

# Foreword

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**Visas Consulting's team operates according to the standards of leading law firms internationally... from the moment a client hires us, to the moment they successfully arrive in their destination country, we fully guarantee their legal rights.**

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40 years ago, Visas Consulting Group was founded in Montreal, Canada. Time has flown, and today Visas Consulting Group has expanded to all the main immigration countries and regions, including the US, Canada and Europe; this year, 2014, we celebrate our 17th year in China. Our services are expanding, and our team is growing, but Visas Consulting's creed has never changed: to help our clients build a better life in a new country.

I had the pleasure of being involved in the founding of Visas Consulting Group's first China office in 1997. In the 17 years since, I have witnessed the gradual maturing of the immigration industry in China, and have used my professional background and knowledge of the law to lead Visas Consulting Group to assist tens of thousands of clients in successful immigration applications, enabling them to fulfill their promises to their families, and to follow their dreams.

Today, Visas Consulting Group is the leader in China's immigration industry. I often ask myself: what is it that has enabled us to grow so rapidly? What is it that makes our clients select us? Whenever we are sifting through US EB-5 projects, or training Canadian immigrant investor program applicants for interviews, whenever we are making arrival arrangements for clients who have succeeded in their application, I realize that the reason is obvious and I become all the more convinced of this fact - expertise determines whether you succeed or fail.

Visas Consulting's team operates according to the

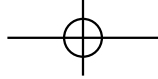
standards of leading law firms internationally. When it comes to the key steps in the immigration application process, I am always personally involved in the legal decision-making. We also always adhere to a policy of professional and transparent relations between client and lawyer: from the moment a client hires us, to the moment they successfully arrive in their destination country, we fully guarantee their legal rights. At Visas Consulting, our company ideals recognize that immigration is inextricably linked to the dreams of our clients' entire families, and to their futures. Our profound awareness of the importance of immigration to each family means that we will never shirk the responsibility they place upon our shoulders.

We are honored to have established a strategic cooperative partnership with Hurun Report in 2014. This strategic relationship is of great significance: Hurun Report specializes in researching the lives of China's rich, while Visas Consulting is a bridge to a life abroad for wealthy Chinese people. There is no doubt that our cooperation will establish a new professional benchmark for the industry.

Expertise is Visas Consulting Group's way.

*David Chen*

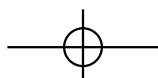
Partner Lawyer, Visas Consulting Group;  
Immigration Specialist



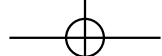
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*With thanks to the following for their contributions:*  
Echo Wang, Liu Yu, Kingsley Wang, Sara Cai, Quincy Hu, Duncan Hewitt

Photo: Getty Images







# Introduction

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**Hurun Report has been aware of the emergence of immigrant investors since 1999, and has been observing this sector of society ever since.**

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In 1999, when I compiled the first China rich list, we stipulated that wealthy people needed to be China-born and bred in order to qualify for inclusion on the list – but we did not insist that they had to be Chinese passport holders. This was because, even then, we had noticed the emergence of immigrant investors: some wealthy people had ‘immigrated’ to other countries, though there had not been too much change in their lives or work. They had carried on living and investing in China: having a foreign status was purely a matter of convenience.

According to the Hurun Report Chinese Luxury Consumer Survey 2014, 64% of China’s millionaires have already emigrated or are in the process of applying to do so. Migrating as an immigrant investor has become both a distinct trend, and a widely debated topic. So I am very happy that Hurun Report and Visas Consulting Group are now jointly publishing this report, ‘Visas Consulting - Hurun: Immigration and the Chinese HNWI 2014’.

From March to April, Hurun Report and Visas Consulting surveyed a total of 141 high net worth individuals in various major cities around China. Their average wealth was 42 million RMB. The survey provided us with our first detailed insight into why HNWIs decide to apply to migrate under the immigrant investor program, and the current migration situation. It demonstrates that the interviewees have many reasons for migrating, but the most common motiva-

tion is education, followed by concerns about environmental pollution and food safety. This echoes the results of previous Hurun Report surveys on related topics.

Other key conclusions include the fact that Los Angeles, San Francisco and Vancouver are the three most popular destinations for immigrant investors. Buying property, meanwhile, is the most popular form of overseas investment. On average those surveyed will buy apartments valued at 6 million RMB [around US\$1 million], mainly for their personal use; real estate markets in the US, Canada and Australia have already clearly been influenced by Chinese buyers. Another significant discovery is that the majority of interviewees have invested only a fairly small proportion of their assets overseas: more than 70% have invested no more than 20% of their total assets abroad.

As noted above, Hurun Report has been aware of the emergence of immigrant investors since 1999, and has been observing this sector ever since. We have constantly been on the lookout for outstanding pioneers in China’s immigration industry. Some three years ago, we began to cooperate with Visas Consulting Group, and quickly came to the conclusion that they were the leaders in China’s immigration sector.

Hurun Report knows China’s rich, and has borne witness to the development of private enterprise in China. Visas Consulting Group knows the business of immigration, and has borne witness to the shifts in Chinese migration. Now, in this joint report, we offer an insight not just into the people behind the statistics, but also into a major trend which not only cannot be ignored, but is also worthy of serious contemplation.

# Visas Consulting Group

**Visas Consulting Group has been a leading provider of international immigration law services for four decades, offering expert advice to help its clients build a better future.**

The history of Visas Consulting Group (VCG) can be traced back to 1974, when founding partner and lawyer, Gaston Perron, opened an immigration practice in Montreal, Canada.

Now, 40 years later, Visas Consulting Group has become a leading international provider of immigration legal services, with wholly owned or joint-venture legal practices in the US (San Francisco and Los Angeles), Canada (Montreal and Vancouver), the UK (London), Australia, (Sydney) and New Zealand (Christchurch).

Visas Consulting was also one of the earliest immigration advisory companies to enter the Chinese market, and now has branches in cities including Shanghai, Beijing, Guangzhou, Shenzhen, Chengdu, Suzhou, Wuxi, Hangzhou and Ningbo. In order to provide the most direct, thorough service to Chinese clients, VCG's permanent staff in China includes a large team of foreign lawyers, immigration advisers and government registered immigration consultants. Visas Consulting Group also employs a number of former immigration officials with rich experience in assessing Chinese citizen's immigration applications. To ensure professional standards and quality of service, a foreign lawyer and an expert immigration adviser always take personal charge of each case.

Over the past forty years, Visas Consulting Group has helped tens of thousands of applicants to immigrate; VCG's success rate has long set us apart from our peers in the industry. In particular, when it comes to the US EB-5 investment program, Visas Consulting Group has long maintained a 100% success rate in three key areas: project success rate, I-526 provisional Green Card success rate, and I-829 permanent Green Card success rate.

Visas Consulting Group's professional standards and quality of service have won not only praise from clients, but also formal recognition from the immigration services of the target countries. As Andre Boulerice, former immigration minister of Quebec, puts it, "Visas Consulting Group has a long history, rich experience and an excellent reputation. When I was immigration minister, the out-

standing quality of their application documents and their excellent success rate left a profound impression on me."

Louis Leblanc, Vice-President of the National Bank of Canada, and the pioneer of Canadian immigrant investor program, adds, "Visas Consulting Group stands out among immigration agencies for its outstanding lawyers, excellent interview training and thorough relocation services."

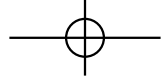
Larry Silverstein, US real estate tycoon and president of Silverstein Properties, developer of the World Trade Center site, says: "We chose Visas Consulting Group as our partner on EB-5 projects, not only because it's the best immigration consultancy in the business, but also because the two companies share the same values: 'Sincerity first, reputation above all.'"

Visas Consulting Group's highly praised relocation service includes meeting clients on arrival, helping them find the right place to live, and organizing their children's education. It has established relocation service centers in all the major immigration destinations – Los Angeles, San Francisco, New York, Boston and Seattle; Vancouver, Toronto and Montreal; London, and various other European countries.

Visas Consulting Group is committed to maintaining its leading position in the field of immigration services, providing clients with expert, timely and thorough service, and to satisfying each client's specific needs. Above all, VCG sees protecting each client's interests as its duty, in order to help them build a better future in a new country.







# Creating a Better Life in a New Nation

David Chen, partner lawyer at Visas Consulting Group, has worked in the immigration field for 17 years. He is motivated by a sense of achievement: “My contribution is to give our clients another choice, and give their children the chance of a better childhood,” he says. This echoes Visas Consulting Group’s mission: “To create a better life for you and your children in a new country.”

*Hurun Report: You’ve worked in immigration since 1997. What keeps you in the sector?*

**David:** When I started my career I was attracted by the fact that this was a new area of law. I also believed that the market had huge potential, since almost everyone in my generation of university students dreamt of going abroad. I’ve stayed in the field because I really believe our services can help a lot of people, and change their families’ futures. As a lawyer, my contribution is to give our clients another choice, and to give their children the chance of a better childhood in a new nation. It’s this sense of achievement that motivates me!

*What attracts a client to choose an agent? What makes Visas Consulting Group special?*

When customers select an immigration agency, they look at a range of factors, such as the size of the company, and how its staff treat their clients. But in the end most people base their decision on the company’s level of expertise. What makes Visas Consulting special is our expertise, and also the fact that we provide a full service to help our clients settle into their new lives abroad. The success of their immigration application, along with their positive feelings about our service, means that our clients often recommend us to friends and relatives – we’re proud of the fact that 40% of new customers are recommended by former clients.

*Are today’s migrants usually well prepared for moving abroad?*

I would say that today’s Chinese immigrant inves-

tors are an extremely mature group, with a certain level of resources; most of them are entrepreneurs or senior executives. They have very clear goals in applying for immigration, for example their children’s education, or to diversify their assets. We’re also now seeing some people migrating for health reasons, because of China’s problems with pollution and food safety, as well as entrepreneurs migrating because they want to expand their businesses in overseas markets.

*What are the latest trends in investor immigration?*

Before 2005, only a fairly limited number of people applied for immigrant investor programs; most were aged between 40 and 55, and were the heads of private enterprises from China’s coastal regions. Since then, we’ve seen a gradual broadening of the types of applicant: the catchment area is expanding, from the coasts to the hinterland; it’s no longer just entrepreneurs, but also senior executives and people who work independently; there are also more young people applying today.

*What do you see as the significance of the publication of this joint report?*

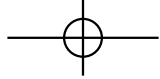
This survey gives us a chance to assess the potential for Chinese immigrant investors. It offers an insight into this group of people’s motives for migrating, the countries they favor, and the services they require, including education, thus enabling us to better understand future trends in the industry, and to provide better services in this field.



**David Chen**  
[Chen Zhaohui]

Partner Lawyer, Visas Consulting Group; experienced immigration lawyer. Graduated with an LLB degree from Law school of Fudan University, Shanghai, in 1992, and qualified as a lawyer the following year. He has provided immigration services since 1997, making him one of China’s longest-serving lawyers in this field.



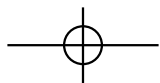


# Immigration Data

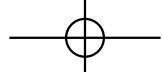
By 2013, China was the world's fourth largest emigration nation, with 9.3 million people having moved to other countries. The US, Canada and Australia remain the top three destinations for Chinese migrants, while Europe has gradually become another popular choice.



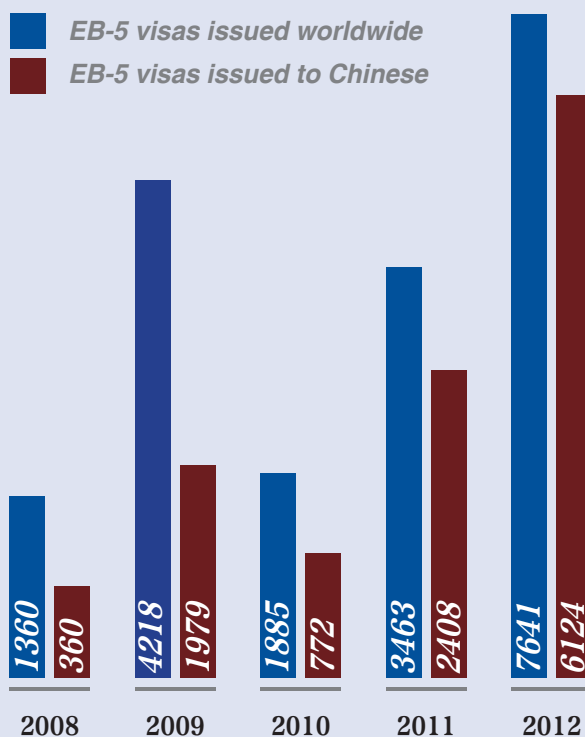
Photo: Getty Images







## US EB-5 immigration visas issued



Source: Wolfsdorf Immigration Law Group

On the map of global emigration, China has now assumed an important status. According to the UN's 'International Migration Report 2013', there are now 232 million migrants globally, or 4.2% of the world population. Between 1990 and 2013, the number of migrants from China increased from 4.1 million to 9.3 million<sup>①</sup>. From being the seventh largest migration nation, China now ranks fourth, behind India, Mexico and Russia. In terms of South-North migration<sup>②</sup>, it ranks second, alongside India, with 8% of the total number of South-North migrants, behind only Mexico with 13%.

According to 'The Annual Report on Chinese International Migration 2014', by 2012 there were a total of 45.78 million immigrants in the USA, or 14% of the total population<sup>③</sup>. As the most popular destination for migrants globally, the US is also the top choice for migrants from China. According to the World Bank, there were 1.96 million Chinese immigrants in the US in 2010<sup>④</sup>. The proportion of EB-5 immigrant investor visas issued by the US Citizenship and Immigration Services to Chi-

nese citizens, meanwhile, soared from 26% of the total in 2008 to 80% in 2012.

Canada is the second most popular emigration destination for Chinese people. Government statistics show that some 258,000 Chinese migrants obtained permanent residency in the decade to 2012, or 0.7% of the total population. A further 1.09 million obtained temporary residency. With the exception of 2010 and 2011, when it ranked second behind the Philippines, China has been the largest source of migrants to Canada each year since 2003. In 2012, 33,000 Chinese migrants obtained permanent residency rights; there were also 15,000 Chinese people with Canadian working visas. China has also topped the rankings for student visas since 2003: in 2012, over 80,000 Chinese people held Canadian student visas; the Republic of Korea and the US lagged far behind in second and third place.

Australia's population was 21.51 million in 2011, up 8.3% from 2006. Much of this increase was due to immigration: by June 2013, Australia had 6.4 million migrants<sup>⑤</sup>, equal to 27.7% of its total population. Chinese migrants accounted for 1.8% of the population, behind only the UK (5.3%) and New Zealand (2.6%).

Europe has also been growing in popularity. By 2011, the number of Chinese immigrants in EU countries reached 2.31 million. The top destinations were the UK (630,000), France (540,000), and Italy (330,000), followed by Spain (170,000), Germany (170,000) and Holland (160,000)<sup>⑥</sup>. The increase in migration has also boosted bilateral trade, which grew to 42.7 billion dollars by 2009.

**Note ①** These statistics refer to the number of non-native residents calculated by the UN, with no breakdown as to whether or not these people have received permanent residency or citizenship.

**Note ②** The UN defines migration as moving from: 'south to north', from developing countries to developed countries; 'north-north', between developed countries; 'north-south', from developed countries to developing countries; and 'south-south', between developing countries.

**Note ③** These figures from the Australian Statistics Bureau are for the number of non-native residents, with no further breakdown.

**Note ④** These figures from Eurostat and the European Migration Network are for the number of non-native residents, with no breakdown as to permanent residency or citizenship.



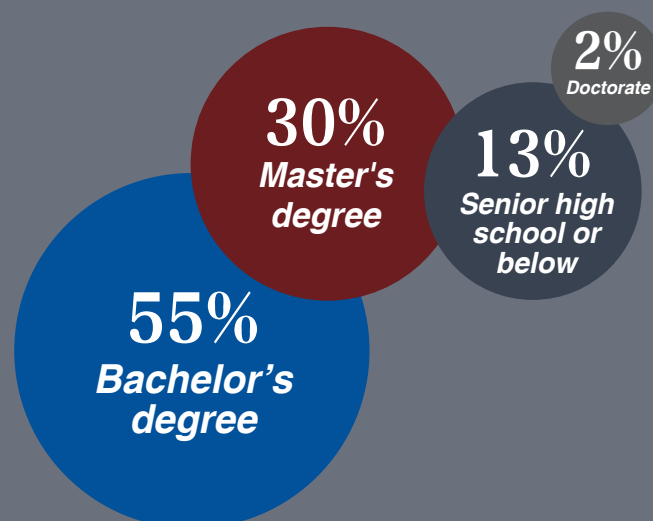
# Immigrant Investors Survey and Analysis

Immigrant investors usually have liquid assets of over 10 million RMB. More than half have degrees. Quality of education and pollution are their main reasons for migrating. The US and Canada are their preferred destinations, with LA, San Francisco and Vancouver the most popular cities.

In 2011, Hurun Report and the Bank of China jointly published the 'White paper on Chinese people's private wealth management', based on 980 interviews in 18 mainland Chinese cities, which revealed that 60% of high net worth individuals intended to leave the country. This news was widely reported by major media, emphasizing that emigration attracts interest from all sectors of society. This White Paper, 'Immigration and the Chinese HNWI 2014', produced jointly with Visas Consulting Group, seeks to provide a detailed insight into such people's reasons for migrating – their aims, their assets and investments, their children's education, and how this affects succession in their businesses – as well as assessing what influence such massive migration may have on China. (N.B. this White Paper only covers investor immigration, not skilled-worker immigration or other types of immigration.)

Those with liquid assets of more than ten million RMB have a greater chance of becoming successful immigrant investors. Such people tend to be relatively

## Migrants' level of education

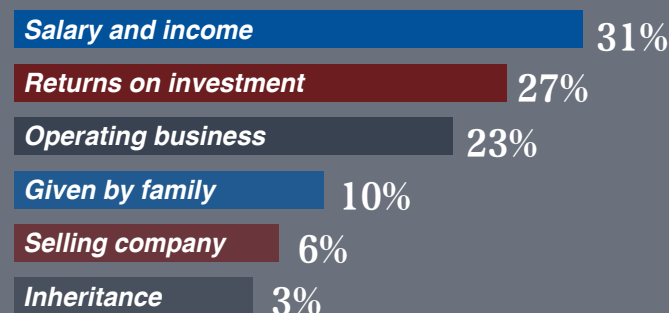


highly educated. More than half have a bachelor's degree, more than 30% a master's degree; only a small proportion have received only senior high school education or lower.

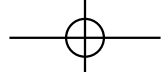
Their assets come mainly from their own savings – from salaries, returns on investments, and running their businesses. Only a small proportion inherited their wealth and savings.

Education is their main reason for considering migrating. Fees are one factor: in many countries, tuition fees for foreign and domestic students are different; thus over a number of years, the cost of emigration evens itself out. Another factor is the rapid fall in the average age at which children go abroad to study: many parents have realized that if children leave home too early, this can have a negative impact on their development. Therefore they want the whole family, or at least the mother, to accompany their children when they go abroad.

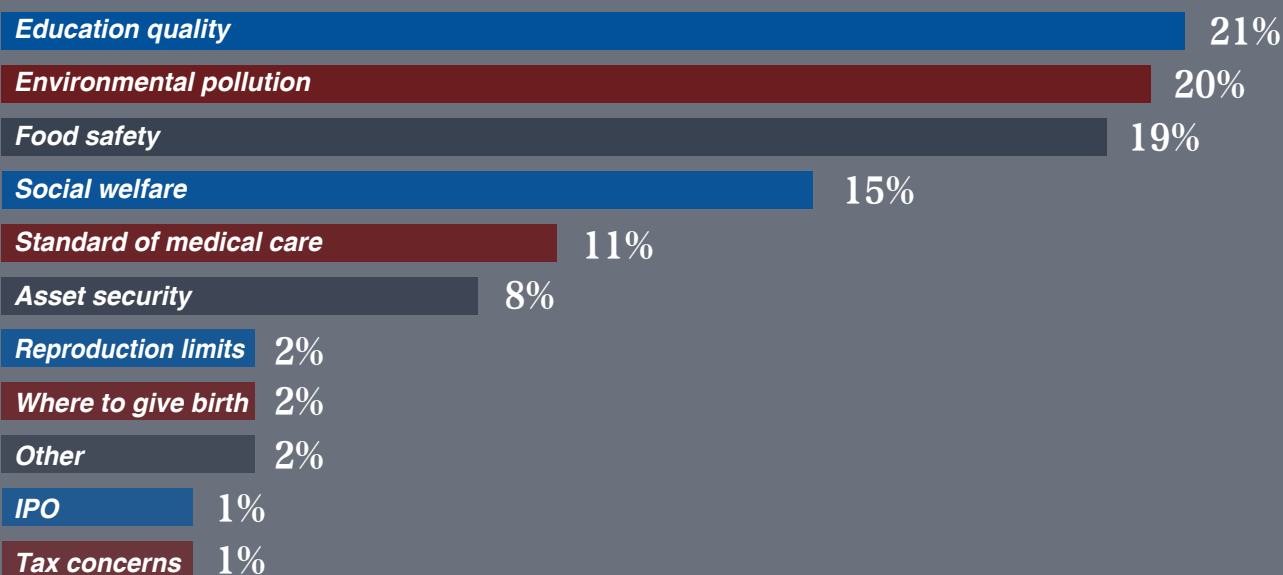
## Sources of assets



Source: Visas Consulting - Hurun Report, Immigration research



### Reasons for emigration



In the Hurun Report/Xingye Bank's joint 'China Spiritual Investments White Paper 2014', 87% of interviewees expressed dissatisfaction at China's pollution problem. Some countries have sought to lure Chinese HNWI's by promising a healthier and longer life. The crisis in confidence in food safety has also become a significant reason why HNWI's consider migration.

Only 8% of potential immigrant investors are concerned about the security of their assets. Other concerns include 'limits on reproduction' (i.e. China's family planning system) and 'where to give birth' (linked to access to welfare in various countries), though neither of these is a major factor.

The US and Canada remain the top destinations. While Canada abolished its Federal Immigrant Investor Program and Federal Entrepreneur Program in early 2014, rejecting 57,000 Chinese people who were in the process of applying, research suggests this has done little to dampen interest in Canada. Australia and New Zealand are joint third choices.

An excessively long waiting time is seen by more than half of migrants as the biggest obstacle in the application process. Language barriers and the difficulty of integrating are other major problems. Consequently, many people consider moving to, or investing in, ethnic Chinese neighborhoods. This is a major factor in the popularity of cities like L.A., San Francisco, Vancouver, New York and Toronto among Chinese people.

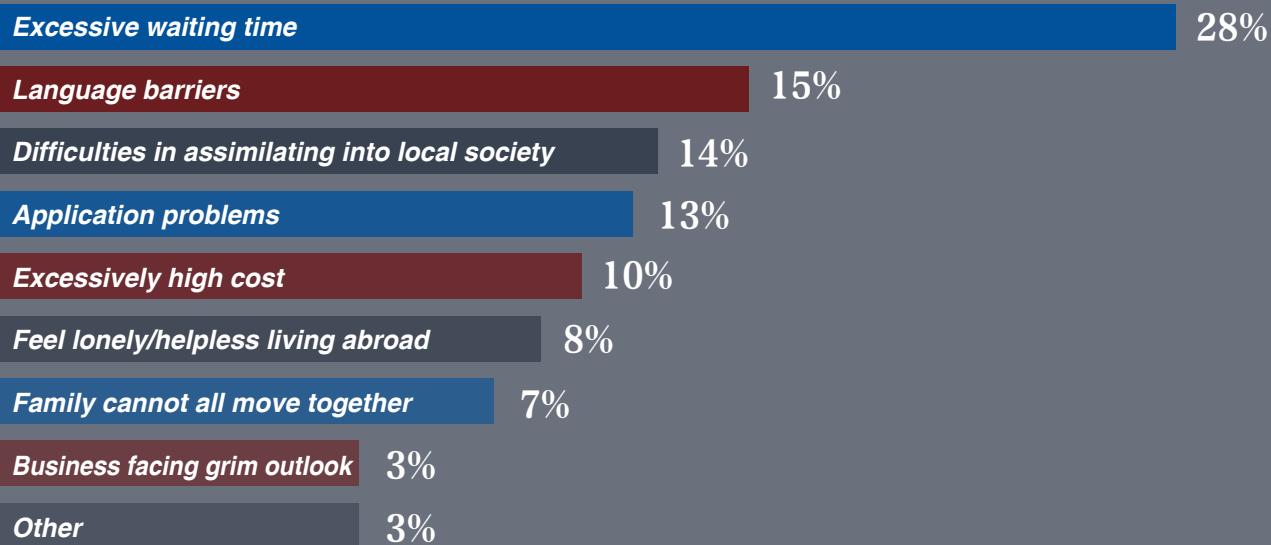
While the decision to emigrate may be the result of a number of factors, the choice of destination country may be influenced

### Emigration destinations

|    | Province/City       | Rate  |
|----|---------------------|-------|
| 1  | Los Angeles         | 13.9% |
| 2  | San Francisco       | 13.7% |
| 3  | Vancouver           | 13.4% |
| 4  | New York            | 8.6%  |
| 5  | Toronto             | 8.4%  |
| 6  | Seattle             | 7.6%  |
| 7  | Boston              | 4.6%  |
| 8  | Melbourne           | 4.3%  |
| 9  | New Zealand         | 4.1%  |
| 10 | Sydney              | 3.5%  |
| 11 | Singapore           | 2.8%  |
| 12 | UK                  | 2.5%  |
| 13 | Hongkong, China     | 2.3%  |
| 14 | Chicago             | 1.8%  |
| 15 | France              | 1.5%  |
| 16 | Canberra            | 1.3%  |
| 17 | Japan               | 1.0%  |
| 18 | Spain               | 0.8%  |
| 19 | Italy               | 0.5%  |
| 19 | Saint Kitts & Nevis | 0.5%  |
| 19 | Portugal            | 0.5%  |

Source: Visas Consulting - Hurun Report, Immigration research

### Major difficulties in migration process



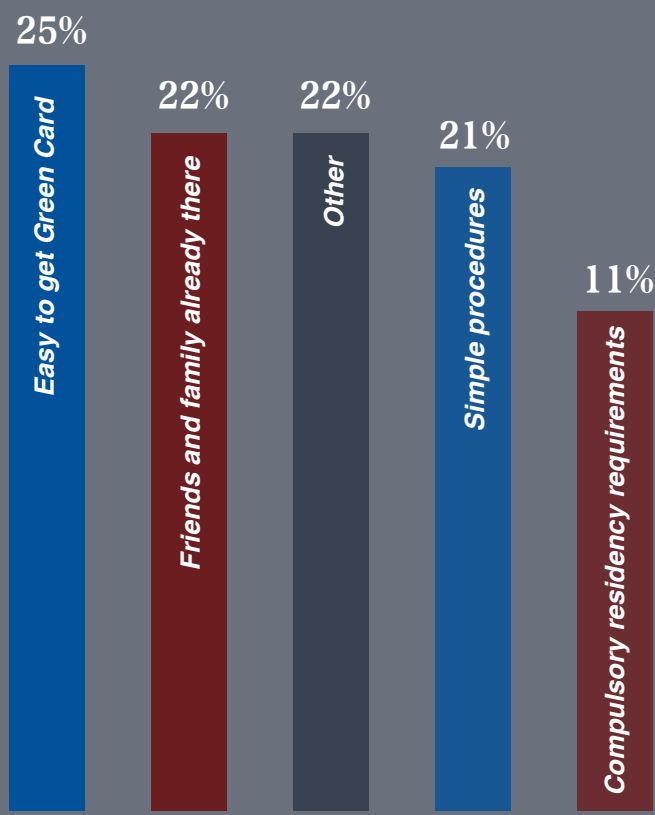
by factors such as simplicity of application procedures, and the ease of getting a green card. Migrants do not seem to be significantly deterred by requirements for an initial period of compulsory residence; this suggests that few are seeking to gain permanent residence status without actually moving to their chosen country.

When choosing an agent, professional advice and past success rate are the main criteria; a failed application not only means a huge waste of time, but can also make it very difficult to succeed in future.

China does not allow dual nationality, meaning anyone who gets a foreign passport has to give up their Chinese citizenship. Nevertheless, 63% of those surveyed would consider getting a foreign passport after immigrating. At the same time, 40% feared that the loss of talent and capital caused by mass emigration would weaken China.

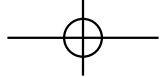
However, the UN's International Migration Report 2013 emphasizes that China is also becoming a migration destination. In 2010, 685,775 foreigners held Chinese residence permits, while in 2009 there were over 200,000 foreign students in the country, more than the number in Canada or Australia. John Ashe, President of the UN General Assembly, notes that 'if properly managed, migration can reduce poverty, improve human resources, and contribute to global development.'

### Reasons for choosing immigration country

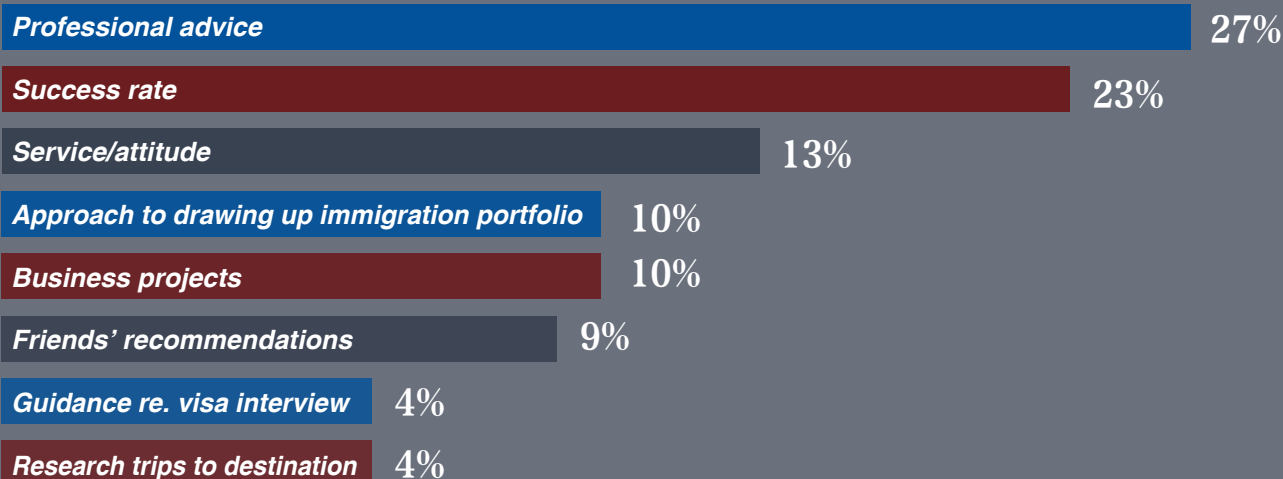


Source: Visas Consulting - Hurun Report, Immigration research





## Factors in selecting a immigration agent



Source: Visas Consulting - Hurun Report, Immigration research

## HURUN GLOBAL RICH LIST 胡润全球富豪榜

### Place of residence of billion-aires from Greater China

The 2014 Hurun Global Rich List includes 458 billionaires from the Greater China region. 358 of them live in mainland China, Hong Kong or Macau, 37 live in Taiwan, and 18 in Singapore.

| Where they live  | No. of Billionaires |
|------------------|---------------------|
| 1 China          | 358                 |
| 2 Taiwan (China) | 37                  |
| 3 Singapore      | 18                  |
| 4 Indonesia      | 14                  |
| 5 Philippines    | 8                   |
| 6 USA            | 8                   |
| 7 Malaysia       | 8                   |
| 8 Thailand       | 5                   |
| 9 Australia      | 1                   |
| 9 UK             | 1                   |
| Total            | 458                 |

### Proportion of immigrant billionaires

The US tops the rankings for the most immigrant billionaires, with 41, or 9% of its total number of billionaires. They come from a number of countries and regions, including China, South Africa, Hungary and Taiwan. The UK ranks second, with 30 immigrant billionaires, accounting for 39% of its total number. They come from countries including India, Russia, Brazil and the US.

| Province/City | Immigration Billionaires | % of total | Brought up in   |
|---------------|--------------------------|------------|---|
| USA           | 41                       | 9%         | Taiwan (China), Hungary, S Africa, India, China, Israel |
| UK            | 30                       | 39%        | India, Russia, Brazil, US                               |
| Switzerland   | 17                       | 30%        | Germany, Russia, UK, Italy, France, Sweden              |
| Russia        | 16                       | 16%        | Ukraine, Azerbaijan, Kazakhstan                         |
| HK, China     | 8                        | 2%         | Taiwan (China), UK, other Europe                        |
| Singapore     | 8                        | 29%        | China, Indonesia  |
| Australia     | 7                        | 24%        | US, Southeast Asia                                      |
| Canada        | 7                        | 20%        | US, UK  |
| UAE           | 6                        | 35%        | India   |
| Brazil        | 5                        | 10%        | Lebanon   |
| Monaco        | 5                        | 100%       | Italy, Lebanon  |

Source : Hurun Global List 2014

# Overseas Investment

Migrants prefer stable investments. Real estate, fixed income products and stocks are the most popular areas. Asset diversification is the main reason for investing abroad. They mainly buy property overseas for their personal use, in areas with good educational facilities.

## Investment Behavior

### Investment philosophy and approaches to investment management

Stable and healthy growth is the guiding investment principle of those surveyed; 67% favor this approach. Only 4% of HNWIs choose an aggressive, relatively high-risk growth strategy. With the global economy reviving, more of those surveyed favor rational investment, with a fair emphasis on limiting risks, rather than pursuing high profits, regardless of the potential pitfalls.

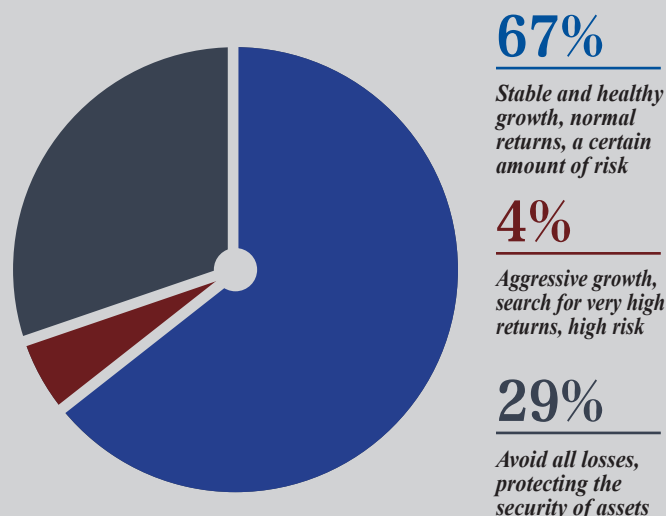
When it comes to choosing how to invest, 39% of those surveyed have a preference for specialist investment institutions. Handling investments themselves is the second most popular approach, favored by 25%.

### Types of Investment

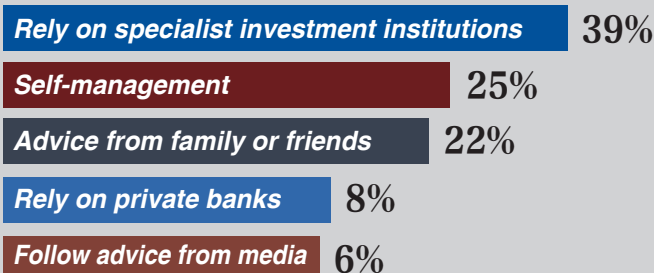
The three most popular areas for overseas investment are real estate – chosen by 43.4% of those surveyed – fixed return investment products – far behind with 17.1% – and stocks, with 13%. 8.4% of respondents favor alternative forms of investment, primarily jewelry, watches, red wine and works of art.

China's domestic real estate market has now entered a relatively mature stage: research by the Bank of China suggests that, with the tightening of loans for 2015, and the relatively high price base, growth in sales value will slow to 9.5%.

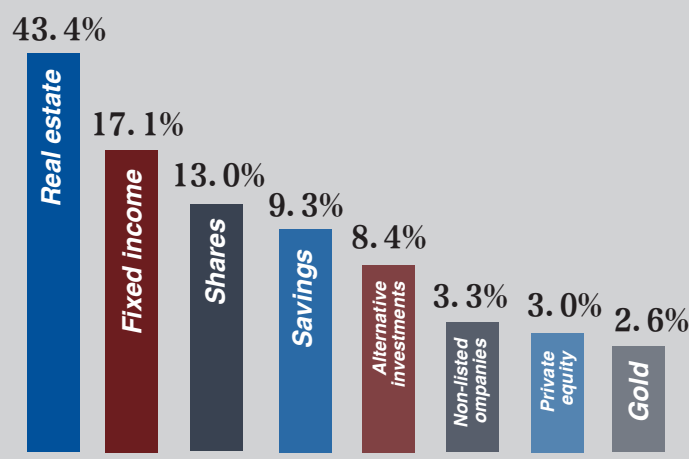
### Investment philosophy



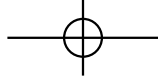
### Investment management approach



### Main areas of overseas investment



Source: Visas Consulting - Hurun Report, Immigration research



After years of high growth, some Chinese real estate companies are seeking to reduce inventory, deepening the market's predictions for a slowdown in price rises. Overseas property, meanwhile, seems to offer value for money, and a fairly significant proportion of high net worth individuals have gradually made overseas property their top investment priority.

According to Knight Frank's <2013 Global Vineyard Index>, Chinese buyers bought 27 vineyards in France's Gironde region, totalling 15% of the area of vineyards sold. The figures are particularly striking since they come just years after the first Chinese buyer bought a vineyard in Bordeaux, in 2008.

Trusts and equity investment will also develop in the future, and this field is likely to become a new focus for HNWIs. Investment in equities has a high threshold, and high returns. With HNWIs generally quite sensitive to returns on their capital, and willing to accept a certain risk-profit ratio, they are likely to become leading investors in trusts and equities in the future, and the sector is likely to develop more rapidly.

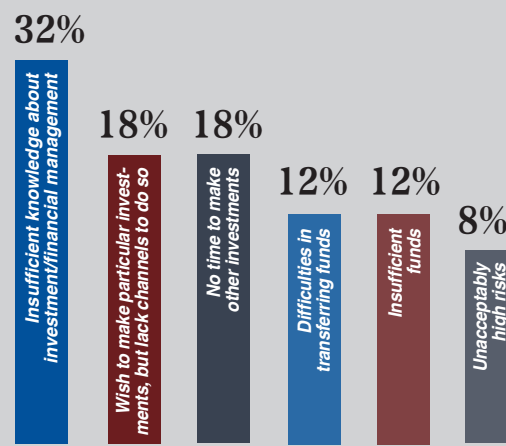
Those surveyed identified a lack of financial and investment knowledge as their biggest challenge when investing (32%); a lack of investment channels and time was the next most common concern. More investment and financial management training courses, and a wider choice of investment channels, would help address these problems. Once wealthy people have a thorough understanding of their investment options, and more choices of channels, their investment is likely to increase.

## Investing Abroad

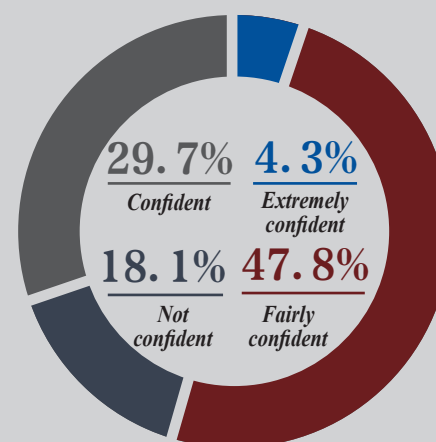
China is now one of the top 3 nations for overseas investment, behind only the US and Japan. According to the Chinese government's official '2012 Statistical Bulletin of China's Outward Foreign Direct Investment', 16,000 Chinese investors established 22,000 directly-invested enterprises in 179 countries and regions in 2012, investing a net total of US\$87.8 billion. Of this, US\$10.07 billion went into the financial sector, the rest into non-financial investments. The cumulative total of outward foreign direct investment was US\$531.94 billion, of which US\$96.45 billion was in the financial sector.

With the international economy showing signs of a gradual recovery in real estate, and a gradual improvement in macro-economic indicators such as the employment rate and PMI, more and more HNWIs are expressing confidence in investing overseas: more than 50% of those surveyed say they are either 'confident' or 'fairly confident'. Those who are confident say they plan to buy property overseas within the next three years; those who are fairly confident intend to buy property overseas at some point in the future.

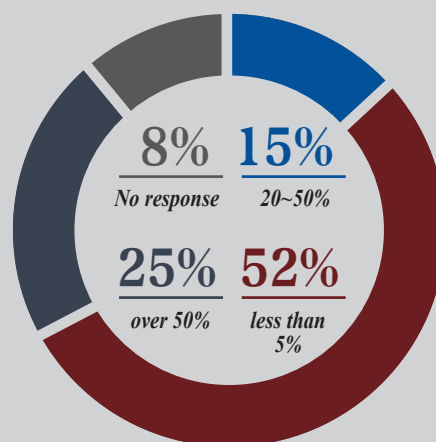
### Analysis of investment concerns



### Overseas investment confidence index



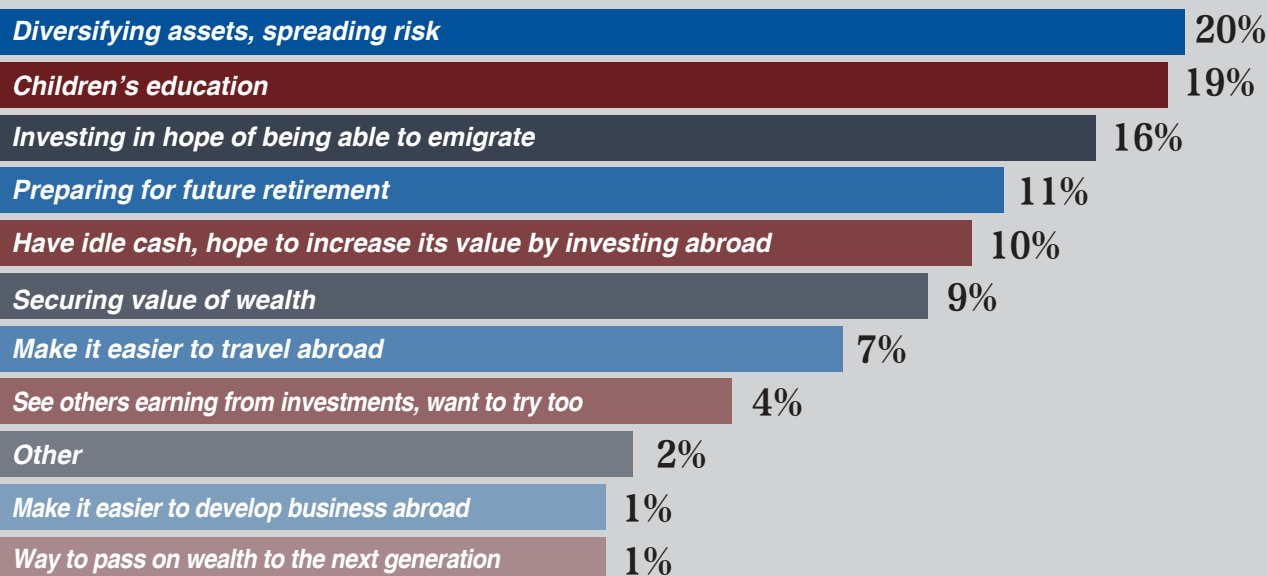
### Allocation of assets overseas



Source: Visas Consulting - Hurun Report, Immigration research



### Reasons for investing abroad



Source: Visas Consulting - Hurun Report, Immigration research

### Overseas asset allocation

Most of those surveyed have invested a relatively small proportion – on average 16% – of their total assets overseas, with more than 70% investing less than 20% of their assets abroad. Only 8% have put more than 50% of their assets into investments abroad. However, as new channels for investing overseas continue to open up, and as attitudes to investment continue to mature, we expect that more and more HNWIs will wish to increase the proportion of their investments abroad.

### Reasons for investing abroad

Diversifying assets and spreading risk are the most common reasons for investing abroad, cited by 20% of those surveyed. One major factor is the perception that there is an element of 'bubble' in China's real estate prices, particularly as compared to average incomes, while real estate abroad appears to offer good value for money. Children's education is another major factor in stimulating investment abroad, with 19% of those surveyed citing this as a motivation.

### Investment immigration threshold

On average, respondents see 5 million RMB as an appro-

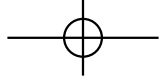
priate amount to spend on immigration. 44% see 2-5 million RMB as ideal; 22% are willing to invest 2 million RMB.

### Overseas Property

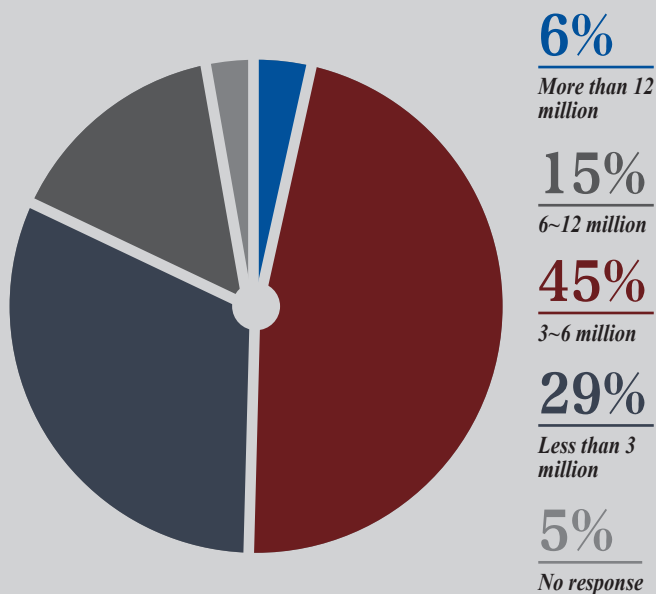
Chinese government figures show Chinese investment in overseas real estate of US\$2.02 billion in 2012. The slowdown in the domestic real estate market, and predictions of further market cooling, are likely to lead to more capital flowing into overseas property. Real estate company Knight Frank notes that more and more wealthy Chinese people are buying property abroad; many attend overseas property exhibitions or join group trips to buy property overseas.

### Motivations and amount invested

70% of those surveyed buy property to live in themselves; only around one-third buy it as an investment. Close to a quarter of those surveyed would consider buying property in a country to which they have no plans to emigrate; half, however, would not. On average, those surveyed want to invest around 6 million RMB in property. 45% would like to invest between 3 and 6 million RMB, 29% less than 3 million. A lack of knowledge about investing in other countries limits their investment. 6% wish to invest more than 12 million RMB.



## Amount to invest in overseas property (RMB)



## Locations for buying property overseas

Los Angeles, San Francisco and Vancouver are the three most popular cities for investment, largely because they are well-known in China, not least for their sizeable Chinese communities which make assimilation easier. Those surveyed show a clear preference for North America, which supplies seven of the ten most popular locations. The Melbourne, Singapore, New Zealand and UK rank joint 9th, with 1.8% support.

## Preferred types of property/neighborhood

Strikingly, only 4% of respondents are not considering buying property abroad in the next three years. 38% plan to invest in detached villas; 26% favor apartments.

46% prefer areas close to education facilities, while 17% favor city centers. 23% prefer an ethnic Chinese neighborhood.

## Methodology

The research cited in the 'Immigration and the Chinese HNWI 2014' comes from a survey of mainland Chinese high net worth individuals, carried out by Visas Consulting and Hurun Report. This survey was carried out via questionnaire around the country between March and April 2014. 141 valid questionnaires were returned, including 60% from Tier 1 cities such as Beijing, Shanghai and Guangzhou, and 40% from second and third tier cities. The respondents were all HNWIs with personal assets of more than 6 million RMB: 38% had assets of less than 10 million RMB, 51% had assets of 10 to 50 million RMB; 5% had assets of 50 to 100 million RMB; and 6% were worth more than 100 million RMB. The average wealth of respondents was 42 million RMB. The research also included in-depth interviews carried out face to face by Visas Consulting and Hurun Report. For details, please contact Hurun Report or Visas Consulting for the full report.

## Most popular places to buy real estate

| Province/City   | Rate  |
|-----------------|-------|
| 1 Los Angeles   | 18%   |
| 2 San Francisco | 16.5% |
| 3 Vancouver     | 13.6% |
| 4 New York      | 9.9%  |
| 5 Seattle       | 8.5%  |
| 6 Toronto       | 7.7%  |
| 7 Boston        | 5.5%  |
| 8 Sydney        | 2.2%  |
| 9 Melbourne     | 1.8%  |
| 9 Singapore     | 1.8%  |
| 9 New Zealand   | 1.8%  |
| 9 UK            | 1.8%  |

## Type of property to buy in 3 years

|                |     |
|----------------|-----|
| Detached villa | 38% |
| Apartment      | 26% |
| Row-house      | 14% |
| Farm           | 7%  |
| Store          | 6%  |
| No plan        | 4%  |
| Island         | 3%  |
| Castle         | 1%  |

## Neighborhoods in which to buy property

|                             |     |
|-----------------------------|-----|
| School/education district   | 46% |
| Ethnic Chinese neighborhood | 23% |
| City center                 | 17% |
| Suburb                      | 15% |

Source: Visas Consulting - Hurun Report, Immigration research

# Education

28.7% see the UK as the best place to study at high school level or below; at university level, 36% favor the US. The average age at which millionaires send their children to study abroad is 18; the super-rich send their children abroad earlier, at an average age of 16.

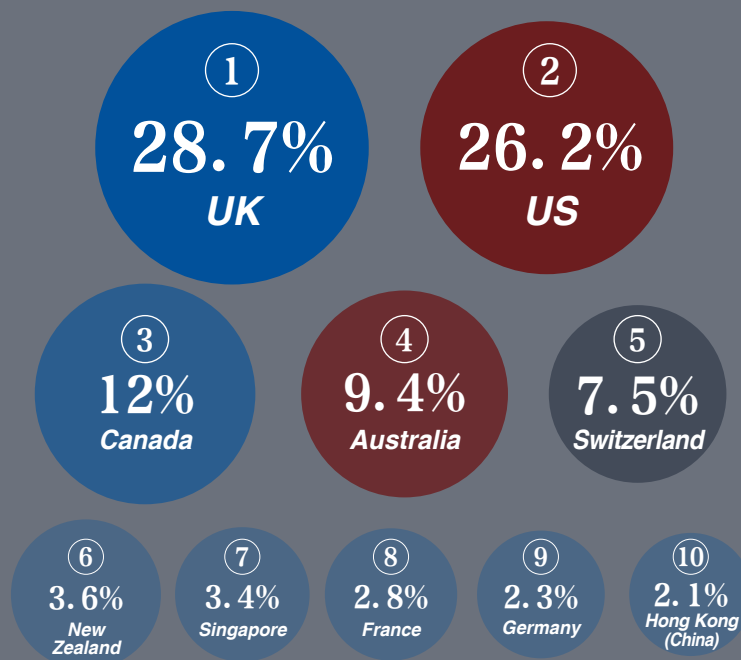
Sending children abroad to study is still the dominant trend. A decade ago, Australia and Canada were the major destination countries for education, largely thanks to reputation, word of mouth, and the accessibility of visas. Times have changed however, and with shifts in visa policy, and more successful branding by educational establishments in other countries, the UK and US have displaced Australia and Canada as the most popular education destinations for China's millionaires.

In recent years, we have seen a continuation of the tendency to favor the UK for high school, and the US for university studies. At senior high school level and below, 28.7% of the children of Chinese millionaires prefer the UK, while 26% choose the US; at undergraduate level and above, 36% favor the US.

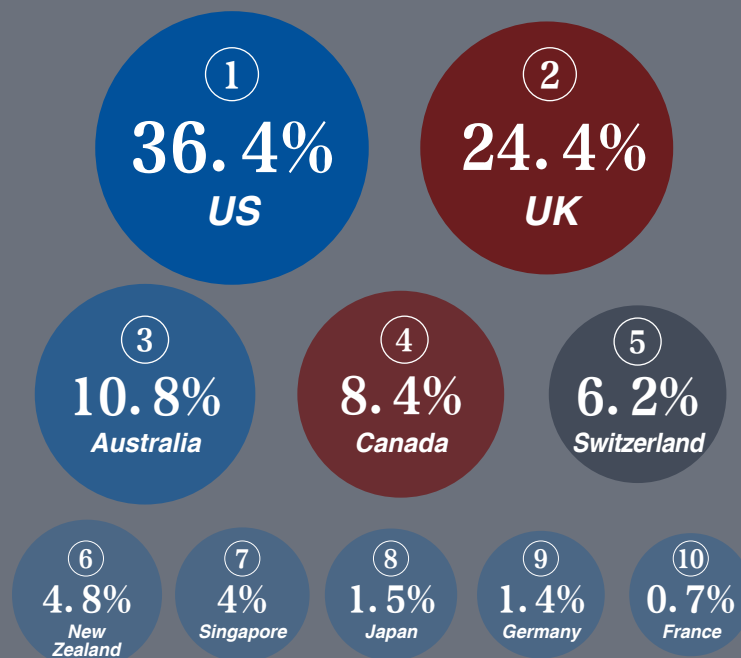
Canada also remains popular for high school education and below, while Australia continues to attract more students at university level. Switzerland, with its reputation for 'aristocratic education', completes the top five.

The average age at which China's millionaires send their children abroad to study is 18. Among the children of the super-rich, the average is lower, at just 16 years of age. In general, the trend towards sending chil-

## Top 10 Study Abroad Destinations (High school & below)

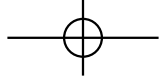


## Top 10 Study Abroad Destinations (Undergraduate & above)

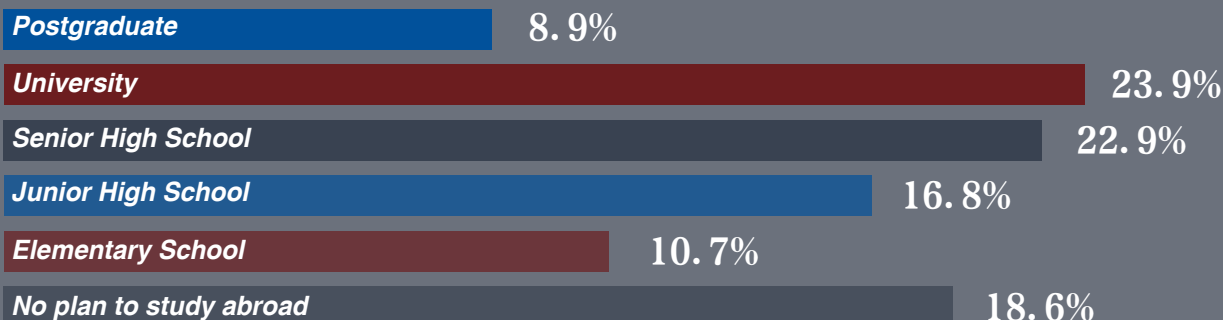


Source: Hurun Report Chinese Luxury Consumer Survey 2014





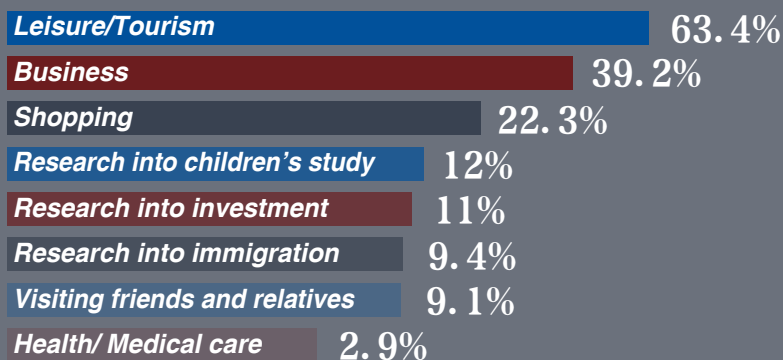
## Stage at which study abroad



dren overseas at an earlier age is becoming increasingly pronounced: while those who go abroad at university level remain the largest group, the number of students who go overseas for senior high school has now almost caught up. A growing number of parents are also choosing to send their children abroad in junior high school or even elementary school.

The fashion for sending children abroad to study has also played an important role in stimulating international travel. 'Researching countries where my children might study' now ranks fourth in the list of reasons for choosing a travel destination.

## Reasons for choosing travel destination



Source: Hurun Report Chinese Luxury Consumer Survey 2014



The Hurun International Schools Guide Series now covers eight countries and regions, providing parents with an insight into boarding schools and university education in the UK, US, Switzerland, Singapore, Canada, Hong Kong (China), Australia and New Zealand.

# Happiness Index

Millionaires see good health as the truest form of happiness; more than half of them wish for good health above all else. More than a quarter see the birth of their child as their 'happiest moment'; they are notably happier at home than in their work.

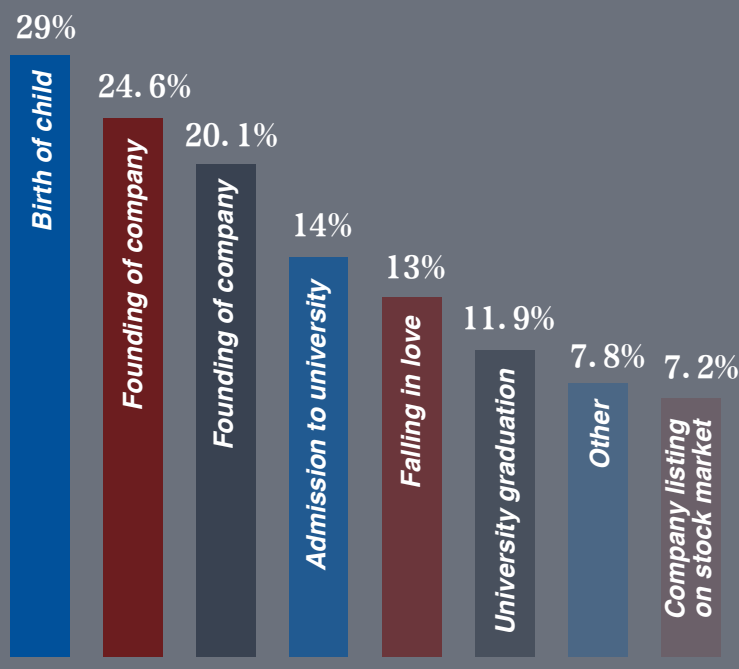
The happiness index is an absolute standard for evaluating quality of life. High net worth individuals' degree of happiness (on a scale of 1 to 10) is: life: 8.26; work: 7.88; overall: 8.16. Generally speaking, their personal lives give them more happiness than their work, while females are happier than males. It is also clear that, whether in terms of life, work, or their overall happiness ranking, the super rich are happier than ordinary millionaires.

## Are you happy?

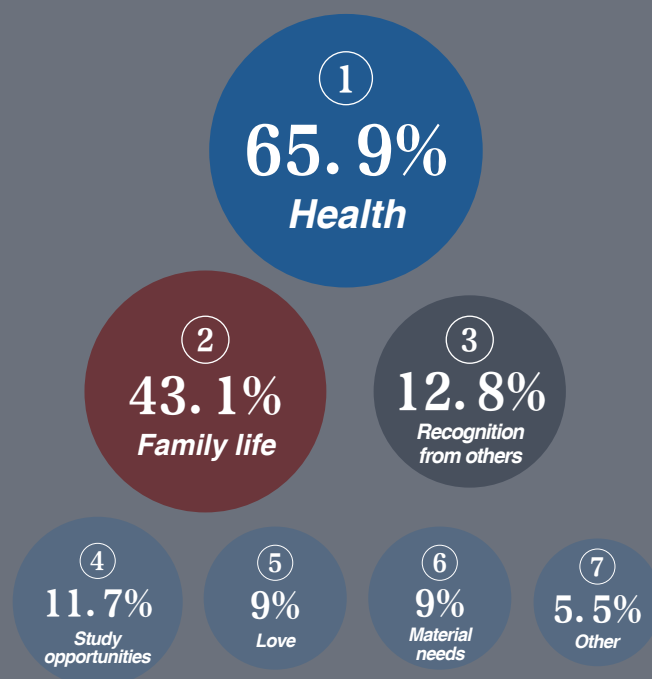
29% of millionaires chose the birth of their child as their 'happiest moment', making this the top choice – particularly among women. There was a gender gap too when it came to the third choice, 'marriage'. 'Founding my company' was the second choice, though it was favored more by the super rich.

More than half those surveyed wished for good health above all; this was particularly favored by those aged 45 and over. A family life came second; female millionaires showed a particular preference for this choice.

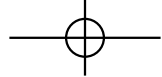
## Happiest moment



## Greatest wish



Source: Hurun Report Chinese Luxury Consumer Survey 2014

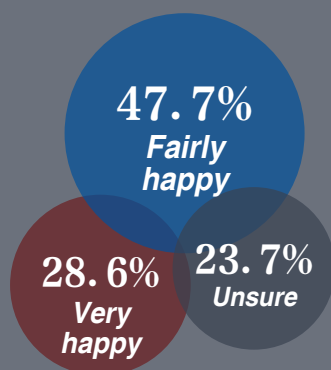


## Work

Only 28.6% are 'very happy' in their work, including more of those under thirty. The majority – particularly women and those between 31 and 45 – are 'fairly happy'.

For the majority of millionaires, particularly males, their status as entrepreneurs is their greatest source of pride. 25% of the super rich, meanwhile, attached most importance to their status as 'government advisors', second only to the proportion who chose 'entrepreneur'; only 13.3% of other millionaires, however, chose this option.

### Degree of happiness at work



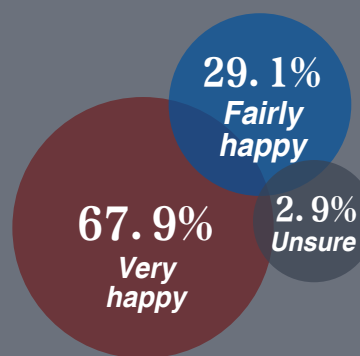
## Family and Personal Life

More than half China's millionaires see their spouse/partner every day, another quarter on a weekly basis. 40.8% see their parents every week, while 20.1% see them every day.

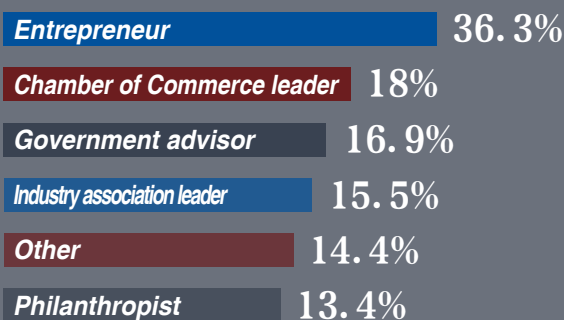
The majority (67.9%) feel that their family life is 'very happy'; the proportion is higher among those aged between 31 and 45. 29.1% describe their family life as 'fairly happy', with the super rich more likely to choose this option.

Sleep is something Chinese millionaires are increasingly concerned about. Most sleep for 6 to 7 hours on working days. Only 15% of millionaires sleep for more than 8 hours.

### Level of happiness in family life

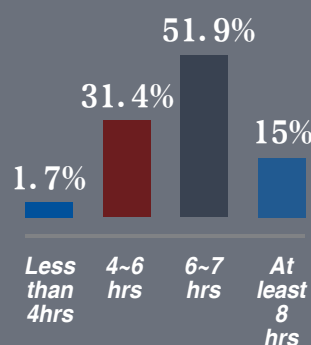


### Status of which you are proudest



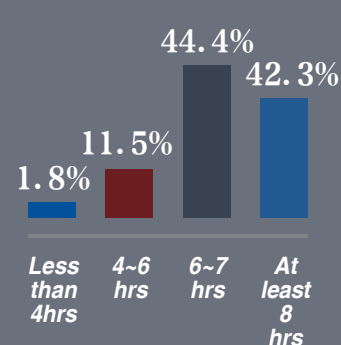
### Sleep on work days

( Average: 6.6hrs )



### Sleep at weekends

( Average: 7.2hrs )

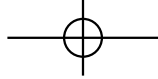


Source: Hurun Report Chinese Luxury Consumer Survey 2014

## Hurun Report Chinese Luxury Consumer Survey Methodology

During the second half of 2013, the Hurun Research Institute surveyed 393 mainland Chinese millionaires, with personal wealth of at least ten million RMB (USD 1.6 million / Euro 1.2 million / GBP 1 million), of whom 41 had personal assets of more than 100 million RMB (USD 16 million / Euro 12 million / GBP 10 million). The ratio of male to female millionaires surveyed was 6:4. Over the past decade, the Hurun Report Chinese Luxury Consumer Survey has interviewed a total of 4,818 Chinese millionaires, 12% of whom had wealth of more than 100 million RMB. The Hurun Research Institute has always insisted on carrying out these surveys face-to-face, and compiles the results into research reports which offer the broadest-ranging and most in-depth insight into China's millionaires. Its Chinese Luxury Consumer Survey is thus now widely accepted as the benchmark for research into China's High Net Worth Individuals.





# Hurun Wealth Report

According to the latest statistics from the Hurun Rich List, China currently has 149 people with assets of at least ten billion RMB, 29 more than last year. However, there are also approximately 150 people with hidden assets, worth at least ten billion, who are not included in the statistics. There are 67,000 super-rich with assets of at least 100 million RMB – an increase of 2,500 people from last year. The number of millionaires with hidden wealth is around double the number of those whose wealth is out in the open; however, the richer they are, the smaller the percentage who conceal their wealth.

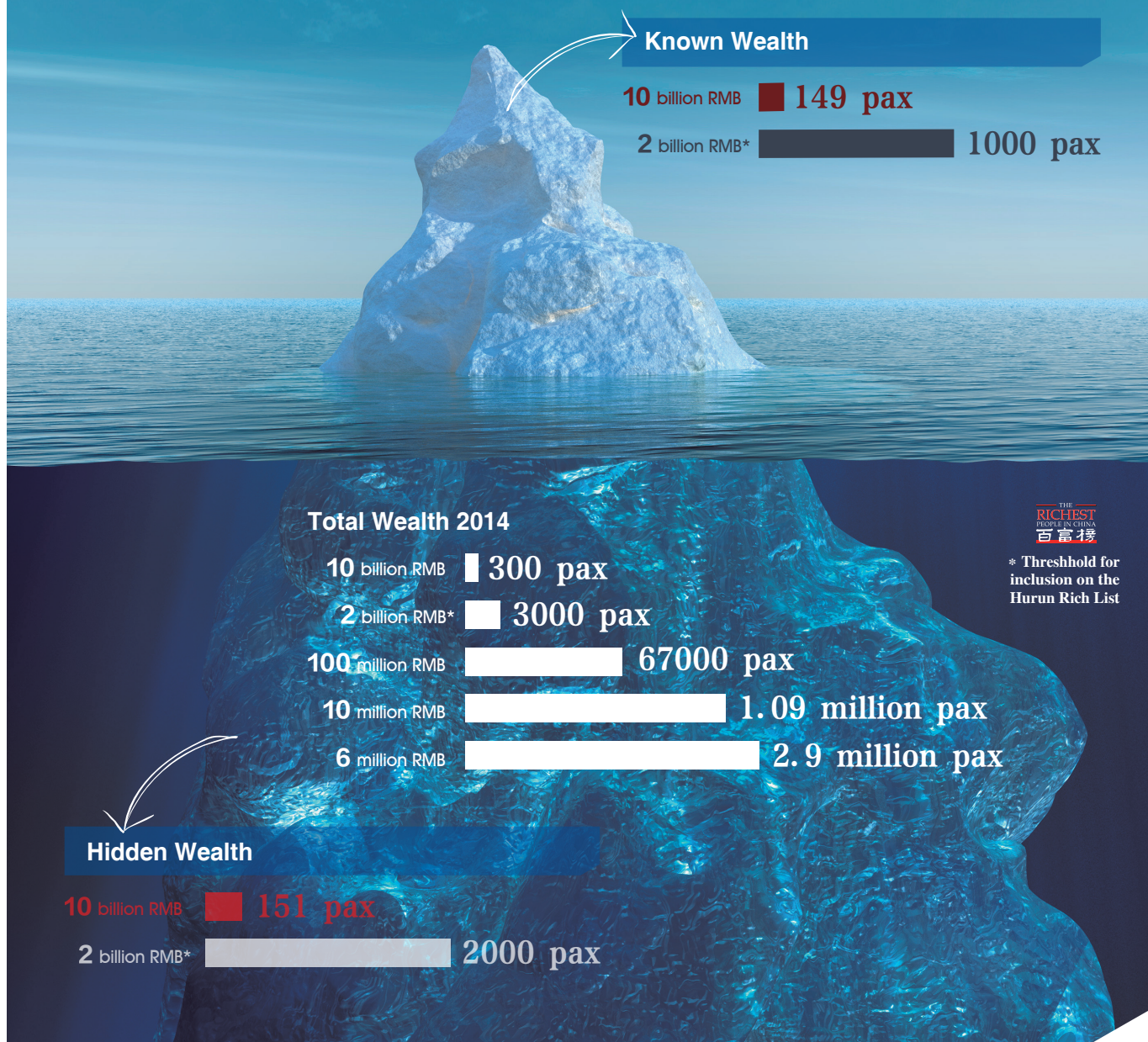
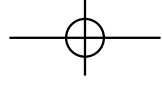


Photo: Getty Images





## Wealth Report: The Millionaire Class

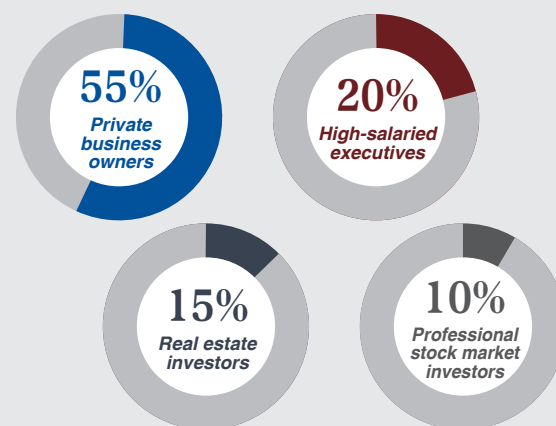
There are now 1.09 million millionaires (worth at least 10 million RMB) in China, up 3.7% from last year. The ten provinces and cities with the most millionaires are unchanged: Beijing is still top, with 192,000 millionaires, or 17.6% of China's total, while Guangdong province and Shanghai are second and third, with 180,000 and 159,000 millionaires respectively. Tianjin has again seen the fastest growth, with 8.4% more millionaires (after an 11% rise in 2013), followed by Shanghai, with 12,000 new millionaires, an 8.2% rise. Inner Mongolia, meanwhile, saw the greatest decline, losing 5.4% of its millionaires, largely as a result of the real estate bubble. We predict that China will have 1.21 million millionaires by 2017.

### Where they live

|    | Province/<br>City  | Number of<br>people | Growth<br>rate | % of<br>total | Predicted num-<br>ber in 2017 |
|----|--------------------|---------------------|----------------|---------------|-------------------------------|
|    | <b>Total China</b> | <b>1.09 m</b>       | <b>3.7%</b>    | <b>100%</b>   | <b>1.21 m</b>                 |
| 1  | Beijing            | 192000              | 4.4%           | 17.6%         | 217050                        |
| 2  | Guangdong          | 180000              | 4.7%           | 16.5%         | 201461                        |
| 3  | Shanghai           | 159000              | 8.2%           | 14.6%         | 181543                        |
| 4  | Zhejiang           | 133000              | 0.8%           | 12.2%         | 150391                        |
| 5  | Jiangsu            | 79000               | 4.0%           | 7.3%          | 87537                         |
| 6  | Fujian             | 40000               | 2.0%           | 3.7%          | 43000                         |
| 7  | Shandong           | 40000               | 5.3%           | 3.7%          | 43438                         |
| 8  | Liaoning           | 29700               | -2.3%          | 2.7%          | 31605                         |
| 9  | Sichuan            | 27800               | 3.7%           | 2.6%          | 30189                         |
| 10 | Tianjin            | 20600               | 8.4%           | 1.9%          | 22830                         |
| 11 | Henan              | 19700               | 5.4%           | 1.8%          | 21178                         |
| 12 | Hebei              | 16000               | -1.2%          | 1.5%          | 16854                         |
| 13 | Hunan              | 15700               | 3.3%           | 1.4%          | 16878                         |
| 14 | Hubei              | 15100               | 2.7%           | 1.4%          | 16398                         |
| 15 | Shaanxi            | 15000               | 2.7%           | 1.4%          | 16125                         |
| 16 | Shanxi             | 14600               | -1.4%          | 1.3%          | 15379                         |
| 17 | Chongqing          | 13100               | 2.3%           | 1.2%          | 14370                         |
| 18 | Inner Mongolia     | 12300               | -5.4%          | 1.1%          | 12956                         |
| 19 | Heilongjiang       | 11500               | -1.7%          | 1.1%          | 12113                         |
| 20 | Jiangxi            | 10000               | 2.0%           | 0.9%          | 10533                         |
| 21 | Anhui              | 9900                | 3.1%           | 0.9%          | 10428                         |
| 22 | Jilin              | 8400                | 1.2%           | 0.8%          | 8607                          |
| 23 | Yunnan             | 6920                | 6.5%           | 0.6%          | 7439                          |
| 24 | Guangxi            | 6100                | 5.2%           | 0.6%          | 6425                          |
| 25 | Hainan             | 4500                | 4.7%           | 0.4%          | 4789                          |
| 26 | Guizhou            | 3700                | 5.7%           | 0.3%          | 3897                          |
| 27 | Xinjiang           | 3400                | 3.0%           | 0.3%          | 3484                          |
| 28 | Ningxia            | 950                 | 5.6%           | 0.1%          | 1001                          |
| 29 | Gansu              | 800                 | 8.1%           | 0.1%          | 820                           |
| 30 | Qinghai            | 740                 | 5.7%           | 0.1%          | 779                           |
| 31 | Tibet              | 490                 | 6.5%           | 0.0%          | 502                           |

Source: Hurun Research Institute

### Millionaires by category



### Private Business Owners

More than half of all Chinese millionaires – 600,000, up 70,000 on 2013 – are private business owners. Their enterprises account for 60% of their assets; cash and shares 18%. They own property worth 2 million RMB, and cars worth 200,000.

### High-salaried Executives

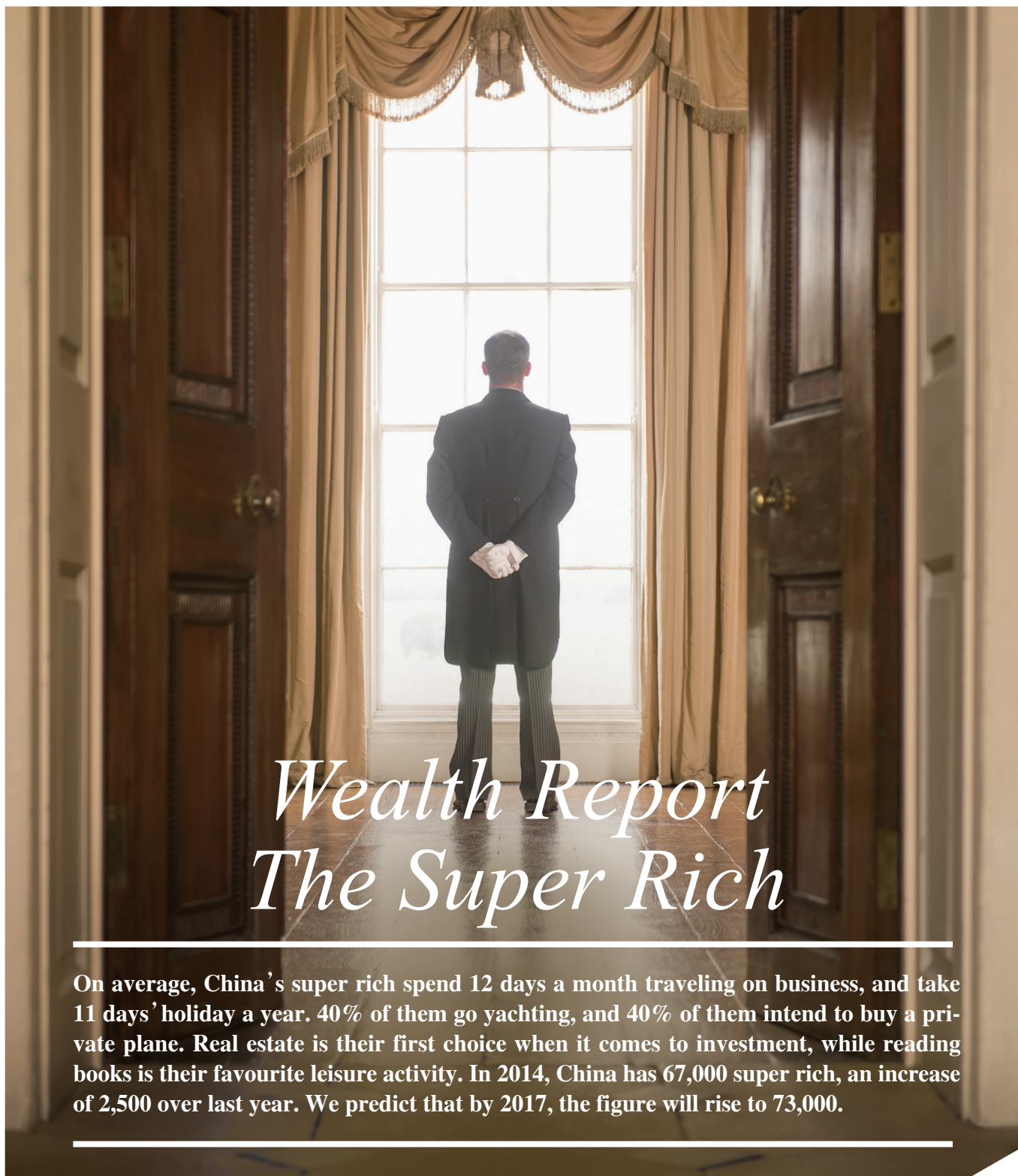
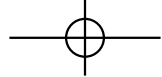
This group of senior managerial staff in major Chinese corporations and multi-national companies receive large salaries and bonuses. Numbering around 218,000 people, they account for 20% of China's total number of millionaires. Their homes make up 50% of their assets; cash and shares 20%. They own investment property valued at around 2.5 million RMB, and cars worth half a million RMB.

### Real Estate Investors

Some 15% of millionaires invest most of their wealth in real estate, with an average of 5.5 million RMB in investment property, homes worth 3.5 million RMB, and cars worth half a million RMB.

### Professional Stock Market Investors

The proportion of professional stock market investors among millionaires has fallen 5% this year, to 15%. They invest 30% of their wealth in shares, and 20% in real estate. Their homes are worth 4.5 million RMB, their cars half a million RMB.



# *Wealth Report The Super Rich*

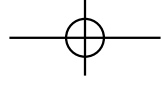
On average, China's super rich spend 12 days a month traveling on business, and take 11 days' holiday a year. 40% of them go yachting, and 40% of them intend to buy a private plane. Real estate is their first choice when it comes to investment, while reading books is their favourite leisure activity. In 2014, China has 67,000 super rich, an increase of 2,500 over last year. We predict that by 2017, the figure will rise to 73,000.

In 2014, China's super rich number 67,000, an increase of 2,500 over last year. Beijing, Guangdong and Shanghai remain the three places with the highest concentration of super rich; of these, Shanghai has seen the fastest growth, with a 7.1% increase over the past year.

There has been no overall change in the cities and provinces which make up the top ten, but Sichuan has leapfrogged Lia-

oning to climb to eighth place. Among China's provinces, Liaoning has seen the sharpest fall in the number of its super rich, with an 8.5% drop. Tianjin's ranking remains unchanged, but the number of super rich has risen more rapidly here than anywhere else in country, rising from 1,400 to 1,600 people, an increase of 14.3%. Guizhou, in south-west China, experienced the second largest increase.

Photo: Getty Images



## The super rich – an overview

China's super rich spend almost half their time traveling, with an average of 12 days of business trips a month, 3 days more than last year. They take very little holiday, averaging just 11 days a year, and often work at weekends too. Their average annual expenditure is equivalent to 1.3% of their average total wealth. Their main areas of spending are travel, luxury products for daily use, and their children's education. Yachts are popular playthings for the super rich: the proportion who go yachting has risen from 30% in 2013 to 40% this year. 40% of the super rich would also like to have a private jet for business travel – and almost half of these would be willing

to achieve this either by buying a timeshare card, or through joint ownership.

## Private business owners

The vast majority of China's super rich – around 80% – are owners of private enterprises. These enterprises account for 60% of their assets, with cash and shares making up a further 15%. On average, their personal residential property is worth 12 million RMB, and they also own investment property valued at 8 million RMB, as well as four cars worth a total of 5 million RMB.

## Real Estate Investors

15% of the super rich, or more than 10,000 people, are real estate investors. Investment property accounts for approximately 60% of their total assets, while they typically have another 15 million RMB in cash and shares. Their personal residential property is worth an average of 22 million RMB, and they also own cars valued at 3 million RMB.

## Professional Stock Market Investors

Professional stock market investors are a minority among China's super rich, accounting for just 5% of the total. They invest the vast majority of their assets – around 73% – in stocks. They also own personal residential property worth 25 million RMB, and cars valued at 2 million RMB.

| Where they live    |                  |             |             |                          |
|--------------------|------------------|-------------|-------------|--------------------------|
| Province/City      | Number of people | Growth rate | % of total  | Predicted number in 2017 |
| <b>Total China</b> | <b>67,000</b>    | <b>3.7%</b> | <b>100%</b> | <b>73,000</b>            |
| 1 Beijing          | 11300            | 5.6%        | 16.9%       | 12651                    |
| 2 Guangdong        | 10000            | 4.2%        | 14.9%       | 11106                    |
| 3 Shanghai         | 9100             | 7.1%        | 13.6%       | 9993                     |
| 4 Zhejiang         | 7800             | 1.3%        | 11.6%       | 8662                     |
| 5 Jiangsu          | 5100             | 4.1%        | 7.6%        | 5528                     |
| 6 Fujian           | 2500             | 4.2%        | 3.7%        | 2644                     |
| 7 Shandong         | 2400             | 9.1%        | 3.6%        | 2580                     |
| 8 Sichuan          | 1950             | 5.4%        | 2.9%        | 2097                     |
| 9 Liaoning         | 1830             | -8.5%       | 2.7%        | 1920                     |
| 10 Tianjin         | 1600             | 14.3%       | 2.4%        | 1734                     |
| 11 Henan           | 1350             | 3.8%        | 2.0%        | 1428                     |
| 12 Shanxi          | 1250             | -3.8%       | 1.9%        | 1301                     |
| 13 Hebei           | 1150             | -4.2%       | 1.7%        | 1197                     |
| 14 Hubei           | 1140             | 3.6%        | 1.7%        | 1206                     |
| 15 Anhui           | 960              | 4.3%        | 1.4%        | 999                      |
| 16 Shaanxi         | 880              | 3.5%        | 1.3%        | 931                      |
| 17 Hunan           | 860              | 2.4%        | 1.3%        | 910                      |
| 18 Jiangxi         | 860              | 2.4%        | 1.3%        | 895                      |
| 19 Chongqing       | 830              | 2.5%        | 1.2%        | 900                      |
| 20 Inner Mongolia  | 750              | -6.3%       | 1.1%        | 780                      |
| 21 Heilongjiang    | 710              | -5.3%       | 1.1%        | 739                      |
| 22 Yunnan          | 640              | 6.7%        | 1.0%        | 677                      |
| 23 Jilin           | 500              | -2.0%       | 0.7%        | 520                      |
| 24 Guangxi         | 430              | 4.9%        | 0.6%        | 447                      |
| 25 Guizhou         | 340              | 13.3%       | 0.5%        | 354                      |
| 26 Xinjiang        | 270              | 3.8%        | 0.4%        | 281                      |
| 27 Hainan          | 180              | 5.9%        | 0.3%        | 189                      |
| 28 Ningxia         | 110              | 10.0%       | 0.2%        | 114                      |
| 29 Gansu           | 90               | 12.5%       | 0.1%        | 94                       |
| 30 Qinghai         | 65               | 8.3%        | 0.1%        | 68                       |
| 31 Tibet           | 55               | 10.0%       | 0.1%        | 57                       |

## The Super Rich by Category



Source: Hurun Research Institute



# About Hurun Report

## Nobody Knows China's Rich Better

Established in 1999 by Rupert Hoogewerf – the ‘godfather’ of the China Rich List – Hurun Report is today widely recognized as the foremost authority in tracking the rapid changes amongst China’s high net worth individuals. Hurun Report Inc. operates a stable of four luxury magazines, as well as the Hurun Research Institute and an active business events division, which targets China’s entrepreneurs and high net worth individuals.



Hurun Report



Hurun Schools Guide



Hurun Report has a diverse new-media platform

The flagship *Hurun Report* magazine is published monthly, and reaches the households of 116,453 proven wealthy Chinese individuals and their advisers. Hurun Report is best known for its annual Hurun China Rich List, widely considered to be the bible of wealth in China, and a de-facto ‘Who’s Who’ of China’s business elite.

Educating their only child in one of the world’s top schools is of the upmost importance to Chinese millionaires, and can often be the first step towards far greater outward investment. Hurun Report, therefore, publishes a hugely popular Schools Guide series, offering advice on and insights into the education systems of the most popular destination countries. Individual reports are published annually, covering each of the UK, US, Canada, Switzerland, Singapore, Australia and New Zealand, with a print-run of 40,000 for the UK and US editions, and 25,000 for the remaining countries.

*China Horse and Polo*, meanwhile, is designed to be a glamorous companion for wealthy Chinese people who have a passion for horses. It provides in-depth coverage on a range of horse-related issues, with information on such topics as polo, dressage, horse racing, bloodstock and dogs.

Hurun Report Inc. also publishes *Wings & Water* magazine, another publication aimed at China’s super-luxury market. It caters for the country’s so-called ‘lion kings’, those individuals who both lead industry and shape opinions. It addresses the needs of entrepreneurs who are looking to purchase a jet or yacht, and offers guidance on how to maintain these big and costly machines. Published twice a year, in April and November, it has a print run of 25,000.

With a clear vision for the post-4G era, Hurun Report has also developed a diverse new-media platform, which offers its high-end clientele faster and more convenient services. Its online magazine offers the latest information about Hurun Report’s lists, events, and research. Its iPad magazine, meanwhile, offers a fresh, interactive take on the print version of the Hurun Report magazine. Its app is recommended in the ‘Business and investment magazine’ category of Apple’s App store, its strong brand recognition and influence emphasized by the large number of downloads.

Hurun Report also holds 50 to 60 high-end events every year, enabling its corporate sponsors to influence opinion leaders directly through sophisticated experience marketing.