

November 2, 2011

## **Many Rich Chinese Consider Leaving**

By JEREMY PAGE

BEIJING—More than half of China's millionaires are either considering emigrating or have already taken steps to do so, according to a survey that builds on similar findings earlier this year, highlighting worries among the business elite about their quality of life and financial prospects, despite the country's fast-paced growth.

The U.S. is the most popular emigration destination, according to the survey of 980 Chinese people with assets of more than 10 million yuan (\$1.6 million) published on Saturday by Bank of China and wealth researcher Hurun Report.

While growth has slowed, China's economic performance is still the envy of the Western world: It registered annual gross domestic product growth of 9.1% in the third quarter, and the International Monetary Fund has forecast growth of 9.5% for all of 2011.

Concerns are mounting, however, that China's growth could be derailed by a raft of problems, including high inflation, a bubbly real-estate sector and a sharp slowdown in external demand.

Many Chinese who have profited most from the country's growth also express increasing concerns in private about social issues such as China's one-child policy, food safety, pollution, corruption, poor schooling, and a weak legal system.

Rupert Hoogewerf, the founder and publisher of Hurun Report, said the most common reason cited by respondents who were emigrating was their children's education, followed by a desire for better medical treatment, and the fear of pollution in China.

A man walks past an advertising display at a luxury mall in Shanghai. Thousands of rich Shanghai residents have turned China's most cosmopolitan city into the luxury capital of a country that is expected to become the world's largest market for the sector between 2012 and 2015.

"There's also an element of insurance being taken out here," he said, citing concerns about the economic and political environment.

He cautioned, though, that it was unclear if the survey results signaled capital flight as many high-net-worth individuals who were emigrating also said they were keeping much of their money invested in China.

China maintains capital controls that make it hard for rich Chinese to move their money out of the country, but there are substantial loopholes in the system.

Some economists say they have detected signs of large capital outflows in recent months, likely driven by a decline in global risk appetite and expectations of slower yuan appreciation.

A research report from Bank of America Merrill Lynch's strategy team in Hong Kong last month cited "hot-money outflows" as one of four systemic risks that could lead to a hard landing for China's economy. It said that a sign of such outflows were record gambling revenue in the gambling enclave of Macau, a former Portuguese colony near Hong Kong, where many mainland Chinese go to gamble.

In another indication of the jittery mood among China's rich, several Western embassies have also noted a marked increase this year in the number of applications for investment visas, a category that allows people to immigrate if they invest a certain amount of money, according to diplomats.

There is evidence, too, of an uptick in the number of Chinese people buying high-end properties in major Western cities, especially London, Sydney and New York, according to property analysts.

Another survey published in April by China Merchants Bank and Bain & Co. showed that almost 60% of high-net-worth individuals in China had either arranged for, or were considering emigration. Of those, more than 20% had already completed their immigration applications, or made the decision to apply, according to that survey, which covered 2,600 high-net-worth individuals.

China Merchants Bank and Bain estimated that in 2010 there were 500,000 people in China with "individual investable" assets valued at 10 million yuan and 20,000 people with 100 million yuan or more.

Bank of China and Hurun estimated there were 960,000 people with "personal assets" of at least 10 million yuan, and 60,000 people with 100 million yuan or more.

Their survey, conducted in May to September, covered 18 major cities including Beijing, Shanghai, Wuhan, Nanjing, Dalian and Suzhou, and interviewed respondents with an average age of 42 and average personal assets of 60 million yuan.

The survey showed that 46% of respondents were considering emigrating, while an additional 14% had either already emigrated or filed immigration applications.

Mr. Hoogewerf said respondents with assets of 100 million or more were even more inclined to emigrate, with 55% considering leaving China, and 21% already living overseas or having filed applications.

The top destination among those emigrating was the U.S., accounting for 40%, followed by Canada with 37%, Singapore with 14% and Europe with 11%, the survey showed.

One-third of respondents said they had assets overseas, and an additional 28% said they planned to invest abroad in the next three years. Half of those with overseas assets listed their children's education as the reason, while 32% cited emigration.

The U.S. was the most popular destination for their investments, accounting for 42%, and property was the most popular type of investment, accounting for 51%, according to the survey.

—Tom Orlik contributed to this article.

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