

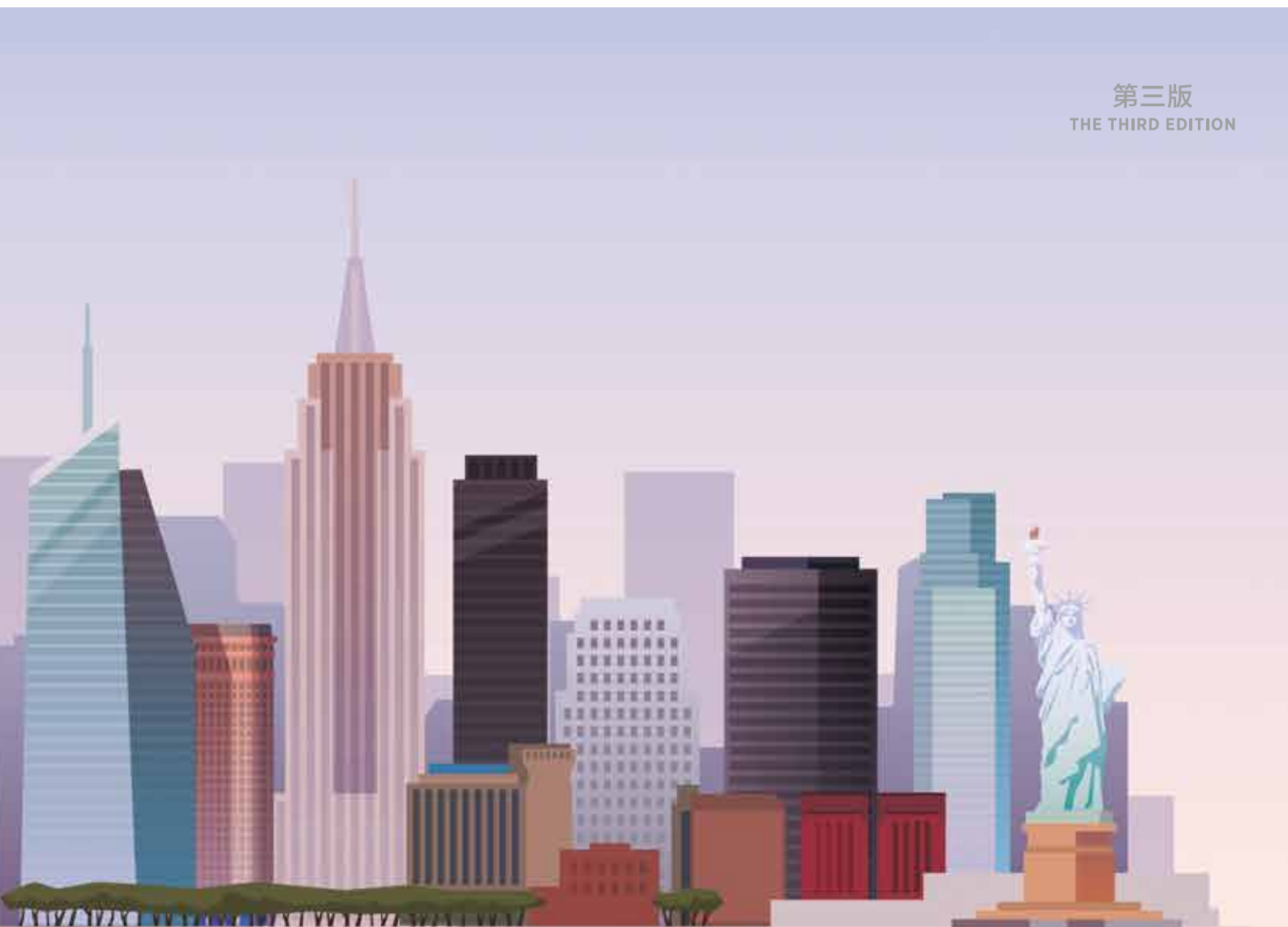
VISAS
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胡润百富
HURUN REPORT

CHINESE INVESTMENT IMMIGRATION WHITE PAPER 2016

FOCUSING ON OVERSEAS ASSET ALLOCATION

第三版
THE THIRD EDITION



Foreword

Rupert Hoogewerf

Chairman and chief researcher of Hurun Report

Over the past year, the global and Chinese economies have faced a variety of challenges. Domestically, the devaluation of the yuan has accelerated, while economic growth has slowed down. Globally, Brexit has caused great uncertainty, while the American presidential election campaign, the Industry 4.0 concept, government policies such as the 'One Belt One Road' initiative and other momentous events have had similar effects.

Against this background of uncertainty, immigration, which fell sharply after the financial crisis, is showing clear signs of growth. Now, immigration is returning to the high levels witnessed prior to the great financial crisis of 2008, and Chinese HNWI's outward investment, immigration and overseas study have continued to grow. According to the figures, in the first half of 2016, promoted by the 'One Belt One Road' initiative, Chinese private enterprises' overseas investments topped those of state-owned enterprises for the first time in history. As they increasingly look overseas, Chinese enterprises and Chinese HNWI's face both opportunity and challenges in terms of their investments.

As this white paper shows, among Chinese HNWI's 25 most favourite cities for immigration and property purchases, six are located in the USA, establishing it as the immigration destination of choice. Chinese HNWI's are attracted by the unique strong-points that the USA alone is able to boast. This year, 'depreciation' and 'overseas asset allocation' were the hottest topics among Chinese HNWI's, and we took such factors into consideration when creating our CII (China Immigration Index), which lists the Top 10 nations favoured by HNWI Chinese to emigrate to.



Indeed, as fears about the Chinese housing market bubble mount, property purchase overseas is increasingly regarded as a cost-effective investment.

2016 is the third year that Hurun Report has published the Chinese Investment Immigration White Paper in partnership with Visas Consulting Group. In our first publication, we listed the top 20 most popular emigration destinations among Chinese HNWI's. Last time around, we focused on immigrant lifestyle. This year, we focus on overseas asset allocation, with the main emphasis on the Chinese immigrant experience in the USA. In short, over the past three years, the White Paper has served as a research milestone, filling in gaps in the migration industry's knowledge.

The Chinese Investment Immigration White Paper 2016 provides readers with a full spectrum analysis of Chinese HNWI's investment immigration, and we hope you find it informative. Your feedback is welcome, and we hope you enjoy reading.

Contents

01

Foreword

Earlier in 2016, promoted by the One Belt One Road initiative, Chinese private enterprises' overseas investments exceeded those of state-owned enterprises for the first time. Chinese enterprises and Chinese HNWI's face both overseas investment opportunities and challenges.

04

Opening

The Chinese economy is undergoing revolutionary changes this year, and accordingly HNWI's prioritise protecting and adding value to their assets, and passing them on to the next generation.

05

About Visas Consulting Group

In 2016, Visas Consulting Group duplicated its success: after gaining authorization from Lenar, Silverstein, Macklowe and Relate, Visas Consulting Group gained authorization from Extell, one of NYC's biggest property developers, becoming exclusive immigration consultant for its flagship development.

06

Chinese Immigration Index CII 2016

CII based on 8 parts (education, investment destination preferences, immigration policy, property purchasing, personal taxation levels, medical care, visa-free travel, and ease of adaptability), the index ranks the attractiveness of the main immigration destinations among HNWI's.



China is becoming more and more international, with more individuals actively investing abroad.



Page 10

08

Chinese Immigration Index 2016

'Overseas assets allocation' has been taken into consideration for the first time in the making of the index, allowing it to create a fuller picture and to advance with the times.

10

Dialogue with David Chen

"We have indeed experienced changes in the immigration choices of our clients. When our clients choose which country to migrate to, they will not only consider the influence of factors such as education and family preferences, but also other details such as investment options and so on."



12 —————
Overseas Assets Allocation

Overseas Assets Allocation
88% 'very concerned' with the global financial environment.
——Page 12

Homes Abroad
HNWIs spend 5.8 million yuan on overseas property on average.
——Page 16

14 —————
Financial Expert Interviews

Investors should consider the global economic situation and long-term industry development, to obtain opportunities amid crisis.

17 —————
Global Property Expert Interview

With the slowdown of the global economy, property investors need to consider how to protect investments more securely.

18 —————
Most Popular Emigration Destination

The USA is found the most favourable, with 6 cities on the list.

20 —————
Insight Into the USA

Counting the advantages of investment immigration and property purchase in the USA.

22 —————
Global Tax

Analysing the influence of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information on Chinese HNWIs.

24 —————
Post-Brexit Perspectives on European Immigration

Ireland boasts advantages in terms of high GDP growth and income tax, making it a good choice for immigrants.

26 —————
Entrepreneurs' Views on Wealth

HNWIs regard 190 million yuan as the standard for financial freedom. How do entrepreneurs view financial freedom and wealth in general?

28 —————
About Hurun Report

Hurun Report is an authority that both follows and affects entrepreneurs.

Opening

David Chen

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.

The time has come for the publication of the White Paper once again.

In 2014, Visas Consulting Group (VCG) teamed up with Hurun Report to publish the first White Paper in the series, and its authoritative data was cited by numerous media channels, including Fortune magazine, and last year's 2015 edition of the White Paper's 'Chinese Immigration Index' was quoted by the People's Daily for the first time.

Through the publication this series of White Papers, we have earned the respect of our peers, winning praise from clients and overseas property developers alike. They have told us that by publishing a report so much in the public interest, VCG demonstrates the social responsibilities of an immigration service and the 'human-oriented' concepts of a service institution.

As a founding partner of VCG, I am honoured to receive such accolades, and proud of my colleagues' unwavering professionalism. As I said three years ago when the White Paper was published for the first time – VCG stands for professional guidance.

So, in 2016, as well as keeping on top of ever-changing immigration policies, what other viewpoints should we be providing our readers? Both Mr. Hoogewerf and I believe that the mission of the Chinese Investment immigration White Paper 2016 is to provide clients and the industry in general with a forward-looking perspective, and to keep on top of the changes in outlook and data occurring in the immigration field. For this reason, we have focused on the topic of 'overseas assets allocation' in this edition of the White Paper.

The Chinese economy is undergoing revolutionary changes this year, and our clients prioritise protecting and

adding value to their assets, and passing them on to the next generation, with increasingly strong demand for assets allocation which can achieve this. We surveyed around 300 of them to gain in-depth understanding of their wishes, in addition to interviewing Lin Guofeng, the CEO of Noah Private Wealth Management, one of the leading figures of the assets management industry, and Knight Frank, one of the world's foremost home service agencies.

We believe that in the Chinese Investment immigration White Paper 2016 you will read the most sophisticated advice available on assets allocation for Chinese HNWIs, and we are sure that readers will appreciate the high level of quality pursued by both Visas Consulting Group and Hurun Report in its publication.

Visas to your future!



Lawyer David Chen

Visas Consulting Group

Visas to your future, with 40 years of professionalism

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 Quebec lawyer, Gaston Perron, started the immigration practice in Montreal, Canada, and it has since become a leading international provider of immigration legal services, with wholly owned or joint-venture legal practices in the US, Canada, the UK, Australia and New Zealand. VCG was also one of the earliest such companies to enter the Chinese market, and now has branches nationwide. In order to provide the best service to Chinese clients, VCG's staff in China includes a large team of foreign lawyers, immigration advisers and government-registered immigration consultants. VCG also employs a number of richly experienced former immigration officials. To ensure professional standards and quality of service, an immigration lawyer and an expert immigration adviser take personal charge of each case.

Over the past 42 years, VCG 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 program, VCG has long maintained a 100% success rate in three key areas: project success rate, I-526 approval rate and I-829 approval rate.

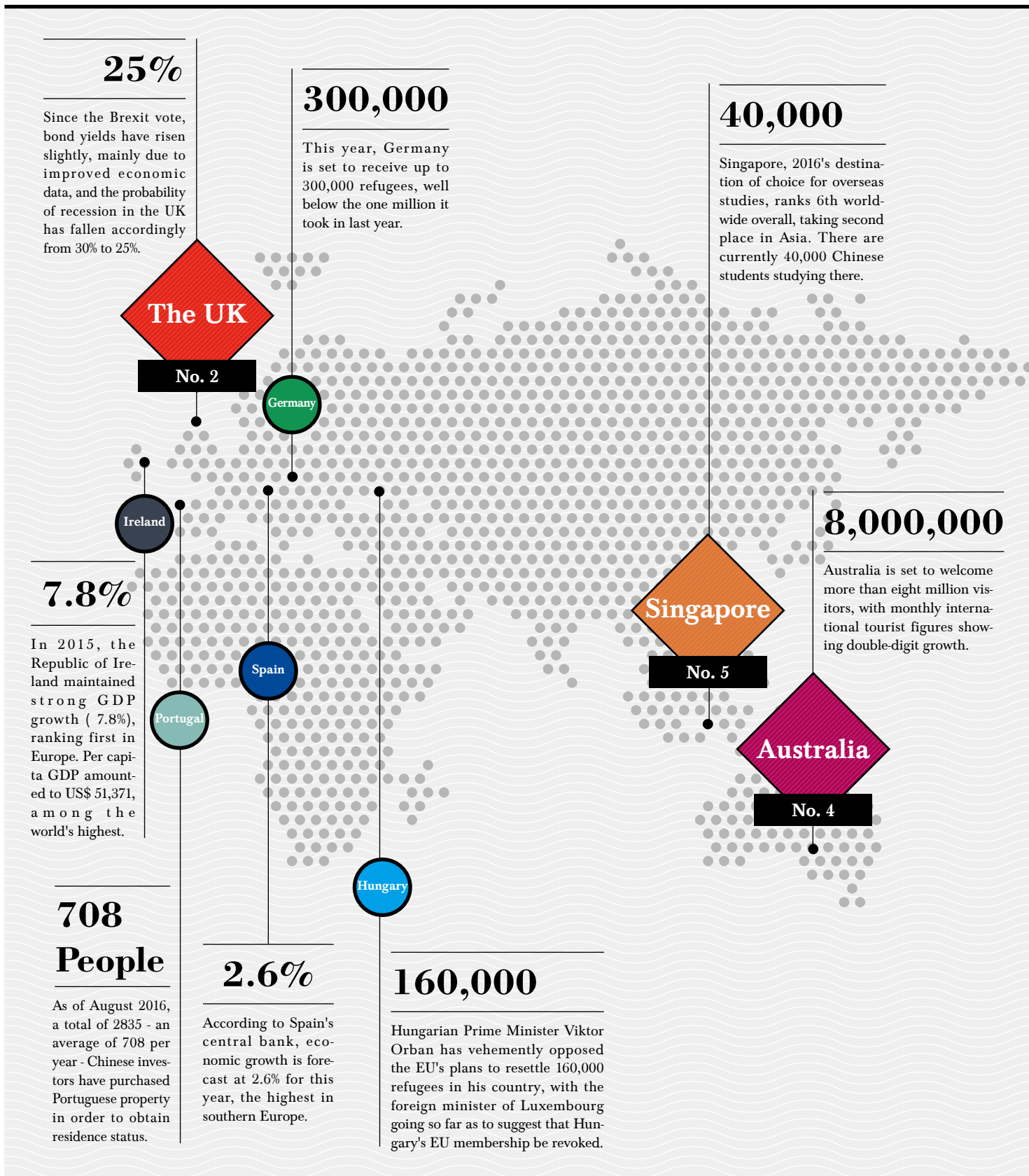
In 2015, VCG truly established itself as the 'pacesetter of immigration businesses', with nine consecutive EB-5 projects approved by the USCIS and 1200 families ready for collecting green cards, accounting for a sound percentage of global I-526 approvals by the USCIS.

In 2016, VCG continued to go from strength to strength: after having already gained authorization from by Lennar, Silverstein, Macklowe and Relate, VCG established a partnership with Extell, one of the biggest property developers in New York, becoming the exclusive immigration consultant of their flagship project.

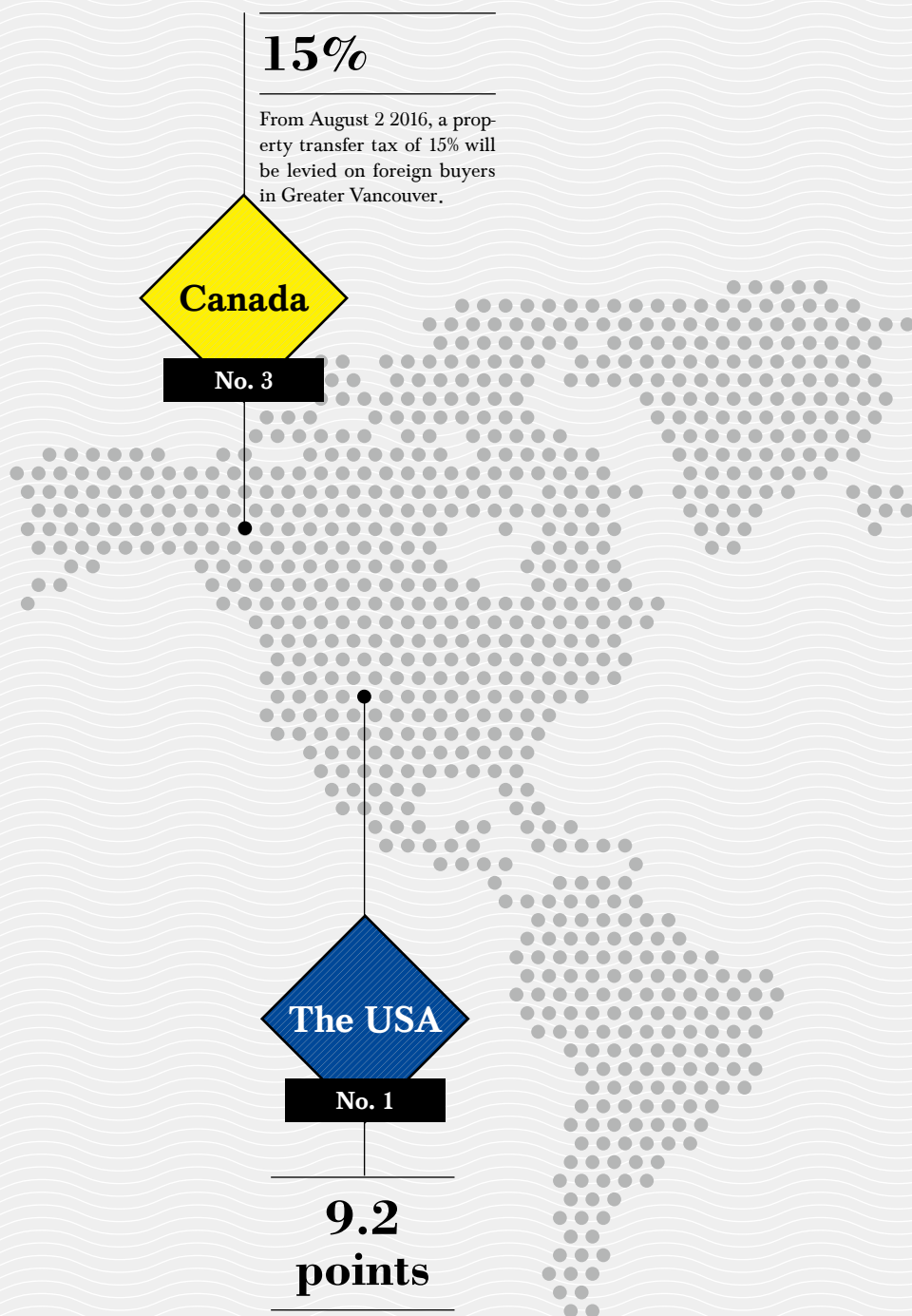
VCG's acclaimed relocation service includes picking up clients on arrival, helping them find the right place to live, and organizing their children's education. It has established relocation service centers in all the major immigration destinations across North America and Europe.

VCG 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.

Chinese Immigration Index 2016



The Chinese Immigration Index 2016 assesses the attractiveness of major global emigration destinations on eight categories: education, investment destination preferences, immigration policy, property purchasing, personal taxation levels, medical care, visa-free travel and ease of adaptability.



CII 2016 Top 10 Countries

1	The USA	Score: 9.20
2	The UK	Score: 8.60
3	Canada	Score: 8.20
4	Australia	Score: 7.45
5	Singapore	Score: 7.15
6	Ireland	Score: 7.10
7	Germany	Score: 6.65
8	Spain	Score: 5.80
9	Hungary	Score: 4.00
10	Portugal	Score: 3.90

Source: VCG and Hurun Research Institutes

Chinese Immigration Index 2016 – Individual Scores

In 2015, the VCG and Hurun research institutes' summary and analysis for the CII 2015 – which focused on where the Chinese choose to emigrate to – was based on eight categories, namely education, investment destination preferences, immigration policy, cost of living, personal taxation levels, visa-free travel, medical care and ease of adaptability, providing a comprehensive and objective data for those looking to emigrate presently or in the future. In doing so, the CII 2015 provided not only an excellent overview of the immigration outlook in 2015 – it also provided us a solid foundation for the 2016 update.

What have HNWI's been paying most attention to this year? Without doubt, the answer to this question is the topics of 'depreciation' and 'overseas assets allocation', and it is for this reason that asset allocation was taken into consideration for the first time in the compilation of the index .

This year, VCG and Hurun Report considered which countries worldwide provide the most viable emigration options, based on the eight categories of education, investment destination preferences, immigration policy, property purchasing, personal taxation levels, medical care, visa-free travel, and ease of adaptability. Based on our consideration of these factors, the USA, the UK, Canada, Australia, Singapore, the Republic of Ireland, Germany, Spain, Hungary and Portugal constituted the top 10 of the Chinese Immigration Index 2016. The USA retains top spot for another year with a score 9.2 points. It came top in terms of education, investment destination preferences, immigration policy, property purchasing, visa-free travel and ease of adaptability. As far as investment immigration is concerned, barriers to investment are lowest, convenient policy, excellent education provision, and the US's world-leading,

stable economy make it the most popular destination for Chinese HNWI's. Furthermore, the minimum requirement of only \$500,000 in investment funds, and a repayment period of 5-7 years to get a green card are seen as quite cost-effective. The medical system scores lower, however, due to the enormous costs associated with it; the per capita average expenditure of \$8,608 accounts for 17.2% of its GDP, with the average life-span for Americans amounting to only 78.6 years. The main difference between the USA and other developed countries is that different classes of medical service vary widely. That said, American medical technology is still the best in the world. Experts predict that the USA will remain the most attractive country for Chinese HNWI's in coming decades, and it is expected that it will benefit both socially and economically from the presence of Chinese HNWI's.

CII 2016 Calculation Methodology

CII 2016 scores encompass eight categories, which include education, investment destination preferences, immigration policy, property purchasing, personal taxation levels, medical care, visa-free travel, and ease of adaptability. The highest score for each individual category is 10 points, with scores ranked in descending order. In addition , each category is weighted differently. Educa-

tion quality accounts for 25, investment destination preferences and immigration policy for 15%, property purchasing, personal taxation levels, visa-free travel and medical care for 10%, the ease of adaptability for 5%. In the final calculation, these eight scores are multiplied to form a single category according to the weightings, with these scores then combined together to form an overall score.

The Brexit vote has had a huge impact on the UK, but nevertheless it still ranked second with a score of 8.6 points. The UK has traditionally attracted immigrants who are able to gain a foothold by purchasing treasury bonds worth GBP 2 million or more. As well as this, the UK also attracts many HNWI's with its advanced social welfare, leading education system and superior living environment, among other things. After the Brexit vote, the yield of the UK's treasury bonds rose slightly on positive economic data, with risks associated with the UK economy decreasing.

Ireland is this year's immigration dark horse, with a score of 7.10, just trailing Singapore in sixth place. It fared particularly well in terms of immigration policies, gaining 8 points, with its relatively lenient approach. While investment immigrants must provide evidence of minimum assets of EUR 2 million, they have a wide range of choice, including property trusts, investment companies, immigration bonds, mixed investments, property funds and charitable contributions. All in all, emigration to Ireland does not pose major difficulties.

No. 1 USA: 9.20

The USA defends its title with 9.2 points. The USA also got the highest scores in the categories of education, investment destination preferences, immigration policy, property purchasing, visa-free travel and ease of adaptability.

CII TOP 10

The scores of the following countries are only for the mainstream emigration destinations that provide viable migration programs for Chinese HNWI's

Ranking		Education	Investment Destination Preferences	Immigration Policy	Property Purchasing	Personal Taxation Levels	Medical Care	Visa-free Travel	Ease of Adaptability	Total
1	USA	10 / 10	10 / 10	10 / 10	9 / 10	6 / 10	7 / 10	10 / 10	10 / 10	9.20
2	UK	9 / 10	9 / 10	7 / 10	8 / 10	9 / 10	8 / 10	10 / 10	9 / 10	8.60
3	CA	8 / 10	8 / 10	8 / 10	8 / 10	7 / 10	9 / 10	9 / 10	10 / 10	8.20
4	AU	8 / 10	8 / 10	5 / 10	7 / 10	8 / 10	9 / 10	7 / 10	8 / 10	7.45
5	SG	8 / 10	7 / 10	2 / 10	7 / 10	10 / 10	9 / 10	8 / 10	8 / 10	7.15
6	IE	6 / 10	8 / 10	8 / 10	5 / 10	7 / 10	7 / 10	9 / 10	8 / 10	7.10
7	DE	7 / 10	7 / 10	4 / 10	7 / 10	4 / 10	8 / 10	10 / 10	7 / 10	6.65
8	ES	5 / 10	6 / 10	4 / 10	5 / 10	7 / 10	6 / 10	9 / 10	7 / 10	5.80
9	HU	4 / 10	1 / 10	6 / 10	1 / 10	5 / 10	5 / 10	6 / 10	5 / 10	4.00
10	PT	4 / 10	1 / 10	4 / 10	2 / 10	3 / 10	4 / 10	9 / 10	7 / 10	3.90
	Weighting	25%	15%	15%	10%	10%	10%	10%	5%	

Source: VCG and Hurun Research Institutes

Interview with Visas Consulting Group's David Chen

*Partner, Visas Consulting Group;
Experienced Immigration Lawyer*



Gary Locke (left)
David Chen (right)

David Chen
(Chen Zhaohui)

Partner Lawyer, Visas Consulting Group; experienced immigration lawyer

Hurun Report: In the past year, both the global and Chinese economies have faced many challenges and shocks. Faced with volatile capital markets and economic uncertainty, what are the changes in HNWI's investment immigration trends?

David Chen: Over the past year, we have indeed experienced changes in the immigration choices of our clients. When our clients choose which country to migrate to, they will not only consider the influence of factors such as education and family preferences, but also other details such as, investment options, investment amounts, exit mechanisms and so on. We can say that this is

a sign of Chinese immigrants growing in terms of maturity and professionalism, and taking more care to protect themselves against uncertainty. They also want their destination of immigration to meet their wealth management demands, which is why the USA is so popular among them. I'm very happy to see this change.

Hurun Report: According to this year's research, HNWI's investment goals have shifted from pursuing high yields to stability, and avoiding losses. Why is this the case? What further changes will we see in investment aims among HNWI's?

David Chen: I think there are two reasons: one comes down to individuals, the other to environment. As the research shows, the age of the immigrants is becoming younger. Most of the clients have received high-quality educations and have global perspectives. Therefore, their choices are more rational. In addition, since 2014 negative news regarding Chinese financial markets and uncertainty in the domestic property market have failed to die down. At the same time, concerns with the security of Europe have spread,

A large number of overseas funds have flooded into American property investments, including the area around 57th Street in New York known as "billionaire's row".

which is also reflected in the actions of Chinese investors. These factors all help to explain why HNWI's have increasingly focused on North America.

Hurun Report: *What are HNWI's main goals with regards to overseas property purchases? What factors do they consider?*

David Chen: The subtitle of our Chinese Investment Immigrant White Paper 2016 this year is 'global assets allocation'. I think this summarises the purpose of HNWI's very well, that is, to pass on their wealth to the next generation. I still maintain contact and meet with many clients who have already successfully emigrated to the USA and Canada. The reasons for which they invest in property remains the same as ten years ago, but now, they are more concerned with the security of their investments.

Hurun Report: *Among the top 25 cities, six of them are located in the USA. What is the reason for this phenomenon?*

David Chen: From my own point of view, speaking as a lawyer, it can be said that the USA has been through the full range of peaks and troughs experienced in a market economy, and correspondingly, has generated a sound legal system and stable defence mechanisms. As we can see, out of the major developed western nations, only the USA has fully emerged from the financial crisis of 2008, with Europe continuing to experience a lot of uncertainty, something reflected in its property purchase immigration policies. So, for the USA to become the most popular destination for emigrants is very logical.

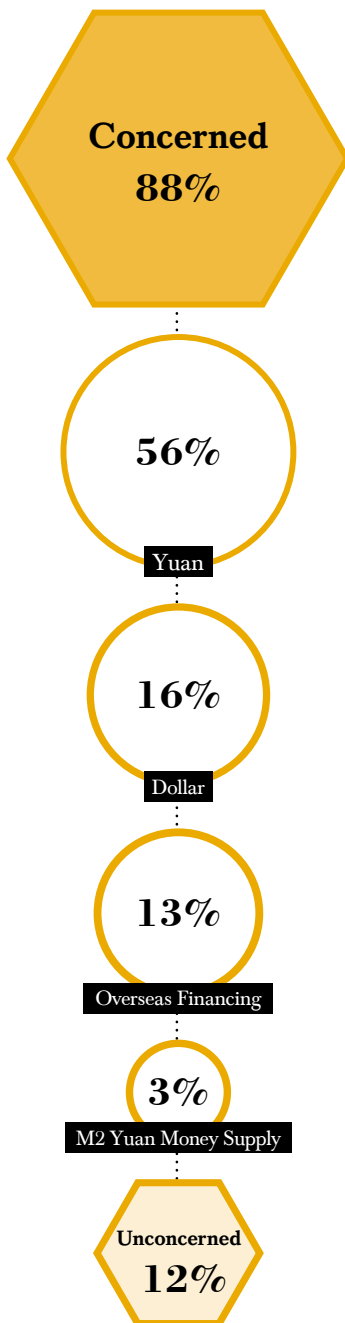


Hurun Report: *At a Visas Consulting Group event this year, former U.S. ambassador to China Gary Locke was in attendance. Could you tell us more?*

David Chen: We are very pleased that ambassador Locke has been able to witness the success of VCG. This is also an accolade for the entire Chinese immigrant industry. Gary Locke is a Chinese American who made achievements through "American Dream". He told the children of some of our successful clients: "Study hard, you can do it too" during the event. I think it chimes with VCG's motto of providing a brighter visa future. You will only realise your dream if you do your best to make it happen. VCG is always there to support our clients in this.

Overseas Assets Allocation

Concerns with Global Financial Issues

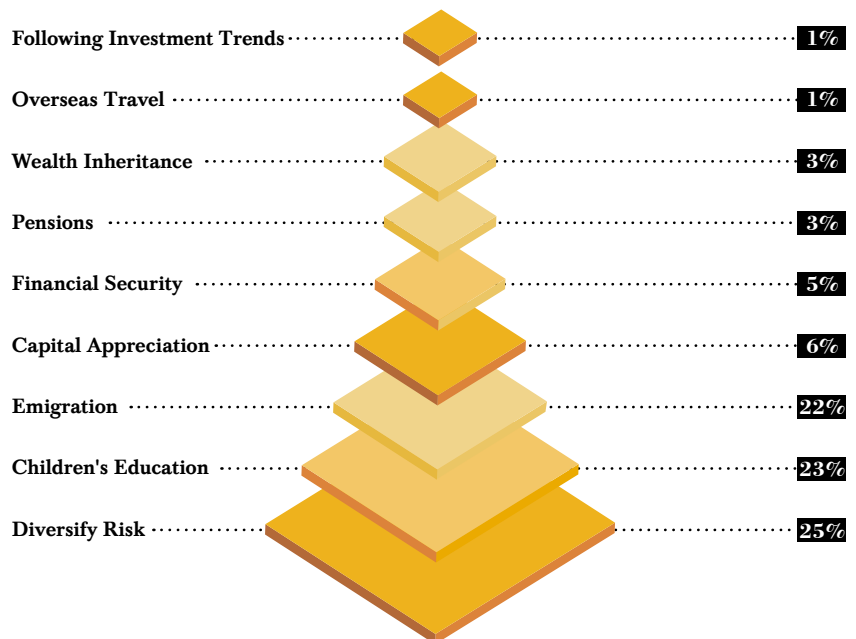


Since the start of the year, the yuan has continued to weaken against the US dollar, falling 9% since 2015 to a rate of below 6.7. Chinese GDP growth amounted to 6.9% in 2015, the lowest in 25 years, with the economy suffering a prolonged period of sluggish growth. At the same time, more and more HNWI's are deciding to allocate global assets according to the concept of not putting all their eggs in the same basket.

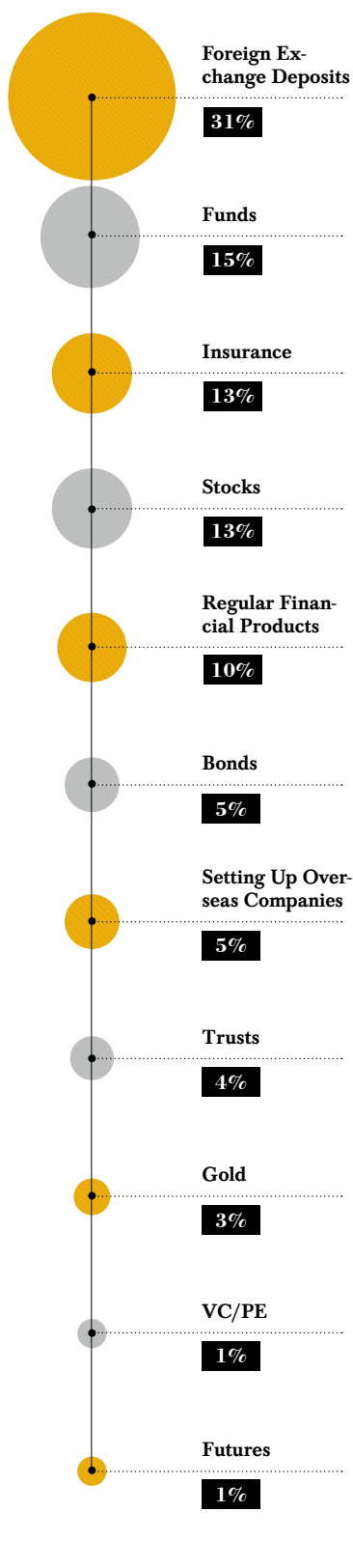
88% of HNWI's expressed deep concern with the global financial outlook, with above half paying attention to the devaluation of the yuan. The dollar exchange rate and overseas investment also have a lot of attention paid to them.

Research shows, the average funds of HNWI's overseas investment is 3.98 million yuan, with the most common amount ranging from 2-5 million yuan. Three main reasons for HNWI's investing abroad

Main Reason for Overseas Investment



Overseas Investment Methods



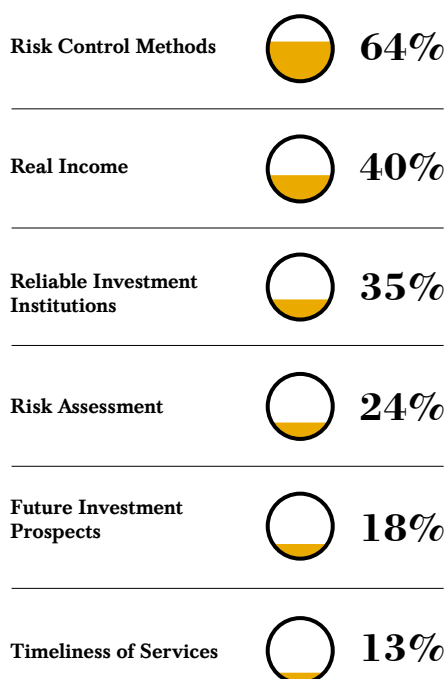
are spreading risk, offspring's education and immigration. It can be seen that HNWI's focus on stable yields and loss avoidance rather than maximising returns. Accordingly, they allocate 31% of their assets to foreign exchange deposits, 15% to funds, and above 10% each to insurance, stocks and standard financial products. More than 30% of HNWI's indicated that the USA is the country where they buy the most financial products overseas.

64% of HNWI's regard risk control as the most important consideration. Over 30% of HNWI's regard 'actual returns' and 'reliable investment mechanisms' as the most important. Lack of profession-

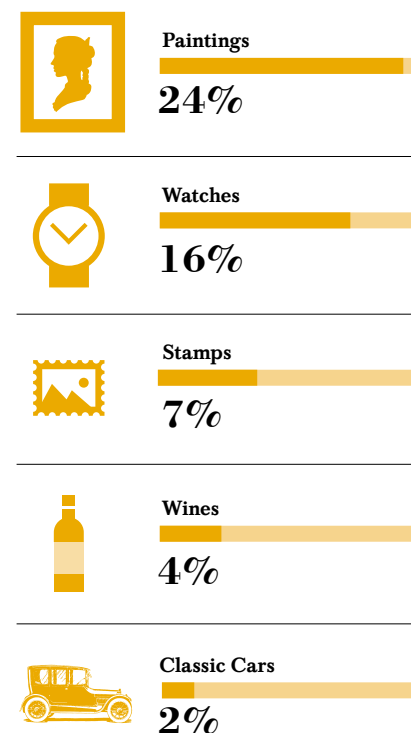
al knowledge, difficulty in transferring funds and a lack of investment channels are the greatest hindrances to investing overseas among HNWI's. Over half of respondents intend to increase overseas investment, with only 8% planning to cut back in the next three years. Methods of investing in insurance overseas have increased.

Over 80% of HNWI's pursue 'hobby investments'. Paintings (24%) and watches (16%) are the main choices. Next come stamps (7%), fine wines (4%) and classic cars (2%). Compared with last year, the proportion of those investing in paintings rose significantly to 33%, while wine was down from 6%.

Main Considerations for Overseas Financial Investments



Hobby Investments



Financial Expert Interview

Lin Guofeng, Noah Private Wealth Management CEO, discusses global assets allocation in light of the current financial environment

Lin Guofeng

*CEO of Noah Private
Wealth Management*

Hurun Report: Do you believe that the greater volatility in the global financial environment represents opportunity or crisis for investors?

Lin Guofeng: In 2016, a number of "black swan" events occurred, including global financial volatility, sluggish recovery in the real economy, and frequent capital market volatility. Due to the impact of risks associated with monetary policy and geopolitical factors, economic growth in developed countries is expected to be even slower this year. Meanwhile, the outlook for emerging markets is not optimistic either. For China, domestic economic growth continues to decline because of overcapacity, credit crises, international trade difficulties, domestic capital market downturns and other factors continuing unabated.

But, risk always presents opportunity. Investors should consider the global economic situation and long-term industry development, to obtain opportunities amid crisis. The recent consensus achieved in the G20 Hangzhou Summit will raise the overall efficiency and cooperation of the world's major econ-

omies. At the same time, it is expected that international investment and trade in the future will be more frequent and convenient. Nations will continue fiscal easing policies and accelerate institutional change. We think that the global and domestic market volatility experienced this year, as well as presenting opportunity, makes this the ideal time for global assets allocation.

Hurun Report: In the current investment climate, how do you foresee future investment trends for HNWIs?

Lin Guofeng: According to the report on private banking published by Boston Consulting and the Industrial Bank this year, as China's economy becomes more globalised, the demand for global assets allocation among HNWIs has increased significantly. It is estimated that by 2020, the proportion of assets allocated overseas by this demographic will increase from 4.8% to around 9.4%, seeing the proportion double. As the yuan starts to undergo internationalisation and domestic capital markets and basic accounts become more liberalised, more and more HNWIs are beginning

to develop a deep understanding of global assets, and considering how to allocate them overseas.

Although most investors tend to prefer local investments, the benefits of global assets allocation are readily apparent in a number of areas. Firstly, it avoids interrelation of assets and diversifies risk. A varied range of investments spread across different regions can avoid pitfalls by hedging risk. Secondly, using a large-scale portfolio can help to guarantee stable returns. In accordance with changing global economic patterns, a varied global portfolio allows for timely adjustments to be made to ensure a steady rate of return. Thirdly, various personal needs can be met, including immigration, tax avoidance, health care, pensions and inheritance, through global assets allocation. In addition to these benefits, however, global investments do pose distinct dangers, mainly in terms of policy and market risks, with overseas developments harder to analyse and control than domestic ones. Furthermore, overseas market, financial and institution arrangements are quite different to those in China.

It requires too much energy and expertise on the part of individuals to fully control their global investment portfolio. To reduce global assets allocation risks, a more rational allocation of assets, specialized skills, and a professional management and services are all required. Overseas investment is certainly a major trend, but investors should be cautious.

Hurun Report: What suggestions do you have for HNWI's in allocating their assets overseas?

Lin Guofeng: Looking at past experience, during market uncertainty, investing in private equity, parent funds and discretionary investment all constitute effective coping methods. In the current financial climate, it is recommended that investors up the proportion of their assets in private equity/venture capital and hedge funds. Specifically, cross-cycle, cross-currency, cross-sectoral overseas PE / VC decentralized investment is recommended in order to enhance long-term gains. Focusing on overseas M&A funds and property is advisable, along with the cross-border financing of investment opportunities, and paying greater attention to natural resources funds. Secondly, in the coming half year, it is expected that opportunities in foreign stocks and other traditional asset categories will be limited, alongside increasing market volatility. It is recommended that HNWI's increase

their allocations in overseas hedge funds, especially FOHFs.

Hurun Report: As the CEO of Noah Private Wealth Management, what are your company's strengths in this field?

Lin Guofeng: Since 2014, we have striven to become a top-class private equity firm on a global scale, working with a wide range of well-known enterprises. Among the top 10 PE managers globally and domestically, 50% have partnered with us. It is particularly worth mentioning that many of these institutions do not open channels to private investors. As of the end of June 2016, Noah managed clients' overseas assets amounting to 14.8 billion yuan.

Regardless of market fluctuations, Noah insists on providing clients with optimal asset allocation through global risk diversification, sharing global economic growth dividends, to maintain relationships with clients over several generations, based on more than merely creating wealth and value.

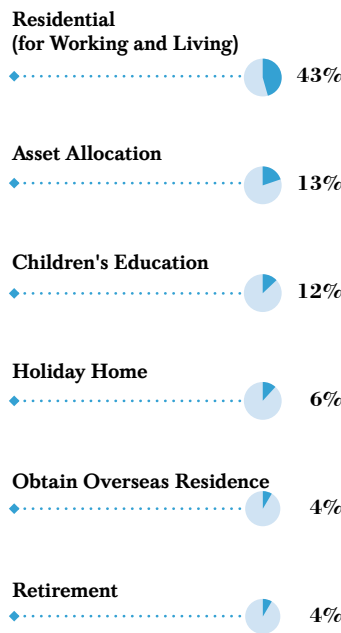


Overseas Property Purchase

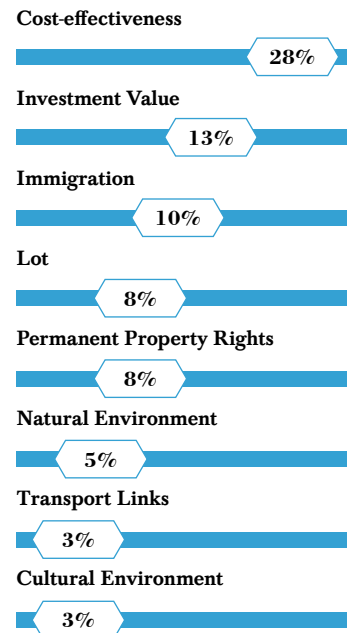
HNWIs typically have three main overseas property purchasing goals: for investment, for residential purposes, and to obtain holiday homes. More than half of them mainly focus on the residential aspect, and they spend an average of 5.8 million yuan on overseas properties. In terms of how their properties are used, 43% prioritise meeting their work and lifestyle needs, with asset allocation requirements and providing a place for their offspring accounting for more than 10% each. When considering overseas property purchases, HNWIs take a great many factors into consideration, with cost-effectiveness ranked as the most important, followed by investment value, and the immigration status that it confers. The USA is the most popular country in which to buy, while in terms of precise location, 52% favour proximity to good schools, while 23% prefer a downtown location, and 17% wish to live in an area with a strong Chinese community presence.

In the next three years, HNWI demand for overseas property is expected to remain strong, with 60% plus of respondents indicating a desire to invest in it, and only 11% stating a lack of interest. At the same time, demand for services associated with overseas property purchase is also high, with investment advice the most sought after service (53%), followed by the provision of overseas property market information (43%) and overseas property brokerage (32%).

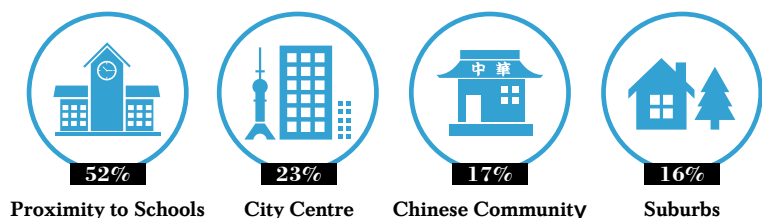
Property Use



Purchase Considerations



Location Priorities



Global Property Expert Interview



Hurun Report: What are your views on high-end property investment in China and overseas?

Wang Lu: Domestic high-end property investment is mainly focused on first-tier cities, and certainly in terms of hedging one's investments, such cities are the strongest option, with their more favourable business environments and infrastructure; thus, they constitute more stable markets. Globally, high-end property investments will face certain challenges this year. On the one hand, the Chinese government has placed stronger controls on the outflow of overseas investment funds, with both personal and corporate investments subject to approval and supervision. On the other hand, places such as Australia and London have adjusted stamp duties, and the shock of the Brexit vote's impact on Europe has resulted in greater caution among investors. These external factors all affect the global high-end property market.

Hurun Report: What do you think about China's 'serious' property market bubble?

Wang Lu: As recent events have shown, floor prices in many areas are relatively high. As the premium level increases, costs will increase, and it will have a greater impact on property sales prices.

Hurun Report: The data from our survey shows that the USA is the favoured HNWI emigration and property purchase destination. What are its advantages compared with other regions.

Wang Lu: For HNWIs' overseas property purchases, they consider market security and stability first and foremost. The USA ranks first in terms of global economic strength and the dollar is relatively strong, which means HNWIs view it as more reliable for protecting their wealth. Secondly, the American property market contains various high- and low-end markets for investors to choose from, both commercial and residential, and they enjoy a greater inflow of overseas investment funds. Of course, the USA's superb educational resources and numerous attractive entry-point cities, suitable business environment and other factors play their part too.

Hurun Report: How will the global economic slowdown affect HNWI overseas property investment?

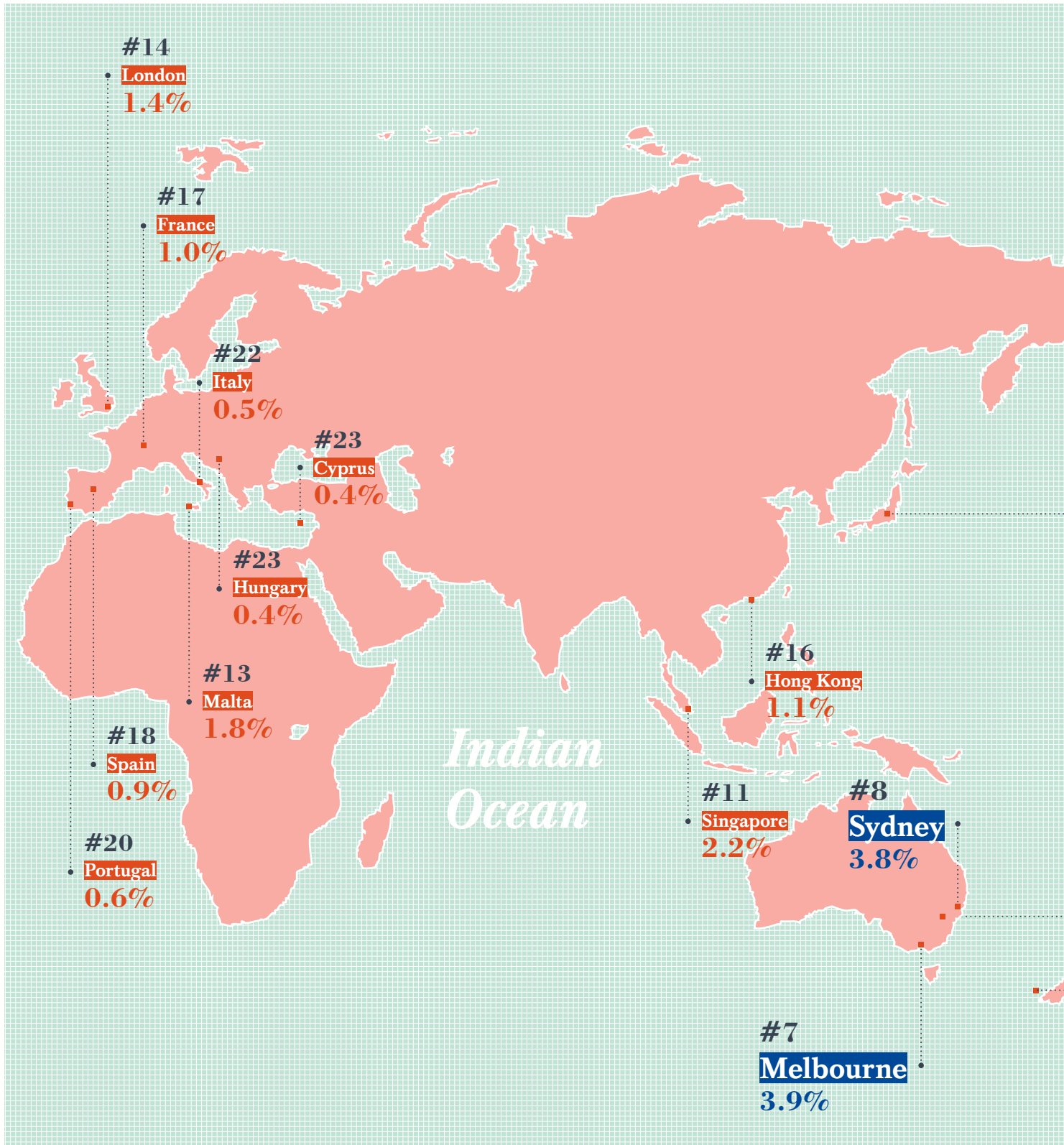
Wang Lu: For HNWIs to face the slowdown, they need to take a more rational approach to asset allocation in order to reduce risk, and long-term options such as property investment can offer robust protection.

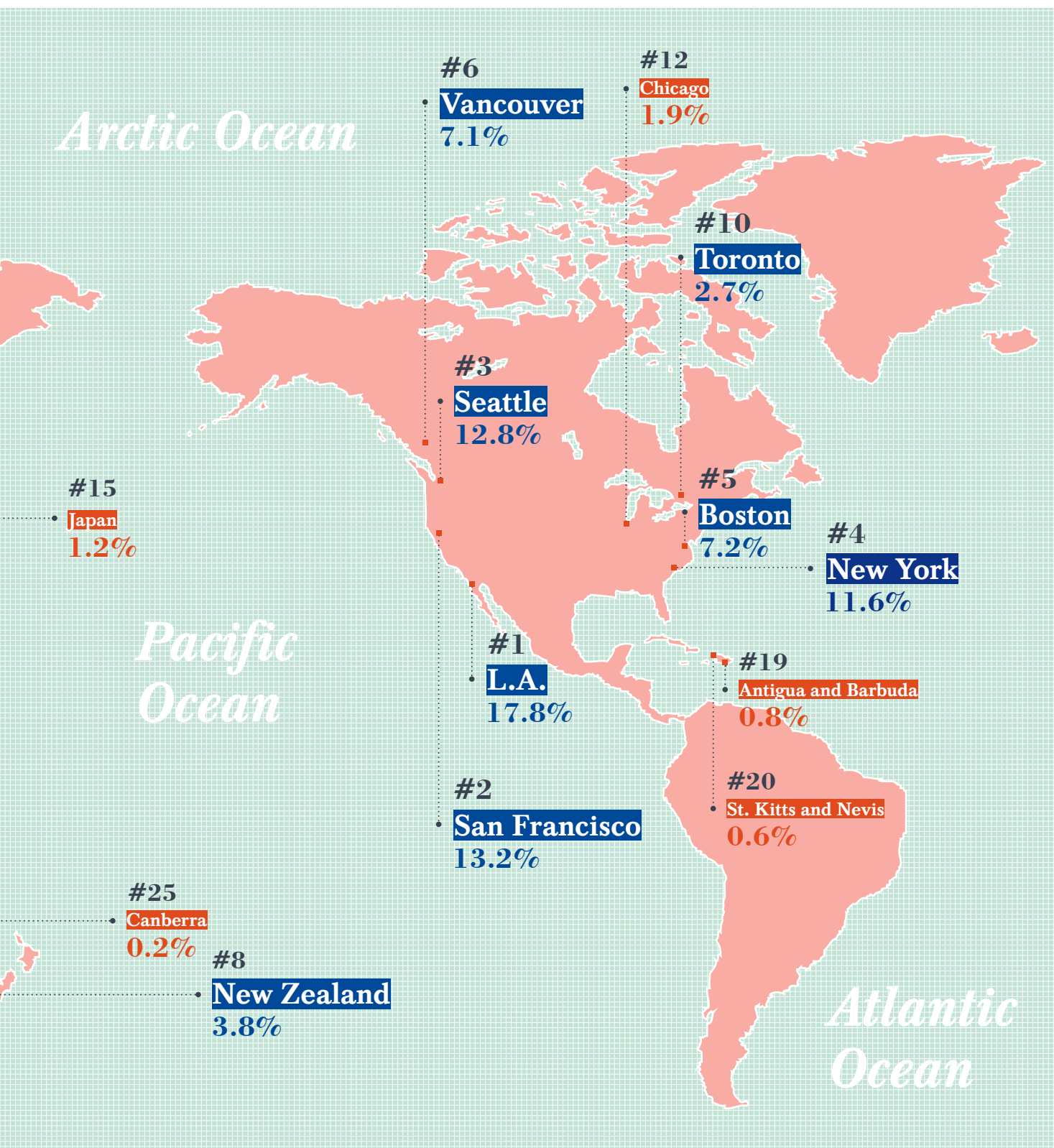


Wang Lu

Capital Market and
International Investment
Director, Knight Frank

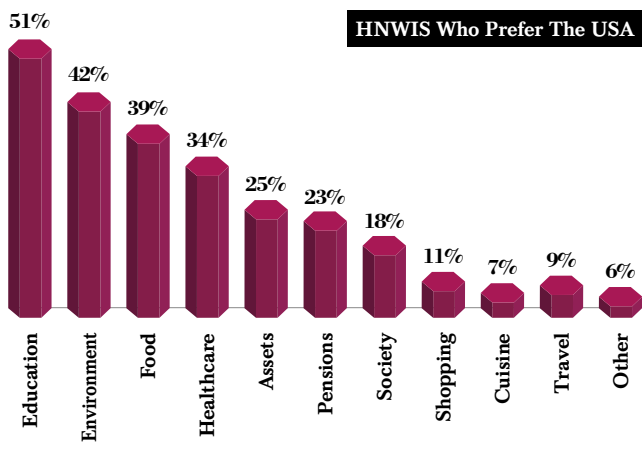
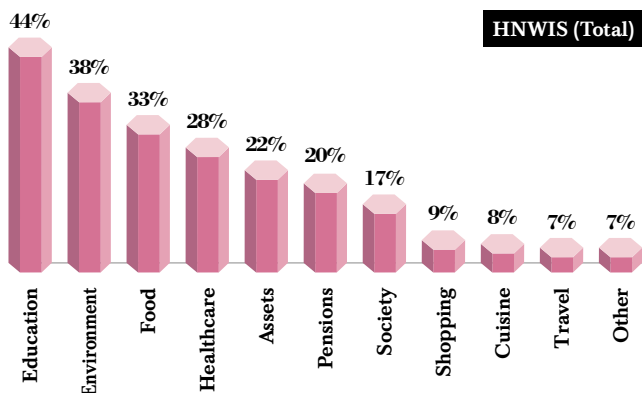
Most Popular Destination for Overseas Property Investment and Immigration



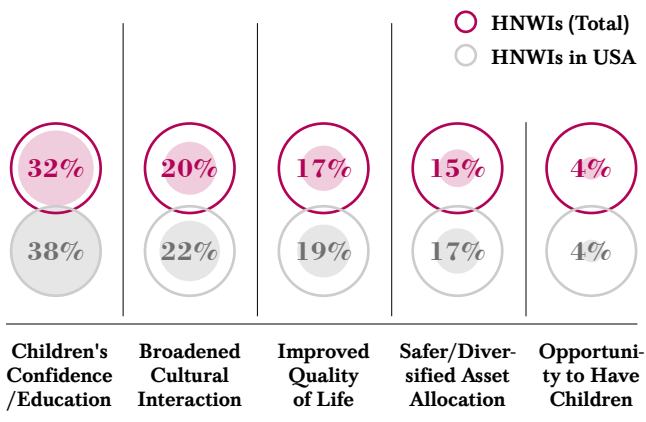


Insight into the US

Most Popular Immigration & Overseas Property Purchase Destination Advantages



Changes After Immigration



The USA is once again the most popular destination, as the country of choice for both investment immigration and overseas property purchase. New York, Miami and Los Angeles are the cities that boast the most luxury property in the USA, and all of them are held in high regard by Chinese HNWI property investors.

The data from our survey shows that among the respondents who favour the USA, high scores are given in every category, especially with regards to education, environment and food safety.

The HNWI respondents commonly report a great many positive changes occurring post-emigration, such as an improvement in their children's confidence and educational quality, broadened cultural horizons, a better quality of life and a more secure and diversified asset allocation. Those HNWIs who have emigrated to the USA have across-the-board positive views, especially in terms of satisfaction with children's education (38%), higher than the average figure worldwide of 32%.

Rich educational resources

In the education field, the USA is the world leader, accounting for 168 of the global top 500 universities, including 15 of the top 20 and 8 of the top 10, according to the Times Higher Education World University Rankings 2016-2017. This year, our HNWI respondents favoured the USA as their location of choice for education by a wide margin.

The children of those who have obtained green cards enjoy the same educational opportunities as American citizens, and enjoy greater advantages than overseas students. With 90-95% of college places usually reserved for permanent residents and citizens, and much lower tuition fees than those paid by international students, the advantages are clear, a factor on which the HNWI respondents placed a great deal of importance.

Environment & food security

The USA enjoys a bounty of natural abundance on a continental scale, from sea to shining sea. New immigrants are bound to be impressed by the USA: a country few influenced by man-made or natural disasters and richly endowed with natural resources, enjoying a low population density and plentiful wide open spaces, stretching from Canada to Mexico, from the Atlantic to the Pacific to the Caribbean. The White House pays a great deal of attention to environmental protection, and in addition, high levels of environmental awareness and love of the great outdoors, as well as high food safety standards, makes the USA a highly

attractive destination both for business and for lifestyle.

High degree of security

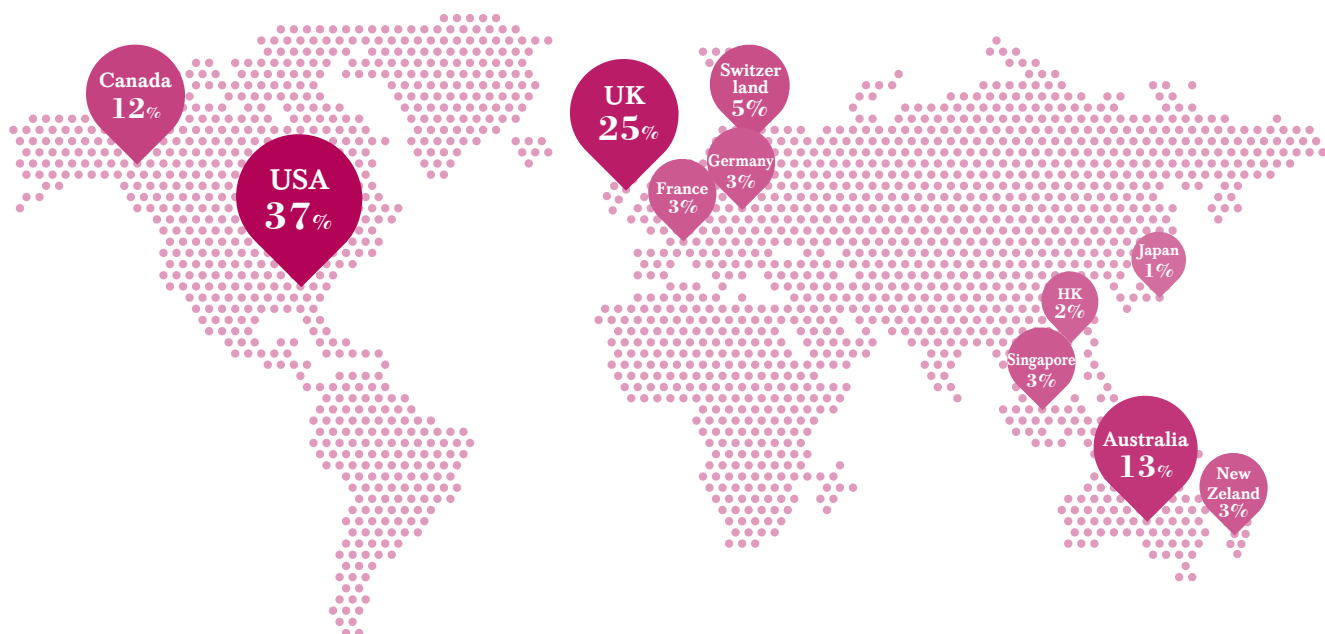
The residents of the USA are able to rest easy, safe in the knowledge that there are highly advanced systems of insurance in place, with life insurance, car insurance, fire and flood insurance and property insurance all available. Beneficiaries of such policies are thus able to protect themselves from the hazards of bankruptcy, and protect their interests. In addition, the American insurance system enjoys built-in safeguards accumulated over the years. For example, with regards to housing insurance, builders must obtain insurance

which, in the event of them going bankrupt, allows the customer to be fully compensated.

World economic power

The USA is not only the world's largest developed nation, it is also the largest in terms of modern agriculture. In its highly modern market economy, protected by strong macroeconomic controls, its labour productivity, GDP and foreign trade volumes lead the rest of the world. The dollar is the world's strongest currency, on par with gold, and at the same time, it boasts an abundance of natural resources, providing a solid underlying foundation for its economic development.

Most Popular Overseas Study Destinations





Global Tax

China enters into the *Common Reporting System (CRS) on Automatic Exchange of Financial Account Information*.

In December 2015, China signed the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information*, designed to promote the development of exchanges of account information under the framework of the CRS. Under the Global Financial Account Information Exchange Mechanism, from September 2018, China will release to the government of other signee countries of CRS the financial institutions' (including depository institutions, investment institutions and specific insurance institutions, etc.) account information, including deposit accounts, escrow accounts, equity or creditor's rights, insurance or annuity contracts with cash value, etc., of these countries' tax residents.

From September 2018, HNWI's who are identified as taxpayers of China with financial accounts in other countries and regions, if they have established a CRS partnership with China, will have information regarding their

accounts with offshore financial institutions passed on to those nations, generally to their tax authorities. Then, the authorities of that region or country with exchange relevant taxation information with their Chinese counterparts. As a result, China will be able to tax the overseas assets of Chinese HNWI's according to national law. Currently, major countries and regions to have signed up include the UK, France, Germany, Switzerland, Canada, Australia, New Zealand, Singapore and Japan, Hong Kong, Macau and offshore destinations such as the British Virgin Islands and the Cayman Islands.

After 2018, will there be 'nowhere to hide' for overseas assets?

On October 14 2016, the State Administration of Taxation introduced a non-resident financial accounts tax, in which financial institutions in China will, from January 1 2017, perform due diligence procedures to identify and look into non-resident personal and corporate accounts, and collect and submit account information. Correspondingly, this will be added to the information exchange system of signatory countries and regions from September 2018. The process will involve Chinese tax residents' overseas financial information being submitted to the Chinese authorities.

For HNWI's, it is essential to know which tax jurisdiction they fall under, whether or not they will be taxed on their global income or only on their domestic income, and if they will be

taxed on the remittances they send back home.

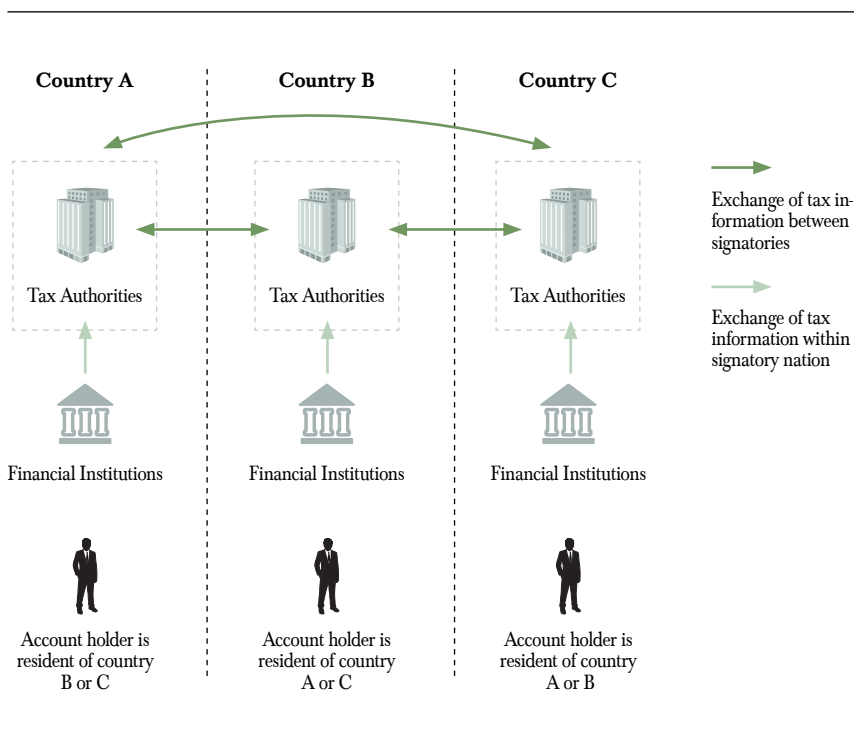
For example, Chinese overseas who have been granted green card or naturalization will not be deemed to be taxpayers in China if they meet certain conditions of residence, etc., and information regarding their finances in their countries of residence will not be passed on to China's tax authorities.

How should overseas assets be planned for after 2018? HNWI are beginning to feel that arranging their taxes are an urgent priority. Accordingly, they are exploring global tax solutions for themselves along the same lines as the 'double Irish with a Dutch sandwich' route opted for by multinationals such as Apple and Google.

Research shows that more than 40% of HNWI believe that, in the current economic climate, seeking professional advice on how to manage their finances is a worthwhile option, and at the same time, they are increasingly favouring large-scale life insurance and overseas trust products. Their foremost concern is safeguarding their families' future, other demands including: preservation and appreciation of the assets at 33%, followed by problems associated with ageing at 21% and offspring's education with 18%.

In terms of tax reporting methods, 38% of HNWI opt for professional assistance, 30% choose corporates, while 18% do it themselves. HNWI adopt a number of reasonable tax avoidance methods, with 40% dealing

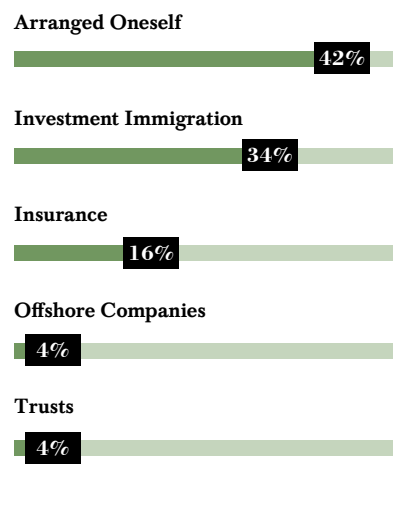
Taxation Process Following China's Accession into CRS Agreement



with it themselves, while more than 30% of respondents preferred to use investment immigration, insurance, overseas offshore companies as effective and justifiable methods of avoiding tax. Research shows that 19% of the HNWI respondents possess global tax plans, with inheritance, income and value-added tax all areas they pay attention to. 37% of them are considering investing in gaining overseas nationality.

***Double Irish with A Dutch Sandwich**
This term refers to a tax avoidance technique employed by certain large corporations, involving the use of a combination of a Dutch and two Irish subsidiaries, resembling a sandwich.

How Tax Plans are Made



Source: Immigration & the Chinese HNWI 2016 Bespoke Survey



Post-Brexit Perspectives on European Immigration

Interview with Richard Barrett, founder of Ireland's Bartra healthcare fund

Hurun Report: *Given Ireland's close relations with the UK, how do you expect Brexit to affect Ireland?*

Richard Barrett: Part of the impact on the UK will be passed on to Ireland, which due to historical, geographical and economic reasons has a strong relationship with the UK. I personally believe that there is a great deal of uncertainty in the UK, especially in the financial services sector; the UK's comparatively large financial deficit will also weaken the pound's market position, and naturally, inflation will rise along with changing interest rates. Therefore, the UK's economic outlook is not a positive one.

To sum up, there are likely to be both advantages and disadvantages from Brexit for Ireland.

In terms of advantages, it's likely that both existing and future foreign direct investment will turn to Ireland, as the only country in the EU with English as its official language, and furthermore, Ireland's financial services sector is set to be reorganized, which

will benefit from British passport privileges. The latest data shows that of imports from the UK to Ireland, 25% were goods and 11% were services, and we believe the proportion of services will rise significantly, and naturally, due to the lower exchange costs inflation is likely to be lower in Ireland.

In terms of disadvantages, the Irish tourism industry is likely to be negatively affected, due to higher currency exchange costs; British tourists, who constitute the largest numbers of visitors to Ireland, are likely to visit other destinations for this reason. At the same time, where currency arbitrage occurs in UK-Ireland border areas, such as Northern Ireland (UK), the co-ordination and transactional arrangements at all levels will become more complex.

Hurun Report: Ireland is the dark horse in this year's China Immigration Index in sixth place. What do you make of this ranking?

Richard Barrett: In fact, I began to pay attention to this white paper three years ago; due to the forward-looking analysis of the global migration phenomenon carried out by Hurun Report and Visas Consulting Group, and the benchmark that the Immigration Index has created, it plays a guiding role not only for Chinese immigrants but also for immigration departments worldwide. Ireland's position in the 2016 rankings reflect its status as a European and global emigration destination in a very objective manner.

Ireland is one of the first countries to introduce immigration policies in

Europe, which is why there is a large Chinese community in Dublin. In addition, Ireland's immigration policies are comparatively flexible, allowing for investment in entrepreneurship and financial products. With Europe becoming a more popular emigration destination over the past two years, with the advantages highlighted, investors in Ireland can have confidence.

Hurun Report: This year's white paper is focused on global assets allocation. From this point of view, do you believe that Ireland is a suitable destination for obtaining overseas citizenship?

Richard Barrett: I would like to say that Ireland is the ideal location in this regard. Ireland plays the same role vis-a-vis the UK, for instance, that Canada and New Zealand do to the USA and Australia respectively. Furthermore, Ireland is the UK's hub in Europe, and a bridge between Europe and the English-speaking world. The USA has invested more than US\$150 billion in Ireland, more than its total combined investment in Brazil, Russia, India and China. At the same time, some of China's largest enterprises such as ZTE, ICBC, CDB, Huawei and so on have set up their European operations in Ireland.

Ireland's leading GDP growth rate, which was 7.8% in 2015, is the fastest in Europe. The government has also pledged to maintain the current personal and corporate income tax rates until 2025. Therefore, in terms of obtaining overseas nationality, Ireland represents a good choice as far as Europe is concerned.



Richard Barrett

The founder of Ireland's Bartra healthcare fund. Bachelor of economics, master of law, senior counsel, co-founded and operated multinational property development company with more than 1000 employees, which was listed on the London and Singapore stock exchanges.

Entrepreneur Views on Wealth

Research shows that over 80% of HNWI's are confident about China's economic performance over the next two years. 27% are very confident about its future. Among HNWI's, 190 million yuan is viewed as the threshold for 'financial freedom';

generally speaking, the wealthier respondents are, the higher they believe it to be. Among them, those with wealth in excess of 10 million yuan perceive the threshold to be 160 million yuan, while billionaires place it at 360 million yuan.

The wealthier respondents are, the higher their threshold for financial freedom



Yuan Yafei

Sanpower Chairman

**2016 Hurun Rich List
No.32**

Hurun Report: What is your attitude towards investment?

Yuan Yafei: The timing of investment is very important, if you are sure, do it as soon as possible, whether or not it's perceived to be the 'right' thing to do. Personally, I find it hard to make sudden changes, so purchasing another company instead is more suitable for me.



Zhang Jing

Cedar Capital and Meritus Group Chairman

**2016 Hurun Rich List
No.81**

Hurun Report: What is the difference between a true 'entrepreneur' and a 'businessman'?

Zhang Jing: Although both ostensibly create wealth, essential differences exist. Businessmen are engaged in profit-making, but their 'business' does not create value per se. However, entrepreneurs' business actions serve to create value.



Xu Qiming

Xulong Food Group Chairman

**2016 Hurun Rich List
No.543**

Hurun Report: How do you manage your personal assets?

Xu Qiming: Interests and hobbies are what defines a person, and the key to spiritual wealth and fulfillment. I don't save too much money, rather I invest most of it in things such as artworks. You can't get rich by saving alone. I don't hesitate to buy if it is something I like.



Wang Guoqing

Shenyang Baiyilong Chairman

2016 Hurun Rich List
No.1638

Hurun Report: What do you think is the greatest wealth in life?

Wang Guoqing: To achieve a greater value in your life. People should not only strive to make money but also, as far as possible, to help others around you, and to enjoy the process of doing so. Being able to enjoy every day is a form of wealth.



Xue Fangquan

Minsheng Energy Group Chairman

2016 Hurun Rich List
No.1903

Hurun Report: How do you view the relationship between wealth and charity?

Xue Fangquan: In doing business, our profits derive from the wider community, so we have an obligation to give something back. I am tough on myself and don't live an extravagant lifestyle. I prefer to spend money on improving life for the rural elderly community.



Wang Yue

Kai Ying Network Chairman

2016 Hurun Rich List
No.516

Hurun Report: What is the difference between the post-80s entrepreneurs and those of other generations? How can this generation come to the fore?

Wang Yue: The people of this generation are mainly only-children with a high level of education, and after a baptism of fire in the market economy, naturally their way of thinking is different. On the other hand, they do not take life overly seriously, and prefer to pursue the things they enjoy. For entrepreneurs, however, it's important to take a longer-term view. By thinking clearly about the future, they can find the direction they need to develop. For graduate students who want to start a business, it is necessary to know clearly what kind of resources they have, and to make the best use of them.



Hurun Report

China's Leading Business and Luxury Lifestyle Media Platform since 1999

Headquartered in Shanghai, Hurun Report is the authoritative source on China's high net worth individual (HNWI) population, leveraging the advantages of the mobile internet to provide high-end brands research and advisory services across a range of media. Hurun Report has four divisions: Media; Conferences & PR; Market Research; and Investments. Within the Media Division, our titles are Hurun Report, the Hurun Schools Guide, Hurun Horse & Sports, and Wings & Water.



Authoritative Lists

Since Rupert Hoogewerf's first 'Hurun Rich List' in 1999, it has gone on to be published for 17 consecutive years. In 2015 it contained 1,877 individuals with a minimum threshold of two billion yuan. The Hurun Global Rich List was launched in 2012, and has been published for the last five years. In addition, Hurun Report has pioneered several other authoritative rankings including the Hurun Philanthropy List, the Hurun Art List, the Hurun Brands List and the Richest Women in China.



Market Research

Hurun Report tracks the long-term changes in the lifestyles of China's HNWI circles. Research documents and white papers published by Hurun Report include reports on retirement and healthcare, net wealth, spiritual investments, investment immigration, luxury travel, overseas study and private jets, along with many others.



High-end Events

Hurun Report hosts hundreds of

events each year, and has led delegations of top Chinese entrepreneurs to the UK, the USA, Singapore, Australia, India and beyond, allowing them to establish themselves and their achievements on the world stage.

Financial Talkshow - Mashanghu

In October 2015, Hurun Report and Youera Media launched an innovative new financial talkshow which has become the top-ranked show of its kind, receiving an average of 400,000 viewers.

Hurun International

Hurun Report's Indian business launched in 2012, and today is best known for the Hurun India Rich List, Hurun India Philanthropy List and for hosting events with some of India's most respected entrepreneurs.

Financial Investments

In 2015, Hurun Report and leading 'post-80s generation' entrepreneur Wang Qicheng joined forces to set up a fund, aimed at helping young entrepreneurs.

For further information, see:
www.hurun.net
Official WeChat platform:
HurunReport

Hurun Report WeChat ID:
Hurun Health and Hurun
Art are now online, we look
forward to you following us

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