

Appendix A

List of Sample Interview Questions

A. For Ordinary Citizens

1. What kind of assets do you have (cash, house, car, stocks, etc.)? What is the size of respective assets? What is your personal value of respective kinds of assets?
2. Do you save your cash in banks? How many percentages of your assets does your bank account take? Do you have other means to save cash (i.e., other kinds of deposit account)?
 - If yes, do you want to use it through means with higher risk and/or higher return?
 - If not, where do you invest your cash in addition to bank deposit?
3. Do you manage your assets by yourself?
 - If yes, which type of assets do you manage by yourself? For this kind of assets, would you like to utilize a service provided by specialized persons or institutions? Why by yourself? Why not utilize servicers or financial institutions?
 - If not, which type of services are you utilizing for assets management? How is the size, and what kinds of assets do you invest into assets management institutions?
4. Are you willing to contract, deposit, or use your assets in the name of your manager or service provider?
 - If yes, is there any condition for the manager? Do you still want to keep sort of control of your assets (such as license, regulation by law, etc.)?
 - If not, what are your main concerns?
 - What if the assets are separate from your manager's own assets although in his/her name (such as bankruptcy remote from your manager or service provider)?
5. In which condition would you like to choose a service of assets management?
6. What are the purposes for you to utilize a service of assets (Apartment, securities, etc.) management?

B. For Practitioners of Trust Business

1. What types of trust business are most widely used in China?
2. Who are the main consumers of Chinese trusts? Do you think the group of trust consumers is growing?
3. Which institutions are running trust business in China? Do you think the scale and number of trust business institutions is increasing?
4. Usually local governments are ones of the shareholders of trust companies, what role does the local government play in the business?
5. What role does the financial supervision department play in the trust business in China?
6. How do the trust business institutions communicate with or influence each other? What role does China Trustee Association play?
7. What are the problems of the current models of trust business? What is the direction of the development of trust business?
8. How do you think the laws and regulations function in the trust business practice? In the absence of legal certainty in some respects, do practitioners have common understandings of the way in which problems are solved in the practice?
9. To what extent you are dealing with the same people/prior experience?
10. What is the role of personal connections (*guanxi*) in doing trust business in your experience?

Appendix B

List of Interviewees

No.	Gender	Age	Position	City	Education	Visiting date
1.	Male	30	Staff (potential manager) in the Legal and Compliance Department, Zhongxin International Trust Co., Ltd.	Beijing	Ph.D. of Law	Feb. 20, 2014
2.	Male	60	CEO, Beijing Liangzhuo Yexing Decoration Engineering Co., Ltd.	Beijing	High school	Feb. 22, 2014
3.	Male	38	Beijing Aevospace Xingda Science and Technology Co., Ltd.	Beijing	Master of engineering	Feb. 23, 2014
4.	Male	50	Senior Manager in the Marketing Department, Pall Corporation	Beijing	Bachelor of economics	Feb. 24, 2014
5.	Male	33	Junior Manager in the Marketing Department, Zhongrong International Trust Co., Ltd.	Beijing	LL.M.	Feb. 26, 2014
6.	Male	45	Partner, Henan Huizhi Yuance Law Firm	Zhengzhou	Bachelor of finance	March 2, 2014
7.	Male	46	Senior Manager in the Private Banking Department, Bank of China (Branch of Hennan)	Zhengzhou	Bachelor of finance	March 5, 2014

Appendix C

Selected Inquiries and Answers in the Interviews

Question 1: Which types of assets/property do you have (e.g. real estate, stocks, cars)? What is the size of your respective assets?

Answer 1 Actually, I have very few types of assets, namely, cash, apartments, cars, stocks, and gold. Cash and apartments constitute a major portion of my total assets. I bought two apartments in Beijing and one in my hometown, the price of which in total is approximately CNY 12 million (around USD 2 million). Several years ago, I invested in stocks, funds and gold, but now I sold most of them after great losses in each market. The reason why I bought apartments is that the price of real estate increases dramatically in recent years and there is a prospect that the price will continue to go up in the near future. In big cities like Beijing, the best way to invest is to buy houses or apartments. I am not interested in how to make money by managing my apartments, instead, to own an apartment itself is to make money. In addition, possessing and controlling the house by myself makes me feel more comfortable than entrusting anybody else or any agency.

Answer 2 Most of my cash was invested into real estate, such as apartments and commercial buildings. Nowadays, I estimate that, for Chinese citizens, more than 50% of their investment goes to real estate market.

Answer 3 We spent a lot in buying cars and apartments. The price of apartments is increasing rapidly in recent years in China. Most of the cash in my family is invested into higher return financial products rather than being deposited in banks.

Question 2: Which type of services are you utilizing for assets management?

Answer 1 The domestic channel of investment in China is relatively narrow. I am always looking for financial products with higher return because of the increasing inflation and decreasing rate of bank deposit. In foreign countries, the multiple and diverse channels for investment make wealth and investment management consulting necessary for ordinary

citizens. People in China don't have many options to invest. The most invested markets in China are real estate, stocks, gold, and foreign exchange market.

Answer 2 First of all, stock market is not a proper field to invest for ordinary people. It is very difficult to predict the stock market's trend. Several years ago, stock market was appealing to ordinary citizens because of the dramatic rise of stock indexes. But in recent years, like many of my friends who invest in stocks, I lost quite a large sum of money in stock market. Secondly, bonds are considered to be of low risk, but sometimes the return cannot be assured. And the lack of liquidity makes bonds less attractive to me. Thirdly, the return rate of wealth management products in banks is relatively low.

Answer 3 I prefer short-term financial products, because I don't have confidence to put my money for a long period of time in any financial institutions for investment. Most asset management firms in China are not able to provide professional management consulting service. It would be problematic if the manager defaults or the assets are claimed by the manager's creditors. In reality, default of the financial institutions does happen from time to time. In terms of apartments, I definitely want to control it by myself, because I do not want to lose my most valuable assets.

Question 3: Which financial institution do you think occupies the biggest market share of asset management in China?

Answer 1 The main players in China's wealth management industry are still the commercial banks, given their networks and therefore advantage in acquiring customers. I expect the banks to continue to be dominant, especially as they enhance their capabilities, product range and offshore platforms, such as platforms in Hong Kong.

Answer 2 I am not an aggressive investor, I prefer to buy products with lower risk. I used to buy stocks, funds, government bonds, insurance, and gold, but now I only invest money in wealth management products in banks. Usually I choose to buy short-term products (e.g., 2, 3, 6 months) with medium interest rate (i.e., 5–7%). The only financial institutions in China you can trust are banks. Banks could somehow find ways to make sure that the investors get the return of their investment, preventing the reputation of banks from damaged.

Question 4: What is the role of personal connections (guanxi) in doing trust business in your experience?

Answer The Chinese regulatory authority does not allow the financial institutions to propagandize their trust products to ordinary citizens, because trust products are of high risk, citizens are not encouraged to take the risk in

blind. Managers of trust companies or wealth management department of banks are required to have connection with upper-class citizens. On the other hand, institutional investors accounted for larger portion of the overall trust products investors than individual investors. Institutions which need financing through trust projects always make use of their managers' connections to access to the trust company.

Question 5: In which condition would you like to purchase trust products?

- Answer 1 Although the return of trust products is higher, I am still hesitated to invest into them. The high interest rate means that trust products are with high risk. The average interest rate of trust products is above 10%, even up to 15%. Additionally, the lowest amount of investment in trusts is CNY 1 million, which indicates trusts market is a game among wealthy people who can take high risks.
- Answer 2 My wife works in a security company, so we have a certain degree of knowledge about investment. We rarely invest into trust products, because trust products have many disadvantages, for example, lack of information transparency, inflexible in transferring beneficiary's rights. But this time the reason why we invested into trust products is that this trust product is issued by my wife's security company. After our assessment of this product, we believe that the risk is not very high.
- Answer 3 I seldom invest into high risk financial products, and even don't know what trust product is. Recently I am interested into trust products because my colleagues at work are talking about it. Some colleagues got stable interest return every year, and the rate of return is much higher than other investment ways (such as deposits, bonds, gold, and stocks.) Our company even initiated a collective fund, collecting small size of idle funds from employees, and then invested the collective fund into trust products.