMILIES AND THE CHEN LOCALISED LINEAGE OF QIANXI
VILLAGE

Descent line	Generation								
	17	18	19	20	21	22	23	24	25
Yigu	1	2	7	23	45	81	49	11	4
Yifeng	1	3	6	21	44	22	7	0	0
A=total of Yigu and Yifeng lines	2	5	13	44	89	111	56	11	4
B=total of the five families	5	14	19	53	107	125	55	12	4
%=A/B	40	36	68	83	83	89	85	92	100
C=total of the first branch	73	135	183	324	482	505	296	85	17
%=B/C	7	10	10	16	22	25	22	14	24
D=total of the lineage	168	286	403	612	773	729	335	92	17
%=C/D	43	47	45	53	62	69	88	92	100

Sources: Chen Z.C. Chen and X.Z. Chen (compilers), *Qianmei Chenshi Huixian Gong Zupu* (Genealogy of the Ancestor Huixian of the Chens of Qianmei village) (manuscript, 1992)

Kin Tye Lung was a rice import-export company and was also a remittance and shipping agent. From the second half of the nineteenth century the business was very successful. The company flourished partly because of the demand for local Chinese products by the Chinese immigrants and remittance services for the Chinese labourers in Southeast Asia, and partly due to the demand for rice in south China. In the last quarter of the nineteenth century, the Chens enhanced their standing both socially and economically. The family continued to acquire land in their hometown and Shantou,²⁰ became members of high Chinese society in Hong Kong and south China,²¹ and established associate companies in Bangkok (Wanglee company), Singapore (Tan Seng Lee, later changed to Tan Guan Lee), Shantou (Tan Wan Lee) and Saigon (Kien Guan Lee).

In the early stages, many members of the 'five families' and some of the first branch were partners of Kin Tye Lung and its associate companies. In the early twentieth century, for example, a textile factory founded in Qianxi village by Cihong, eldest son of Xuanyi, was divided into 17 shares owned by members of the 'five families'.²² Likewise, Tan Seng Lee in Singapore was founded by nine partners, most of whom were members of the 'five families',²³ and, before 1933 when the company was restructured, ownership of Kin Tye Lung was divided into 11 shares. Moreover, it is likely that, besides Xuanming and Xuanyi, some members of the 'five families' also held shares in the company.²⁴ Although many members of the 'five families' were shareholders of Kin Tye Lung and its associate companies until the early twentieth century, from an analysis of the

composition of their directors, property proprietors and shareholders, it is clear that, at least in the early twentieth century, the companies were controlled and directed by Xuanming, Xuanyi and their sons.²⁵ From the beginning of the twentieth century the company underwent drastic restructuring and control gradually became concentrated in the hands of the immediate family of Limei, son of Cihong, founder of the associate company in Bangkok. In the process of this restructuring, although descendants of the founders continued to increase, power was largely concentrated in one particular line of descent.²⁶ This phenomenon was partly due to the regulation that only male members of the 'five families' had the prior right of entry into the ownership of the companies since shares could only be transferred to male members of the company.²⁷ Between 1975 and 1992, for example, all transactions of share holdings were conducted among male members of the 'five families'²⁸ and such a practice facilitated the possibility of concentration of shareholdings. Having said that, concentration was also partly due to the fact that many capable members of the companies branched out to develop their own businesses.²⁹ Indeed, some of them established business networks which were in competition with Kin Tye Lung and here the development of Wanglee of Bangkok offers one such example of competition among brothers.

Wanglee, founded in 1871, was controlled and managed by the stem family of Cihong (Xuanyi's eldest son), Limei (Cihong's second son and eldest natal son), and Shouming and Shouzhen (Limei's second and third son respectively). Limei's other sons were merely shareholders. The 'father-son' relationship of Kin Tye Lung and Wanglee changed when Cihong retired and returned to Qianxi village in 1891, leaving the management of Wanglee to Limei.³⁰ Within a few years, Limei expanded the business from a company providing milled rice to Kin Tye Lung into an import-export business in its own right, as well as an agent for the Norway BK Steamship Company transporting cargoes and passengers from the ports of Bangkok, Singapore, Haikou of Hainan island, Hong Kong and Shantou. Limei also established branches of Wanglee in Hong Kong, Shantou, Saigon and Singapore. In this way, although Wanglee started as a subsidiary company of Kin Tye Lung, it established itself as a 'parent' company of its own branches. After the death of Limei in 1930, Shouming took charge of the Wanglee company and modernised and diversified the enterprise. He restructured the Wanglee Chinese native bank into a modern Wanglee Bank, opened an insurance company and established a tobacco company. Shouming also invested extensively in property in Bangkok, Shantou and Qianxi. At the same time, descendants of Cihong also increased their influence in Tan Guan Lee (Singapore) and Kin Tye Lung (Hong Kong). Shouming has been listed as owner of Kin Tye Lung since 1931, and in

1975, when Kin Tye Lung was incorporated, descendants of Shouming and his brothers together held more than 44 per cent of the 564,580 shares of the company.³¹ In a similar way to the process of controlling Kin Tye Lung, Cihong's descendants also gradually gained control of Tan Guan Lee in Singapore. In 1940, when Tan Guan Lee was registered as a limited company in Singapore, three of the five directors were Cihong's descendants and, since 1941, Cihong's descendants have held about 90 per cent of the 8,750 shares, of which 3,500 shares belonged to Limei's descendants.³²

When the control of Kin Tye Lung and its associate companies gradually accumulated in the hands of the extended family of Limei, and when Wanglee gradually replaced Kin Tye Lung, regarded by fellow villagers as the 'parent company' of the group of enterprises, members of the 'five families', including Limei's descendants, had developed their own businesses. Kenggou, for example, Xuanming's great grandson and managing director of Tan Guan Lee for about 30 years, started a wholesale rice businesses in Chaozhou, Shantou, Singapore and Malaysia.³³ Another example is Yongzhai, great grandson of Xuanyi and manager of the shipping section of Kin Tye Lung, who opened two schools in Pingshan District in the New Territories of Hong Kong and also owned two plantations of over 200 mu in Pingshan and another 870 mu in Lantau island of Hong Kong (one mu is equal to 0.06144 hectares).³⁴ From Shouming's will, it is clear that he owned properties inherited from his father as well as those established by himself and his wife, Nang Thongpoon Wanglee.³⁵ The former were properties bequeathed equally by Shouming to all his children and are regarded as 'common' (or *gongjia* in Chinese) property. The latter are 'private' (or *siren* in Chinese) properties attained by the joint effort of the couple, therefore shared only by a limited number of descendants. Expansion of the family firm's business network is largely the result of this continuous replacement of the 'common-father' business by the 'son-private' enterprise developed by capable descendants of the former.

III

The Kin Tye Lung company regulations emphasise the patriarch's authority and patrilineal inheritance. Transfer of shares and control of the company is tightly held by male members of the company.³⁶ Analysis of the internal structure of the Kin Tye Lung group of companies reveals that the growth of the group was closely related to the consolidation of the company's 'public' sector, which held descendants of the Chens together as a patrilineal corporate group, and the development of the 'private' sectors which allowed members of the descent group to establish their own business

networks.³⁷ The continuous replacement of the 'common-father' business by the 'son-private' enterprise resulted in the development of multi-layers of trust and it is this flexibility that enabled the kin relationship to survive. In this section, the article will examine the 1930s structure of one of Kin Tye Lung's associate companies, the Tan Guan Lee company of Singapore. The evidence shows that although ownership gradually became concentrated into a single particular line of descent, the company continued to rely on lineage members, especially members of the 'five families', for the management of the financial section of the company. Other management positions, including some at very senior levels, were held by professionals who were not necessarily members of the family.³⁸

In 1885 nine members, most of whom belonged to the 'five families' of the Chen lineage in Qianxi village, founded the Tan Seng Lee company in Singapore.³⁹ In 1891, when one of the partners withdrew his shares, the company underwent reconstruction⁴⁰ and by the beginning of the twentieth century had been renamed Tan Guan Lee.⁴¹ However, up until 1940, when it was registered as a limited company in Singapore, the distribution of shareholdings in the company is not clear. According to an advertisement published in 1931, Tan Guan Lee was an importer-exporter of rice and other southern/northern commodities, a shipping agent and a remittance agent. Its 'parent company' was Wanglee in Bangkok.⁴² However, it is apparent from interviews that the company was owned by several members of the Chen lineage until the 1920s, including Xuanming's youngest son, Cizong,⁴³ with Limei holding only three shares of the company when he died in 1930.⁴⁴ When the company was registered in 1940, Lizhi and Kenggou, of Cizong's line, and Shouwen, Shouming and Shouzhen, of Limei's line, were the five directors who held the 25 founding shares. A year later, the company increased the number of its shares to 8,750 and all shareholders were descendants of Cizong and Cihong, with Cizong's descendants owning 17 per cent (1,500 shares) and Limei's descendants 40 per cent of the shares. Until the death of Kenggou in 1946, however, the company had always been directed and managed by Cizong and his descendants.⁴⁵ In his time, Cizong was assisted by his eldest son, Lizhi, but prior to his death in 1917 Cizong realised Lizhi's limited ability and was concerned that the latter might eventually lose control of the company. As a result of this Cizong 'appointed' his third son's eldest son, Kenggou, to assist Lizhi in managing the business,⁴⁶ so that between the years 1920 and 1946, when Kenggou passed away, Lizhi was general manager and Kenggou managing director of the company. In the 1920s and 1930s, therefore, the company was managed and controlled by descendants of Cizong. Although it is likely that descendants of Cihong gradually increased their shareholdings in the company, it was only after the death of Kenggou that Cihong's descendants

started to assert their authority in the company.⁴⁷ Moreover, under the leadership of Cizong, Lizhi and Kenggou, Tan Guan Lee was said to be the biggest licensed rice importer in Singapore.

Particularly in the period before the Japanese occupation, the company had more than 50 regular employees and, according to Kenggou's eldest son Songyui,⁴⁸ was headed by a general manager (Lizhi) who was assisted by a managing director (Kenggou). Lizhi signed the cheques, but the company was actually managed by Kenggou. Four managers controlled the four sections of the company, which were rice, Southeast Asian products, miscellaneous products (from China), and shipping, with rice and shipping the most important trades for the company. Under the section managers were four clerks responsible for the writing of letters and reports and four stock-keepers responsible for the company's warehouses. There were also two *tan hangqin* (or the market price detector, the scout), who were responsible for market knowledge on prices, five *luohai* (literally means 'go to the sea'), who had to check the newly arrived rice from the ships and bring back samples for the auction the day after. These staff were shared by the rice, the Southeast Asian products and the miscellaneous products sections, the company being agent for more than 25 types of rice, salted fish, salt, sugar, spice, tea and dried fruits.

Besides the manager, the shipping section had a separate team of five clerks who were able to handle documents written in English. It was agent for Thoresen & Co. Ltd, and in the 1930s the shipping section ran a fleet of four cargo ships which plied between Bangkok, Singapore and Malaya, and two cargo and passenger ships which plied between the ports of Xiamen, Shantou, Hong Kong, Haikou, Rangoon and Singapore.

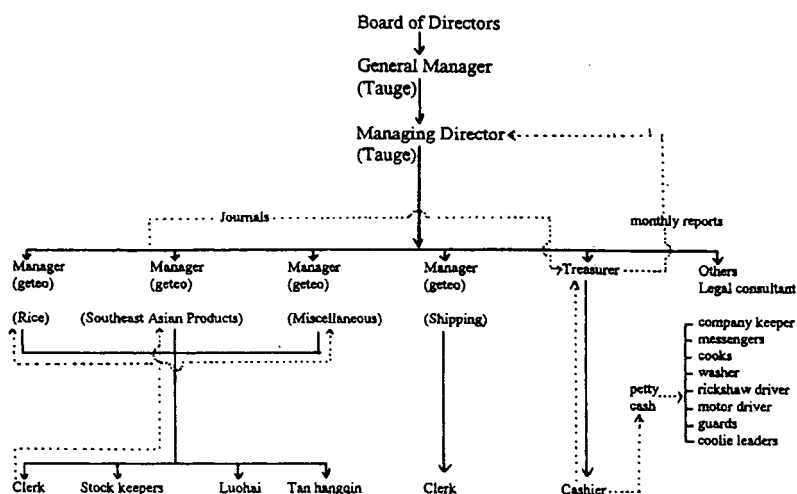
Equal in status to the managers was a treasurer, who took care of the company's general financial matters. Under the treasurer was a cashier, who assisted the treasurer to collect loans, and four book-keepers, who kept daily journals and accounts. There were also staff who served the company as a whole: a legal consultant, two company-keepers (in charge of domestic matters like worshipping and taking care of equipment and furniture), three messengers, two cooks, one washer, one rickshaw driver, four motor drivers, four guards and two coolie leaders who commanded more than ten coolies each (see Figure 2).

In the 1930s, besides four Malay drivers and four Indian guards, all employees were of Chaozhou origin. At least 16 of the 43 Chaozhou staff who worked in the company at this time were related to the general manager and managing director, either by blood or marriage ties. Thirteen of these staff belonged to the Chen localised lineage in Qianxi, and at least three were relations by marriage.

Analysis of the staff of Tan Guan Lee reveals that the company

employed professionals to manage the business sections, but the key financial positions (cashier, treasurer, managing director and general manager) were kept tightly within the extended family. Between the 1920s and 1950s, the company employed two managers for the rice section, Chen Sanyu⁴⁹ and his successor, Yu Zhian,⁵⁰ both Chaozhou dialect speakers, who were remembered to have been the most capable managers in contemporary Singapore. They were known for their ability to memorise different qualities and types of rice, and noted for holding secret bidding auctions, and for negotiation and connections with rice wholesalers and retailers. Such ability earned them monthly salaries which were ten times higher than the average clerk⁵¹ as well as a large yearly bonus. Indeed, it was said of Chen Sanyu that when he left the company in late 1936 he had accumulated more than 100,000 Singapore dollars.⁵² The shipping manager, Singapore-born Lan Changlin, whose parents came from the same county as the Chens, was educated in English and able to handle documents other than Chinese. Although these professional managers brought in their own close relatives to serve as supporting staff in their respective sections, they were barred from taking the key financial positions of the company.

FIGURE 2
STRUCTURE OF THE TAN GUAN LEE COMPANY, 1930s



Legend:

- = movement of transaction records/journals
 ——— = administrative order

Source: Interview with Mr Chen Songyui, 28 Dec. 1995.

Whilst professionals were employed to operate the major business activities, the company's key financial positions were tightly guarded by close lineage members of the general managers. Regardless of their ability, the professional non-lineage managers were barred from taking shares in the company, or from holding the positions of general manager or managing director. To become general manager of the company, one had to be a close lineage member who had worked through the positions of *tan hangqin* to cashier, to treasurer and finally managing director.

For example, before Kenggou became managing director of the company he had held the post of treasurer, and when Lishan (a descendant of the 'five families') became managing director on the death of Kenggou in 1946, his previous position was filled by Qinzun (a member of the first major branch). Another example is Songyui, eldest son of Kenggou, who helped in the rice section when he first entered the company in the 1930s but later became *tan hangqin*, which allowed him to become familiar with the market. He went on to become cashier when Qinzun was promoted to treasurer in 1946. He had only been cashier for a short period when some company funds were embezzled and he was sacked for mismanagement, his position being filled by Lishan's son Guoxin.⁵³ These members who held major positions in the company's financial sector were not only salary earners, they were also shareholders of the company.

Controlling the key financial positions not only consolidated family power in the company but also allowed members to benefit in other respects. In the rice business, the importer, although controlling the sources (that is, rice), could not control the wholesaling and retailing markets since he had to sell the rice on receipt of the goods. The wholesaler, on the other hand, stood to benefit more since he could afford to wait for a good buying price before purchasing, and a good selling price before putting the goods on the market. It was for this reason that many of the staff of the rice importing company also participated in the wholesaling business. The usual credit terms given by the rice importer to the wholesaler were one month, which meant that the wholesaler had more flexibility in the management of finance. In the 1930s, at least three rice wholesaling companies were regular clients of Tan Guan Lee and all three companies, Wu Rong, Chang Xing and Qian Xing, were owned by staff of the financial section of Tan Guan Lee. Wu Rong was founded by the five major shareholders of Tan Guan Lee, besides Kenggou they were Shouzhen, Shouming and Shouhe of the Wanglee company in Bangkok, and Shouzhi of Kin Tye Lung in Hong Kong. Chang Xing was founded by sons of Liangchen, the treasurer, and Qian Xing was founded by the daughter and son-in-law of Lizhi. Managers of these companies were professionals who 'have a good brain and must have good knowledge of the rice market',⁵⁴ however, like Tan Guan Lee, the

respective financial sections of these wholesaling companies were controlled by close relatives of the managing directors. Wu Rong's general director, for example, was Kenggou, the rice manager, who, although surnamed Chen, was not a member of the Chen localised lineage in Qianxi, whereas Wu Rong's treasurer, Chen Chengqu, was.⁵⁵ Although these related wholesalers had to compete with other wholesalers at public auctions, they had two advantages. In the first place they had inside information on the quality and quantity of the rice, and secondly they possessed better credit terms since they were also in control of accounts of the rice importer, Tan Guan Lee, and could therefore prolong their payment. Moreover, only those members in the financial department had a special account with their names registered in the Tan Guan Lee's account books. For example, Kenggou's account name was Kouji, whilst Lishan's was Shanji and Qinji. Having internal accounts enabled the members to benefit from the transfer of capital between the importer and the wholesaler.

In brief, the above analysis of the structure of Tan Guan Lee shows that lineage affiliation affects a person's life chance. As a member of the Qianmei Native Place Association in Bangkok commented: 'if one does not have a special connection, one could hardly be successful in the Wanglee company'.⁵⁶ Moreover, a horizontal expansion of the business network is possible because of the lineage member's special advantages in the parent company. Like the relationship of 'parent-son', such networks also created mutual reliance between affiliated companies. The following discussion on Yuan Fat Hong will clearly show the consequences of the absence of such cordial relations and trust provided by lineage members.

IV

Kin Tye Lung and its associate companies had an adequate supply of close lineage members to fill the key positions. Not all family firms, however, had such strong lineage backup especially when the enterprise had expanded to an extent that there were insufficient immediate family members to take control of key positions. In such cases, the family firm had to seek an alternative source of management from within the inner circle of the fiduciary community.⁵⁷ Maternal kins are the next closest option, and the Gaos of Yuan Fat Hong constitutes a good example of this practice.

Yuan Fat Hong was a trading company founded in Hong Kong in the late 1840s by Gao Yuansheng of Chenghai county.⁵⁸ In the early 1850s, the company was sold to Gao Chuxiang (or Koh Mah Wah, as he is known in Bangkok), also a native of Chenghai county but no relation to Gao Yuansheng. Between the 1850s and the 1930s, the company expanded tremendously through its involvement in various businesses activities and

established 'marketing networks and financial channels in the intra-Asian trade, mainly through the three major entrepôts of Swatou [Shantou], Hong Kong and Singapore'.⁵⁹ In fact, Yuan Fat Hong was one of the major Chinese import and export trading companies in Hong Kong. The company imported rice and other local products, spice and sugar for example, from Southeast Asia and re-exported them to Chinese coastal cities such as Shantou and Guangzhou (Canton). In return, the company exported Chinese, especially Chaozhou, local products to Southeast Asia. Besides trading, the company's second major business activity was as a shipping agent for the Scottish Oriental Steamship Company, the Dutch Norddeutscher Lloyd Steamship Company and, after 1919, the Butterfield and Swire Steamship Company. In this role the company organised the transport of cargo and passengers between Hong Kong and Bangkok. After the 1870s, and similar to the Chens of Kin Tye Lung, the Gaos of Yuan Fat Hong expanded their business activities in two respects. Firstly, they established associate companies in countries such as Japan, Thailand, Singapore and Malaysia, and, secondly, their business operations expanded from trading and shipping agent to include that of rice milling, real estate and finance.⁶⁰

Such economic success gained respect for Gao Chuxiang, the founder of the company, and his descendants from the local communities, especially in Hong Kong and Bangkok. In 1872, as representative of the Nanbei *hang* (which literally means south and north firms) a guild of import and export firms in Hong Kong, Gao Chuxiang, was one of the 13 founders of an influential Chinese institution, the Donghua Hospital (Tungwah). Moreover, Chuxiang and two of his nine sons were directors of the hospital for a total of four terms.⁶¹ The Gaos' associate company in Bangkok was 'one of the three largest rice millers in Thailand'.⁶² and Chuxiang's seventh son, Huishi (Hui Chiya, Luang Phradit-phattrakon), was chairman and major promoter of the Chamber of Commerce, the Thai Rice Millers Association, Tian Hua Hospital and Peiying School in Thailand.⁶³ Clearly, the Gaos were successful in the business sphere and had also achieved high political and social status.⁶⁴

Gao Chuxiang had nine sons, four of whom died before him; the eldest was an adopted son and the other eight were borne by his four wives. After the death of Chuxiang, in 1883, Yuan Fat Hong became a 'common or public company' of the nine sons and their descendants, although the distribution of power among the nine brothers is not known precisely. What is known, however, is that the eldest adopted son remained in Chenghai to take care of land properties and that Shunqin, the second son borne by Chuxiang's Thai wife, was the head of the enterprise, whilst Huishi, the seventh son, was in charge of the business in Thailand.⁶⁵ Each of the sons held a private account in the company and also conducted their own businesses. Shunqin used

Shunji as his account name in the company and under this account name engaged in different types of businesses such as real estate, insurance, trading and finance. Shareholdings and directorships of many of these companies overlapped,⁶⁶ so that, according to a statement made by one of Shunqin's sons, the 'common company' (*gongjia*) also held shares in these private companies (*siren*).⁶⁷ Moreover, two directors of the 'common company', a maternal uncle Chen Chunquan and later his son Chen Dianchen, were also shareholders and directors of some of these companies.⁶⁸

Before his death in 1909, Shunqin appointed his eldest son Shengzhi as head of the 'common company', though business in Thailand was said to be managed by Shunqin's Thai wife and her sons. Shengzhi was a revolutionist and a patriotic entrepreneur. He founded an electric company, a water company and a textile factory in Shantou where most of the managers were brothers and nephews of Shunqin's Chinese wife. Shengzhi died in 1913 and the business passed down to his eldest son, Boyan. Chen Chunchuan, in the meantime, had continued to be managing director of Yuan Fat Hong and remained so until 1922, when he was succeeded by his son. Moreover, the Gaos had invested extensively in the financial sector after 1914, including investment in four Chinese native banks.⁶⁹

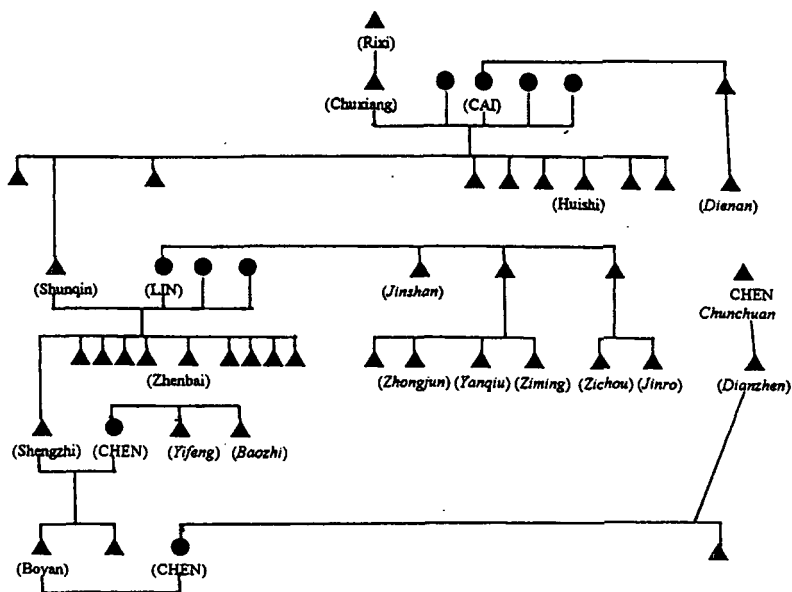
According to Gao Zhenbai, Shunqin's sixth son, descendants of Chuxiang actively developed their own businesses from the beginning of the twentieth century. They also took the profits from the 'common company', yet Gao Zhenbai claimed that whenever there was a crisis in this company, only descendants of Chuxiang's first, second and fourth sons were willing to assist. In 1926 and 1927, for example, when Yuan Fat Hong was heavily in debt, many shareholding branches hastily abandoned their holdings instead of contributing money to strengthen the parent company. The company was forced to restructure in 1928 with the help of Chen Dianchen, Boyan's father-in-law, and for the next four years was jointly owned by the Gao family, headed by Gao Boyan, and Chen Dianchen. It was during this period that Yuan Fat Hong's associate companies in Bangkok were declared bankrupt and this was followed by the winding up of businesses owned by other branches. In 1932, the relationship between Chen Dianchen and Gao Boyan deteriorated to the point where Chen was forced to give up his shares in the company. A year later, following the fall of the four closely related Chinese native banks in Shantou, Yuan Fat Hong and other 'private' companies which were affiliated to it also collapsed.

The development of Yuan Fat Hong and its associate companies reveals not only the process of expansion of their business activities but also the conflict between 'common' and 'private' companies. Like Kin Tye Lung, the control of Yuan Fat Hong gradually became concentrated into one

lineage, from Shunqin, to Shengzhi and Boyan. Yet unlike Kin Tye Lung, Yuan Fat Hong relied heavily on its maternal relatives in management and finance. There is not much evidence available from which to gain a better understanding of the structure of Yuan Fat Hong and its associate companies. However, according to Gao Zhenbai's description, the Gaos' maternal family were not only employed as managers in business sections, but also as managing directors and treasurers. Most of these maternal relatives were connected with the dominant lineage of the Gao family (see Figure 3) and were relatives of Chuxiang's wife, Shunqin's wife, Shengzhi's wife and Boyan's wife. The relationship between the Gaos of Yuan Fat Hong and Chen Chunchuan and Chen Dianchen is worth noting here. Chen Chunchuan came from Chenghai county and was Shunqin's maternal cousin. He started working for Yuan Fat Hong in the 1860s and by the early 1880s had become manager of Yuan Fat Hong. Chunchuan retired in 1922, when his son Dianchen succeeded him as managing director of the company. Both Chunchuan and Dianchen were highly respected by the Chinese community in Hong Kong, especially those in Nanbei *hang* and the Chaozhou circles. In 1921, for example, Chen Chunchuan was invited to inaugurate the Chaozhou Chamber of Commerce,⁷⁰ and his son, Dianchen, was a Juren imperial degree holder, a Justice of the Peace, and was also Director of the Donghua Hospital and chairperson of the Chaozhou Chamber of Commerce.⁷¹ Chunchuan was not only manager of Yuan Fat Hong but also ran his own import-export business. Together with Shunqin, he opened a Yu De Sheng in Hong Kong and a Cheng Fa Hang in Canton. As general managers of the company, Chunchuan and Dianchen not only took care of the business of the company, but also of the company account.⁷² They had the right to access the company safe in which important title deeds and paintings were kept.⁷³ Moreover, as a maternal uncle, Chunchuan played a crucial role in family affairs such as the division of family (*fenjia*) after the death of Chuxiang. Thus Gao Zhenbai claimed that Chen Chunchuan was the one who actually controlled the company and who was the real decision maker.⁷⁴ It was perhaps because of this that Boyan replaced Chen Dianchen with his own natal brother, Chenglie, when he wanted to resume control over the company in 1933.⁷⁵

There were several factors that contributed to the Gaos' reliance on maternal family. In the first place, their businesses had expanded to such a degree that the Gaos did not have enough close relatives to fill company positions, particularly those in finance. Yet the employment of maternal kin as managing directors and treasurers of their firms was also the result of the lack of support from their own localised lineage. This lack of lineage and social prestige is also reflected in the expulsion of Rixi, Chuxiang's father, from his village. Rixi moved to the county city, where he was frequently

FIGURE 3
KIN RELATIONS OF THE GAOS OF YUAN FAT HONG



Legend:

▲ = male ● = female
— = sibling — = marriage relationship

(CHEN) = surname

(Jinshan) = maternal kin who held key managerial or financial position

Sources: Lin Xi, 'Yijiu Sansan Nian Shantou Jinrong Fengchao' ('The 1933 Financial Crisis in Shantou'), *Da Cheng*, No.22 (1967), pp.1-4; Lin Xi, 'Cong Xianggang di Yuanfa Hang Tanqi' ('Talking from Yuan Fat Hong in Hong Kong'), *Da Cheng*, Nos.117-21 (1983); and Lin Xi, *Tingyu Lou Suibi* (Essays Written in the Rain Hearing Building) (Hong Kong, 1991). Lin Xi is the pseudonym of Gao Zhenbai.

bullied by local tyrants: 'even though the Gaos became the wealthiest family in the county city, they had to rely on the local army to protect themselves.'⁷⁶ Lacking localised lineage as their patron, the family had to actually pay for their own security. On one occasion, in the 1860s, Chuxiang returned home from Bangkok and was arrested for conspiracy with foreign countries. The case was only settled when the family paid the government security forces a sum of 800 taels.⁷⁷ Evidence of the family's rejection by fellow localised lineage members is illustrated by the process in which an

ancestral hall dedicated to Chuxiang was established. According to a stone tablet written by Shunqin in 1904, Chuxiang attempted to spend several hundred thousand silver dollars to establish an ancestral hall dedicated to his great grandfather (Rixi's grandfather) in their home village, Yujiao. Chuxiang gathered his fellow clansmen to discuss the project but was rejected several times and the plan did not materialise until the beginning of the twentieth century, about 20 years after Chuxiang's death.⁷⁸ Furthermore, when Shunqin and his siblings established an ancestral hall dedicated to Chuxiang it was in Bangkok rather than in their home village of Yujiao. This is in stark contrast to the Chens of Kin Tye Lung and their intense linkage with localised lineage, which resulted in Xuanming and Xuanyi, founders of Kin Tye Lung, successfully establishing an ancestral hall dedicated to their father Yigu in their home village of Qianxi. Their children in turn founded two halls dedicated to the two fathers and Xuanyi's descendants bought lands for the establishment of a branch hall in Qianxi. Unfortunately, the plan did not come to fruition because of the Sino-Japanese war and the communist occupation of China. From the process of establishing ancestral halls dedicated to direct ancestors of the founders of the two companies, it is clear that the Gaos lacked the lineage support which the Chens had enjoyed. The difference can be expressed further by examining the way in which the two families were recognised by their fellow clansmen. In Qianxi, stories of Xuanyi, Cihong, Limei and other members of the companies, such as the special 'four horses dragging coach' style of buildings owned by the family, were distinctly and colourfully remembered by villagers.⁷⁹ The Gaos of Yuan Fat Hong, on the other hand, were remembered by fellow villagers, the Chens and Cais as well as the Gaos, as the family 'which lived in the county city'. Moreover, during my visit to Yujiao in 1996 the elders I met in the ancestral hall of the Gaos were very reluctant to admit that the Gaos of Yuan Fat Hong were a family that had branched out. Although wooden inscriptions hung on the walls of the hall and two memorial boards recorded members with academic honours, there was not one sign or inscription which honoured meritorious descendants of Yuan Fat Hong. This despite the fact that they had included two Juren imperial degree holders (Shunqin and Shengzhi), a Gongsheng degree holder (Huishi), and a revolutionary cum patriotic capitalist (Shengzhi) whose biography is recorded and mentioned widely in local gazetteers and writings by local scholars.⁸⁰ The hall held 432 ancestral tablets, none of which belonged to the Gaos of Yuan Fat Hong. The only evidence which indicates that the Gaos of Yuan Fat Hong were descended from the localised lineage is a stone tablet written by Huishi, Chuxiang's seventh son, in 1899.⁸¹

It is clear that, without a strong lineage foundation, the Gaos of Yuan Fat

Hong were reliant on kin through marriage to support their expansion. Moreover, the costs to the company of reliance on maternal kin were enormous. Between 1928 and 1933, the conflicts among brothers, cousins and affines intensified to the extent that the break-up of the enterprise as a corporate group became inevitable. From the beginning of the twentieth century, the 'privatisation' process of the 'common company' accelerated the distrust and anxiety among Boyan's uncles. Added to this, when the 'common company' faced difficulties in the 1920s and 1930s, the kin, be they maternal or paternal, were reluctant to inject financial resources to help the business. As a result, the financial crisis in 1933 led to the closure of 18 firms related to the Gaos of Yuan Fat Hong. These included nine Chinese native banks, three shipping companies, a firm in Canton, one each in Singapore, Shanghai and Bangkok and two firms in Hong Kong.⁸²

V

The similarities between Kin Tye Lung and Yuan Fat Hong were striking. Both of the families came from the same region, spoke the same dialect and lived in a similar social, political and economic environment. They were also engaged in similar business activities, established similar networks connecting Shantou, Hong Kong and Southeast Asia, and both companies employed highly competent professional managers to run the business. Put simply, the external environments encountered by the two companies were remarkably alike. Yet their different fates are also striking. As the history of the two companies has shown, this difference was due mainly to the variance in the level of support extended to them by their relatives. It is not networking, as such, that explains the failure of Yuan Fat Hong, but rather the nature of the networking and the reluctance of relatives to come to the rescue when they were in trouble, preferring instead to abandon them to insolvency.

As we have seen, Yuan Fat Hong differed in two significant ways from Kin Tye Lung in the operation of kinship networking. Where Kin Tye Lung depended upon patrilineage for support, Yuan Fat Hong depended on its maternal kin. In Kin Tye Lung, control of the company was passed to brothers and cousins before it was passed on to the next generation, whereas in Yuan Fat Hong it was passed down through unigenitive inheritance. These two differences caused very different consequences in the history of the two companies.

The founder of Yuan Fat Hong, Gao Chuxiang, had been driven out of his lineage with his father before he founded the business, and he never quite regained acceptance despite his success. In contrast, the small group of close relatives that controlled Kin Tye Lung remained major contributors to the lineage throughout the history of the company. Alienation from their

lineage forced Gao Chuxiang and his descendants to rely heavily on maternal kin. Before their bankruptcy, more than 13 managing directors or treasurers of at least ten of the associate companies, including Yuan Fat Hong, were members of the Gao's maternal kin. Kin Tye Lung, on the other hand, drew support from its own patrilineage in the country to recruit its staff and built associate companies with common financing with lineage members.

In a society in which the dominant pattern of lineage organisation was biased towards patrilineage, reliance on maternal kin worked quite differently. The loyalty of maternal kin towards the company came second to the loyalty towards their own lineage. In times of financial crisis the maternal managers and treasurers accumulated their own assets, rather than seeking to consolidate the company itself.⁸³ In contrast, the Chens of Kin Tye Lung filled key positions, at least until the 1980s, with close agnates and they also provided opportunities for members of the lineage to work within their companies. As a result, the different lines of the extended family pulled together to reconstruct the company in times of crisis.

The reliance on unigenitive inheritance sowed discord within the extended family, so that after the death of Yuan Fat Hong's founder, Chuxiang, most of his descendants withdrew their interest in the company. They did so because they regarded the company as a 'common property' that had been taken over by a private group. Reliance on maternal kin also further alienated the control group of the company not only from their lineage but also from members of their extended family. Distrust and conflict among members of the different generations escalated when the management sought to bring about changes, making the members reluctant to contribute whenever the company encountered financial crisis. In Kin Tye Lung, however, the generational seniority of the senior management commanded respect from the rest of the lineage and hence the company. This gave the appearance that the transfer of authority was marked with great continuity, and so commanded loyalty from members of the extended family to the company.

The family tie is one of the most important institutions for a traditional Chinese family firm in nurturing networks of relationships.⁸⁴ However, distinguishing the differences between paternal and maternal kin offers one possible explanation for the different responses adopted and endured by Kin Tye Lung and Yuan Fat Hong in the financial crisis between 1929 and 1933. To understand how networking might have contributed to Chinese business, it is important that analysis does not stop with the vague notion that networking somehow must be effective. Instead, it is important to explore the idea that different relationships, which occur in the process of networking, may influence the character of the company.

NOTES

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1. M.-C. Bergere, *The Golden Age of Chinese Bourgeoisie, 1911–1937* (Cambridge, 1989), pp.165–7.
2. A. McDerry, 'Securing Trust and Stability: Chinese Finance in the Late Nineteenth Century', in R. Brown (ed.), *Chinese Business Enterprise in Asia* (London, 1995), p.28.
3. See S.G. Redding, 'Weak Organisations and Strong Linkages: Managerial Ideology and Chinese Family Business Networks', in G.G. Hamilton (ed.), *Business Networks and Economic Development in East and Southeast Asia* (Hong Kong, 1991); A. Dirlik, 'Critical Reflections on "Chinese Capitalism" as Paradigm', in R.A. Brown (ed.), *Chinese Business Enterprise: Critical Perspectives on Business and Management*, Vol.1 (London, 1996).
4. T. Hamashita, *Chugoku Keizai Shi Kenkyu (Study on the Economic History of Modern China)* (Tokyo, 1989), p.228. See also N. Ichikawa, *Nanyoo Kakyoo no Dootai Bunseki (A Dynamic Analysis of the Overseas Chinese in Southeast Asia)* (Kyushu, 1991).
5. The Chens are natives of Qianxi village, Longdu district, which was under the jurisdiction of Raoping county before 1949. From 1949, the district become part the Chenghai county. The Gaos are natives of Yujiao [or Huajiao] village of Shanghua district, Chenghai county. The father of Gao Chuxiang (or Koh Mah Wah as he was known in Bangkok) moved to the county city in the beginning of the nineteenth century. For the history of the Longdu district see C.C. Choi, 'Shequ he ZongzuXu' ('Community and Lineage'), in C.C. Choi (comp.), *Xu Shu Boshi Shuocang Tudi ji Shangye Qiyue Wenshu: di yi ji: Qiantailong Tudi Qiyue Wenshu (Land Deeds and Business Documents Collected by Dr. James Hayes, volume 1: Land Deeds of the Kin Tye Lung Company)* (Tokyo, 1995), pp.231–32. For a general description of the villages in Longdu and Shanghua districts see Chenghai Xian Renmin Zhengfu Qiaowu Bangong Shi (Overseas Chinese Affairs Office of the People's Government of the Chenghai County) (comp.), *Chenghai Xian Huaqiao Zhi (Gazetteer of Overseas Chinese from Chenghai County)* (Chenghai, 1986).
6. See Y.Q. Zhang, 'Taiguao Huaqiao Gao Chuxiang yu Hongli Jiazu di Yeji' ('Achievements of the Thai Chinese Gao Chuxiang and Chen Hongli Families'), *Shantou Wenshi (Literacy and History of Shantou)*, Vol.8 (1990), pp.26–41.
7. See Lin Xi, 'Cong Xianggang di Yuanfa Hang Tanqi' ('Talking from Yuan Fat Hong in Hong Kong'), *Da Cheng*, Nos.117–21 (1983). Lin Xi is the pseudonym of Gao Zhenbai, a grandson of Gao Chuxiang. See also K.C. Fok, 'Lineage Ties, Business Partnership and Financial Agency: The Many Roles of a Hong Kong Commercial Network' (unpublished paper presented at the Preliminary Workshop for the 11th International Economic History Congress at Milan, Atami, Japan, March 1994).
8. See A. Suehiro, *Capital Accumulation in Thailand, 1850–1985* (Tokyo, 1989); K. Phipatseritham and K. Yoshihara (eds.), *Business Groups in Thailand* (Singapore, 1983).
9. Suehiro, *Capital Accumulation*, p.87.
10. For discussion of the great economic depression in the 1930s, see D. Faure, *The Rural Economy of Pre-liberation China* (Hong Kong, 1986).
11. For example, see Lin Xi, 'Yijiu Sansan Nian Shantou Jinrong Fengchao' ('The 1933 Financial Crisis in Shantou'), *Da Cheng*, No.22, pp.1–4; Lin Xi, 'Yuan Fat Hong' and Lin Xi, *Tingyu Lou Suibi (Essays Written in the Rain Hearing Building)* (Hong Kong, 1991), pp.259–68, 271–5, 277–92. See also interview by the author with Xu Chuanru, a descendant of Chuxiang, 9 Feb. 1993.
12. R.A. Brown, *Capital and Entrepreneurship in South-East Asia* (New York, 1994), p.136.
13. For the early trade in Chaozhou, see Y.Q. Zhang, 'Zhanglin Gangpu yu Hongtou Chuan' ('Zhanglin Port and the Red-head Junks'), *Shantou Wenshi*, Vol.8 (1990), pp.205–15.

14. See Choi, 'Community and Lineage', especially 237–41.
15. Interview, 6 Feb. 1993, and other occasions.
16. Yuan Fa Sheng company was owned by the Gaos of Chenghai county. The company was sold to Gao Chuxiang in the beginning of the 1850s. Chuxiang renamed the company Yuan Fat Hong. See Lin Xi, 'Yuan Fat Hong', Vol.117, p.48.
17. See C.C. Choi, 'Competition among Brothers: The Kin Tye Lung Company and its Associate Companies', in R.A. Brown (ed.), *Chinese Business Enterprise in Asia* (London, 1995), p.98.
18. Ibid.
19. The ancestral hall is named Guzu Jiamiao ('family hall dedicated to ancestor Gu'). It was one of the six ancestral halls in the village and the only sub-branch hall of the first major branch. See Choi, 'Community and Lineage', pp.240–41.
20. See C.C. Choi, 'Cong Tudi Qiyue kan Xiangcun Shehui Guanxi' ('Rural Social Relations as seen from Land Deeds'), in Choi (ed.), *Land Deeds*, p.269.
21. For instance, Xuanming's son Cizong (or Zhiyin as he was known in Hong Kong), was regarded as 'a well-known Chinese merchant ... in Bonham Strand (Hong Kong), as well as in the Strait'. *South China Morning Post*, 9 Oct. 1931.
22. Interview, 11 Aug. 1992. The factory was called Li Sheng.
23. See *Xing Bao*, No.533, 12 Nov. 1891. Also interviews with Chen Zuochang and Chen Qingyuan. The latter's father, Guiye, was one of the nine shareholders who withdrew his shares in the 1920s. Interview, 19 July 1994.
24. See Wills of Ciyun (alias Zhidan), HKRS (*Hong Kong Records Series*) 144, D&S 4/4070. See also Choi, 'Competition', p.96.
25. See Choi, 'Competition', pp.103–8.
26. Ibid.
27. Ibid., p.108.
28. 'List of Persons holding shares in KinTyeLong, 1975–1992', Hong Kong Company Registry, no. 14575.
29. Choi, 'Competition', pp.98–102.
30. Cihong's eldest son was adopted. Limei was the first son born to Cihong. Interview, 27 Aug. 1990.
31. Choi, 'Competition', p.107, table 6.3.
32. C.C. Choi, 'Huaren Jiazu Qiye di Jiegou: Qiantailong yu Yuanfahang di Bijiao Yanjiu' ('Structure of Chinese Families Firms: A Comparative Study of the Kin Tye Lung and Yuan Fat Hong'), in H.S. Lim (ed), *Dongnan ya Huaren yu Zhongguo Jingji yu Shehui* (*Southeast Asian Chinese and Chinese Economy and Society*) (Singapore, 1995), p.103.
33. See Chenghai Xian, *Overseas Chinese*, p.104.
34. Ibid., p.140.
35. Wills of Shouming [Tan Siew Meng], HKRS 144, D&S 6A/626. Nang Thongpoon Wanglee was daughter of the Lansam family, one of the wealthiest Chinese families in Bangkok. See Suehiro, *Capital*, p.113.
36. *Articles of the Kin Tye Lung Company Limited* (Hong Kong Company Registry no. 14575), articles 3, 35, 42, 45 and 46.
37. For the internal structure of the company, see Choi, 'Competition', pp.103–8.
38. Wang Minzhang argued that the success of the Wanglee enterprise was because Wanglee used 'outsiders, instead of relatives or lineage members in important positions like treasurers, general managers, managers of the rice mills'. M.Z. Wang, 'Hongli Jiazu Ziben di Lishi' ('History of the Family Capital of Wanglee'), *Shantou Wenshi*, Vol.8 (1990), p.19. Wang listed two cases: the first one was a Chen Zhongwu who worked for Wanglee for more than 50 years and was promoted to manager of the insurance section of the Wanglee bank. The other was a Chen Yuewu, who also served Wanglee for more than 50 years, and was a treasurer of the Wanglee limited company. However, a cross-check with the genealogy and interviews with fellow lineage members in Bangkok and Qianxi revealed that both Chen Zhongwu and Chen Yuewu were members of the first major branch of the Chen lineage in Qianxi. Chen Zhongwu's great-great grand father was brother of Xuanming and Xuanyi's grandfather. Chen Yuewu's great grand father was Xuanming and Xuanyi's father's younger brother. Their genealogical orders are as follows:

Xuanming and Xuanyi's father:	1-1-2-1-1-4-1
Chen Zhongwu:	1-1-2-1-1-1-3-2-2-3
Chen Yuewu:	1-1-2-1-1-4-2-4-1-3

See Z.C. Chen and X.Z. Chen (comp.), *Qianmei Chenshi Huixian Gong Zupu* (Genealogy of the Ancestor Huixian of the Chens of Qianmei village), (manuscript, 1992), pp.15 and 31. Interview, 19 July 1994.

39. *Xing Bao* No.533, 12 Nov. 1891. Genealogical order of the nine founders of the company is as follows:

Name (Name in genealogy)	Genealogical order	Branch
Kechang	not indentified	not identified
Zixiang (Cixiang)	1-1-2-1-1-4-1-2-2	five families
Zongyuan (Cizong)	1-1-2-1-1-4-1-1-3	five families
Meiji (Limei)	1-1-2-1-1-4-1-2-1-2	five families
Zhaohu (Xuanhe)	1-1-3-3-1-1-1-1	first branch
Xiongji (Cixiong)	1-1-3-2-4-2-1-3-1	first branch
Chaoji (Xuanchao)	1-1-2-1-1-4-5-3	five families
Quanji (Xuanquan)	1-1-5-1-1-1-2-2	first branch
Cifu	1-1-2-1-1-3-1-3-1	five families

Sources: *Xing Bao*, 12 Nov. 1891; Chen and Chen, *Genealogy*.

40. Ibid.
41. Chenghai Xian, *Overseas Chinese*, p.105.
42. See Xinjiapo Zhonghua Zongshang Hui (Singapore Chinese Chamber of Commerce), *Xinjiapo Zhonghua Zongshang Hui Tekan* (Special Bulletin of the Singapore Chinese Chamber of Commerce) (Singapore, 1931), n.p.
43. Interview, 19 July 1994. Cizong was known in Hong Kong as Zhiyin and in Singapore as Zongyuan. One of my informants is the grandson of another major partner of the company, Guiye [or Cizhen] who was also a member of the five families (grandson of Xuanming's natal uncle).
44. Limei's will, see HKRS 144, D&S 4/3594.
45. See *Xingzhou Ribao*, 1 Nov. 1946, p.2.
46. Interview, Mr. Chen Songyui, 28 Dec. 1995. Unless otherwise mentioned, information of this section is based on this interview.
47. See private correspondence between Shouyan and Songyui. The author wish to thank Mr Henri Chen, Kenggou's grandson, who kindly allowed access to the documents.
48. Unless otherwise mentioned, information of this section is provided by Mr Chen Songyui and his brothers during interviews conducted from 1993 to 1996 by the author.
49. For Chen Sanyu, refer to Chenghai Xian, *Overseas Chinese*, p.105. Also his obituary in *Xingzhou Ribao*, 20 May 1952.
50. For Yu Zhian (Er Cher Ann), refer to interviews by Heng Hiang Khng, 16 Jan. 1986–20 Feb. 1986, in 000623/06/01–06, Oral History Department, Singapore.
51. A manager's salary in the 1930s was 40 Singapore dollars. It increased tenfold in the 1950s. See below for salaries of different posts in Tan Guan Lee in the 1950s (in Singapore dollars):

coolie head:	8	cook:	10
scout:	10	cashier:	100
treasurer:	300	manager:	400

Source: interview: Mr Chen Songyui, 28 Dec. 1995.

52. Private correspondence between Chen Kenggou and Chen Shouzhen, 20 Aug. 1936. Thanks are due to Mr Henri Chen, Kenggou's grandson, who allowed access to the private documents.
53. Private correspondence between Songyui and Shouyan, 1949.
54. This criteria was emphasised repeatedly by Mr Chen Songyui during interviews conducted from 1993 to 1996 by the author.

55. Chen Chengqu, also a member of the five families, was Cizong's brother's grandson. His generation order is 1-1-2-1-4-1-1-2-4-1, while Cizong's generation order is 1-1-2-1-4-1-1-3.
56. Interview, 28 July 1994.
57. McElderry, 'Securing Trust and Stability', p.28.
58. See Lin Xi, 'Financial Crisis', 'Yuan Fat Hong' and 'Essays'. Unless otherwise mentioned, sources for this section are from Lin Xi's recollections. See also Fok, 'Lineage Ties', pp.2-19.
59. Suehiro, *Capital Accumulation*, p.83.
60. The Gaos had trading companies in Singapore (Yuan Fa Chan), Kobe, Japan (Wen Fa Hang) and Canton (Cheng Fa Hang), a trading enterprise (Yuan Fa Sheng Hang, or Koh Mah Wah and companies as it was known in Bangkok) including five rice mills in Bangkok, a plantation in Johor, Malaysia and in Shantou several public utilities companies (water, electricity), textile factory and Chinese banks. They also owned warehouses in Hong Kong and Canton. See Lin Xi, 'Yuan Fat Hong'.
61. Lin Xi, 'Yuan Fat Hong', Vol.117, pp.51-2.
62. Suehiro, *Capital Accumulation*, p.84-5. According to Suehiro, Koh Man Wah and the Phisanbut family jointly founded the first Chinese owned steam-power rice mill in Thailand. In 1898, they owned three of the 42 rice mills in Bangkok. By 1908, they owned four, and 1920, five large rice mills producing 130 per cent of the total production capacity.
63. Ibid, p.84.
64. Ibid.
65. Zhang, 'Achievements', pp.31-3.
66. As suggested by Wellington Chan, in order to minimise risk and maximise opportunities, many Chinese businesses tend to have their shares and directors intertwined with each other. See W.K.K. Chan, 'Chinese Business Networking and the Pacific Rim: The Family Firm, Roles Past and Present', *Journal of American-East Asian Relations*, 2nd issue, Vol.1, pp.171-90.
67. For instance, the 'common company', the forth and fifth branch of the family had shares in the Yuan Zhang Sheng rice mill in Bangkok. The 'common company' also had shares in the Yu De Sheng, a Nanbei *hang* company owned by Chen Chunquan, his son and Shunqin.
68. For example the Yu De Sheng and Fu Tai Xiang in Hong Kong, and Cheng Fa Hang in Canton.
69. See Choi, 'Structure of Chinese Family Firms', pp.98-9.
70. Lugang Chaozhou Shanghui (Hong Kong Chaozhou Chamber of Commerce), *Lugang Chaozhou Shanghui Sanshi Zhounian Jinian Tekan (Special Bulletin Commemorating the Thirtieth Anniversary of the Chaozhou Chamber of Commerce)* (Hong Kong, 1951), p.2.
71. Ibid., n.p.
72. See Lin Xi, 'Yuan Fat Hong', Vol.118, p.47 and 50.
73. Ibid., Vol.118, p.48-9.
74. Ibid., Vol.118, p.50.
75. Ibid., Vol.119, pp.35-6.
76. Interview with Mr Xu Chuanru. In order to avoid being purged during the Land Reform, Xu was adopted by his father's sister and took his adopted father's surname. Interviews, 12 Dec. 1992 and 15 March 1993.
77. Lin Xi, 'Essays', p.262.
78. Lin Xi, 'Yuan Fat Hong', Vol.121, p.57. See also a stone tablet written by Chuxiang's seventh son Xuexiu (or Huishi). The tablet, dated Guanxu 25 year (1899), can still be found in the ancestral hall.
79. For the cultural symbols of the Chens in Qianxi, see Choi Chi-Cheung, 'Cultural Symbols and Business in Southern China, 1850-1950', presented at the Chinese Business History Conference, Hong Kong University, 12-13 July 1996.
80. See, for instance, Zhang, 'Achievements'. See also Chenghai Xian, *Overseas Chinese*, pp.843-4.
81. The field study at Yujiao (or Huajiao) was conducted on 5-10 March 1996.

82. Lin Xi, 'Financial Crisis', p.4.
83. Lin Xi, 'Yuan Fat Hong', Vol.119, pp.34ff.
84. McElderry, 'Securing Trust and Stability', p.28.