

# 中国市场概览 China Market Overview



# Investment

## Summary :

- In recent years, the scale of Chinese private investment has continuously increased. Financial assets, excluded cash and deposit, grew significantly. Public investment resource of rich stratum consisted of salary income, investment income, operational income and personal deposit. The most welcomed financial products among rich respondents were banking financial products, stocks and funds.
- Due to the downturn of real estate market, about 30% of rich stratum claimed that they would gradually divestment from real estate market. Real estate investment appeared to be even more stagnant. Besides traditional residential and shops investments, the rich started to dabble in commercial real estate.

## Summary :

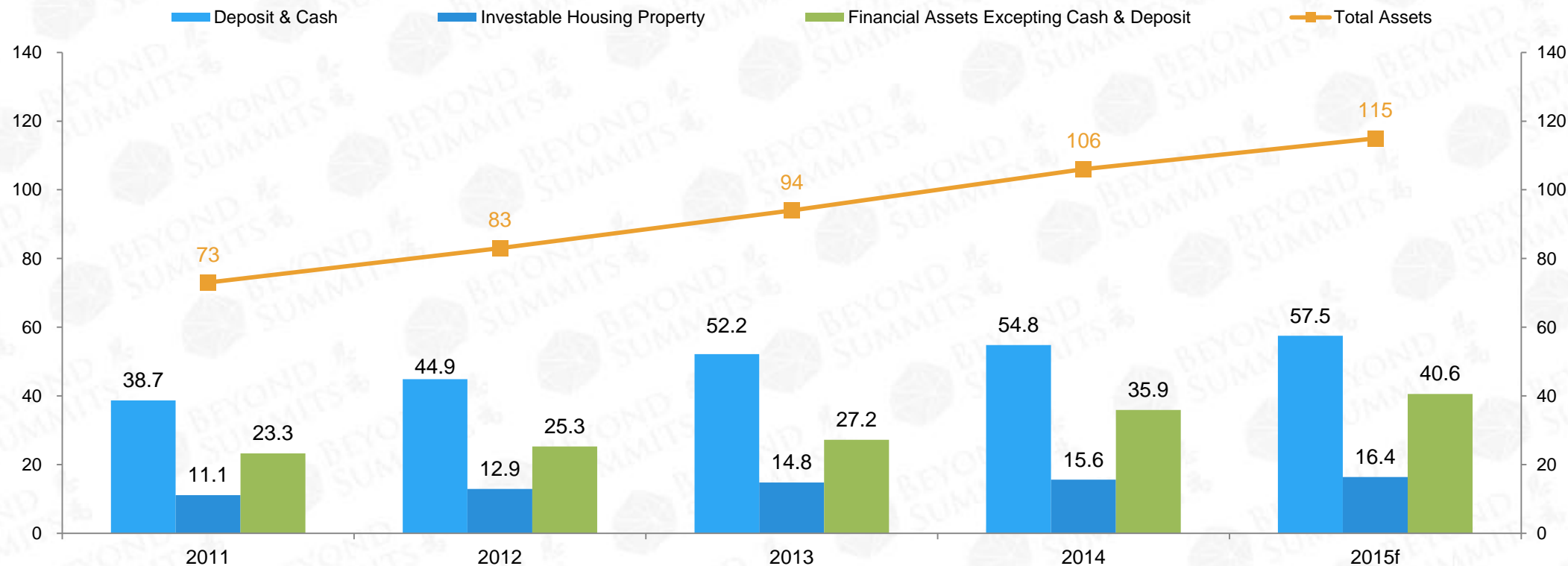
- Among the rich, quite amount of people have great need for insurance, because they and their family hope to acquire protection through purchasing insurance. However, insurance was still not regarded as a major element in public's asset pools. Some of the respondents feel secure in their lives and consider it profitable to invest in short-term financial assets. Other respondents had no indifference or confidence in insurance.

## Summary :

- More than 50% of rich respondents indicated that they would consider to increase their financial investment in 1-2 years in the light of current domestic financial market. In terms of various industrial investments, investment enthusiasm concentrated in innovative industries and consumption services industries, which accorded with government's policies in terms of introducing and enhancing innovative industrial development.
- The number of high net worth (HNW) respondents who owned overseas investments has increased from 33% in 2013 to 37% in 2015. In terms of future investment planning, more than half of them claimed that they would enhance their overseas investment.
- Different from the past, the rich respondents had more confidence in domestic investment and gradually switched their investment from overseas markets to domestic markets. Meanwhile, thanks to the overseas IPOs of domestic famous enterprises, stock markets investments have become more popular among the rich stratum.

In recent years, personal investable assets of China mass affluent individuals has been increasing. Investment of financial assets has significant growth except cash and deposit.

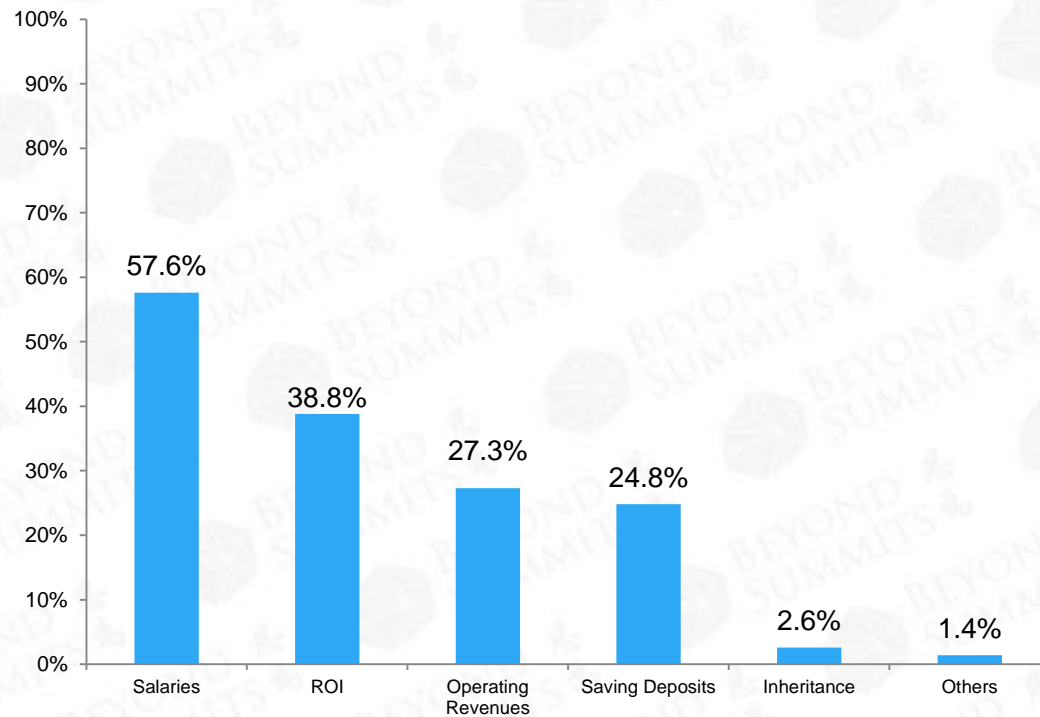
### Total China Private Investable Assets (trn)



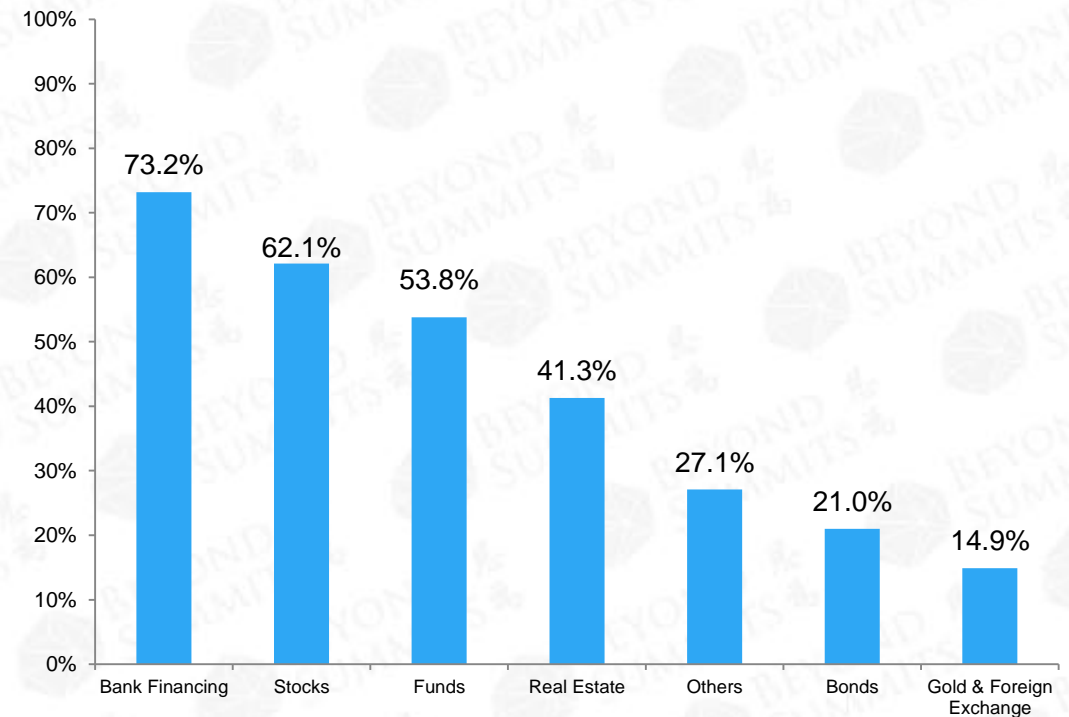
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Salaries, investment proceeds, operating revenues and saving deposits are main components of investment sources for mass affluent individuals. Bank financial products, stocks and funds are most popular financial products among mass affluent individuals.

**Investment Sources for Mass Affluent Individuals (2014)**



**Most Popular Financial Products Among Mass Affluent Individuals (2014)**

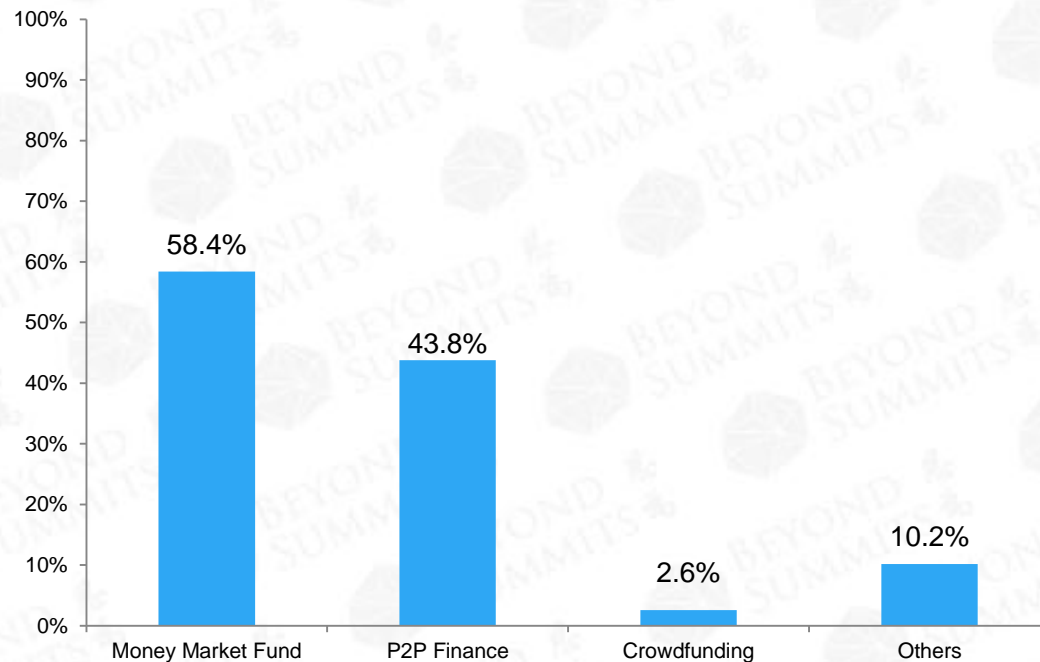


**Mass Affluent Individuals: Chinese middle class individuals possessing investable assets between ¥ 600,000 and 6,000,000**

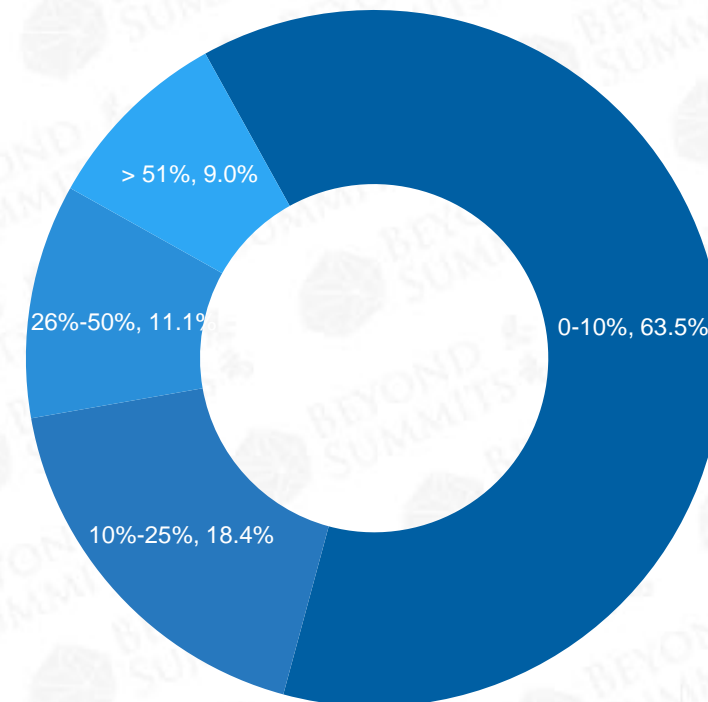
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Among respondents investing Internet finance, 58.4% of people has invested money market fund, and 43.8% chose P2P finance. 63.5% of them have Internet finance accounting for 0% to 10% of their total assets.

Internet Finance Types that Mass Affluent Individuals Invest (2014)



The Proportion of Internet Finance in Total Assets of Mass Affluent Individuals (2014)



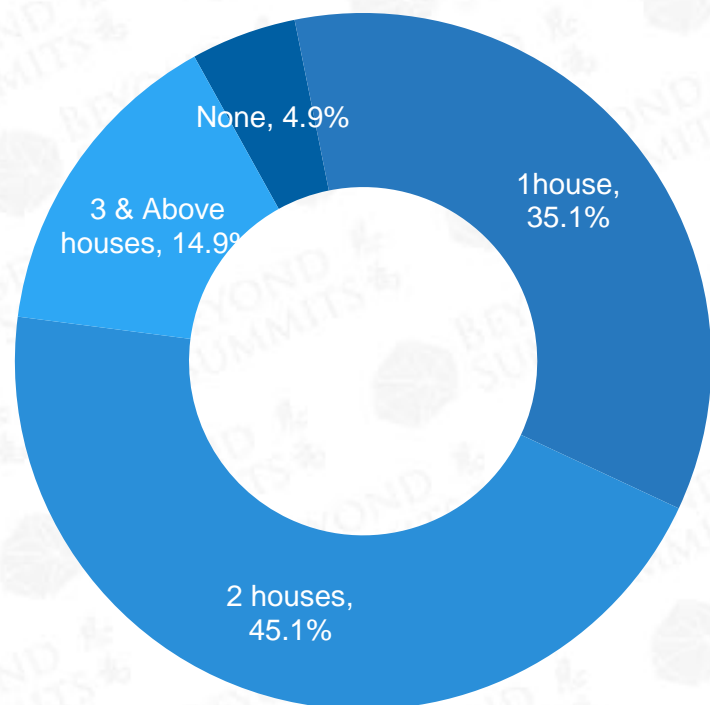
Mass Affluent Individuals: Chinese middle class individuals possessing investable assets between ¥ 600,000 and 6,000,000

Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

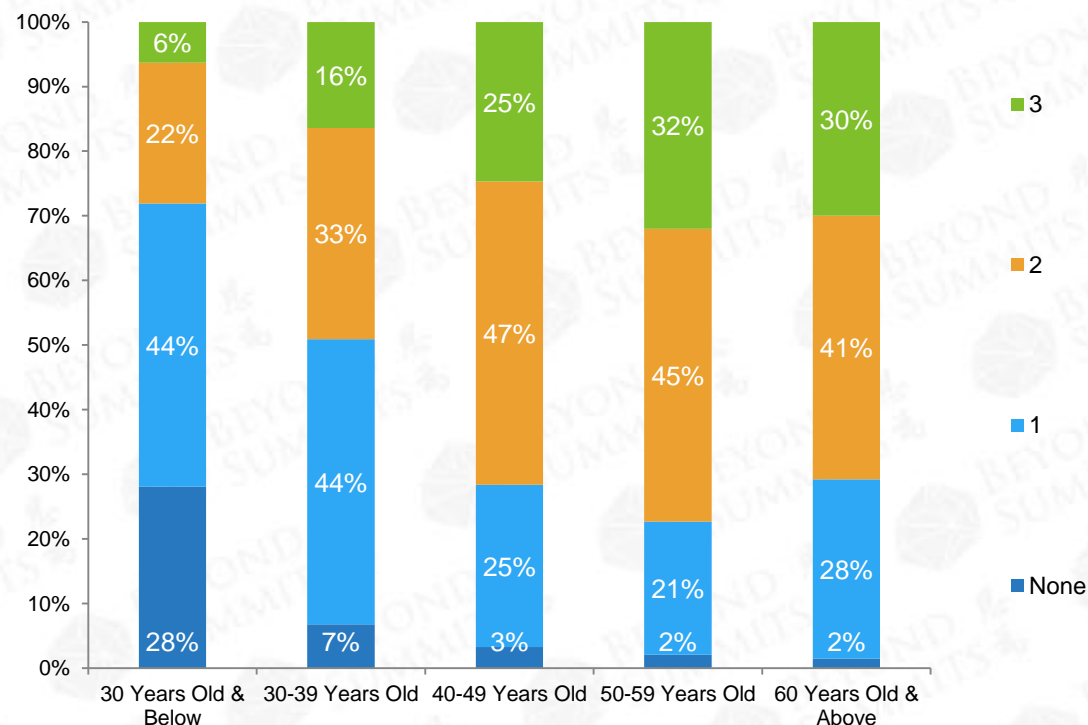


95.1% of respondents have their own housing. The proportion for mass affluent individuals owning houses will increase with age.

Housing Property of Mass Affluent Individual (2014)



Housing Conditions of Mass Affluent Individuals for Different Ages (2014)

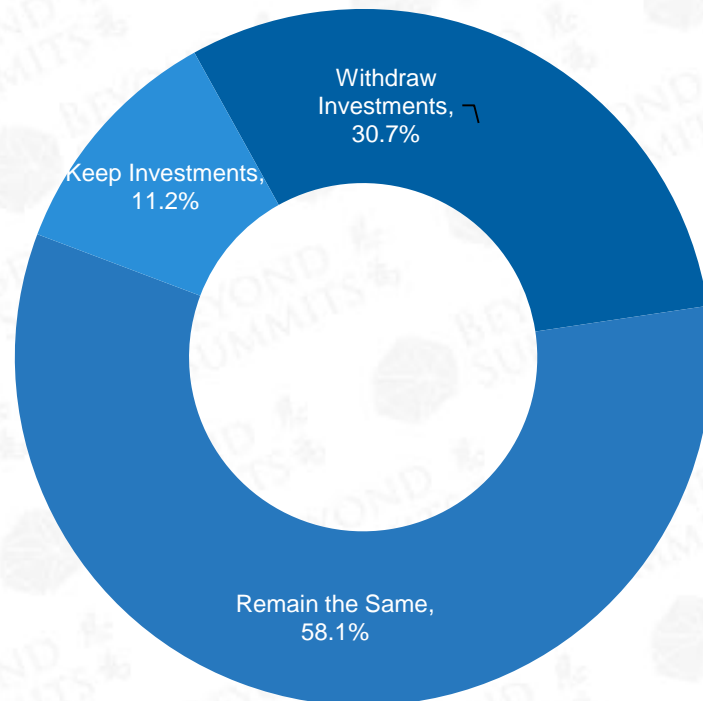


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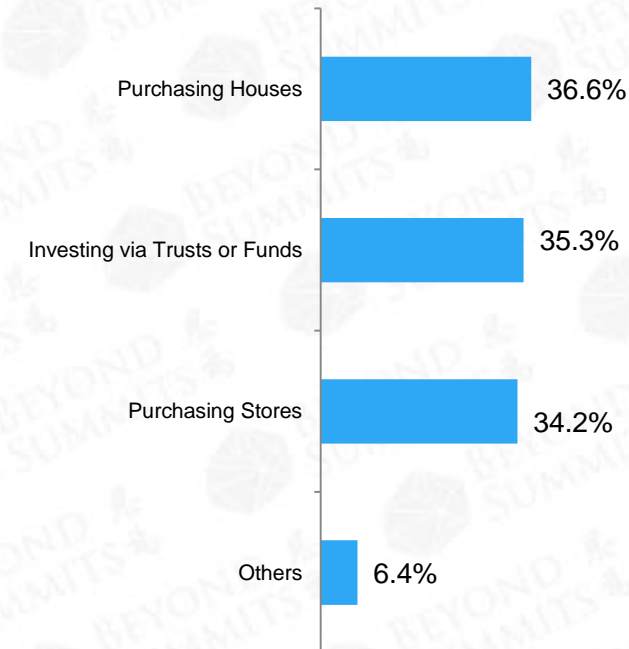
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

After the downturn of housing market in recent years, 30.7% of mass affluent individuals indicate that they will withdraw their investment gradually, and it shows that the investment on real estate has decreased. And people have various ways to keep investing on real estate. Excepting purchasing houses and stores, mass affluent individuals start to focus on commercial property.

Investment Plans of Housing Market for Mass Affluent Individuals in years (2014)



Ways to Keep Investing on Real Estate for Mass Affluent Individuals (2014)

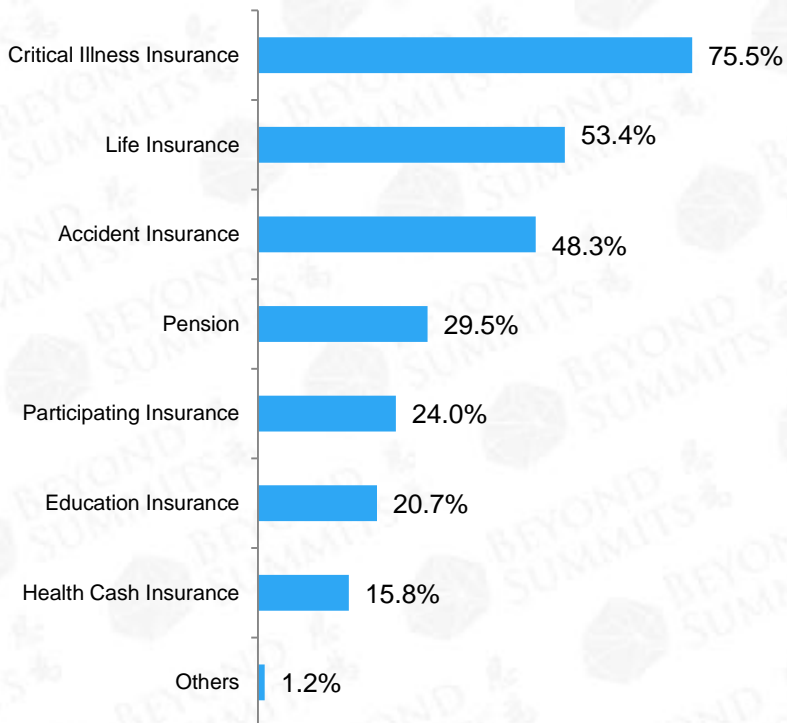


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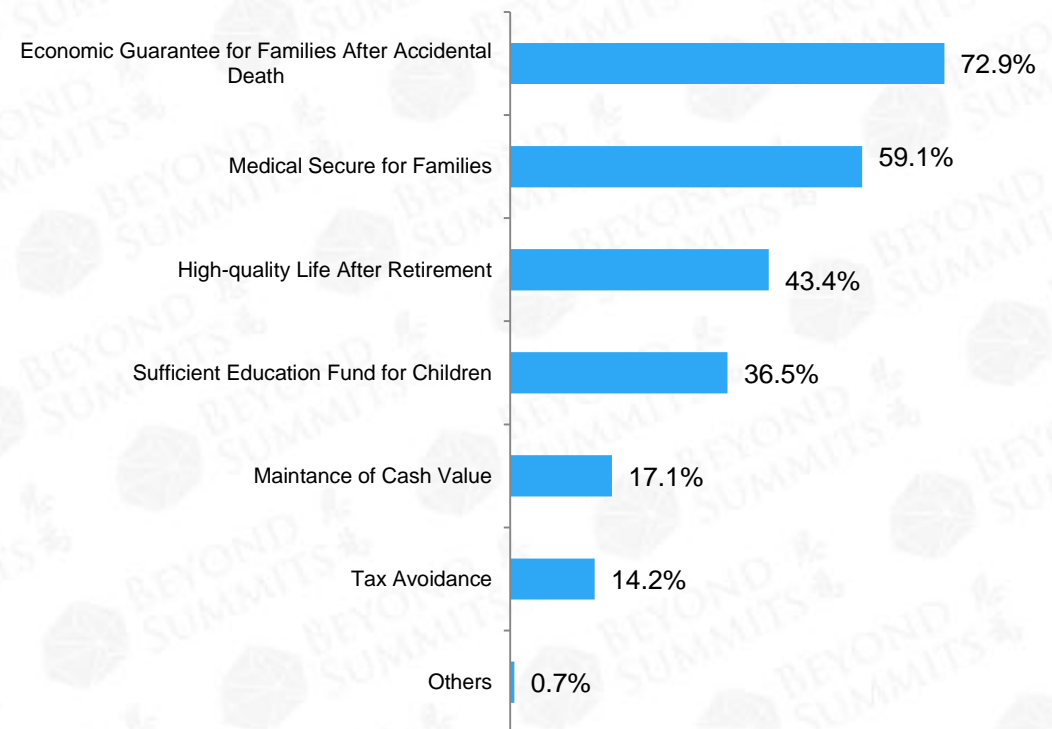
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Many mass affluent individuals have the need for insurance, and they regard insurance as guarantees for their families and themselves. Critical illness insurance, life insurance and accident insurance are the top three insurance types, indicating their worries about uncontrollable conditions.

**Insurance Plans Owned by Mass Affluent Families (2014)**



**Insurance Needs of Mass Affluent Individuals (2014)**

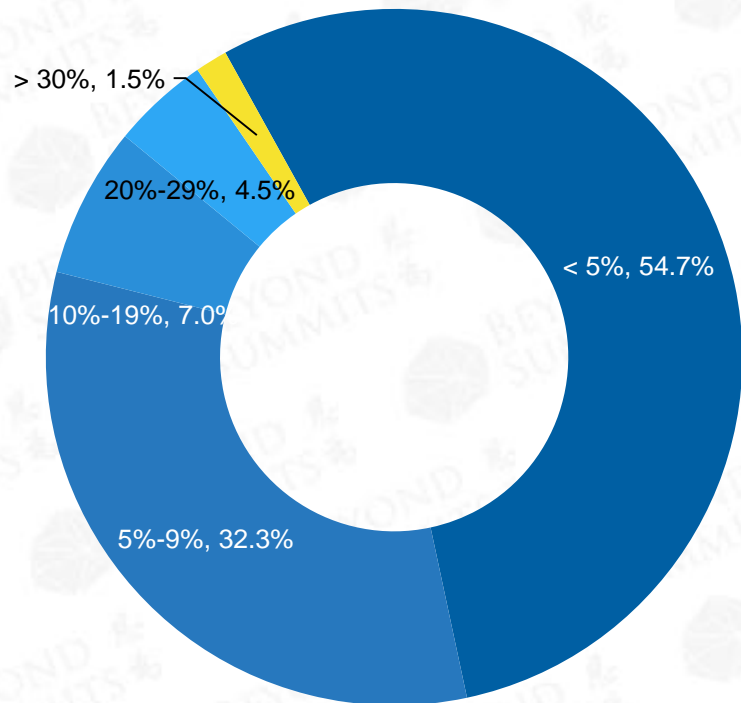


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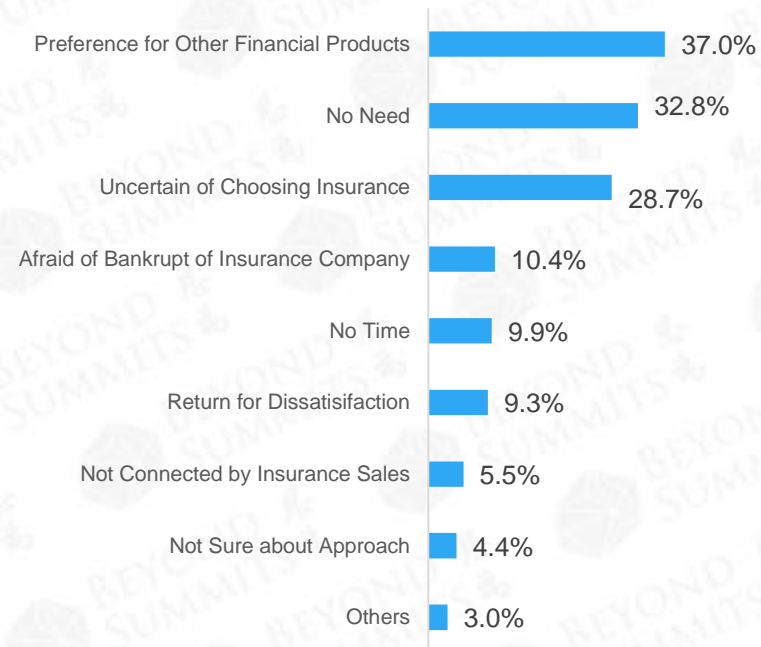
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Insurance is not regarded as a main form of assets so not many people have purchased so far. There are two main reasons that people do not buy insurance. Some people feel secured about their current life so they invest on other short-term financial products. Others are not concern about insurance or lacking of confidence.

The Proportion of Insurance in Investable Assets of Mass Affluent Individuals (2014)



Reasons of Not Purchasing Business Insurance for Mass Affluent Individuals (2014)

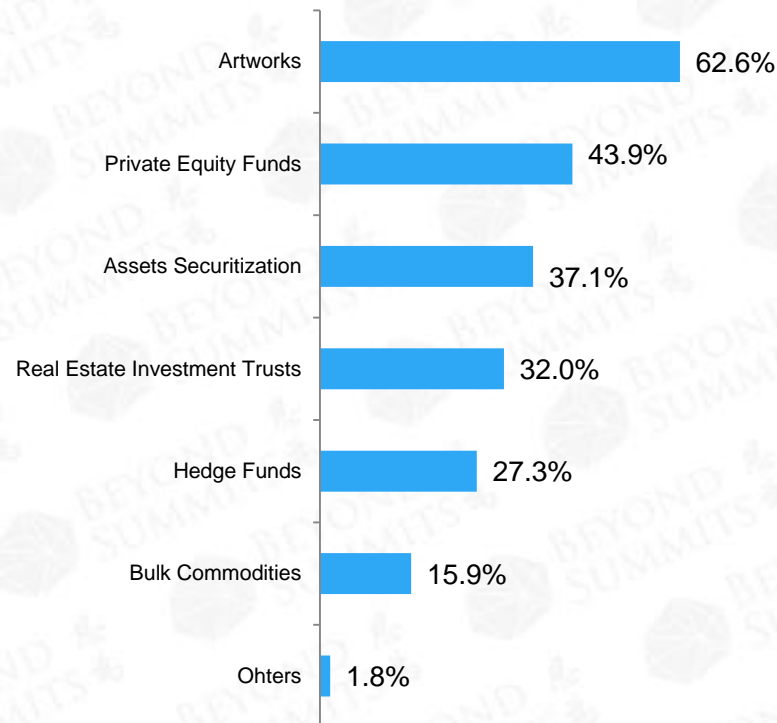


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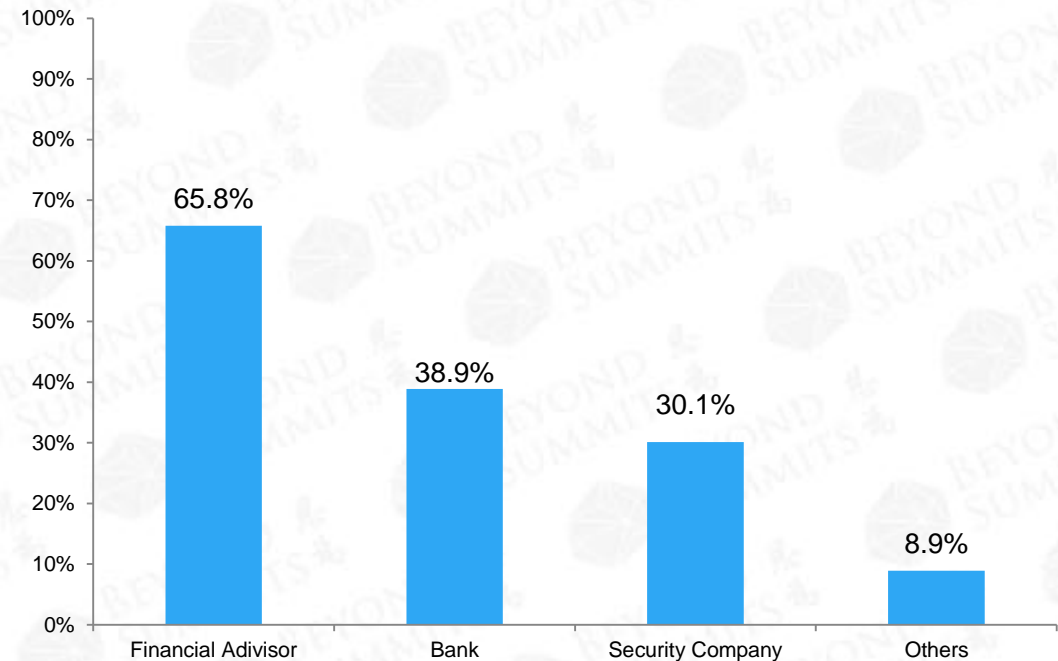
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Over half of the respondents know about alternative investments but only a few people have invested. Investors mainly purchase via financial advisors, banks and security companies.

**Awareness of Alternative Investments among Mass Affluent Individuals (2014)**



**Approaches to Alternative Investment for Mass Affluent Individuals (2014)**

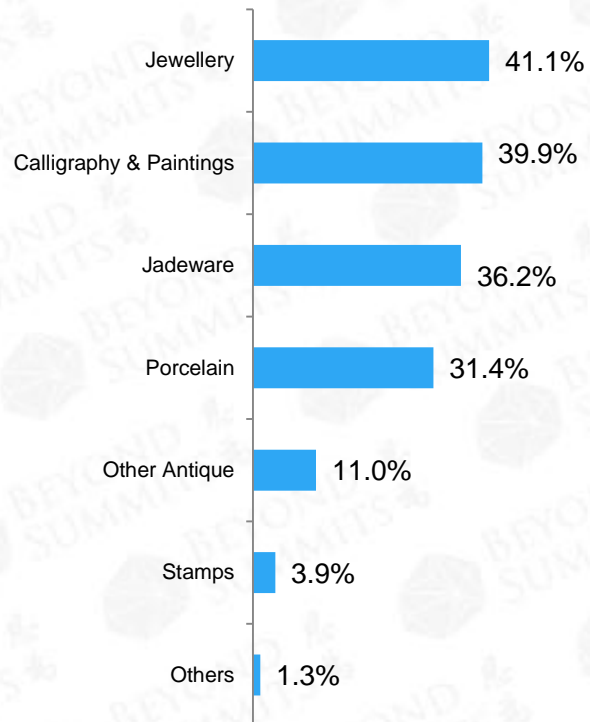


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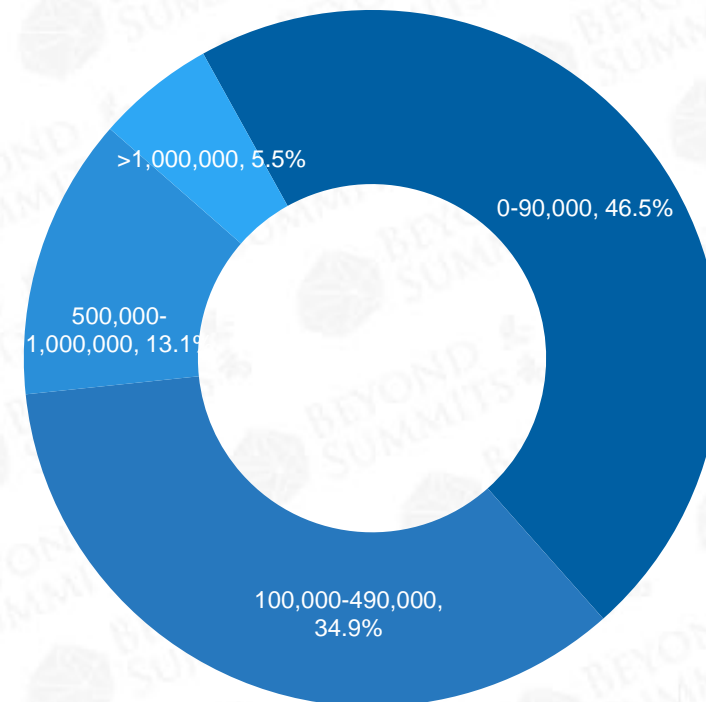
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Artwork is a virtuosic and value-preserving assets, and most mass affluent individuals choose to invest on jewelry, jade ware, porcelain, calligraphy and paintings. For mass affluent individuals who has purchased artwork, 46.5% have spent less than 100 thousand RMB on artwork.

**Artwork Collection Types of Mass Affluent Individuals (2014)**



**Expenditure on Artwork for Mass Affluent Individuals (2014)**

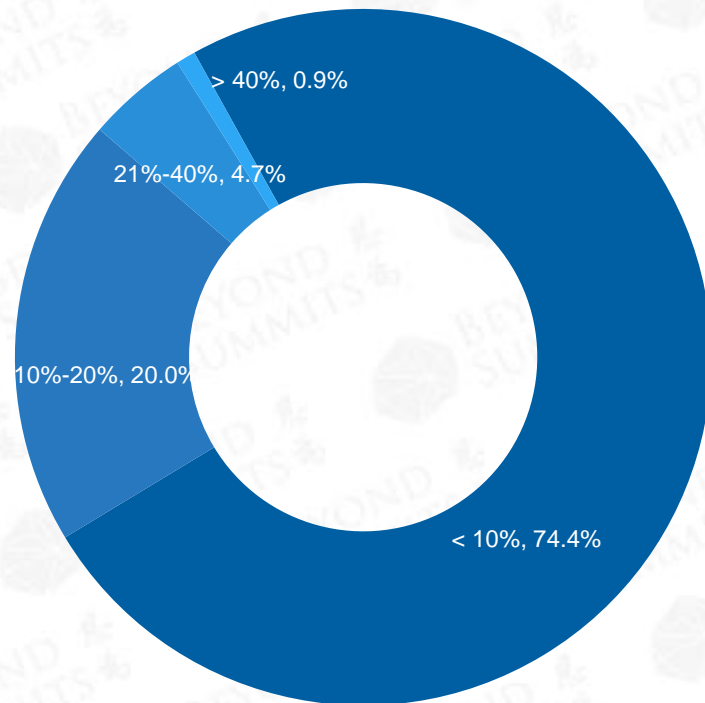


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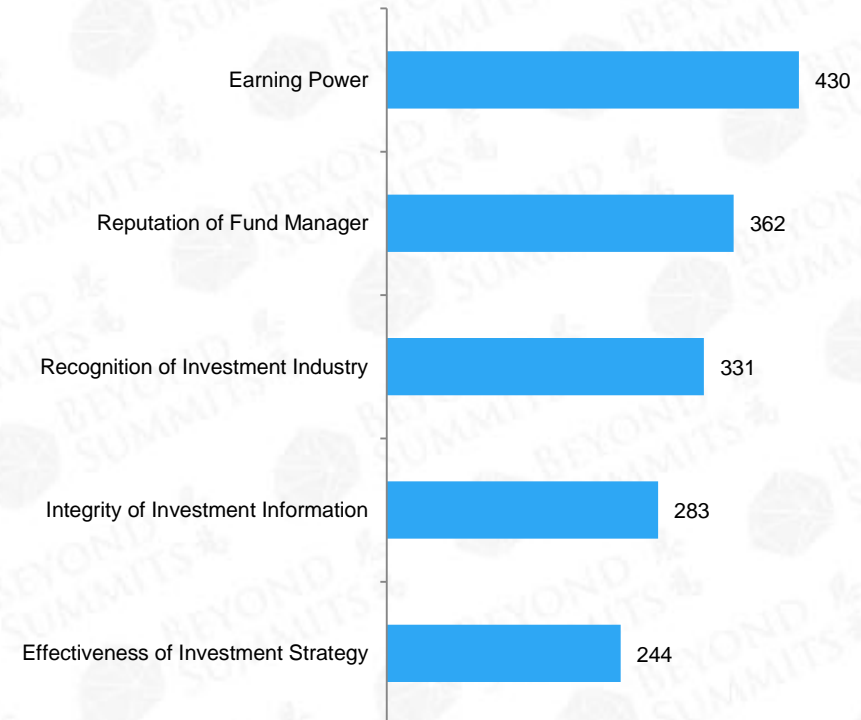
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Among mass affluent individuals who participate VC/PE investment, 74.4% of them have used less than 10% of investable assets for VC/PE investment, and this data shows their caution and exploration on investment.

**The Proportion of VC/PE Investment in Total Investable Assets of Mass Affluent Individuals (2014)**



**Most Important Factors of Investing VC/PE for Mass Affluent Individuals (2014) (Ballot)**

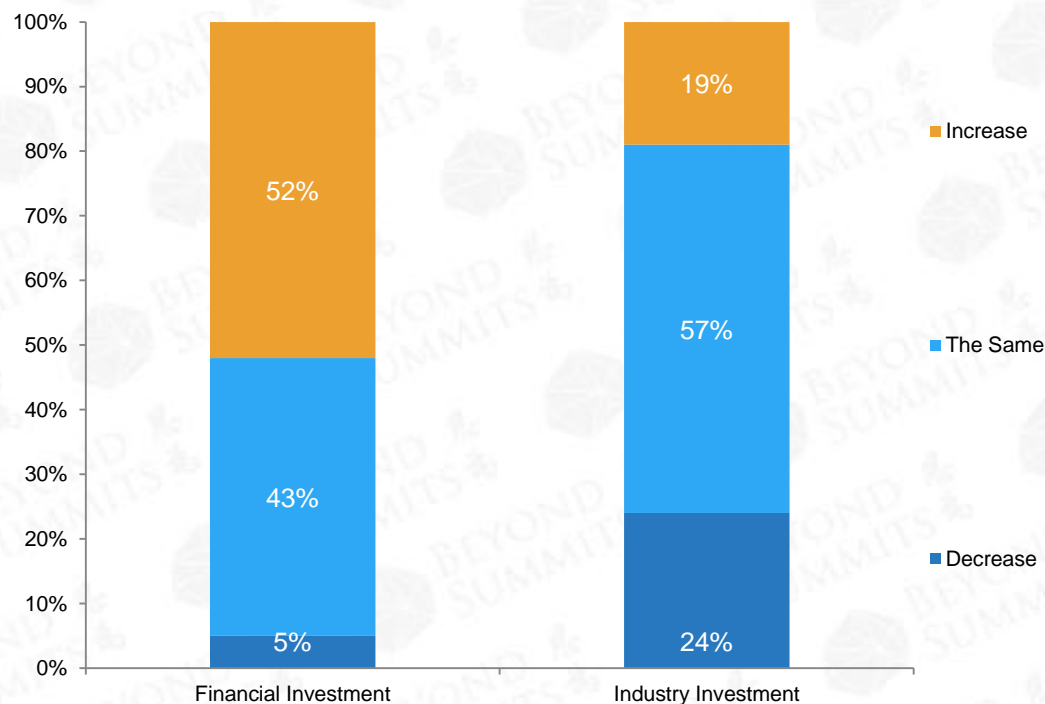


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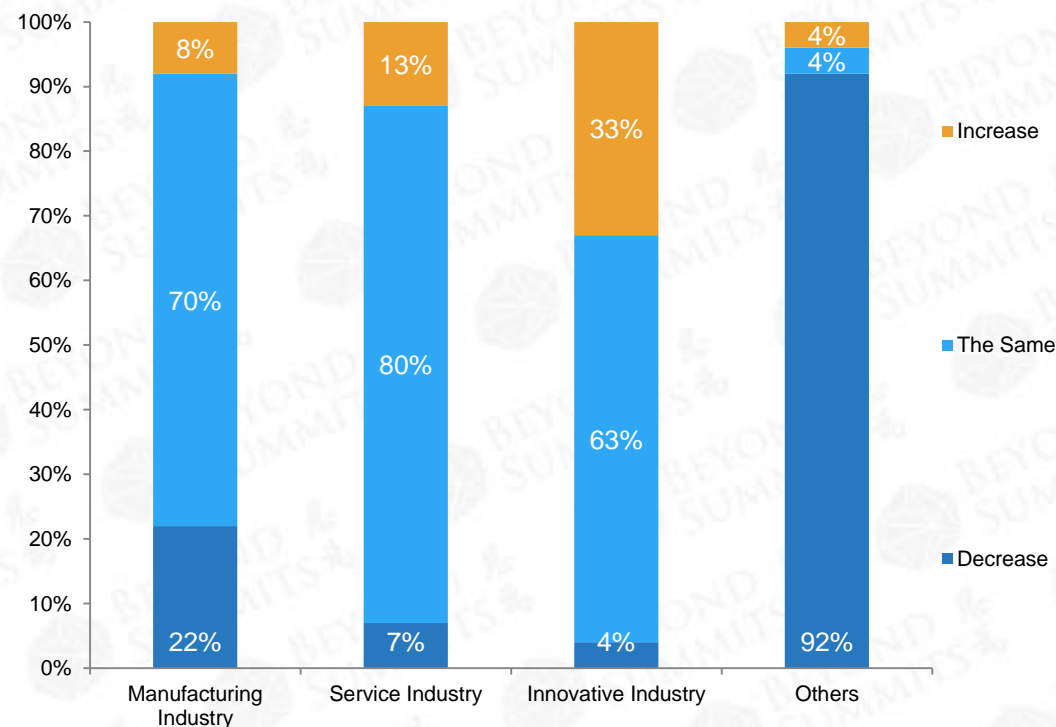
**Source : Forbes, China Mass Affluent Individuals White Paper 2015**

Over half of respondents consider to increase financial investment based on China financial market. For industry investment, respondents show their interests on innovation industry and service industry, and it conforms to government policy of developing innovative industry.

**Trend of Financial Investment and Industry Investment Among High-net-worth Individuals (2015)**



**Investment Trend for Different Industries Among High-net-worth Individuals (2015)**



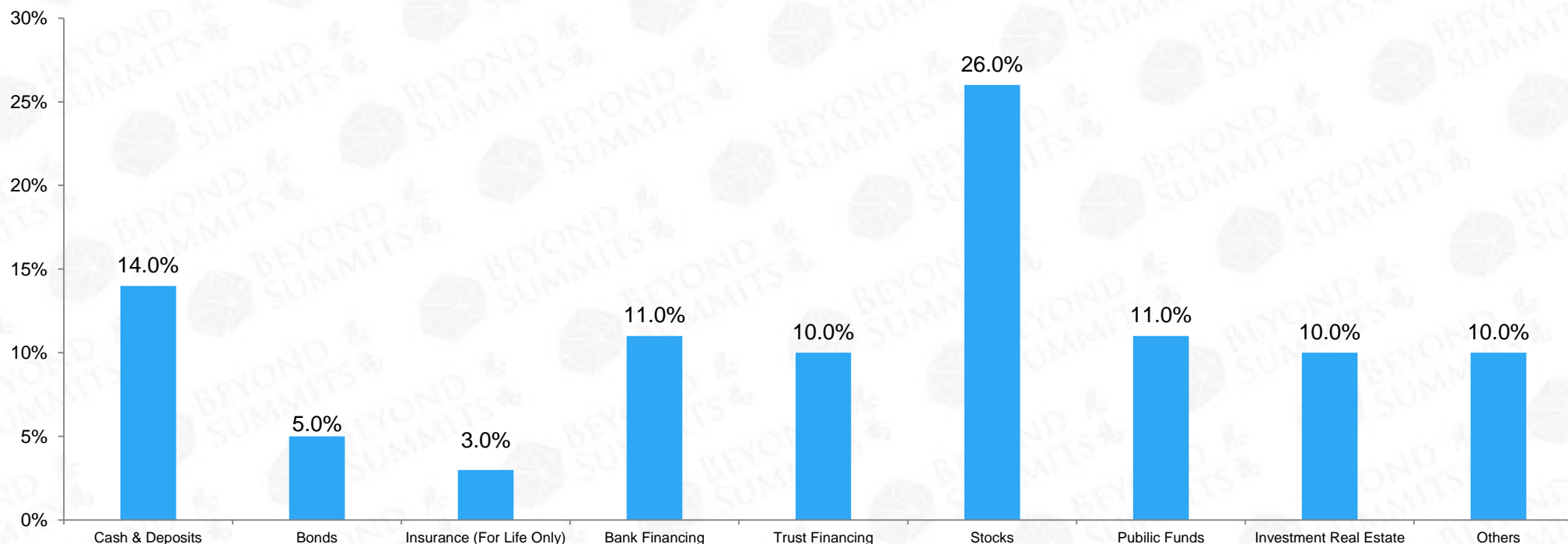
Source : Bain & Company, *China Private Wealth Report 2015*

High-net-worth Individuals : Individuals possessing investable assets over ¥ 10 million



In the first half of 2015, high-net-worth investors want to maintain the value of their assets and also increase their investment expectations. Equity investments like stocks and equity funds become a new trend, and domestic investments, such as private equity and funds management for special accounts, accounting for a bigger proportion gradually.

### Distributions of Domestic Assets for High-net-worth Individuals (2015)

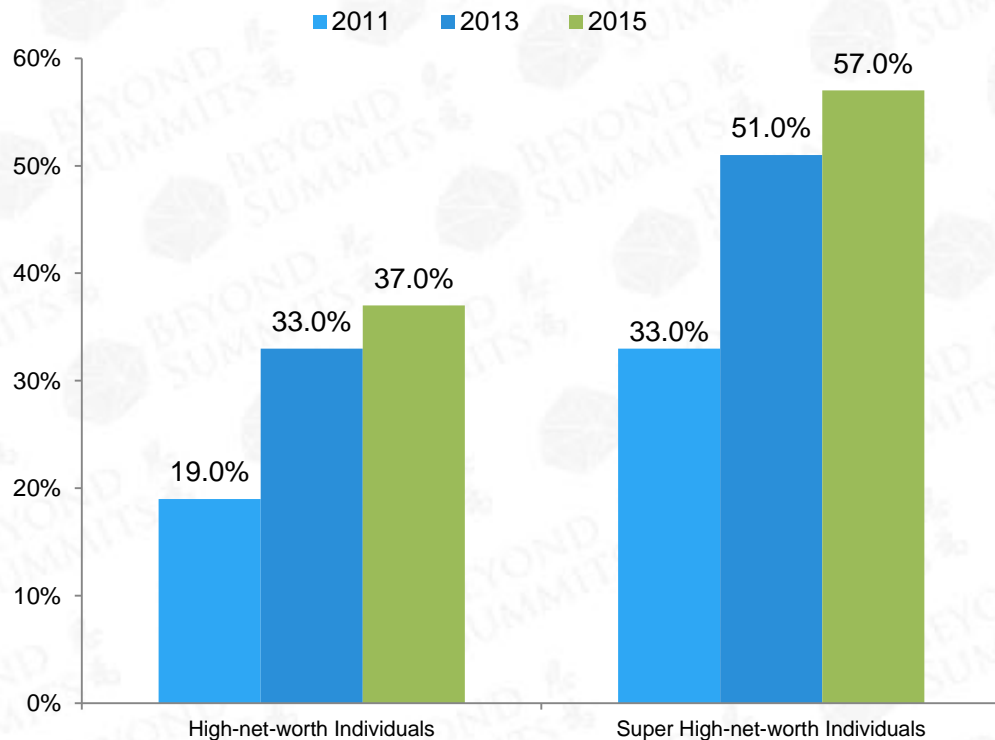


Source : Bain & Company, *China Private Wealth Report 2015*

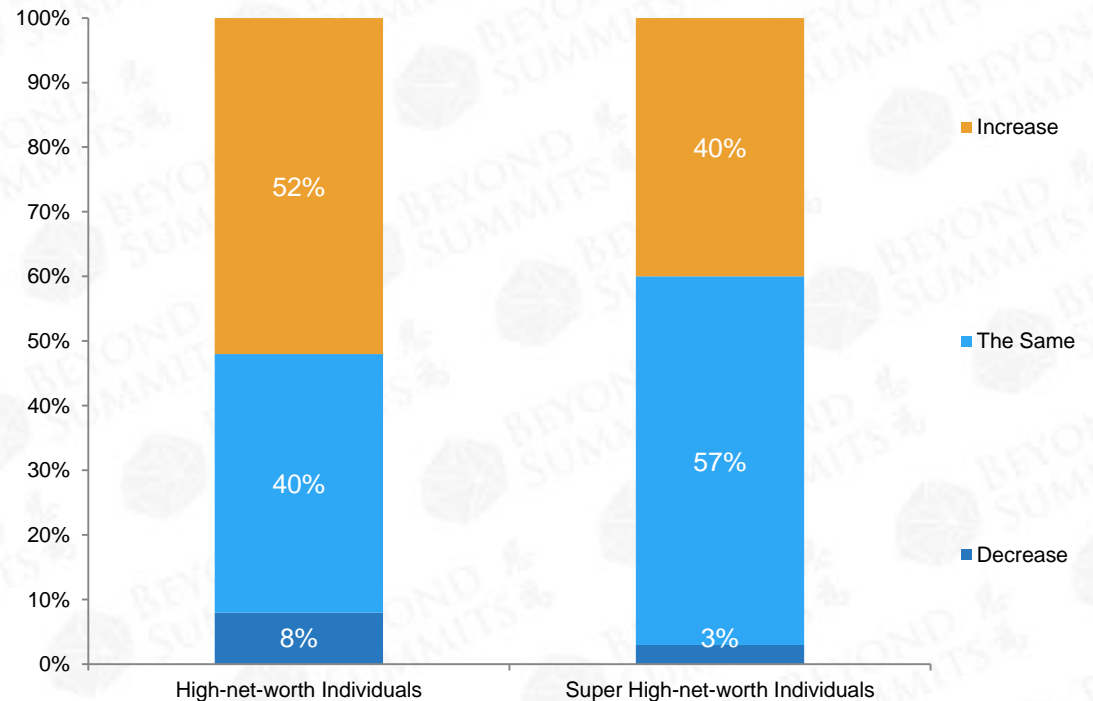
High-net-worth Individuals : Individuals possessing investable assets over ¥ 10 million

The percentage of high-net-worth individuals who have overseas investments has increased from 33% in 2013 to 37% in 2015. And over half of them have considered to increase overseas investments while 40% will remain the same investment portfolio.

Percentages of People Possessing Overseas Assets for Different Groups (2011-2015)



Trend of Overseas Investment for China High-net-worth Individuals (2015)

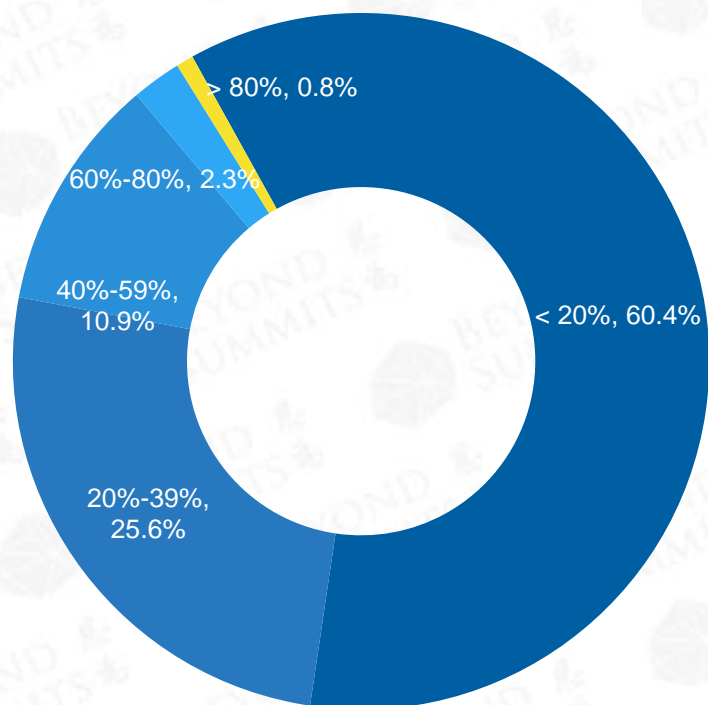


High-net-worth Individuals: investable assets over ¥ 10 million; Super High-net-worth Individuals: investable assets over ¥ 50 million

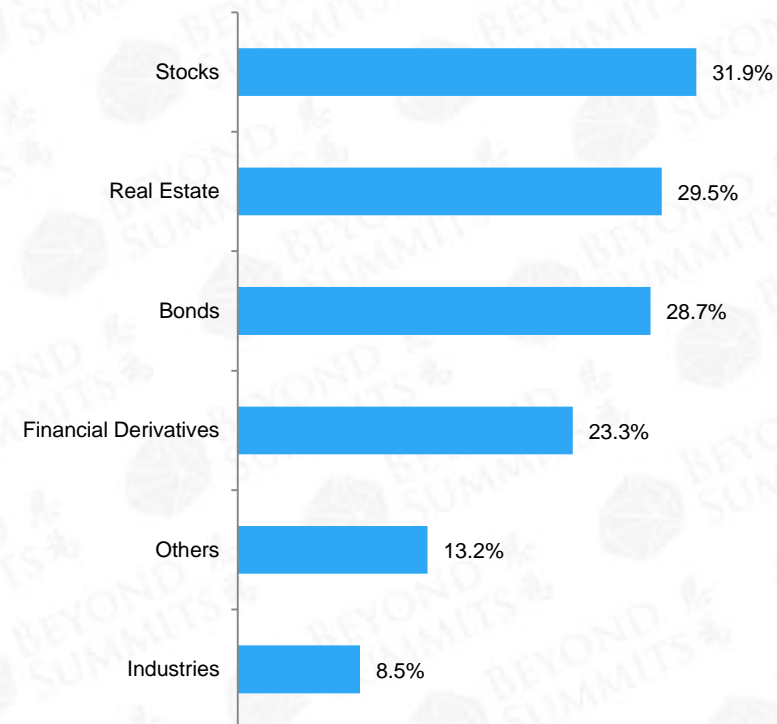
Source : Bain & Company, *China Private Wealth Report 2015*

Mass affluent individuals have gained more confidence about domestic investment. Many well-known domestic companies have listing abroad, and it leads to the investment trend on overseas stock market.

The proportion of Overseas Investment Assets in Total Assets for Mass Affluent Individuals (2014)



Overseas Investment Types for Mass Affluent Individuals (2014)

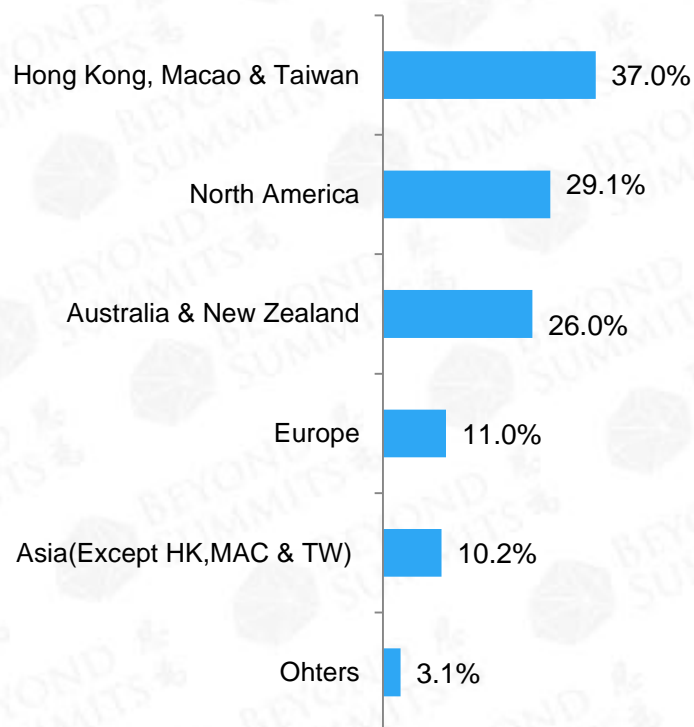


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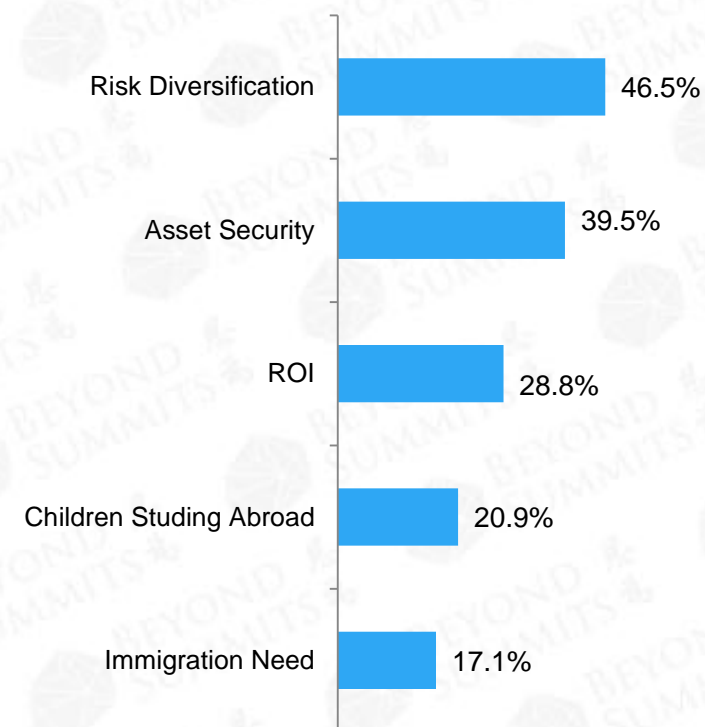
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Among all overseas investment destination, mass affluent individuals mainly choose Hong Kong, Macao and Taiwan. Investments in North America, Australia and New Zealand has significantly increased, influenced by economic recovery and Chinese immigration trend to Australia and New Zealand.

**Distributions of Mass Affluent Individuals Overseas Investment 2014**



**Most Important Factors for Overseas Investment of Mass Affluent Individuals 2014**

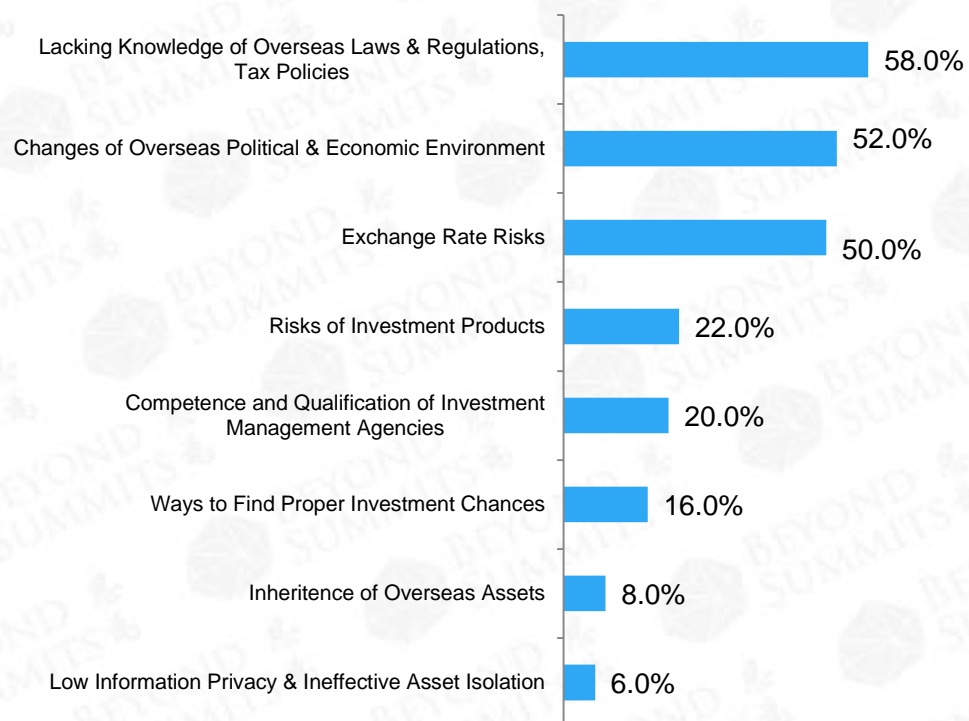


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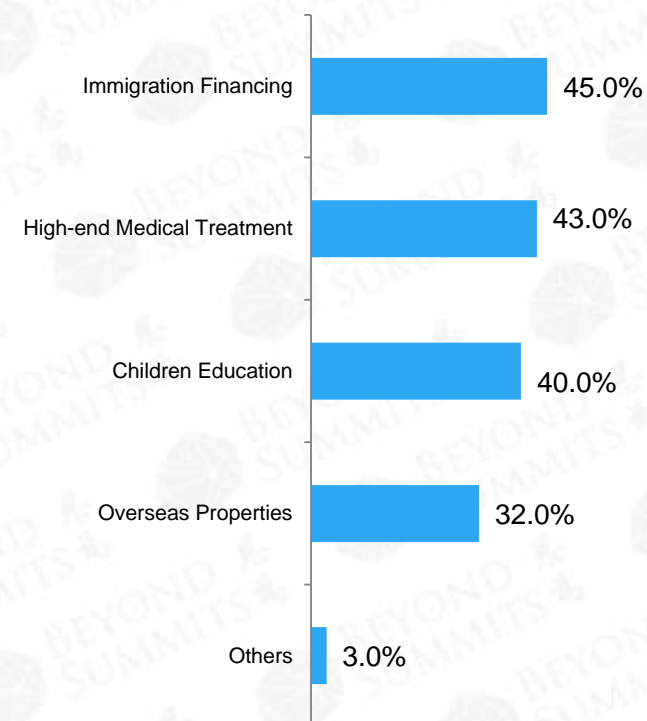
Source : Forbes, *China Mass Affluent Individuals White Paper 2015*

Many respondents indicate that they have little knowledge about foreign laws and regulations as well as tax policy, hence they worry about changes on overseas political and economic environment and risks of exchange rate. Over 30% of people care about add-value services of immigration financing, high-end medical treatment, children education and overseas properties.

**Concerns of China High-net-worth Individuals for Overseas Investment 2015**



**Most Valued Add-value Service for China High-net-worth Individuals 2015**



Source : Bain & Company, *China Private Wealth Report 2015*

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2015 China Overview, covering Chinese economy, media and markets, is a set of yearly research report conducted and published by Beyond Summits Ltd, a leading all-media total solution provider focused on cross-border brand building & destination marketing in China. This report aims to summarize domestic industries' status in 2015, introduce Chinese market knowledge to overseas stakeholders, and propose Chinese market insights. The whole set of China Overview includes 20 sub-topics including economy, city, people, the rich, luxury, investment, auto, tourism, immigration and cross-border business, as well as Chinese all media, internet, mobile internet, social media, TV, radio, print, OOH, movie and airport.

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