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Master's Thesis

商業企畫書：**Parsec國際財務管理**
Parsec International

Student: Meredith Hall Clinton

Advisor: Professor Edward Chow

中華民國九十八年十二月

December 2009

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Abstract

PARSEC INTERNATIONAL

By

Meredith Hall Clinton

Parsec International was created in 2009 to expand the successful and profitable Parsec Financial overseas to Chinese tier-2 cities. Parsec Financial is a wealth management company that created Parsec International to capitalize on the growing needs of the ever-increasing High Net Worth Individual Population (HNWI) in China. HWNI wealth management needs are currently being served in China's tier-1 cities; therefore, Parsec International hopes to gain a first-mover's advantage by supplying proven wealth management services to Chinese tier-2 cities, beginning in Xiamen, China.

Based on the attached financial projections, our research, our own personal experience, and careful scrutiny of the specific audience and area where we are focused, we are convinced that the market for Parsec International's wealth management services will support the accomplishment of our goals and objectives.

We have built in specific means of measuring our effectiveness in our marketing efforts, engaged with strategic partners and reviewed regulatory requirements to support our success. The market is expected to grow quickly in the wealth management industry in Chinese tier two cities over the next 5 years. We fully intend to lead the industry in our market, establish and maintain the highest standards and position ourselves as the most knowledgeable and trustworthy wealth management stewards for Xiamen, China and other Chinese tier two cities.

We fully anticipate reaching our break-even point by year 3 and profitability in just 4 years. We will drive most of our profits back into the company during, to support our planned expansion to other Chinese tier two cities. Otherwise, profits will be distributed to investors as dividends.

Acknowledgements

I would like to take this opportunity to share my warmest appreciation for my advisor Professor Edward Chow. Without his help, I was sure to be lost with this project. His patience, kindness and direction gently guided my path towards finishing my business plan. I would also like to thank Lichi Ho; without her help while overseas, nothing would have been done. I would like to thank my Uncle Bart for his words of wisdom on the wealth management industry and his continuing encouragement throughout this project. A special thanks to Jatin Yuan for tying up loose ends after my departure and the never-ending plates full of quesadillas that kept me going through the night.

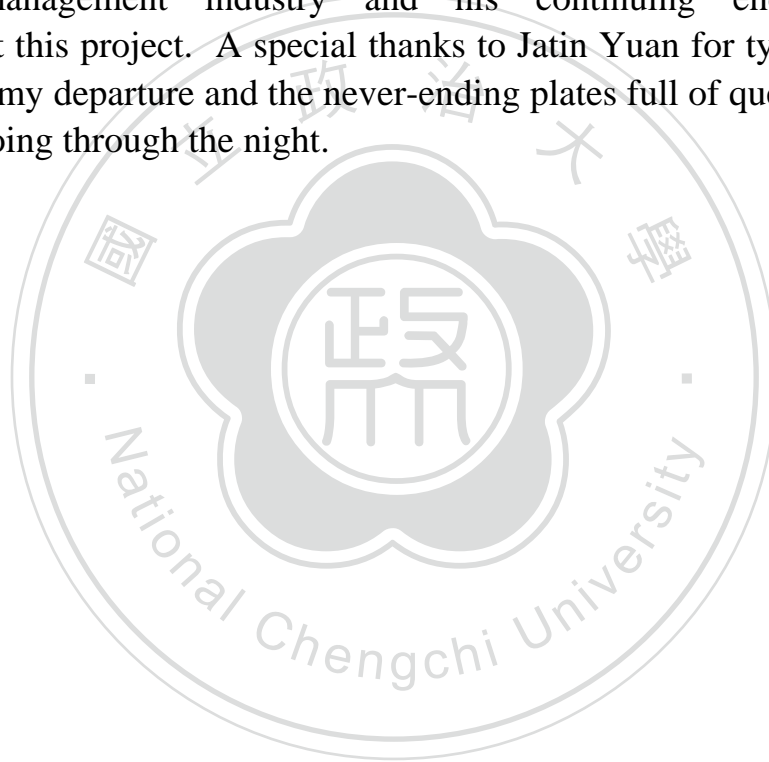


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Parsec International was created in 2009 to expand the successful and profitable Parsec Financial overseas to Chinese tier-2 cities. Parsec Financial is a wealth management company that created Parsec International to capitalize on the growing needs of the ever-increasing High Net Worth Individual Population (HNWI) in China. HWNI wealth management needs are currently being served in China's tier-1 cities; therefore, Parsec International hopes to gain a first-mover's advantage by supplying proven wealth management services to Chinese tier-2 cities, beginning in Xiamen, China.

Background

For many years China's industry, economy, manufacturing sector and GDP have grown leaps and bounds.

With this new growth comes new demands from the Chinese people. With all of the wealth that has been created, earned and saved, growth in the financial industry is imminent; especially in the field of personal wealth management.

Today, the Chinese wealth management market is growing exponentially, creating an overwhelming demand for proven, and experienced wealth managers in both domestic and international investments.

"Between 2006 and 2007 alone, Boston Consulting Group research estimates Chinese wealth grew at a staggering 36.8%..."

Parsec International will use the resources, research and carefully designed portfolios of Parsec Financial, to meet the wealth management needs of Chinese clients living in Xiamen and other tier-2 cities.

Parsec Financial's existing business model has proven to succeed in the US market for over 30 years. By utilizing Parsec's successful business structure and localizing it specifically to Chinese tier-2 cities, Parsec International will also achieve profitability and success in our joint venture with Xiamen International Bank.

Parsec International will be established as a joint venture with prestigious partner Xiamen International Bank for two reasons; to more easily penetrate this new market and to abide Chinese Qualified Domestic Institutional Investor (QDII) regulations. This structure will facilitate marketing, rapidly encourage new business and ensure more stable growth.

Parsec International will be located in Xiamen, China, with office headquarters in Asheville, North Carolina, USA. Planned expansion will follow into other Chinese tier-2 cities after profitability has first been achieved in Xiamen.

By 2015, our assets under management (AUM) will be USD \$100 million annually, and is expected become profitable by year 4. Revenues projected for fiscal year 2015, are expected to reach USD \$750,000 (half of which will be shared with Xiamen International Bank). Annual growth projections indicate an increase of 50% - 100% per year through

2015.

Currently, Parsec International still needs to find one key local Chinese talent and secure a partnership with Xiamen International Bank. As initial seed money, we intend to receive USD \$200,000 from Xiamen International Bank and USD \$200,000 from investors to expand Parsec Financial (as Parsec International) into Xiamen, China.

Market Opportunity

The Chinese wealth management market is growing rapidly. Assets under management (AUM) for foreign fund management amounted to RMB 882 billion in 2009 – representing a 25% CAGR (Compound Annual Growth Rate) over the past five years.

Not only is China's growing HNWI population important for wealth management, but also so is its Emerging-HNWI population. The Emerging-HNWIs are defined as individuals with between U.S. \$750,000 and USD \$1 million in investable assets. According to Capgemini, "China's Emerging-HNWI population expanded by 20% and also broke through the US \$100 billion barrier" in 2007. This opens up opportunities for wealth managers all along the wealth spectrum including China's Ultra-HNWIs (those with more than USD \$30 million in investable assets), HNWI, Emerging-HNWIs and the Mass Affluent (defined as those with USD \$100,000 to USD \$1 million in investable assets).

According to Barclay's Capital Wealth Management report from 2009 "a majority of wealth managers see China as the most attractive market, with a quarter of wealth managers still forecasting the country to generate revenue growth of more than 15% per annum during the next two years".

Parsec International perceives that the best area for immediate growth is in China's untapped tier-2 cities. Currently, none of our competitors are present in tier-2 cities, which would give us a very strategic "first-mover" advantage.

In the next 5 years, our forecasts indicate that Parsec International will succeed in reaching USD \$100 million in AUM. USD \$100 million in assets under management (with an average .75% managing fee) – is approximately USD \$750,000 in revenues. This translates to Parsec International's market share at .09% of the overall Chinese market in 2015.

Customers

Parsec International's target market includes Ultra-HNWIs, HNWI, Emerging-HNWIs, and the Mass Affluent in the greater Xiamen, China area.

The typical customer for our products is someone who is a business owner or executive and who currently has domestic Chinese investments and is looking to diversify internationally. The most typical client for Parsec International will be an HNWI, Emerging-HNWI or Mass Affluent client; or basically an individual who has at least USD \$100,000 of disposable income available for investment. They will most usually be

an HWNI with at least USD \$1 million in net assets. They will probably have several residences, take vacations abroad and be looking for a smart, long-term way to grow their investments.

A partial list of Parsec Financial customers includes:

- Doctors
- Business Owners / Entrepreneurs
- Executives

Portfolio Strategy

Parsec Financial currently offers stock portfolios with the appropriate risk for the Ultra-HNWI, HNWI, Emerging HNWI, and Mass Affluent markets including:

- **Growth**, a portfolio designed for younger clients, or clients for a larger risk appetite and higher returns
- **Balanced**, a portfolio designed for working professionals with a lower risk appetite
- **Growth and Income**, a portfolio designed for older, retired individuals or those whom are risk adverse

Each of these is a well-diversified portfolio. The growth portfolio is comprised of 100% equities. The Growth and Income portfolio is 100% equities, but with an emphasis on higher dividend stocks. The Balanced portfolio includes 80% equity and 20% fixed income. For the Chinese market, these portfolios will be adjustable, but our competitive fee schedule will remain the same. In China, under QDII regulation, only 50% of a client's international investments can be held in equities. Parsec International will invest client money into portfolios that are comprised of 50% equities. The other half will be split between US Treasury bond trading and other fixed instruments, to comply with Chinese QDII regulation and maintain our competitive advantage.

The unique benefit that Parsec International offers its clients is its core belief in *customer alignment*. Our competitors earn commissions through selling or pushing financial products onto their clients, which may not be in the clients' best interest. Not at Parsec.

What is important to note here is the different way that Parsec Financial earns its management fees. Parsec Financial never charges commission for selling a product. Instead, Parsec charges a fee strictly based upon the assets under management; aligning Parsec with her customer's best interests.

The motivation is that better investments, attract more clients to Parsec. With growth in AUM, comes growth in revenues (not to mention the organic growth from the investments themselves). So, if Parsec makes smart investments and earns its clients money, Parsec enjoys the growth in earnings too. Whenever client portfolios move upward, so do Parsec's revenues and net profits. This is how Parsec stays true to its

customers and what makes it stand out against the rest of the financial industry that may push unnecessary products to gain a quick commission.

Also consider that Parsec Financial's normal attrition rate is 2-3% annually, which remained the same even during the financial crisis. Parsec typically gains about 8-10% of new clients a year, for a net gain of 6% more clients each year. Over the last ten years the S & P 500 grew about 1% annually while Parsec grew at an impressive 14%. Parsec's fee-only structure and low attrition rate are its keys to success.

Business Model

The realization of the enormous amounts of FDI (Foreign Direct Investment) pouring into China and its resulting birth to an alarmingly huge HNWI population was where the idea for Parsec International originated. This HNWI population coupled with the recent relaxation of China's QDII regulations, makes China an ideal place to expand Parsec Financial's wealth management expertise.

Parsec has a unique approach to the wealth management business as we do not "sell" investment products like our competitors. In contrast, we are vested alongside our customers with our unique fee structure that makes our clients interest our own. That is what is most unique about our business strategy. In addition, Parsec International provides experienced, proven investment knowledge for a lower fee than the competitors. In fact our fee is almost half of what our competitors charge. To date, we have not encountered any other wealth management service in China offering a similar added value. Parsec fully intends to establish itself as the source of choice for asset management in the personal finance industry by first gaining a strong reputation in Xiamen, China.

Parsec also uses a bottom-up valuation method for research and carefully selecting stocks. As a result, Parsec has consistently outperformed the S&P 500. This combined with a competitive fee structure makes Parsec the best choice for a high net worth customer.

Competition

The most notable companies that competing in this market are China International Fund (JP Morgan), Harvest Asset Management and ICBC Credit Suisse Asset Management. These competitors all charge much higher fees than Parsec International and only operate in China's tier-1 cities:

Competitive Pricing

Our top 3 competitors are:

China International Fund Management; JP Morgan and Shanghai International Trust and Investment

President	Jamie Dimon
Location	Shanghai
Years in Business	5 years
Market Share	2.53%

AUM	49 billion RMB
Fee to manage equity	1.5%
Foreign Equity	49%
Number of Products	9

Harvest Asset Management; Deutsche Asset Management

President	Rong Ren
Location	Beijing
Years in Business	10 years
Market Share	7.09%
AUM	138 billion RMB
Fee on equity	1.8%
Fee on mixed	1.5%
Fee on Bonds	0.6%
Fee on Money Market	0.33%
Foreign Equity	30%
Number of Products	16

ICBC Credit Suisse Asset Management

Asia Pacific Executive Chairman	Anthony Iliya
Location	Beijing
Years in Business	4 years
Market Share	3.88%
AUM	75 billion RMB
Fee on equirity	1.8%
Fee on Bonds	0.6%
Fee on ETFs	0.5%
Foreign Equity	25%
Number of Products	9

Key factors, such as Harvest's first-to-market leadership position and leader in assets under management; China International's exceptional peer ratings and Credit Suisse's

large market share have resulted in the present competitive situation in the Chinese wealth management industry. This means that Parsec International will need to first partner with Xiamen International Bank in order to establish strong brand recognition in Xiamen. Our strategy is to first establish significant brand recognition in Xiamen, before expanding into other tier-2 cities.

Parsec International's asset management meets customer expectations with the unique fee structure that correctly aligns our interests with that of our customer. As noted by the Boston Consulting group in 2008, Chinese customers are tired of being "sold" financial products and want a portfolio designed specifically for their needs. Parsec doesn't sell financial products to clients, but instead, manages them in the client's best interest. Our fee structure keeps us committed to a client's best interest.

Parsec International's key competitor's major strengths include: experience in the Chinese market and brand recognition. Their weaknesses include higher fees and less flexibility to react to clients needs.

Our products and related services will be positioned in the minds of prospective customers as a wealth management company that puts a client's interests first. This positioning in the minds of potential customers gives Parsec International a decided advantage as a smaller, more flexible, low cost competitor. Because we are not yet a globally established household name, we intend to compete on price, location, value and co-branding with our partner Xiamen International Bank.

Risk

As we expand into the Chinese wealth management market, top business risks for Parsec International include competition, industry growth, economic factors, insurable risks and regulatory risks.

Like any operation, there is always some risk associated with operating a business. We perceive our greatest exposure in the low possibility of tightening regulation in the area of QDII. A significant threat to our business would most likely derive from a sudden backlash in international investing for Chinese citizens.

Our strategy for minimizing regulatory risk includes remaining a flexible company with scenario planning. Our main concern is a scenario where QDII regulations may become stricter. In the highly unlikely event QDII regulations become stricter in the future, our scenario plans include shifting to a more QFII (Qualified Foreign Institutional Investor) focus. Fortunately, current trends show an increase of funds leaving China, seeking long-term growth and diversification to domestic Chinese investments. It is forecasted that QDII regulations in the future are more likely to loosen, than become stricter.

Loosened QDII regulations may also require that we make adjustments to account for lowered barriers to entry (which would invite more competition) or the signing of ECFA (Economic Cooperative Framework Agreement), which would open up many new opportunities but also increase competition from Taiwan.

Marketing Plan

Parsec International's marketing strategy is to enhance, promote and support the fact that the benefits of our services can be experienced worldwide, and especially by the Chinese HNWI populations.

The overall marketing plan for our wealth management services are based on the following fundamentals:

- Managing the wealth and assets of HNWI clients in the Xiamen, China area.
- Joining together with the prestigious Xiamen International Bank to attract client's assets.
- We expect to capture .09% of the market share by 2015, with \$100 million USD under management by year-end.

To demonstrate the value of Parsec's investments we can:

- Show Xiamen HNWI clients the exceptional track record of Parsec Financial's historical portfolio performance.
- Appear on radio and TV talk shows talking about our unique services.
- Promote informative financial conferences and round table discussions to raise awareness of our in-depth industry knowledge.

The absence of wealth management firms in Chinese tier-2 cities is because our competitors are completely focused on the tier-1 cities as their main strategy. This opens a sort of "Blue Ocean" opportunity for Parsec International to offer our services starting in tier-2 cities. The HWNI population is on a steady rise in China and they are in great need of wealth management services with sophisticated and knowledgeable advisors. Those who live in tier-2 cities do not have quick and regular access with their fund managers and may be frustrated with the lack of local financial advisory firms. This is the niche Parsec International intends to fill.

New Business Strategy

Wealth management services should be approached as a long-term, life long relationship.

As such, the target market segments for Parsec International's primary focus are HNWI and Emerging-HNWI that reside in the greater Xiamen area. Because of Parsec International's special market characteristics, as a fee-only financial advisory service our strategy to attract new business includes a special niche-market positioning. Most of the marketing guidance will come from our strategic partner Xiamen International Bank because of their in-depth local knowledge.

Our highly engaged financial advisors will handle the majority of Parsec's client services internally. Most of our HNWI and Emerging-HNWI customers will tend to be executives or entrepreneurs, and it is important that financial advisors, with a considerable financial background, present our wealth management services to our prospective customers in this market segment.

We have chosen to use our own specially trained financial advisors because our products require considerable customer education and long-term support—directly from our financial advisors. Our product, pricing structure and profits are such that our services warrant a “person-to-person” advisory strategy.

Positioning

Our fee-only wealth management is seen by the consumer as a relatively new, effective way to significantly diversify investments and raise their overall wealth.

Its historically high performance and comparatively lower fee structure will be attractive to prospective Ultra-HNWI, HNWI, Emerging-HNWI and mass affluent clients.

In terms of market segmentation advantages, we can use a low cost, higher return appeal to arrive at a winning position for each targeted segment.

Repositioning Parsec International as a profoundly experienced, fee-only advisory service is expected to generate interest and response among prospective customers not reachable by our competitors in tier-2 cities.

To be effective, our offerings must remain flexible and proactive as a supplement to existing domestic investments. We can reposition our competitors by capitalizing on our smaller, more flexible position that only we can claim.

The basis for attracting new business, is a lower cost, more customer aligned asset management service located in the tier-2 cities of China.

Distribution Channels

Xiamen International Bank's marketing and sales department have collaborated on a plan with Parsec International to offer our services through several channels available only through Xiamen International Bank.

The determining factors in choosing these channels are:

- Customer profile and financial management preferences (delegator, self-delegator, participator)
- Geographic factors (tier-2 city)
- Ultra-HNWI, HWNI, Emerging-HNWI or mass affluent population

Advertising & Promotion

Parsec recognizes that the key to success at this time is aggressive, widespread promotion. The key is to penetrate the correct segments and do so discreetly. To accomplish our assets under management goals, we require an extremely capable and local Xiamen advertising agency and public relations firm that has expertise and experience in China.

Parsec also has a valuable in-house team member for advertising and promotion. Jatin Yuan possesses incredible experience in brand management for a Taiwanese Jade company whose target segments are HNWIs and Emerging-HNWIs. Jatin Yuan has

phenomenal insight and experience as to how to market specifically to Parsec International's target market.

Our advertising and promotion strategy is to position Parsec International as the leading wealth manager in the Chinese tier-2 market.

We will utilize the following media and methods to drive our message home to our customers:

Radio

Television appearances

Newspapers and magazines geared towards the HNWI market

Informative financial seminars and conferences

Objectives

- Position Parsec International as the first and leading wealth manager in the tier-2 market.
- Position Parsec International as a trustworthy and experienced wealth management firm.
- Create high levels of visibility in our HNWI and Emerging HNWI target markets.
- Increase company awareness and brand name recognition among business executives and entrepreneurs.
- Through market research, develop significant, relevant data resources to create immediate and long-term marketing plans.
- Coordinate literature, demonstration materials, and direct response promotions in order to raise assets under management.

Publicity / Public Relations (PR)

Our publicity efforts are intended to accomplish the following:

- Position Parsec International at the leading edge in providing fee-only wealth management to Chinese tier-2 cities.
- Increase Parsec International's reputation and brand recognition among potential HNWI clients in the local Xiamen area.
- Communicate on a regular basis with three target audiences:
- Editors of major trade, business, market, industry and local publications
- Key management personnel in existing customer companies
- Organizations frequented by HNWI consumers

Management Team

Wm. Barton Boyer, CFP Chairman & CEO

Bart made his first investment at age 12. He has since gained more than 49 years of investing experience. Named among the best financial advisors in the country by *Worth* and *Medical Economics* magazines, the Minnesota native founded Parsec Financial in 1980. He has appeared as an investment and financial planning commentator on the ABC Good Morning America program and the Fox television network, and was recently

quoted in the *Wall Street Journal*. He is a CERTIFIED FINANCIAL PLANNER™ practitioner and member of the National Association of Personal Financial Advisors (NAPFA) and the Financial Planning Association (FPA). He holds a Bachelor of Science degree in business from Arizona State University.

Richard R. Lee, JR., CFP, CFA, Angel Investor and Advisor

Mr. Lee will be serving as one of the main investors and valuable advisors for Parsec International's entry into China. With more than 30 years of wealth management experience, his counsel will be absolutely necessary.

Mr. Lee is the President of Lee Financial Corporation, which he helped found in 1975 as one of the first fee-only financial advisors in Texas. He is a CFA Charterholder (Chartered Financial Analyst) and a Certified Financial Planner (CFP). Mr. Lee received a Bachelor of Business Administration degree from the University of Texas at Austin in 1969 and a Master of Business Administration degree from Southern Methodist University in 1978. Mr. Lee served in the US Army from October 1969 to April 1972, including a tour in Vietnam as an infantry platoon leader.

Mr. Lee currently serves on the Boards of several companies, public and private. He is an active member of the CFA Institute (formerly the AIMR), the Financial Planning Association (FPA) and is a charter member of the National Association of Personal Financial Analysts (NAPFA).

Meredith Clinton – President of Parsec International, 29

Meredith Clinton started Parsec International after working in the insurance industry as a sales producer for 3 years, and interned at TAIFEX (Taiwan Futures Exchange) in business development for 3 months. Coupled with an extensive education in business and fluency in Chinese, Meredith is ideally prepared to run Parsec International. Meredith graduated from Texas A&M University with a Bachelors of Business Administration in marketing and had additional experience in Latin American business studies. She has also lived in Taiwan for 3 years and is familiar with the Chinese culture and business practices.

Having worked in the insurance industry for 3 years, Meredith traveled to Taiwan to learn Chinese and position herself to become part of the expanding Chinese market. After the first semester of her MBA at ChengChi University, Meredith became aware of an urgent need for experienced wealth managers in China, and proceeded to plan and launch Parsec International. With her Uncle's 30 years of US wealth management experience combined with Meredith's experience with Asian culture, Parsec International is poised to become a very profitable business.

Vincent Chen – Senior Financial Advisor, 30

Vincent Chen has an overwhelming passion for the field of financial management. Vincent commenced his studies at National Taipei University and earned his Bachelors in Public Finance. He then entered the prestigious Tai Da University to earn a Masters in Financial Engineering in 2005. After serving his obligatory army service, he started his career at Cathay Life Insurance Company as a foreign exchange trader from March 2007

to November of 2007. Then Vincent moved onto Sino Pac Securities where he has been a bond trader for almost two years. He earned a Securities Specialist License in 2004 in Taiwan. Vincent has the necessary skills to direct the financial advisory team of Parsec International, with primary emphasis on expanding the customer base with his expertise in trading US Treasury bonds.

Jatin Yuan , Senior Marketing and Brand Manager , 32

Jatin Yuan has almost a decade committed to finance, marketing and brand management. Her distinct range of skills makes her a perfect fit for Parsec International. Jatin earned a degree in Financial Accounting from Yuan Ze University in 2001. Upon graduation Jatin became a Financial Specialist in Investments in the Financial Department in Tainet for two years. From 2004 to 2006, Jatin was a Marketing Specialist at Kingstron Technology. From 2007 to the present she has been a Product Manager at the sophisticated company of Rich Jade where she has gained invaluable experience marketing specifically to HNWI consumers. Jatin holds an AMBA degree from ChengChi University in Marketing.

Harli Palme, Senior Financial Advisor, Parsec Financial

Harli joined Parsec in 2003. She is a CERTIFIED FINANCIAL PLANNER™ practitioner and has a Bachelor of Arts degree in English and religion from Wake Forest University. Harli has completed professional studies at the College for Financial Planning and passed Level I of the CFA examination in 2008. She is a member of the Financial Planning Association and serves as treasurer on the board of Asheville's domestic violence agency, Helpmate.

Michael J. Ziemer, CFP & Parsec Partner, Senior Financial Advisor

Before joining Parsec in 2004, Michael worked as an investment representative for Charles Schwab & Co., Inc. He is a CERTIFIED FINANCIAL PLANNER™ practitioner. He also serves on the board of the Gateway Village YMCA as well as their finance committee. In addition to earning a Bachelor of Business Administration degree with a major in finance from Indiana University, the Indiana native studied abroad at the American College of London in London, England. His focus overseas was international business. He has also completed professional studies at the College of Financial Planning.

Ron Clinton, Angel Investor and Business Guidance Representative

Ron Clinton, father of Meredith Clinton, has over 30 years of successfully running his own businesses, and is one of the major investors of Parsec International. Ron, alongside his daughter, will help guide Parsec International's transition into becoming a profitable venture.

Ron owned and managed one of the top Allstate agencies in Texas from the years of 1989 to 2007. For 20 years, Ron was in charge of marketing, leadership, recruitment, sales, accounting, and financing for the company. Under his ownership, his Allstate agency became one of the most profitable and sought after agencies in Texas. Before owning an Allstate agency, Ron was owner and president of a successful distribution and manufacturing retail electronics company for 10 years. Ron's passion has always resided with starting profitable companies. Currently he is a avid Texas land investor and looks

forward to advising Meredith to turn Parsec International into yet another profitable investment.

Local Talent, Xiamen, China

It is of utmost importance that Parsec International carefully and diligently trains our local talent. Each local hire will first spend six months to one year at Parsec Financial to gain the necessary knowledge and witness first-hand the special attributes that makes Parsec Financial a success. Our local talent will be involved in making decisions during that six months to show them the importance of team work and to learn about the company culture of Parsec Financial that makes it stand out above the rest. This is also one of our recruitment strategies. We will choose the best of the best applicants, and the way we will attract them to apply to our company is by having one of the most intensive, person-to-person training programs. We wholly believe in this method, because our people are our success. At Parsec we value our employees, we do not deplete them. Personal financial management training in the US is one of the factors that will make Parsec International a roaring success.

Outside Management Support

Local Xiamen Talent Accountant / CPA

Local Xiamen Talent Corporate Attorney

Additionally, our management advisors, Bart Boyer, Richard Lee and Ron Clinton will all provide tremendous support for management decisions, as well as broad experience and creativity.

Objectives

Projected revenues for fiscal year 2015, without external funding, are expected to be USD \$750,000. Annual growth is projected to be 50% - 100% per year through 2015. We feel that after 5 years Parsec International will be in a suitable position for further expansion. At this time, our objective is to propel Parsec International into a prominent market position by expanding into the emerging wealth management industry of China.

To achieve our objectives, we plan to establish a strong strategic partnership with Xiamen International Bank. This will require cooperation and dedication from both sides, as well as performance measures and clearly set expectations and goals.

Capital Requirements

Based on the opportunities identified through research and analysis, building on Parsec International's experience and what we feel are sound business assumptions, our initial capital requirements are USD \$400,000 by 2010 to successfully launch Parsec International.

Exit Strategy / Return on Investment

The attached financial projections indicate that Return on Investment will be within six years.

Our exit strategy could be accomplished through a number of avenues. However, Parsec International is looking to expand throughout the rest of China. Therefore, we will mainly concentrate on growing stockholder's equity within the company. There will also be a chance that employees and other investors will be able to purchase stock within the company, thus offering investors liquidity and/or a proper exit.

Other possibilities of exit include merging with other wealth management firms that are looking to expand to Chinese tier-2 cities and would require our market expertise, experience and knowledge.

Yet another possibility is to take Parsec International and launch it as a domestic IPO. This would favor investors as their initial investment would become more liquid.

All of these exit strategies will be taken into consideration as Parsec International's overall strategy. However, Parsec will focus first on the Xiamen market and expansion into other tier-2 cities after 5 years of successful operation.

Conclusion

The market for Parsec International's wealth management services is clearly a profitable opportunity for Xiamen International Bank, Parsec Financial and Parsec International investors. This expanding market gives us an opportunity to be the first fee-only wealth management company to penetrate tier-2 cities in China. The rapidly expanding assets under management for this market support Parsec International reaching its break-even point by 2014 and profitability in the beginning of year 4.

Market Opportunity

The highly profitable wealth management industry has continued to grow rapidly worldwide despite the financial crisis. Outside of the US, the demand for wealth management is expanding exponentially, most notably in the Asia region. According to the 2009 Capgemini World Wealth Report, it is expected “by 2013 the Asia-Pacific region will overtake North America as the largest region of HNWI financial wealth”. Moreover, “the Asia-Pacific region’s HWNI wealth is projected to reach \$13.9 trillion by 2012, growing at an annual pace of 7.9%”, states Emirates Business, 2009.

The most impressive global mover in the wealth management industry is China. In fact, China has surpassed the United Kingdom, and now ranks fourth in the world for its quantity of HNWIs (High Net Worth Individuals). According to the Boston Consulting Group (BCG), “wealth in China has outgrown the global market significantly over the past five years, with growth rates at 25% CAGR” (global averages are around 13.4%). Between 2006 and 2007 alone, BCG research estimates Chinese wealth grew at a staggering 36.8%.

Not only is China’s HNWI population important for wealth management, but also so is its Emerging-HNWI population. According to Capgemini in 2008, “China’s Emerging-HNWI population expanded by 20% and also broke through the US \$100 billion barrier in 2007”. If this trend continues, the Chinese Emerging-HNWI population will surpass all the rest of the regions’ markets in the next decade. This opens up opportunities for wealth managers in China to market all along the wealth spectrum (Ultra-HNWI to the Mass Affluent) inside China.

Chinese HNWIs, Emerging-HNWIs and the Mass Affluent populations need experienced, proven wealth management services that have traditionally only been accessible to larger business organizations and Ultra-HNWIs located in China’s tier-1 cities. According to PWC (PricewaterhouseCoopers) in 2009, foreign fund companies in China are currently only available to Chinese HNWI clients in tier-1 cities (Beijing, Shanghai, Shenzhen, Guangzhou). Moreover, wealth management companies operating in China reported themselves that there are fantastic expansion opportunities to begin penetrating Chinese tier-2 cities.

Even with the recent financial crisis, there is an overwhelmingly strong demand from the growing Chinese HWNI, Emerging-HWNI and Mass Affluent populations for more specialized wealth management services. Despite growth prospects in the near term being compromised by the crisis, the 2009 Asia-Pacific Wealth Report states “the long-term potential of the Asia Pacific HNWI marketplace remains strong: the regional economies continue to generate real and sustainable wealth on an unprecedented scale.” Barclay’s Capital Wealth Management report from 2009 explains that “a majority of

wealth managers see China as the most attractive market, with a quarter of them still forecasting the country to generate revenue growth of more than 15% per annum during the next two years”.

With the expected 15% growth in the Chinese wealth management market, Parsec International fully anticipates revenues to reach USD \$750,000 by 2015.

Parsec International sees a distinct advantage by opening its office first in Xiamen, China. Untouched by the current wealth management industry, Xiamen offers a first-mover advantage. Xiamen also has the HNWI population to support profitability and significant growth. In 2006 the population of Xiamen was 2,330,000 people with an income per capita of RMB 18,513 for a total of approximately RMB 43,135,290,000 for the entire population. As shown in a report from BCG (Boston Consulting Group), China’s wealthy holds the lionshare of their country’s money. According to BCG, 70% of China’s wealth (households with AUM greater than USD \$100K) is held by .8% of the total Chinese population. Loosely extrapolating China’s wealth proportions to fit Xiamen’s yearly income levels, it can be shown that 70% of Xiamen’s wealth is held by 18,640 people. And if there is any direct link between wealth and income, the wealthiest 18,640 Xiamen citizens earn USD \$4.4 billion (or 70% of the total income earned by Xiamen residents). This means that Parsec International’s goal of achieving USD \$10 million AUM in the first year is conceivable as it is only .25% of total Xiamen HNWI yearly income.

Seizing the Opportunity

A number of potential Chinese HNWI customers are immediately and economically accessible via magazine readership.

Many potential customers can be targeted and reached through these popular media:

- Fortune China 165,000 monthly circulation
- 21st Century Business Review 81,265 monthly circulation
- Harvard Business Review 130,000 monthly circulation
- Forbes China 158,000 monthly circulation
-

We plan to advertise in these publications upon entering China and periodically thereafter to build brand awareness. Parsec International also plans to build customer awareness through participation in local Chambers of Commerce, customer referrals, co-marketing partners, joint ventures (Xiamen International Bank) and company promotions (financial lectures, investment “contests” & other networking opportunities).

Integrating the Internet

Having a web presence is of the utmost importance for Parsec International because it is a way to communicate our services with potential and current clients. Information for

Parsec Financial and Parsec International will be written in both English and Simplified Mandarin Chinese. The Parsec Financial website gives a face to what the “team” in the US looks like that researches Parsec International’s funds. The Parsec International website will be specifically designed for our Chinese clients and will contain both marketing and informational material.

Parsec’s websites serve as an informative communication tool; but our partner website, www.schwab.com, is also incredibly important. Charles Schwab allows customers to see in what equities their money is currently being invested, minute-by-minute portfolio gain/loss performance, market reports, and other valuable services offered by Schwab.

The Parsec websites are clearly important, but Charles Schwab’s website is indispensable. As a trusted third-party custodian that securely holds client accounts, Schwab builds a Chinese customer’s confidence (i.e. Parsec International does not have access to withdraw any of their funds, our role is strictly to manage their wealth). Schwab.com is also easy to navigate for our Chinese customers, as the Schwab website is already written in Mandarin. Using their native Chinese language, customers can easily view their account details online, research past investments and deposit money into their portfolios online, 24 hours a day. Schwab Institutional also handles all reports and issues their own electronic monthly statements for each customer.

A third party website that manages a customer’s portfolio is a key aspect of the Parsec business model. By integrating a third party brokerage firm to hold the customer’s money, Parsec is a company that consumers can more readily trust, knowing that Parsec does not have direct access, nor can Parsec withdraw any of a customer’s funds. By allowing Parsec control over only investment decision making, a client is put more at ease and feels more in control of their own money.

Charles Schwab Institutional already has a built-in secure, password-protected area for bringing up any customer account information. Schwab is a large trusted company whose core competency is acting as a brokerage firm. Parsec Financial has already trusted Schwab for many years as a third-party custodian of funds and Parsec International will do the same.

Collaboration between the websites of Parsec Financial, Parsec International and Charles Schwab enables Parsec International to most effectively manage investments, build consumer confidence and produce accurate monthly client portfolio statements.

Market Analysis

Industry Analysis

The foreign fund wealth management market in China is growing at an exponential rate due to the recent changes in QDII (Qualified Domestic Institutional Investor) regulations, increasing access for the Chinese to invest in international financial markets. Even despite the recent financial crisis, at the end of 2008, the market for wealth management in China amounted to RMB 1.9 trillion. Domestic Chinese QDII management companies serve approximately half the market share for a total of RMB 1 trillion. Foreign fund managers have captured the remaining at RMB 882 billion.

According to PricewaterhouseCoopers, foreign fund management companies “envisage a significant pick-upper in the next three years. By 2012, 66% of [fund managers] anticipate they will have significant growth of between 21% and 100% per annum. PWC estimates an increase in the numbers of retail investors in funds, growing from 33.8 million currently to almost 69 million by 2012.”

PricewaterhouseCoopers, Asia Pacific Leader, Robert Grome, explains “The speed and extent of wealth creation in China far exceeds the investment opportunities currently available in the country, and therefore exposure to international asset classes is inevitable. Clearly QDII at today’s market prices are far more attractive than back in September 2007.”

Market Segment

Key points in defining the market segment for Parsec International’s wealth management are mainly net worth and location.

Target Market	Total Percent of Business
1. We will be selling primarily to	
a. High Net Worth Individuals	45%
b. Emerging High Net Worth Individuals	25%
c. Mass Affluent Individuals	30%
2. We will initially target customers through:	
a. Xiamen International Bank Distributor	50%
b. Local Financial Advisors	20%
c. Word of Mouth	20%
d. Advertising	10%

3. We expect our target individual client to invest a minimum of \$75,000 USD (RMB 500,000) with Parsec International by the end of 2010. The \$75,000 minimum is as required by QDII regulations.

4. Our primary focus will be on the greater Xiamen, China area, and afterwards, other tier-2 cities.

Currently, the Chinese foreign fund wealth management market is shared overall by 23 competitors: 23 Shanghai; 5 in Beijing; and 10 in Shenzhen. The major market segments for Parsec International can be separated geographically:

- The first segment includes the tier-1 cities in China: Beijing, Guangzhou, Shanghai and Shenzhen.
- The second segment are the tier-2 cities in China where Parsec International will concentrate her services: Chongqing, Dalian, Kunming, Ningbo, Tianjin, Xiamen, Zhuhai, Hangzhou, Harbin, Nanjing, Qingdao, Wushan and Xian.
- Parsec International will be concentrating on the second segment of tier-2 cities.

CHINESE INVESTING ABROAD

Chinese HNWI's are looking to diversify their wealth by allocating investments on a more international scale. Recent developments on the regulatory front has paved the way for wealthy individuals to be able to move funds abroad through QDII. Chinese investors will find that Parsec's fee-only financial services, proven track record and well-researched portfolios will meet their needs for investment diversification.

Customers will also benefit because of Parsec International's unique capability to align its interests with that of the customer's. Other financial funds charge commission rates that are not necessarily tied to a fund's performance. Parsec International's innovative "fee-only financial planning," couples together the financial goals of both Parsec International and the customer. This is to avoid the disastrous pitfalls of inundating investors with products that are only sold because of their high commissions for the salesperson. This is where Parsec International differentiates itself from other foreign fund managers in China. Parsec International acts as a fiduciary, always putting the client's interests first.

LOYALTY & TRUST

"Based on fund management performance over the past 18 months, the stability of this market segment has been volatile with the world financial crisis. However, conceptually, the QDII product is sound and will eventually be very successful in providing mainland China investors with profitable international markets exposure" (Grome, PWC, 2009).

During the recent financial crisis, Parsec Financials AUM dropped to approximately half of 2007 levels, but then AUM increased gradually to its current level of USD \$900 million (almost its original level before the crash). Parsec sustained its impressive

attrition rate of 2-3%, despite the world financial crisis. Each year Parsec typically gains 8-10 % growth in clientele, for a net gain in 6%. This was no different during the crisis, which highlights Parsec Financial's excellent customer communication, service and dedication.

FEE SCHEDULE BASED ON AUM (Assets Under Management)

Our proven equity investments generally appeal to the HNWI, Emerging-HNWI and Mass Affluent segments of the market. Our management fees are assigned based upon asset class. More fixed assets (i.e. US Treasury Bonds) will be charged a .6% rate. Management fees for equity accounts are:

Billable Asset Level	Annual Rate	Quarterly Min	Quarterly Max
0 – 500,000	1.0%	1,000	1,125
500,000 – 1,000,000	.90%	1,125	2,000
1,000,001 – 2,500,000	.80%	2,000	4,375
2,500,000 – 4,000,000	.70%	4,375	6,000
4,000,001 – 6,000,000	.60%	6,000	7,500
6,000,001 – 8,000,000	.50%	7,500	8,000
8,000,001 – 50,000,000	.30%	8,000	37,500
50,000,000 and above	.30%	37,500	N/A
Biz Partner / Family	Best rate .50%	1,000	N/A
Friend	Best rate .70%	1,000	N/A
Charity	.40%	1,000	N/A

The vast majority of new business will be initialized through our joint venture with Xiamen International Bank and our own investment representatives. Additional new business will come through word of mouth and advertising.

Over the past 10 years, similar investment firms have proven that there is a strong demand in the Chinese market for foreign investment options. These companies have primarily focused on equities, fixed income, money markets, cash and overseas assets with a strong focus specifically on equities. These products have been successfully distributed throughout the heavily regulated Chinese banking industry. Wealth management firms in tier-1 cities all offer products that appear similar to our own, but their fees are almost double and they do not offer services in tier-2 cities.

Of the 364 thousand Chinese HWNI, as well as Emerging-HNWI and Mass Affluent Chinese, approximately half of these clients will allocate significant portions of their net worth amongst foreign fund managers to diversify their portfolios, raise their net worth and manage their assets abroad.

Source: Industry analysts, PWC Foreign Fund Management Companies, April 2009.

Based on industry analyst forecasts by Capgemini and PWC, and factoring in current trends and potential market position, estimates indicate that Parsec International should easily be able to attain AUM of USD \$100 million within 5 years (2015). The market potential for wealth management services in these quantities—with an average fee of 0.750%—will yield approximately USD \$750,000. This translates to a Parsec International market share of approximately .09% of the overall market.

Strengths, Weaknesses, Opportunities & Threats (SWOT Analysis)

Strengths

Parsec International brings a considerable pool of product and marketing strengths to the Chinese marketplace. In terms of product strength, Parsec International's wealth management has several distinct advantages over the competition. First and foremost, over the past ten years Parsec has rivaled the S&P 500 with a 14% return compared the the S&P's mere return of 1%. Secondly, is Parsec's marked advancement in how it manages a client's money. Most firms try to "sell" products to their clients in order to earn commissions. Parsec's vision is to be completely aligned with the clients' interest, so Parsec never sells financial products. We are always in the clients interest by prudently managing thier funds. At Parsec, we do not receive commissions of any sort, to sell a product. Investments are solely based on raising a client's net worth, and our fees are dependent upon their success.

Parsec International's greatest strength is the innovative approach it has taken to designing and building its unique business model. Being a smaller company, Parsec International has greater flexibility than its larger competitors to charge a fee contingent upon a customer's success. This is because Parsec International does not have to consult with an entire panel of board members or obtain unanimous approval from multiple divisions to implement client-based solutions. This means that the latest market knowledge can be disseminated more quickly to our customers for immediate investment; larger firms cannot react quickly enough because they have to wait to sell the product first.

In marketing, our most powerful assets are:

- Highly reputable publications listing our company as one of the top wealth management firms in America.
- 30 years of successful experience in wealth management.
- A large book of business.
- Word of mouth from existing customers.
- Location in Xiamen, China for first mover advantage
- Much lower fees than our competition in China

Weaknesses

Because of its relatively small size, Parsec International is not yet a "household" name among prospective Chinese customers. However, with the necessary resources, Parsec International can substantially expand into the Chinese market and build brand awareness.

It is possible to increase new business in the lucrative market that is made up of Chinese HNWI's, Emerging- HNWI's and the Mass Affluent, who are anxious to find a reputable company to manage and increase their wealth, but they may still prefer a bigger, "household" name.

There are several minor handicaps inherent in the Chinese wealth management business; these are, Chinese QDII regulations; the inability to introduce innovative service offerings; and finding good personnel. The only notable marketplace disadvantages caused by these weaknesses are slowed introductions of new products and services and high employee turnover. These disadvantages both result from overwhelmingly strict Chinese QDII regulations. QDII highly regulates which investments a foreign fund can offer, as well as, limiting the number of foreign employees that can work in a firm (the limit is five foreigners). In addition to hiring limitations, there are additional regulations on outsourcing of certain financial activities.

As far as outsourcing is concerned, since Parsec International is technically going to be a company branch of Parsec Financial, Parsec International will be able to "outsource" investment advice from Parsec Financial through purchased weekly research reports. These weekly reports are designed to guide Parsec International financial advisors to follow Parsec Financial's portfolio movement. It will be one of many reports purchased by Parsec International to stay abreast of US financial trends. In this fashion, Parsec International will not have to qualify an international financial advisor under QDII regulations, instead, Parsec International will attain information through a written report. This is in order to circumvent strict QDII requirements on hiring an outside international financial advisor. In this way, both Parsecs can legally maintain their core competencies.

Another threat faced by Parsec is cause by the newness of the wealth management industry in China. Because of this many Chinese investors do not have sufficient knowledge about products and expect short-term results. Parsec International sees this as a natural challenge to any young industry. To meet this challenge, Parsec will educate investors about the long-term rewards of investing, and prevent customers from measuring their investments from a short-term perspective. Parsec International will set savings and investment goals together with clients so that reasonable expectations are clear from the start.

Company weaknesses, at this time, consist only of lack of experience in the Chinese market. However, we are taking steps to understand the complexities of both Chinese regulation, culture and investment behavior. Parsec will also assimilate a "local" team of consultants, accountants, lawyers and other advisors that will help us through this process. We feel these measures should eliminate or significantly reduce this problem.

THE MARKET

Research has shown that the China foreign fund market annually manages a total of RMB 1.9 trillion (USD \$284 billion) Chinawide. Currently, domestic fund managers hold 54% of market share and foreign funds have 46% of market share in China.

Parsec International has a substantial amount of work to do in order to secure a portion of

the Chinese foreign fund management market.

Parsec Financial is currently successfully competing with wealth managers on the U.S. front who have been managing assets for customers for over a hundred years and whose names are now synonymous with banking and wealth management. China will be no exception. In the U.S., Parsec Financial is able to offer its customers better returns for a smaller fee than its larger competitors. On the Chinese front, Parsec International plans to deliver the same excellent service and phenomenal wealth management capabilities as Parsec Financial does in the States.

By 2015, we should be able to position ourselves to build up a reputation of excellence in the local market and thereby considerably reduce this weakness.

Opportunities

The enormous upside potential for wealth management services in China will support substantial revenue increases in the immediate future. Over the next two years, Parsec International's assets under management are expected to grow at rapidly increasing levels in China, where there is an overwhelming, yet unmet, demand for wealth management services. With the fast-pace growth of many emerging financial markets, Parsec International has an immense opportunity for a first mover advantage in Chinese tier-2 cities.

Based on current and projected market conditions introduced in the Product Strategy section of this plan, it is apparent that Parsec International will be able to penetrate and acquire new Chinese business and take full advantage of the ever-growing wealth management sector. Allowing for any unexpected economic and/or politically driven drops in sales, Chinese market trends indicate that Parsec International stands to realize a substantial jump in revenues, due to the growing demand of Chinese consumers for QDII foreign fund wealth management.

Unexploited Opportunities

Parsec International could create a completely new approach to wealth management by entering the Chinese market and positioning our management services as a "fee-only" rather than the selling another financial product – as do our competitors. There are also unexplored opportunities beyond Xiamen in other Chinese tier-2 cities. This is a market that our competitors have yet to enter so we will be able to initiate a first mover advantage. There is also a buzz starting on tier-3 cities and what their future demand will be for wealth management services.

Further opportunities for our services exist in other Chinese tier-2 cities and surrounding Asian markets (i.e. Thailand, Vietnam, Cambodia, Indonesia).

Still another possibility for development involves moving into other unexplored regions of South America and Africa where HNWI are also growing by leaps and bounds. These markets too are considerably untapped by the wealth management industry and would provide a "blue ocean strategy".

Threats

The main threats to Parsec's ability to succeed in China are the following: governmental

regulations; an uncooperative joint venture; the recent global financial crisis; and the falling attractiveness of US investments (or the falling value of the US dollar).

The main driver of change in the Chinese management fund business, according to PWC 2009, is regulatory changes in China. It has been noted that the China Securities Regulatory Commission (CSRC) “micromanages” the new product process. Fortunately, since Parsec’s investments mainly focus on individual stocks, mutual funds and some fixed income products, new product approval will not be so difficult as other more complex financial products such as derivatives or futures.

A joint venture is required for a foreign fund management firm to operate in China. But just like China’s regulatory behavior, these regulations could change as well. A joint venture in China provides a positive side, in that market penetration will be facilitated and market knowledge of the customer can be shared. However, so much depends on this shared relationship and this *guanxi* should be approached carefully.

According to PWC in 2009 one of the major complaints for a compulsory partnership with a joint venture firm is that the partner takes an inordinate amount of the profits. Although the majority of foreign partners did not complain about the fee structure, there were eight foreign firms in China that complained that “the banks were awarded a disproportionate portion. They noted that 50% to 70% of management fees went to the distributors”.

Parsec believes that clear negotiation is the best way to mitigate any problems that might arise from partnering with Xiamen International Bank. Xiamen International Bank will share in half of Parsec International’s revenues, but they will also share in half of our expenses. Parsec International will also be able to exercise considerable freedom when it comes to how money is spent. By detailing a budget each year with Xiamen International Bank, Parsec International will be given freedom on expenses less than USD \$10,000 per month on any single expense.

Another threat is the global financial crisis and how this has impacted investor attitudes in China. One of the many listed frustrations, according to PWC, is that many Chinese investors are immature, impatient investors with a short-term focus. Combine these attitudes with the recent fall in the equity markets, and you have a population that might be wary of investing in equities once more. The positive side, is that the DOW rebounded from 6,000 to 10,000 and is remaining somewhat stable. Also, Chinese investors looking to diversify their investments might see now as the perfect time to invest in U.S. equity markets, because they are not at an all time high. Parsec also has 30 years of experience in beating the S&P each year, which will boost the confidence of our clients.

Customers

*A customer is the most important visitor on our premises.
He is not dependent on us. We are dependent on him.
He is not an interruption in our work.
He is the purpose of it.
He is not an outsider in our business.
He is a part of it.
We are not doing him a favor by serving him.
He is doing us a favor by giving us an opportunity to do so.*

- Mohandas Karamchand Gandhi (a.k.a. Mahatma Gandhi)

The most typical client for Parsec Interational will be an HNWI, Emerging-HNWI or Mass Affluent client (basically an individual who has at least USD \$100,000 of disposable income available for investment). They will most usually be an HWNI with at least one million dollars in net assets. They will probably have several residences, take vacations abroad and be looking for a smart, long-term way to grow their investments.

It is likely that potential customers are going to be familiar with investing in equity markets, at least in China if not abroad. They will readily accept the idea of Parsec buying and selling stocks on their behalf through an approved custodian. They might, however, be confused why Parsec operates with a fee-only structure. But, after Parsec employees explain that this is to keep our interests in line with the customers interests, Parsec will look more attractive for investments than another company trying to just “sell” them financial products.

Customer Profile

Our primary target market is comprised of customers between the ages of 35 and 65, who invest for reaching long-term financial goals and increasing their wealth.

Individual customers themselves typically have annual incomes of USD \$100,000 and up; already own several homes, foresee educating their children abroad, take multiple vacations a year, and want protect their wealth after they pass away for following generations.

Parsec meets their specific needs for asset management with a proven investment solution for less than what our competitors in China are charging.

More than 75% of our customers will fall into these parameters

Corporate Executives and/or Business Owners

- Title: President, VP Finance, VP Mfg, VP Sales, Office Manager etc.
- Authority: Permitter, Decision-Maker, Influencer, Technical Advisor, Initiator
- Viewpoint: Bigger Picture, Financial, Value family
- Emotional Influences: Status, power, empire building, family wealth,
- Practical Influences: Saving money, efficiency, investing for the future
- Education: Ph.D., MBA, Bachelors, Masters degree

The other 25% will fall within roughly 80% of these ranges, so our market is relatively homogenous making it relatively easy to identify and reach these customers with our marketing efforts.

Young Married Couples

- Age: 35-55
- Income: Medium to high
- Sex: Male or Female
- Family: Married with or without children
- Geographic: Xiamen, China
- Occupation: White collar
- Attitude: Early adapters or early majority

Young Professional

- Age: 25-35
- Income: Medium to high
- Gender: Male or Female
- Family: Single or married
- Geographic: Xiamen, China
- Occupation: White collar
- Attitude: Innovator, early adapter or early majority

Older Couple

- Age: 55-70
- Income: High or fixed
- Sex: Male or Female
- Family: Empty nest or living with children and grandchildren
- Geographic: Xiamen, China
- Occupation: White collar, family business or none
- Attitude: Innovator, early adapter or early majority

Elderly

- Age: 70+
- Income: High or fixed
- Sex: Male or Female
- Family: Empty nest or living with children or grandchildren
- Geographic: Xiamen, China
- Occupation: Family business or none
- Attitude: Innovator, early adapter or early majority

Competition

Parsec International's services include fee-only, foreign wealth management under QDII.

Our main competitors that are the most successful in the Chinese wealth management market are China International, Harvest and Credit Suisse. Each of these competitors charge significantly more than Parsec International for wealth management.

Our top 3 competitors are:

China International Fund Management; JP Morgan and Shanghai International Trust and Investment

President	Jamie Dimon
Location	Shanghai
Years in Business	5 years
Market Share	2.53%
AUM	49 billion RMB
Fee to manage equity	1.5%
Foreign Equity	49%
Number of Products	9

Harvest Asset Management; Deutsche Asset Management

President	Rong Ren
Location	Beijing
Years in Business	10 years
Market Share	7.09%
AUM	138 billion RMB
Fee on equity	1.8%
Fee on mixed	1.5%
Fee on Bonds	0.6%
Fee on Money Market	0.33%
Foreign Equity	30%
Number of Products	16

ICBC Credit Suisse Asset Management

Asia Pacific Executive Chairman	Anthony Iliya
Location	Beijing
Years in Business	4 years
Market Share	3.88%
AUM	75 billion RMB
Fee on equity	1.8%
Fee on Bonds	0.6%
Fee on ETFs	0.5%
Foreign Equity	25%
Number of Products	9

Included below is a more complete Competitive Round-Up listing additional details on each of the largest competitors in the Chinese wealth management market.

Key factors, such as Harvest's first-to-market leadership position and leader in assets under management; China International's exceptional peer ratings and Credit Suisse's large market share have resulted in the present competitive situation in the Chinese wealth management industry. This means that Parsec International will need to first partner with Xiamen International Bank and establish strong brand recognition in Xiamen. Our strategy is to first establish significant brand recognition in Xiamen, before expanding into other Chinese tier-2 cities.

Parsec International's asset management meets customer expectations with the unique fee structure that correctly aligns our interests with that of our customer. As noted by the Boston Consulting group in 2008, Chinese customers are tired of being "sold" financial products and want a portfolio designed specifically for their needs. Parsec doesn't sell financial products to clients, but instead, manages wealth in the client's best interest. This commitment is insured with our unique fee-only structure.

Parsec International's key competitor's major strengths include: experience in the Chinese market; brand recognition; and highly trained employees. Their weaknesses include higher fees and less flexibility to react to clients needs.

Our products and related services are positioned in the minds of prospective customers as a smaller wealth management company that puts a client's interests first. This positioning in the minds of potential customers gives Parsec International a decided advantage as a smaller, more flexible, low cost competitor. Because we are not yet a globally established household name, we intend to compete on higher portfolio returns, price, location and value.

Older firms entering tier-2 cities is a potential future threat. According to PWC, wealth management firms consider tier-2 cities as the next logical step for expansion in China. Parsec will therefore have a first mover advantage, as we bypass the tier-1 cities, by first targeting the tier-2 cities.

Sales and profits for major competitors in the Chinese wealth management industry have absolutely skyrocketed in recent years. The change has come about because of the perpetual, ever-growing HNWI populations in China and this demographic's increasing need for wealth management services.

One trend, that is also a potential competitive threat, is the regulation of the Chinese government. In the highly unlikely event that QDII regulations are tightened on the financial industry, some of Parsec International's products maybe become un-sellable or, in very extreme circumstances, we may be forced to leave the market. On the other hand, if regulations continue to relax, there will probably be more entrants into the market. In the case of loosening Chinese regulations, Parsec International will be strongly prepared with our unique first mover advantage into Chinese tier-2 cities.

One of the biggest challenges to wealth management firms (as cited by our competitors) is finding attractive talent that has experience in both wealth management and handling clients. Although our competitors are large, they are not flexible and cannot offer the incredible two-to-one team service as Parsec. Parsec offers clients a team approach, where every client has a team of at least two Parsec employees, each with different talents, assigned to a client. With this design, clients receive a service where the "sum is great than the whole of its parts". This is also our method to teach more junior staff members how to deal effectively with clients by providing a hands-on approach. As an extension to our teaching methodology, each employee is required, at some point in her career, to spend six months working in one of our offices in North Carolina. This will give our local Chinese employees a broader understanding of exactly what kind of experience we want to offer our clients. None of our competition uses both of these strategies. Instead of being an "asset" leader, our focus will be first on completely engaging our talent in order to become a leader in the Chinese wealth management industry.

Treating our employees right is essential. We plan to attract exceptional talent by offering a different boss-to-employee approach. We plan to grow our employees and not deplete them. We will encourage our employees to "go home" after their work is done and "not stay until after the boss leaves for no reason". They will also have a chance for faster advancement within a smaller, more agile company like Parsec International. Significant time and money will be invested in our employees to further advance their careers. Their bonuses will be reflected by how much AUM they attract and retain. Stock dividends will be given yearly according to company growth.

Our competitors only currently operate in the tier-1 cities of Shanghai, Beijing, Shenzhen and Guangzhou. However, the market segment in tier-2 cities, do not have any direct competitors. Tier-2 cities absent of any direct competition are Chongqing, Dalian, Hangzhou, Harbin, Kunming, Nanjing, Ningbo, Qingdao, Tianjin, Wuhan, Xiamen,

Xi'an and Zhuhai.

Competitive Roundup

The following chart illustrates how Parsec International's services compare to the competition in several different key areas.

Competitive Roundup—Company

Company	China International	Harvest	ICBC
Estimated 2009 AUM in billions of RMB	\$49	\$138	\$75
Estimated Share of Market	2.53%	7.09%	3.88%
Rank: 1=Weak to 5=Strong (As ranked by their peers)			
Product Range	4	5	4
Service Quality	5	5	5
Technology	5	5	5
Innovation	5	5	4
Overall Performance	5	5	4
Distribution	3	4	5
Brand Recognition	5	5	4
Marketing Strategy	5	4	3
Client Focus	5	4	3
Number of Employees	180	400	260

Observations & Conclusions

It appears, from the above information, that there are many strong competitors, with high brand recognition in the tier-1 cities in China. However, the tier-2 cities are devoid of any competition; therefore, Xiamen provides an excellent starting point for Parsec International's wealth management services. Also, wealth management firms are only allowed to employ 5 foreign employees. Because our competitors are so large, their ratio of foreign-to-local employees is far higher. For example, with Harvest's 400 total employees, their foreign-to-local talent is 80-to-1. Since Parsec International will start as a small company our experienced foreign-to-local talent will be an even 1-to-1 ratio. If the Chinese HNWI want to invest in the US equity markets a 1-to-1 ratio is preferred. None of our competitors can offer this low ratio. Finding foreign talent to teach, mentor and guide our Chinese local talent is much easier than training 100% of our employees from scratch.

Indirect Competition

Potential customers may also invest their money in fixed income products and/or real estate— other investments are, to an extent, our indirect competitors. However, investing on US stock exchanges should be perceived as a necessary tool of financial diversification. Although we must convince customers that using our services is one of the most important financial steps, Parsec International will position itself as a substantial supplement to a larger portfolio. We will be the least expensive, and best, alternative to diversifying their portfolios away from local equities, local fixed income and local real estate investments.

Parsec International Competitive Advantages

A brief summary of Parsec International’s competitive advantages:

Parsec Financial has over 30 years combined of overwhelmingly successful fee-only wealth management services.

Parsec International will be able to use the most recent investment knowledge from research gathered at the home base of Parsec Financial.

Xiamen International Bank is a strong partner who will work solely with us to give us HNWI leads.

We will concentrate on tier-2 cities in China that have yet to be touched by the wealth management industry.

We will have a better foreign-to-local ratio of employees. The diversity of our company will lend itself to better education and mentoring of junior employees.

Our unique employee policies will separate ourselves from other wealth management firms.

The distinctive competitive advantages that Parsec International brings to this market are:

Experience in this market. Parsec International has 30 years of hands-on experience in this industry.

Sophistication in fee structure. We are the low-cost alternative to products that are “sold” to HNWI clients.

Parsec’s pricing philosophy is to price according to the assets we manage. Through economies of scale, our services can be delivered with lower prices than the industry, yet yield a higher net profit overall.

Rather than being strictly relegated to Xiamen, Parsec International will expand into the other tier-2 cities.

Our strong financial background and hands on experience will allow us to fully address our markets with comprehensive marketing and customer service.

Sophistication in management and finance. We are able to run an efficient and lean structure, yet still provide quality service to our clients and customers.

Due to our location(s) and size, we will be able to rent office space in more moderately priced buildings than in tier-1 cities.

As a unique wealth management company, we will be able to keep our margins high, allowing us to provide internal financing for growth possibilities.



Risk

*Progress always involves risk;
you can't steal second base and keep your foot on first.*

~ Frederick Wilcox

Like any operation, there is always some risk associated with opening a new business. We perceive our greatest exposure in the low possibility of tightening regulation in the area of QDII. A significant threat to our business would most likely derive from a sudden backlash in international investing for Chinese citizens from the Chinese government. A government regulation limiting outward money flows or tightening restrictions on entrance into the market is a threat.

In the event of a major change in the QDII market, it is expected that money will shift to domestic investments. Clients may also take their money to Hong Kong to be invested overseas in the event QDII is over-regulated. Parsec is sufficiently aware of the potential risks and has contingency plans in place to either minimize or eliminate them.

If the entrance for companies wanting to service QDII is more tightly regulated this could possibly work to our advantage because we would be an existing company and could possibly be “grandfathered” into the Chinese market.

However, if the Chinese government limited the outflows of cash a Chinese citizen could invest each year, one of our competitive advantages would take a severe blow. In the unlikely circumstance that this would happen, Parsec is ready to work with Schwab to manage customer money from outlets such as Hong Kong where the money could be legally transferred into a Schwab account.

On the other hand, if QDII is relaxed and entrance barriers are lowered, this might invite additional competition. With the firm support of Parsec Financial, Parsec International is completely prepared to compete with potential new entrants to the tier-2 cities. With our first mover advantage, we will have better and quicker local market knowledge and more credibility within the Xiamen community.

Competition

Parsec International actively competes with global wealth management companies, several of whom dominate the financial products market, but are based primarily in Beijing, Shanghai and Shenzhen. China International Trust (JP Morgan) and Harvest Asset Management have higher sales, higher AUM and greater financial and marketing resources than Parsec International. But right now, these larger players are not in tier-2 cities. However, if the market for wealth management in Chinese tier-2 cities continues to grow, the major global companies will likely devote greater resources to this segment

and seek to take our market share. Even so, we will still have our first-mover advantage and our fees are still 2/3 of theirs.

Industry Growth

The Chinese wealth management sector has increased dramatically over the past 3 years. As such, Parsec International, and other competitors, are increasing their capacities in order to meet this growth. And it is highly likely that this growth will continue at the present rate, and it is forecasted that the supply for wealth management may not keep up with increases in demand. But in the future, Parsec International may face heightened competition (because of attractive market conditions) and be unable to obtain enough new business to maintain our revenue volume and profit margin.

However, it is highly unlikely that the Chinese wealth management market will be over-saturated anytime soon. There is a growing demand and even higher barriers to entry. Current forecasts show that hyper-competition should not be a problem.

Environmental Risk

Economic

The economic risks affecting Parsec International are the recent financial crisis and the highly publicized Madoff scandal. The best strategy for Parsec is educating our investors about the financial crisis and discussing realistic expectations clients should have regarding Parsec portfolio returns. According to the Boston Consulting Group, Chinese customers are bipolar in nature; some investors crave risk and others adamantly avoid it.

One way to effectively deal with the different preferences of Chinese customers is to educate investors about the long-term advantages of choosing a moderate, calculated and steady way to invest. Another possibility is to satisfy the appetites of investors that are attracted to high-risk/high returns.

After diversifying these clients portfolios, a new segment might be developed that will delegate some funds into higher risk, higher return investments. The only problem with serving these risk-hungry customers is that some very-risky financial products are not allowed by the Chinese government. However, these prohibited, more risky financial instruments are not the current competitive advantage of Parsec International and offering them could possibly hurt our brand image. Therefore, before offering any different products designed specifically for Chinese clients, our research and selection will go through a rigorous process. Therefore, we will stay with our core competency of portfolios containing both US equities and US Treasury bonds.

The Madoff scandal was highly publicized and may potentially scare off Chinese investors from investing with a small company like Parsec. Parsec International will assuage their fears by proving to customers that we do not have access to their funds, as their funds are held in a custodial account. We are only granted a management capability. Having a partner like XIB will help significantly to soothe clients' concerns as to any potential Madoff like scandal.

Insurable Risks

Parsec International has secured planning, good management, and sufficient insurance coverage to protect against catastrophic events such as fire, floods, high winds, identity theft, errors and omissions, foreign exchange risk, credit risk or hurricanes. Despite these precautions, a major natural disaster or operational error could affect our business by causing disruptions in service or harm to our brand image. In addition to purchasing insurance, Parsec International will take all necessary precautions to prevent any of the above measures from happening.

Legal & Government

The Chinese regulations that impact our business include QDII (Qualified Domestic Institutional Investor) and ECFA (Economic Cooperative Framework Agreement).

According to the Asia Times, Chinese individuals can invest directly into the stock markets of the United States through China's Qualified Domestic Institutional Investor (QDII) program, following the signing of an MOU (Memorandum of Understanding) agreement by the China Banking Regulatory Commission (CBRC) and the US Securities and Exchange Commission (SEC). This opens up a completely different and diverse market to Chinese consumers. But with opportunities come threats.

QDII still has the following regulatory qualifications:

Regulations for the Securities Firm

For a securities firm, its registered capital must not be less than RMB 800 million (USD \$114 million); the ratio of its registered capital and net assets must not be lower than 70%; it must have been in the collective investment schemes business for more than one year; and the amount of funds it manages by the end of the latest quarter must be at least 2 billion RMB (USD \$285 million). Xiamen International Bank fulfills these requirements and has already been cleared for QDII investment.

Regulations for the Foreign Financial Advisors

Any QDII foreign hired investment advisor to help with overseas securities investment must have managed at least USD \$10 billion dollars in the latest fiscal year and have operated in the investment management business for more than five years. These requirements are relaxed if the advisor is an overseas branch of the appointing securities-related institution. However, the relationship that Parsec Financial will retain shall be through a purchased weekly research report. The report will state the actions that Parsec Financial will take, and then Parse International can act accordingly. The actual funds will be managed by Parsec International based upon the research reports of Parsec Financial. In this manner, Parsec International's portfolios will exactly follow Parsec Financial's, but without having to fulfill the USD \$10 billion AUM requirement (yet still remain within QDII regulations).

Moreover, the overseas branch must have been incorporated in a jurisdiction where the securities regulatory authorities have signed a Securities Regulation MOU, and maintain an effective cooperative relationship with the CSRC. (The US has signed said MOU, so this is not a problem.)

Custodian Requirements

A QDII securities institution must appoint a qualified PRC (People's Republic of China) bank as the custodian of its assets, and the PRC custodian may appoint, to hold custody of overseas assets, a foreign custodian agent that has paid-in capital of no less than US \$1 billion, or assets under custody of no less than US \$100 billion (i.e. Charles Schwab).

In Parsec's case, Xiamen International Bank will be our joint PRC bank, and Charles Schwab will be the internationally appointed custodian of all overseas assets. Both of these institutions comply with QDII custodial regulations

Regulations for Investments

Investment in securities should not exceed 50% of the net value of the total assets of the relevant financial product.

Investment in a single security should not exceed 5% of the net value of the total assets of the relevant financial product.

The minimum investment in such product by a single client should not be less than \$300,000 RMB (or its equivalent in foreign currency).

Clients should number more than two and altogether have invested at least RMB \$100 million.

The target client should have sufficient investment experience in public securities.

Banks must give clients appropriate and timely disclosures with respect to such offshore investments.

Strictly monitor the sales activities of sales personnel.

Give due regard to an investor's investment objectives and instructions.

Maintain prerequisite policies and procedures applicable to banks with respect to internal compliance and risk management.

Parsec's View

If the Chinese can open up regulations, they can also close them as well. In the unlikely event that QDII goes backwards, this could work for, or against Parsec International. On the positive side, once Parsec International enters China, we might be "grandfathered" in under any regulations that are tightened later, lessening their effect. However, if the Chinese government unilaterally decided to close investments to the US, there are some alternatives.

Parsec International would have to be quick, but as a small and flexible company, we are ready to adapt to change. If money cannot flow out under newly regulated QDII, it may still be able to flow into China under QFII (Qualified Foreign Institutional Investor). Although, investing into China's markets is not our core competency, we will have the necessary infrastructure, and knowledge, to invest money from the States into China.

If QDII were to be closed and Parsec International was forced to operate under QFII, we could turn lemons into lemonade. Parsec International could be the link for many

American firms that want direct access to the Chinese equities market. In fact, according to the Christian Science Monitor, for a brief period in mid-July 2009, China's stock market edged out Japan's as the world's second-largest exchange. Then, Chinese stock prices tumbled some 20% in August 2009, placing Japan back on top. However, within the next ten years, James Trippon, editor and owner of China Stock Digest, hypothesizes that China's stock exchange will surpass not only Japan's, but also the NYSE, becoming the world's largest equity market. This provides an excellent back-up plan if QDII were ever severely limited.

A quick switch from a QDII to QFII would be certainly no easy feat and we do not wish to make this decision rashly. The point here is to illustrate that Parsec is ready for extreme changes in Chinese governmental regulation and has already started scenario planning to deal proactively with any regulatory movements.

Economic Cooperation Framework Agreement ECFA

The other major regulation that is on the table between Taiwan and China, which could have a grand effect on Parsec International, is ECFA or the Economic Cooperation Framework Agreement. According to Taiwan's Ministry of Economic Affairs, ECFA would most likely internationalize Taiwan's investments, trade and overall economy. ECFA is not merely a free trade agreement, nor is it an agreement akin to what China has with Hong Kong and Macao. The closest agreement (for comparison reasons only) would be that of the European Union with, perhaps, a converging currency, investment protection, intellectual property protection, lowered tariffs and the elimination of double taxation. It should be noted that ECFA does not violate the spirit of the World Trade Organization (WTO).

The signing of ECFA would have many positive effects on Parsec International's business practices. On a micro-scale, we would be able to directly hire Taiwanese financial advisors that already have an in-depth knowledge of the local culture, and whom come from a culture of financial and investment sophistication. Taiwanese employees are the perfect bridge between Parsec International and the Chinese people; the signing of ECFA would be the beginning of building this bridge.

On a macro-economic scale, signing ECFA would open the possibilities of Parsec International cooperating with a Taiwanese bank to open a wealth management business in China. It would allow Parsec to seamlessly move between Chinese and Taiwanese entities, each possessing their own unique strengths for our business model. It might also allow us to share a smaller portion of our fees if Parsec were teamed with a Taiwanese bank.

Presently, ECFA has not yet been signed and is not 100% guaranteed to be signed in the future. And even if ECFA were signed, it is an "*agreement framework*" for which regulatory and economic agreements would derive their structure. Simply signing ECFA does not immediately open Cross Strait relations. But with Taiwan and China actively talking about ECFA and its implications, it is definitely on the radar of Parsec International's scenario planning. Currently, Parsec does not require the signing of

ECFA to operate a profitable business. However, Parsec International will position itself to take advantage of the enormous implications such an agreement would entail on both a macro and micro level.

Parsec International is perpetually keeping abreast of all legal and regulatory issues facing Cross Strait relations and the Chinese financial regulatory environment. We will actively design scenario plans for all relevant possibilities.

Elements of Risk

Below is a table depicting a subjective set of potential risks. We acknowledge the degree of each risk on a scale from 1 to 10, its weight as a percentage of all of the potential risks, then we multiply to arrive at a total risk factor to give you an idea of the magnitude and affect each risk has on our business:

Degree of Risk	Weight (1-10)	Total Risk (%)	Factor
Business Risk			
Cost Structure	1	2 %	.02
Competition	3	6 %	.18
Industry Growth	1	2 %	.02
Profit Margin	5	11%	.55
Complementary Industry	8	17 %	1.36
Substitution	8	17 %	1.36
Customers	4	9 %	.36
Personnel & Management	8	17 %	1.36
Environmental Risk			
Economic	4	9 %	.36
Weather	1	1 %	.01
Legal & Government	4	9 %	.36
Overall Risk	47	100%	5.94

Rationale

As you can see, the greatest risk Parsec International faces is in the area of Personnel & Management, Substitution and Complementary Industry.

We plan to reduce personnel risks by having unconventional talent management practices. Cited often in PWC literature is the fact that “good help is hard to find” in the Chinese wealth management industry. We don’t underestimate the overwhelming demand for wealth management professionals in China. However, Parsec International believes that

many of our talent can be recruited from outside the wealth management industry. We will be constantly searching for the talents necessary that make up a fantastic financial advisor that fits with our company culture. Parsec International will also take the time and effort to carefully groom each talent by training them at Parsec Financial's Headquarters in the U.S. for at least six months.

Parsec International is also a smaller organization, looking only to initially employ four members in China, only one financial advisor will be Chinese local talent, two employees will be from Taiwan and the President from America. Big banks like JP Morgan need to capture their talent with a net, while Parsec International can take the time to hunt and pinpoint the exact talent we desire.

Parsec International also offers employee policies that other fund management companies do not, these include; a month of vacation, unlimited sick days, leaving the office earlier than 6 pm (unless necessitated by project concerns), private company stock options, encouragement to grow and expand, six-month training in the US at our Charlotte or Asheville offices and regular feedback with motivation and one-on-one weekly meetings.

To readily compete with complementary products and substitutions, we will manage wealth with lower fees, better services and with a proven track record of investing in American equities for almost 30 years. In the States, Parsec is able to consistently offer superior wealth management services, at always a lower price, in an industry otherwise saturated with asset management firms. China is a new, rapidly growing wealth management industry that holds a unique first-mover advantage in tier-2 cities which provides an environment rich for success and profitability.

Company Overview

Bart Boyer founded Parsec Financial in 1980, when he began investing into the US stock market. Because his investment knowledge and past performance were popular with professionals that did not have enough time to research their own investments, Bart Boyer moved from a workshop in his home, to a larger space located at 6 Wall Street in Asheville, North Carolina. A further office expansion included a Charlotte branch in 1999. Parsec now employs 13 specialized financial advisors, including Bart Boyer, who researches and decides on each new investment for Parsec Financials customers. The great majority of customers that Parsec services are business owners and doctors whom require their wealth management and investments to be of the utmost top quality, professional, well planned and profitable.

After 29 years in the fee-only wealth management industry, Parsec Financial CEO Bart Boyer had been actively seeking to expand his knowledge and expertise of portfolio management into new territories. China's profitable wealth management market was first brought to Bart's attention after Bart's niece, Meredith Clinton, a student at the time living in Taiwan and studying at Cheng Chi University, alerted Bart about this momentous opportunity.

After studying her MBA at Cheng Chi University and learning in-depth about the exploding Chinese market, Meredith realized the immense possibilities that could result from the growing number of the Chinese HWNI and Emerging-HNWI populations. Meredith knew that not many wealth management firms in Asia were fee-only financial firms like her Uncle's. She also knew that Chinese customers would benefit from a US firm with remarkable knowledge in wealth management, a field where her Uncle had already proven successful for almost thirty years.

Thinking that there must be a high demand for international portfolio management, Meredith began researching and speaking with her Taiwanese HNWI clients to gauge attitudes towards investing in US equity markets as a complementary product to their Taiwanese domestic investments. Having found potential investors interested in investing Parsec Financial, Meredith began working with the widely respected Professor Chow of Cheng Chi University to formulate a plan to introduce Parsec Financials' wealth management services into China's tier-2 cities under the name "Parsec International".

Parsec International's founder, Meredith Clinton, dedicated six months to highly-focused research and market analysis, drawing on forecasts and statistics from industry analysts Capgemini, McKinsey, The Wall Street Journal, The Boston Consulting Group, PricewaterhouseCoopers and multiple government sources, articles and publications covering the Chinese wealth management market.

In 2010, Parsec International plans to secure the proper licensing and began the process

of Chinese expansion. Parsec International will open a branch in Xiamen China serving the HNWI, Emerging-HNWI and Mass Affluent Markets looking to diversify their Chinese domestic portfolios with US equities.

Considerable growth in the wealthy demographic of China has created a rapidly increasing demand for wealth management services that extend into China's tier-2 cities. With not a single company available in China's tier-2 cities to meet wealth management needs, Parsec International is poised to take a front-runner position in Xiamen. As Parsec International's business and profitability grow there will be room to expand into other Chinese tier-2 cities.

Parsec Financial, through Parsec International, is excited to have this opportunity to apply its wealth management knowledge and 30 years of experience to meet the needs of HNWI clients living in Xiamen. At the same time, Parsec International is willing to step out of tier-1 cities and into a smaller under-served market; just as Parsec Financial did almost 30 years ago.

Legal Business Description

Company Name

The legal name of Parsec International is Parsec International, Parsec Xiamen Branch LLC.

Legal Form of Business

Based upon competent accounting, legal and tax advice, Parsec will be established as a part of Xiamen International Branch, with Meredith Clinton as Parsec International President and Bart Boyer remaining as company CEO of Parsec Financial. This business structure will afford Parsec Financial opportunities for further expansion beyond the US, but also allows Parsec International a chance to conduct operational activities in China, yet remain somewhat independent of Parsec Financial.

Such an arrangement with Xiamen Branch would allow Parsec International to more quickly develop *guanxi* relationships with HNWI bank customers. It also fulfills regulatory requirement by the Chinese government of a company operating under QDII (Qualified Domestic International Investor).

Business Location

Parsec Financials home office is located at 6 Wall Street, Asheville, NC 28802, USA. Parsec International's Xiamen branch will be located in downtown Xiamen, near Xiamen International Bank. Below are the addresses of each subsidiary.

Parsec Financial 6 Wall Street Asheville, NC 28802, USA

Parsec Financial, Charlotte Office, Carillon Bldg 227 West Trade Street Suite 1840, Charlotte, NC 28202

Parsec International, Xiamen, China

Government Regulations

Because Parsec International is operating in the wealth management industry in China, under QDII, we are subject to rigorous regulation. Chinese authorities regulate the investments of clients that move money outside of China for investment, as well as, the investment companies themselves. Parsec International has obtained all necessary regulatory permits, licenses, insurance and bonds to operate. There can be no assurance that Parsec International's operation and profitability will not be subject to more restrictive regulation or increased taxation by federal, state, or local agencies in the future. Required permits, licenses and insurance include:

- Pre-approval of company name
- Capital Verification Report
- Business License of Enterprise Legal Person
- Company Seal
- Organization Code Certificate

Parsec Financials business (on the US side) is mostly affected by the Securities and Exchange Commission (SEC) in the US, whose requirements which, to date have not presented major obstacles to profitable operations. Regulatory involvement in businesses such as wealth management is extremely vigilant. Parsec's relationship with each agency is amicable and has never experienced an infraction or an occurrence with the SEC.

Environmental Sustainability

Customers should always feel confident that Parsec International is taking the correct steps to ensure a healthy and safe environment.

Zero Waste & Greening Benefits

We at Parsec are whole-heartedly committed to pursuing the sustainable management of materials and processes. Sustainability takes into account the waste stream, greening, as well as economic sustainability. Parsec International actively integrates best environmental practices into every business transaction. Environmental awareness is both a main concern and prime responsibility of our company. Through research, sales, postage and service, we voluntarily commit ourselves to mend and protect our world.

As a bare minimum, our environmental policies strictly comply with environmental legislation and policies. But Parsec International strives to rise above and beyond required environmental legislation. Throughout each and every step, we pledge to follow the sustainability practices of reduce, reuse and recycle, as well as, offset our carbon footprint to zero.

Our sustainability hierarchy is further detailed below:

Sustainability hierarchy

Reducing allows us to specifically reduce the consumption of materials and lower the amount of energy used.

Reusing is to use an item more than once, which we will do whenever possible.

Recycling Our aim of recycling is to not waste materials that can be broken down and used again. We promise to recycle any materials that are possible to recycle.

Packaging of our product is also environmentally friendly. Currently, all of our packaging consists of 80% recycled paper.

Carbon Footprint

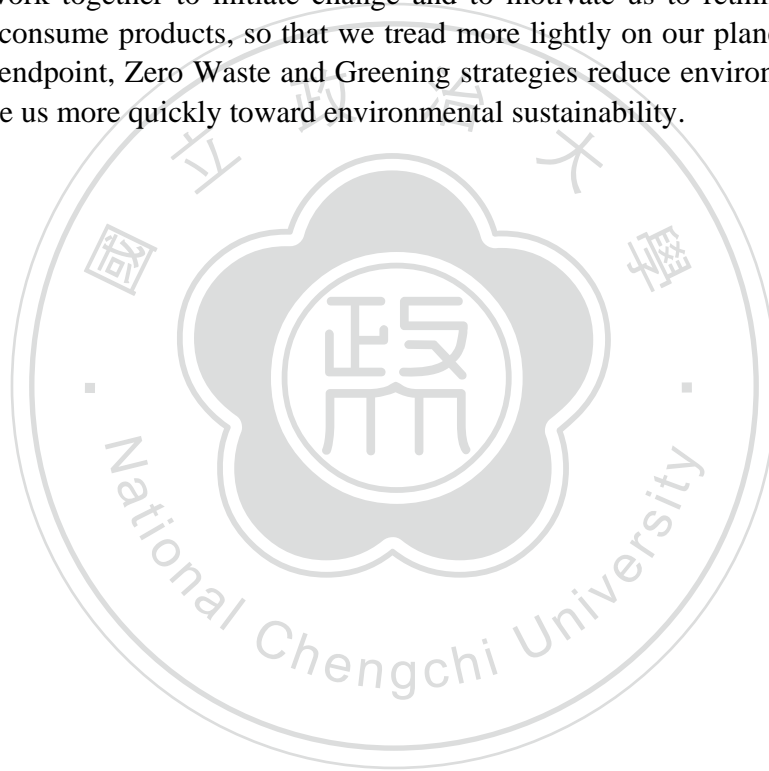
There are a variety of options at a myriad of price points, in projects that we are looking into to fund around the world to offset our carbon footprint. These prices range anywhere from USD \$8 a ton to USD \$25 a ton (in carbon emissions). We will use our gross profits to pay for these projects because of our commitment to protecting the environment.

Compliance

Parsec International takes full responsibility that appropriate resources will be made available in order to comply with our own environmental standards. Environmental policies will be reviewed annually and followed regularly.

Design for the Environment

Presenting solutions that address sustainability and consumption both today and in the future is a realistic and achievable goal. Industry, the community and government need to continually work together to initiate change and to motivate us to rethink the way we produce and consume products, so that we tread more lightly on our planet. Because of its visionary endpoint, Zero Waste and Greening strategies reduce environmental impact that will move us more quickly toward environmental sustainability.



Vision, Mission, Goals & Objectives

"I don't build in order to have clients. I have clients in order to build."

- Ayn Rand

Vision

By 2015 Parsec International will be a highly visible company known as a top-rated foreign fund manager in the wealth management market in the tier-2 city of Xiamen. Clients will include HNWI, Emerging-HNWI and the Mass Affluent. We will have developed strong client relationships and a reliable reputation. We will capture our target market mainly through building and cultivating relationships with new and existing clients. In five years, assets under management will exceed USD \$100,000,000. After five years, Parsec International will be actively promoting its proven US wealth management experience to attract Chinese investors from other tier-2 cities.

Mission Statement

The Parsec International mission is to provide world-class foreign fund wealth management for Chinese HNWI, Emerging-HNWI and Mass Affluent investors to help them:

- Increase the value of client portfolios by diversification into US equity markets
- Guide clients to financial freedom through the 15% plan
- Manage personal or business assets
- Reduce financial risk through diversification

Parsec International's mission is to offer wealth management by way of diversified, well-researched, US equity portfolios that rise in value while minimizing risk to clients. Our primary responsibility is to our client. This is why Parsec International will never accept a commission from a third party to include a stock or financial product onto our customer's portfolio. Clients have a guarantee that they are the sole source of Parsec's income; and therefore, Parsec International will always act in their interests. Our secondary responsibilities are to our employees, the local community and the environment. In carrying out our day-to-day business we will:

- Give our employees an option to become wealthy along with Parsec International with the Employer-Matched Parsec Stock Buying Option.
- Provide full health, life, and disability coverage for each Parsec International employee
- Base salary and commissions upon employee performance, and not requiring Asian practice of staying in the office late until the boss leaves.
- Providing performance feedback every six months.
- Proving employees chances for continuing education, training programs and earning financial licenses valid in the US.

- A six-month training program at Parsec's headquarters in Asheville, North Carolina.
- Contribute to the quality of life in our Xiamen community by donating 2% of all our profits to the local community, keeping in line with Parsec Financial's existing promise.
- Take steps to minimize our effect on the environment that is in-step with our Company Environmental Policy.

Through its long-term commitment to this mission, Parsec International will be known as a company offering long term profitable wealth management with exceptional service. We will serve our clients with a proven wealth management track record by offering customized portfolios to best fit their needs, namely:

- Portfolios that balance growth and value funds
- Individual Stocks for the large cap portion of a portfolio
- Fixed-Income allocated portfolios

"Money demands that you sell, not your weakness to men's stupidity, but your talent to their reason."
-Ayn Rand

Parsec International's Goals

In order for Parsec International to attain its vision as described in our vision and mission statements, we must achieve the following primary strategic goals:

Market: By the end of 2011, Parsec International will reach USD \$10 million of AUM. By the end of 2015 Parsec International will reach USD \$100 million of AUM. To reach these customers, we plan to add have uniquely qualified financial advisors that have existing contacts and experience with the HWNI, Emerging-HNWI and Mass Affluent in Xiamen. We will also periodically advertise in financial publications in Xiamen to raise brand awareness of our customized financial services. After five years, we will expand our marketing efforts to include other tier-2 cities.

- For 2012 (year 2) AUM will exceed USD \$15 million, with revenues over USD \$112,000.
- For 2013 (year 3) AUM will exceed USD \$25 million, with revenues over USD \$187,000.
- For 2014 (year 4) AUM will exceed USD \$50 million, with revenues over USD \$375,000.
- For 2015 (year 5) AUM will exceed USD \$100 million, with revenues over USD \$750,000.

Finance: By the end of the 4th Quarter, 2015 Parsec International's AUM will exceed USD \$100 million. We will carefully evaluate, plan and budget expenses to generate a profit by the fourth year.

By the end of the 4th Quarter of 2017, Parsec International will be operating in another tier-2 city and have over USD \$150 million in AUM.

In addition, Parsec will:

- Continuously strive to understand our customers, competition & industry
- Meet specific Chinese HWNI needs for portfolio investment
- After 2015, achieve a stable 15% yearly growth in AUM

- Expand Parsec International in other Chinese tier-2 cities.
- Continue to provide a check and balance system within Parsec, by maintaining a two financial advisor per customer minimum, to insure that our investors' assets are being evaluated and analyzed sufficiently.
- Develop company values and culture of "work hard, play hard".
- Continually scan the horizon for the best talent in Chinese wealth management.

We feel confident that our stated goals can be reached, based on the experience of our management team in environments where they managed profitable bond/FX funds in Taiwan and successfully marketed high end products to HNWI clients in Taiwan. Parsec International also realizes the importance of Parsec Financials 30 years of investment success. With Parsec Financials credible experience investing in the US market combined with Parsec International's ability to glocalize to the Chinese market, Parsec International is sure become a prominent and profitable wealth management firm.

Objectives

Projected revenues for fiscal year 2011, without external funding, are expected to be USD \$75,000. Annual growth is projected to double per year until year 2015. We feel that within five years Parsec International will be in a suitable position to expand our existing offices to other Chinese tier-2 cities.

At this time, our objective is to secure a prominent market position among HNWI, Emerging-HNWI and the Mass Affluent in Xiamen. Our research indicates that we should be able to meet or exceed projected revenues forecasted for each year.

In order to help attain our primary goal of reaching USD \$10 million in AUM during the next year, Parsec International will carry out the following specific objectives:

- Line up at least 5 million in AUM by December 2010 with the help of our partner Xiamen International Bank to hit the ground running.
- Actively promote Parsec International in Chinese publications in Q1 2011.
- Attend and host local financial seminars and lectures.
- Actively participate in community events.
- Promote a Public Relations blitz including TV shows, radio shows and local editorials (starring Bart Boyer, the face and brains behind Parsec).
- Attain USD \$10,000,000 in managed funds by the end of Q3 2011.
- Convince existing clients to actively promote Parsec to friends and family to obtain a lower management fee.

To accomplish our next primary goal of more than doubling growth for the first 3 years, Parsec International will complete the following objectives:

- Attain USD \$12,000,000 in AUM by June, 2012.
- Attain USD \$13,000,000 in AUM by September, 2012.
- Attain USD \$15,000,000 in AUM by December, 2012.

Other objectives we have set for ourselves include becoming profitable by the end of year

four and becoming a recognizable, prominent wealth management firm by the end of year five in the Xiamen area.

To achieve our objectives, we plan to establish strategic partnerships with Xiamen International Bank to build *guanxi* to attract new clients. We also plan to host financial seminars that will gain Parsec International notoriety within the Xiamen area. Parsec International will host client dinners, golf games and other promotional events to build stronger relationships and slowly gain incredible amounts of trust necessary to serve the HNWI populations. This will require dedicated team members that are charismatic, capable, intelligent, patient, empathetic and extremely driven.



Business Strategy

*"Strategy is concerned with drafting the plan...
shaping the individual campaigns and within these
deciding on the individual engagements."*

~ Karl Von Clausewitz, 1796

The idea for this business was catalyzed by the discovery of the large amounts of FDI (Foreign Direct Investment) pouring into China and its result of producing an alarmingly huge HNWI population. This HNWI population, coupled with the recent relaxation of China's QDII regulations, makes China an ideal place to expand Parsec Financial's wealth management expertise.

Parsec has a unique approach to the wealth management business as we do not "sell" investment products like our competitors. In contrast, we are vested alongside our customers with our unique fee structure that makes our clients interest our own. That is what is most unique about our business strategy. In addition, Parsec International provides experienced, proven investment knowledge for a lower fee than the competitors. To date, we have not encountered any other wealth management service in China offering a similar added value. Parsec fully intends to establish itself as **the** source of choice for asset management in the personal finance industry by first gaining a strong reputation in Xiamen.

Growing Into the Future

Parsec is looking further into the future than just Xiamen, in fact we are looking past Xiamen to expanding into other tier-2 cities. Our immediate plan is to build brand recognition inside of Xiamen and then spread to the rest of the coastal tier-2 cities and then into the interior of China. After these successes, we hope to spread to the rest of China's tier-1 cities and to be regarded as one of the most recognized and highly profitable wealth management firms in China. This is because Parsec International has recognized a unique opportunity to capture the exponentially growing Chinese HWNI and Emerging-HNWI market by first penetrating tier-2 cities.

Parsec will offer asset management to potential clients through support from our partnership with Xiamen International Bank and through Parsec's own Chinese employees. Based upon Parsec's experience in the US, and experiences of other wealth management firms in China, a strategy of partnering with Xiamen International Bank will allow Parsec International to more quickly penetrate the Xiamen HNWI market. Furthermore, partnering with a Chinese Financial institution is required by Chinese QDII regulation

Parsec Internationals' customers will be able to intelligently invest into more diverse

financial products in the US and other emerging markets (via US exchanges). Parsec's portfolios will provide an extension to a client's existing domestic portfolio. Additionally, customers will feel they are substantially diversifying their investments, thus strengthening their portfolios, by utilizing Parsec's wealth management services.

Customer Desire	Parsec's Response to Customer Requirement
Move investments outside of China	Place all investments offshore in Schwab Institutional
Build Wealth	Use Parsec's proven track record planning and advice to build wealth
Risk Aversion	Invest in Fixed Income products and Index Funds
High Risk Appetite	Highly diversified portfolio or growth portfolio including access to other emerging markets (i.e. Brazil, India, Vietnam, Indonesia) etc.

We have planned a carefully focused, targeted media blitz surrounding our grand opening. Working with the local Chamber of Commerce and Rotary clubs to create high levels of visibility. We will announce our grand opening and follow up with scheduled promotions to continue the momentum into 2010. Our Marketing Expert, Jatin Yuan, will develop press releases and ads that will display in local magazines, newspapers, Xiamen International Bank newsletters, possibly TV commercials and relevant internet sites.

We plan to add momentum with radio spots and an on-air radio contests. We anticipate local TV coverage at our initial press conference and when we announce the winners of our investment contests each year. The nature of our product line lends itself perfectly to logical tie-in promotions on the radio and high-visibility promotion in more creative, engaging ways. (i.e hosting marathons, partnering with high luxury products for galas, sponsoring charity events, etc.)

Business Strategy Snapshot

Leverage Parsec's successful 30 years of *experience* in wealth management.

Capitalize on *first-to-market* momentum, in anticipation of an explosively growing market in the upcoming months and years in tier-2 cities.

Transform Parsec's wealth management services into a strong brand image within China.

Leverage Parsec's current industry and equity market knowledge to quickly attract Chinese customers.

Enable Chinese customers to diversify their investments abroad and enjoy the benefits of a highly experienced team managing their assets.

Aggressively promote benefits and services through multiple channels to Ultra-HNWIs, HNWI, Emerging-HNWI and the Mass Affluent market segments.

Cross-sell wealth management services to Xiamen International Bank's current clients, locally in Xiamen.

Build a portfolio of USD \$15 million in assets under management for individual customers by 2012.



Revenue Model

Parsec International’s revenue model reflects Parsec Financial’s fee schedule. This same fee schedule will also apply to the HNWI market that Parsec International will tap in Xiamen, China.

Parsec International’s fee schedule is important because we position ourselves as “fee only” wealth managers. This means that Parsec does not make commissions or earnings from “selling financial products” to our customers. Parsec International will only manage wealth and not peddle products. The design of our fee schedule keeps our interest in line with that of our customer’s. Our fee schedule is as described below:

Fee Schedule in USD

Billable Asset Level	Annual Rate	QuarterlyMin	Quarterly Max
0 – 500,000	1.0%	1,000	1,125
500,000 – 1,000,000	.90%	1,125	2,000
1,000,001 – 2,500,000	.80%	2,000	4,375
2,500,000 – 4,000,000	.70%	4,375	6,000
4,000,001 – 6,000,000	.60%	6,000	7,500
6,000,001 – 8,000,000	.50%	7,500	8,000
8,000,001 – 50,000,000	.30%	8,000	37,500
50,000,000 and above	.30%	37,500	N/A
Biz Partner / Family	Best rate .50%	1,000	N/A
Friend	Best rate .70%	1,000	N/A
Charity	.40%	1,000	N/A

Clients can benefit and reduce their fees by recommending friends, family or business partners to use Parsec International’s wealth management services.

Distribution

Parsec will establish a groundbreaking, profitable wealth management business in Xiamen, China with Xiamen International Bank as a key partner in finding new business. However, most of our new business will come from our own organically, well trained, highly educated local talent. Parsec intends to maximize revenue through these channels for at least the next 5 years.

Customer Investment Options

Customers invest with Parsec by first depositing their funds into Xiamen International Bank (or any other bank in China) and then transferring their funds to Schwab Institutional. This is both easy and inexpensive.

Using this platform allows Parsec International's financial advisors, in China, to manage customer funds using thoroughly researched and approved portfolio investments by Parsec Financial in the U.S. (via weekly research reports). All customers will be able to track their investments, gains/losses and other information through their individual account online at Schwab.com

Strategic Alliances — Promotion & Revenue Sharing with Related Businesses

Because the Xiamen marketplace is hard for a new foreign company to reach, and because of QDII governmental regulation, Parsec will partner with Xiamen International bank and 50% of gross revenues will for to Xiamen International Bank. Likewise, Xiamen International Bank will share 50% of Parsec's expenses. Parsec International and Xiamen International Bank will layout a yearly budget. Parsec International will be allowed to deviate from this budget by USD \$10,000 each month on a single expense. Profit and expense sharing is to both comply with governmental regulation and reach more of the potential market where Xiamen International Banks' alliances and affiliates have an already established presence and solid credibility with HNWI clients. To have insight into Parsec Financial's proven investment methods, Xiamen Bank will "purchase" a weekly research report from Parsec Financial (among other research firms) to ensure that all three entities; Parsec Financial, Parsec International and Xiamen International bank are all aligned and have the same focus.

Joint Marketing Agreements

Joint marketing with established companies will raise revenues, credibility, and brand awareness.

Parsec will pursue joint marketing agreements with other organizations to increase visibility and credibility through association for financial products in the wealth management market. Our plans include having Xiamen International Bank market our wealth management service within their product lines, in their promotional materials, and on their website. We will similarly promote their products, along with our own, in the United States to also help them build their international clientele.

We will also work on agreements for joint marketing and cross servicing opportunities with Xiamen's International Bank's other shareholders: Industrial and Commercial Bank of China; Fujian Investment & Enterprise Holdings Corporation; Xiamen C&D Corporation; Min Xin Holdings Limited; Asian Development Bank; Shinsei Bank; and Sino Finance Group Company Limited.

Customer Value Proposition

There is a myriad of financial services in the United States and even more financial advisors. Parsec Financial stands out as one of the best fee-only US wealth management firms and Bart Boyer has been selected by *Worth* and *Medical Economics* magazine as one of the best financial advisors in the country. Equipped with this superb financial knowledge and above average track record, Parsec wants to emerge as one of China's prime candidates for foreign wealth management.

The HNWI population is exponentially rising in China and there are many advantages for a Chinese national to invest their wealth abroad in the United States with Parsec as their guide. Investing with Parsec gives a Chinese investor almost 30 years experience in US investments, access to other emerging markets and diversification of investments available on the US exchanges (through ADRs).

Furthermore, Parsec Financial has a simple, defining mission: to help its customers make sound investments and manage those investments in the *long term* to achieve financial goals. Parsec International is their gateway to achieve these long-term financial goals.

Meeting our mission requires objectivity and independence. This is why Parsec provides wealth management on a fee-only basis. Unlike broker-dealers, Parsec does not sell insurance or investment products, nor are commissions received in exchange for recommending certain products. Instead, fees are earned as a Registered Investment Advisor who must at all times act independently and exclusively in the interest of clients.

Parsec's fees includes personal financial planning and asset management.

Our advice encompasses:

- Setting and meeting financial goals
- Budget and savings recommendations
- Retirement Planning
- Insurance needs analysis
- Tax savings strategies
- Basic estate planning techniques
- Any and all matters that might impact our customers financially

Service Strategy

Principle of Elegance: Maximum strength with minimum materials.

~ Ren Zaphiropoulos

Current Portfolios and Services

Parsec currently offers stock portfolios with the appropriate risk for the HNWI markets including:

- **Growth**, a portfolio designed for younger clients, or clients with a larger risk appetite and higher returns
- **Balanced**, a portfolio designed for working professionals with a lower risk appetite
- **Growth and Income**, a portfolio designed for older, retired individuals or those whom are risk adverse

Each of these is a well-diversified portfolio. The growth portfolio is 100% equities. The Growth and Income portfolio is 100% equities, but with an emphasis on higher dividend stocks. The Balanced portfolio includes 80% equity with 20% fixed income. For the Chinese market, these portfolios will be adjustable, but our competitive fee schedule will remain the same. These will have to be adjusted to fit the market as the QDII regulations only allow 50% of assets to be invested in equities. This means that our local Parsec International staff will have to adjust to these regulations and manage client's assets without losing our competitive edge. The other 50% of non-securities will be traded by our experienced bond trader, Vincent Chen.

The Growth Portfolio provides high risk, high return features that give customers who have a higher threshold for risk a very profitable return.

The Growth and Balance Portfolio provides moderate risk, moderate return features that provide diversification of risk for customers that are slightly more risk adverse.

The Growth and Income Portfolio is a comparatively lower risk product. For example: one of Growth and Income's features is its ability to ensure investors that some of their return is certain. The Growth and Income Portfolio allows users to cost effectively and easily diversify their portfolio into safer investments without sacrificing potentially higher returns from equity investments. The G&I portfolio is ideal for older investors who need a certain return to support their nest egg or for those investors that are more risk adverse.

Compared our similar competitor portfolios, all of Parsec's portfolios charge approximately half the investment fee as the competition. (our .9% compared to their 1.5% for equities)

The major benefits of all Parsec's portfolios are constant analysis, financial savvy, proven

statistical methods and in-depth research.

Around 70% of the funds managed by foreign fund managers are placed in the equity markets. But, because of the current global financial crisis, many Chinese are allocating their funds into more safe, fixed vehicles for their money. Despite this recent trend, the foreign equity market is expected to expand again in China as the crisis subsides. Parsec International is aware of changing preferences of Chinese investors and will adjust accordingly.

Customer Return on Investment

Bart Boyer founded Parsec with a vision of helping others become independently wealthy. His sound investment philosophy is not solely based on “just making money”. Bart believes that if an individual saves and invests 10% of their gross income over a 30-year period, after that period they can be “independently wealthy”. This does not mean they are automatically rich. What this means is that this individual, after 30 years of saving and investing, can comfortably live off their investment earnings for the rest of their life. They can retire and maintain the same standard of living as if they were working. When 10% of gross income invested is increased to 20%, a person can achieve independently wealthy status in only 20 years.

Historically, the best investment to accomplish this goal are equities. No other investments (including commodities, gold, bonds or fixed income products alone) accomplish the goals of the “independently wealthy” philosophy as well as US equities. History proves this to be true (see inserts from Parsec Financial Brochure).

The beauty of this philosophy is that historically it is proven to work. It also keeps client on a well-defined track of exactly how much they should save while helping them attain a logically sound investment goal. In fact, such a well-defined goal encourages customers to keep investing money with Parsec. Once a customer has the knowledge of how to become independently wealthy, they are more committed to their financial goals and will be more likely to repeatedly invest 10% - 20% of their gross income with Parsec.

As a whole, this keeps customers satisfied, because they and Parsec are committed to the same goal. As customers deposit funds into their Schwab account, it assures a constant revenue stream of assets for Parsec to manage month after month, year after year. This is impressive when you realize that Parsec has maintained a whopping 2-3% attrition rate, even through the recent financial crisis. In the end, clients trust their money to Parsec Financial because Parsec is more than just an investor; we are partners in each client’s investment strategy.

Useful Features / Benefits

The unique benefit that Parsec offers its clients is its core belief in *customer alignment*. Competitors earn commissions through selling or pushing financial products onto their clients, which may not be in the clients’ best interest. Not at Parsec.

Parsec’s normal attrition rate is 2-3% annually and remained the same during the financial crisis. Parsec typically gains about 8-10% of new clients for a net gain of 6%

more clients each year. Over the last ten years the S & P 500 grew about 10% annually while Parsec grew at an impressive 14%. What is important to note here is how Parsec earns its management fees.

If Parsec makes smart investments and earns its clients money, Parsec enjoys the earnings too. Whenever client portfolios move upward, so do Parsec's revenues and profits. This is how Parsec stays true to its customers and what makes it stand out against the rest of the financial industry that may push unnecessary products to gain a quick commission.

Portfolio Selection

The idea is to keep our customers forever, by continually offering them a valuable service, thereby diminishing our costs of appealing to new customers. Wise portfolio selection and positive customer interaction is therefore critical to Parsec International's success.

When a customer comes to Parsec, we do not only focus on the amount of money they will give to Parsec to invest. Instead Parsec takes a 360-degree angle analysis on what are the best financial options for our clients. Sometimes clients are over-insured in life insurance, disability insurance, health insurance or are too heavily invested in fixed income products. To remedy these situations Parsec looks at each customer's financial story as a whole and dedicates a least two-team members to create a unique solution for each client.

China is a different country than the States, and Parsec International acknowledges this difference. However, sound financial advice is the same. Treat each customer as an individual, help them decide what focus is best for them and how much is appropriate to invest. Make goals together and pave a way to meet those goals. The fundamentals of solid financial advice is the same in the US and in China.

Parsec International is willing to add new financial portfolios to our product line to meet new opportunities (and QDII regulations) in Xiamen, China.

It is our philosophy that a financial product, and our portfolios, must be consistently analyzed weekly in order to maintain our competitive position and market value. We must maintain our flexibility to adapt as the environment, market demand, our customers' needs and our capabilities change.

Each week the Parsec Investment Policy Committee meets and follows a bottom-up stock selection process focusing on several fundamentals including:

- Current valuation relative to projected earnings growth.
- Price/earnings ratio relative to the overall market and to the company's own historical range.
- Degree of financial leverage, avoiding heavily indebted companies.
- Level and consistency of profit margins.

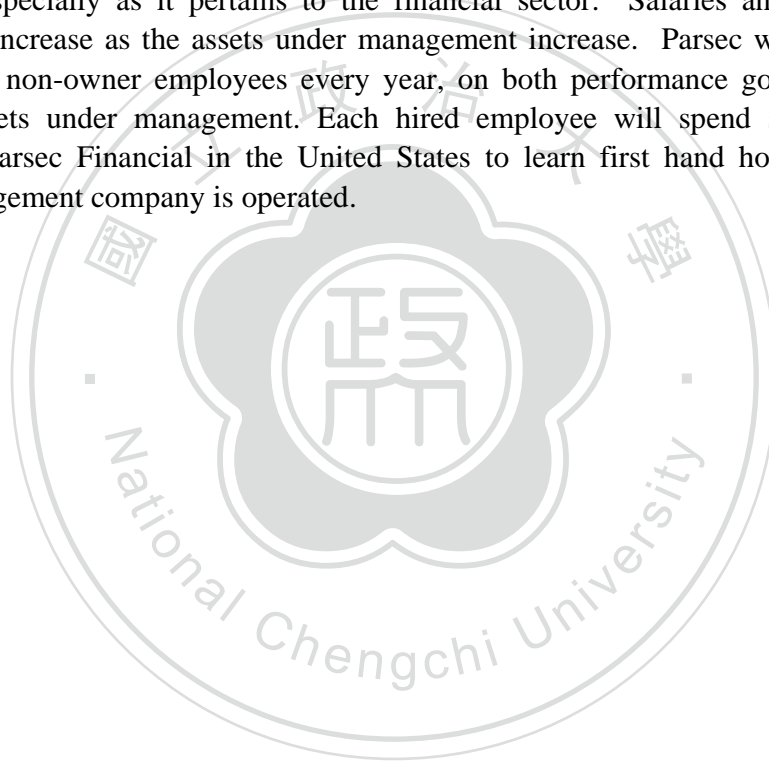
Joint Development Efforts

Parsec is considering joint development efforts with Lee Financial in Dallas, Texas. Lee Financial of Dallas, Texas is a perfect fit. Not only do they share Parsec's investment,

fee-only investment philosophy, but they currently have USD \$1.1 billion in assets under management. Lee management is excited about the new opportunities that lie ahead in the Chinese investment market and is prepared to join Parsec in this venture. Financial and technical responsibilities will be shared 50% and 50% between the two companies if an agreement is reached.

Talent Costs

Parsec International will open its doors with five employees in Xiamen. The financial advisors hired are each paid a salary of \$25,000 USD a year and has an employee stock program that each employee can take part in. They will also be paid an ongoing rate of .05% bonus of any new business they attract and manage (i.e. AUM). In addition, Parsec International is committed to each employee and encourages continuation of education, especially as it pertains to the financial sector. Salaries and bonuses are expected to increase as the assets under management increase. Parsec will base salary increases, to non-owner employees every year, on both performance goals and newly acquired assets under management. Each hired employee will spend six months of training at Parsec Financial in the United States to learn first hand how a top-notch wealth management company is operated.



Marketing Plan & Strategy

Marketing: Creating an environment where sales can occur.

~ Unknown

Strategy: The science of planning and directing large-scale operations, specifically of maneuvering forces into the most advantageous position prior to taking action.

Benefits vs. Features

Parsec International's marketing strategy is to enhance, promote and support the fact that the benefits of our services can be experienced worldwide, and especially by the Chinese HNWI population.

The overall marketing plan for our wealth management services are based on the following fundamentals:

- Managing the wealth and assets of HNWI clients in the Xiamen, China area.
- Joining together with the prestigious Xiamen International Bank to attract client's assets.
- We expect to capture .09% of the market share by 2015, with USD \$100 million under management by year-end.

To demonstrate the value of Parsec's investments we can:

- Show Xiamen HNWI clients the track records Parsec Financial.
- Appear on radio and TV talk shows talking about our unique services.
- Promote informative financial conferences and round table discussions to raise awareness of our in-depth industry knowledge.

The lack of wealth management firms in Chinese tier-2 cities is because our competitors are constantly focusing on the tier-1 cities as their main strategy. This opens a sort of "Blue Ocean" opportunity for Parsec International to offer our services starting in tier-2 cities. The HWNI population is on a steady rise in China and they are in great need of wealth management services with sophisticated and knowledgeable advisors. Those who live in tier-2 cities do not have quick and regular access with their fund managers and may be frustrated with the lack of local financial advisory firms. This is the niche Parsec International intends to fill

Sales Strategy

Wealth management services should be treated as services with a long-term, life long relationship.

As such, the target market segments for Parsec International's primary focus are HNWI

and Emerging-HNWI that reside around the local Xiamen area. Because of Parsec International's special market characteristics, as a fee-only financial advisory service our sales strategy includes:

Positioning

Our fee-only wealth management is seen by the consumer as relatively new, effective way to significantly diversify and raise their overall wealth.

Its unique performance and comparatively lower fee structure will be attractive to prospective HNWI and Emerging-HNWI clients.

In terms of market segmentation advantages, we can use a low cost, higher return appeal to arrive at a winning position relative to each targeted segment.

Repositioning Parsec International as profoundly experienced, fee-only advisory service is expected to generate interest and response among prospective customers not reachable by our competitors in tier-2 cities.

To be effective, our offerings must remain flexible and proactive as a supplement to existing investments. We can reposition our competitors by capitalizing on our smaller, more flexible position that only we can claim.

The Selling Basis for our product, then, is a lower cost, more customer aligned asset management service located in the tier-2 cities of China.

Branding

Our marketing will be centered on our long-term value to the customer and market position as a company serving tier-2 cities.

Parsec International customers are typically looking for financial advice, portfolio diversification and/or asset management in financial products. Parsec International meets their requirements through market expertise, trustworthy experience and excellent client service .

Buying Motives

Parsec International's customers tend to make decisions for wealth management from a rational perspective of which company is committed to the long-term management, diversification and growth of their assets. Parsec International appeals to this desire to protect, manage and grow their wealth. In most instances, the buying decision is based on research, advice from a friend/relative or advice from a trusted financial entity. In fact, our fee structure strategically includes a "discount" if a relative or friend refers new business.

Pricing

Pricing Considerations

Some pricing factors include:

- Amount of assets a customer wants managed
- Pricing below competition
- Referral method (lowered fees for friend/relative recommendations)
- Charitable organizations
-

Staying on top of pricing

The prices for our products are determined first and foremost by assets under management.

It is important to know that sliding pricing is essential to our market profile. The more assets under management, the smaller percentage fee the client is charged, thus attracting clients with larger assets.

Compared to the competition, our prices are lower and our fee structure is intended to align our interest with that of the customer's.

We feel that our customers will pay an average of .75% for assets managed because it is a lower cost compared to our competitors, for better service and more investment experience.

Margin Structure

Joint Venture with Xiamen International Bank

When our partner, Xiamen International Bank, refers a client to us, the bank will receive 50% of customer fees. During the first year of operation, all fees will be given to Xiamen International Bank at the end of the fourth quarter. Expenses between Parsec Financial and Parsec International will also be split 50/50.

Direct Marketing

Our highly engaged financial advisors will handle the majority of Parsec's client services internally. Most of our HNWI and Emerging-HNWI customers tend to be executives or entrepreneurs, it is important that financial advisors, with a considerable financial background, present our wealth management services to our prospective customers in this market segment.

Parsec International anticipates hiring 2 financial advisors (one local Chinese and one foreigner from Taiwan) to quickly meet asset management targets.

We have chosen to use our own specially trained financial advisors because our products require considerable customer education and long-term support—directly from the company. Our portfolio, pricing structure and profits are such that our services warrant a “person-to-person” advisory strategy.

Discounts

Customers can take advantage of assets under management volume by “combining” their assets with those of a friend, relative or business partner. The more assets that Parsec International manages, the lower the fee. If two friends come together, we will “blend” their assets to attain a lower fee, but their assets will be managed differently as individual customers. Because most of our costs are fixed, more assets managed largely contributes to our profit margins. Therefore, the more clients we can attract, the more our costs decrease per dollar in assets under management.

For example:

Ping wants to manage assets of USD \$1 million in Parsec, which Parsec International will charge an annual rate of .90%. Ping’s friend, Feng, would like to invest USD \$2 million with Parsec International for a fee of .80%. However, if one friend were to refer the other friend, both friends’ fees would become .70% because their combined total assets under management would reach \$3 million USD.

Parsec International’s fee structure is shown below:

Billable Asset Level	Annual Rate	QuarterlyMin	Quarterly Max
0 – 500,000	1.0%	1,000	1,125
500,000 – 1,000,000	.90%	1,125	2,000
1,000,001 – 2,500,000	.80%	2,000	4,375
2,500,000 – 4,000,000	.70%	4,375	6,000
4,000,001 – 6,000,000	.60%	6,000	7,500
6,000,001 – 8,000,000	.50%	7,500	8,000
8,000,001 – 50,000,000	.30%	8,000	37,500
50,000,000 and above	.30%	37,500	N/A
Biz Partner / Family	Best rate .50%	1,000	N/A
Friend	Best rate .70%	1,000	N/A
Charity	.40%	1,000	N/A

We plan to review our pricing and margins every six months to ensure that we remain competitive while protecting profit margins.

Current Growth Methods

Parsec Financial currently acquires most of its new business through existing client referrals and Parsec International is expected to do the same. Because attrition rate is quite low (2-3%), only a small percentage of new customers are needed each year to steadily grow.

Distribution Channels

Xiamen International Bank's marketing and sales department have collaborated on a plan with Parsec International to offer our services through several channels available only through Xiamen International Bank.

The determining factors in choosing these channels are:

- Customer profile and financial management preferences (delegator, self-delegator, participator)
- Geographic factors (tier-2 city)
- HWNI or Emerging-HWNI population

Senior Financial Advisors

Because our customers tend to be company executives and entrepreneurs, it is important that our senior financial advisors present our wealth management services to our prospective customers in this market segment. This strategic marketing approach takes full advantage of the fact that these professionals are already involved with parallel products and services and they already have a track record of experience with Parsec in the United States.

By operating within these distribution channels in this manner, we can maintain control of our market. In addition, we can generate growth at a reasonable pace.

Email

As we build our customer database, we will gather email addresses with opt-in permission to contact our customers and prospective customers via email and other electronic means, extending our reach and visibility with minimal resource allocation. Our email campaigns will include:

- Quarterly feedback with information about the status of the financial markets and our portfolios. This will reduce paper as outlined in our Environmental Policy Statement.
- Upcoming financial lectures and seminars.
- Upcoming events sponsored by Parsec (marathons, galas, luxury shows, etc)
- Other basic Parsec International news

New Business

We have two dedicated account managers who proactively pursue new business. Their activities include contacting local-Chinese financial service firms for customers looking for diversify their investments abroad and heightening our presence throughout the community.

Our marketing tools will help senior financial advisors explain our services to prospective clients. These include:

A introduction to Parsec with a folder containing the following: Company information, executive team members, US stock market performance history, the 60-year life on \$100 USD on the US stock market, investment comparisons over time, magazine articles about Parsec Financial and a service agreement.

Informational video about the history of Parsec (with Chinese subtitles) available on our website.

Holding relevant financial seminars and lectures.

Sponsoring events such as golf tournaments, marathons or basketball tournaments.

US financial professionals helping to train local junior associates.

Method

Our primary means of distribution will be through Xiamen International Bank and our Senior Financial Advisors.

Additional planned channels include other local financial institutions. An important advantage to these alternate channels is flexibility. By using more than one distribution method, Parsec will have more control and a larger pipeline for attracting customers.

Coverage

Regional target areas include the Xiamen area first and then planned expansion to other tier-2 cities in China. Reports indicate that these areas hold a high level of opportunity, but are not currently being explored by foreign wealth management companies. This will give us a first mover advantage in these areas.

Advertising & Promotion

Parsec recognizes that the initial key to success at this time is aggressive, widespread promotion. The key is to penetrate the correct segments and do so discreetly. To accomplish our assets under management goals, we require an extremely capable local Xiamen advertising agency and public relations firm that has expertise and experience in China.

Parsec also has a valuable in-house team member for advertising and promotion. Jatin Yuan possesses incredible experience in brand management for a Taiwanese Jade company whose target segments are HNWI and Emerging-HNWI. Jatin Yuan has phenomenal insight and talent as to how to market specifically to Parsec International's target market.

Objectives

- Position Parsec International as the first and leading wealth manager in the market.
- Position Parsec International as a trustworthy and experienced wealth management firm.
- Create high levels of visibility in our HNWI and Emerging HNWI target markets.
- Increase company awareness and brand name recognition among business executives and entrepreneurs.
- Through market research, develop significant, relevant data resources to create immediate and long-term marketing plans.
- Coordinate literature, demonstration materials, and direct response promotions in order to raise assets under management.

Media Objectives

- Create and promote awareness of Parsec International among editors, industry analysts and groups, investors and other financial professionals.
- Establish an image of Parsec International as a professional, completely reliable organization that is highly positioned in the market.
- Maximize efficiency in selection and scheduling of published ads in publications to cover Xiamen and other tier 2 markets.

We will develop an advertising campaign built around our competitive advantages, beginning with a “who we are” statement and supporting it with ads that reinforce our low-cost wealth management message. Additionally, we will develop consistent reach and frequency in our advertising throughout the quarter.

The best way to reach our potential customers is to develop a focused advertising campaign promoting our basic premise—“fee-only wealth management.”

To establish our sophisticated company image, the delivery and tone of our statements will be knowledgeable, sophisticated and customer oriented.

Ads will convey the look and feel of a strong, profitable, successful company.

Ideally, after becoming familiar with our services, the HNWI or Emerging-HNWI consumer will want their assets managed by Parsec International.

Because wealth management is relatively new to Chinese consumers, it is important to develop a promotional campaign that is consistent, clear and easy to understand.

Media Strategy

To get the most out of our promotional budget, our media coverage will focus on the HNWI and Emerging-HNWI audience.

We will use the following advertising / promotion sources:

- Selected business publications
- Selected publications read by (influencers): Business Experts, Accountants, Local Chinese Fund Managers, Bankers, Attorneys and Entrepreneurs
- Search engine search-results for keywords: “fund,” “foreign,” “manage,” etc. in both English and Chinese

Where possible, position advertising in or near articles on the financial industry, front covers and appropriate editorials.

Newspaper

Our first major newspaper promotion will be a 1/3 page ad in the Wall Street Journal Asia edition starting mid 2010 and running for 30 consecutive days. We will track and measure growth accordingly.

Television

We hope to schedule major TV appearances to promote our brand image on talk shows or financial related shows to raise brand awareness. These publicity schedules will be under

the responsibility of our Marketing Expert, Jatin Yuan.

Trade Associations, User Groups, Clubs

Members of the Parsec International team will join local financial trade associations, as well as penetrating the local ex-pat community to attract clients. We also plan to participate in Rotary clubs, various foundations and other business networking groups.

Indirect Marketing – Strategic Partners, Affiliates, & Associations

Part of Parsec International's strategy is to reach business owners through everyone surrounding them in the relevant business circles. These are the people business owner's trust and respond to, and who can be easily located and reached. Parsec International will market to these "influencers" through direct mail, conferences, special promotions, targeted advertising, as well as special incentives.

Parsec Financial has a long history of strategic relationships that handle our trading, including Charles Schwab, Fidelity and T.D. Ameritrade.

Affiliate Marketing -- Strategic Alliances & Influencers

The following key points summarize Parsec International's marketing strategy for affiliate marketing:

- Leverage relationships with respected local financial experts in closest alignment to HNWI: business consultants, attorneys, bankers, entrepreneurs and investors.
- Expand on Parsec International's relationships with existing partners and leverage their resources.
- Market to and through organizations strongly influencing business owners and entrepreneurs.
- Parsec International will donate to local educational facilities.
- Sponsor an educational financial club (similar to a free buxiban).

Parsec representatives will focus on Ultra-HNWI, HNWI, and Emerging-HNWI customers. From experience, Parsec has gained the most traction in the HNWI market, it will be better prepared to market effectively in the local Xiamen HNWI market and later in other Chinese tier-2 cities.

Advertising Budget

For the next 4 quarters, advertising and promotion will require around USD \$10,000 and 1% of total annual revenues thereafter. On an ongoing basis we will budget our advertising investment as 1% of annual revenue.

We arrived at this figure based upon almost 30 years of market experience in the United States. Our clients will mainly come from referrals or from our strategic alliance with Xiamen International Bank. Although advertising and media blitzes will not be the stronghold of how we attract clients, they will be important in the early stages to raise brand awareness in the minds of prospective customers. We have determined that initially advertising in industry publications, newspapers, and appearing on TV is

necessary to build initial brand awareness and create a buzz.

Outside Advertising Suppliers

- Local Xiamen Advertising Agency
- Local Xiamen Public Relations Agency
- Graphic Designer (as needed)
- Demonstrations—Guides, Literature
- Market Research Focus Group (in-house with Jatin Yuan)
- Sales Literature, Tools

Publicity / Public Relations

The most powerful force in the universe is gossip.

Our publicity efforts are intended to accomplish the following:

- Position Parsec International at the leading edge in providing fee-only wealth management to Chinese tier-2 cities.
- Increase Parsec International's reputation and brand recognition among potential HNWI clients in the local Xiamen area.
- Communicate on a regular basis with three target audiences:
- Editors of major trade, business, market, industry and local publications
- Key management personnel in existing customer companies
- Organizations frequented by HNWI consumers

Publicity Strategy

- During 2010 Parsec International will focus on the following publicity strategies:
- Develop a sustained public relations effort, with ongoing contact between key editors and top-level personnel.
- Develop a regular and consistent product update program for the major target media, keeping key editors abreast of enhancements and new product introductions.
- Develop an internal newsletter to cover key sales successes, significant marketing events, and product development stories. Internally, the newsletter will target all company personnel and financial advisors; externally, the piece will target key customers and prospects.
- Develop a minimum of four technical or financial articles written by key executives to be placed in relevant publications within the first two quarters of 2010.

Produce a complete company backgrounder on Parsec International to be used as the primary public relations tool for all target media and editorial contacts. This will also be effective for inclusion in press kits, dealer kits and packages. The backgrounder will include sections on the following broad subjects:

- Overview of the Market: size; characteristics.
- The Market in 30 years, present and future.
- The Company
- History

- Management Philosophy
- Brief sketches of Top Executives
- The Portfolios
- Unique Fee Schedule
- Market Niches

Editorial Visitation

Over the next 12 months we will invite the most influential reporters and editors from relevant publications for a visit to Parsec International. During the visit, each of the editors will receive a complete facility tour, service briefings, and an opportunity to interview the chairman, president, financial advisors and marketing manager.

Trade Shows & Conferences

In 2010, Parsec International will concentrate on financial trade shows and conferences. In deciding on the Parsec International plan for trade shows, the following factors have been taken into consideration:

- Target audience of the show—[Will this get the message to our target HNWI market?].
- Geographic location— [Is it near Xiamen?].
- Time frame—[preferably no more than one show per month].
- Participation in someone else's booth.
- Will our partner, Xiamen International Bank, participate as well?
- Keep our 'influencer' shows going.

Internal / External Newsletter

We currently produce an eight-page, black-and-white newsletter to serve as an informational piece for internal personnel, financial representatives, and customers. It includes information on current financial news, Parsec's reaction and plan for the financial state and positive steps that Parsec will take. It also highlights major developments, such as successful company events significant marketing events, regulatory news and product development updates.

Sales Support Collateral Materials

Parsec International has developed a variety of collateral materials to support our sales efforts. These items include:

- Portfolio Information brochure
- Audio / Video Introductory
- News Releases— Past appearances in Worth Magazine, Wealth Manager Magazine, CNN, FOX News, Good Morning America
- Brochures

Marketing Responsibilities

- New business development – Senior Financial Advisors
- Sales-producing tools – Local advertising agency & Marketing Expert, Jatin Yuan
- Corporate graphics standards – Marketing Expert, Jatin Yuan

- Brand-name recognition – President, Meredith Clinton and Marketing Expert, Jatin Yuan
- Product positioning and identification – President, Meredith Clinton and Marketing Expert, Jatin Yuan



Internet Strategy

-Objective: Increase company branding online and provide a place where clients and prospective clients find necessary information related to Parsec International.

-Strategy: Publish company collateral on the company Website and Xiamen International Bank Website.

-Tactic: Convert company brochures to print friendly HTML or PDF files and render company logo for Internet publishing.

Internet Marketing via www.parsecinternational.com.cn

The Internet plays a role in our business, as mainly a customer service tool and informative center for prospective customers. The Internet provides opportunities for marketing and customer information as well as opportunities to be located by search engines, reach local and non-local customers. Also important is our sister website, Schwab.com. This is website where we conduct all of our trades and our clients can view complete portfolio information at any time.

The nature of our business does not lend itself to Internet sales, however, we recognize a clear need to have an Internet presence. Our customers have told us they appreciate being able to find additional information about our products, services, hours of operation, upcoming events, fees and other additional information online. Other customers still prefer phoning or walk-in access to this kind of information.

Our company website is primarily a customer service tool for us. By providing portfolio samples, fee schedules, ways to contact us and other useful information, Parsec's website is a useful marketing and customer service tool. Please visit our current website at www.parsecfinancial.com. Our future website will be located at www.parsecinternational.com.cn.

Internet Marketing Strategy

Our challenge is to provide information to our current and prospective customers on our website. Meeting this challenge will involve:

Key-Word Search

Whenever anyone uses a popular search engine to search for "china financial management" or "Xiamen wealth management" or "parsec china" (in Chinese or English) in Baidu, Yahoo!/Overture, Excite or AltaVista, a link to Parsec International's website should appear.

Content—Business Resources

Parsec International's site should DO something for its customers. Information Parsec

International's customers and prospective customers will find useful includes:

- Descriptions of current portfolios offered
- Provide references to laws & regulations regarding the financial industry.
- Reviews of books, magazines or other financial publications we recommend
- Provide succinct answers to common customer questions
- Upcoming events and offers
- Past Company Newsletters

Site maintenance

Parsec International has recently implemented its own web server computer and uses sino.hosting.net. Hosting Services are located in Xiamen to host the website www.parsecinternational.com.cn uses VPS (Virtual Private Servers).

Costs / Budget

Parsec International's current consulting Webmaster services will cost approximately \$300 USD during 2009, and the responsibility for internet management will be for Jatin Yuan. She will ensure that marketing materials for our Chinese audience are appropriate, and not merely translated. Jatin will handle most of the graphical and content changes.

Privacy & Security

Data security and privacy are a key element in achieving market acceptance of our online services. Because we are not equipped to handle the huge task of online trading and brokerage services, we will outsource this to Schwab.com. Their website is completely capable to handle the tremendous task of our online trades, ensuring security of customer information and US tax compliance.

Management

At Parsec International, we will constantly search for individuals that have a passion for people, wealth management and international trading.

Although no one has founded a business exactly like Parsec International before, we have assembled a team of people who have financial experience, Taiwanese brand marketing experience, excellent personal skills, a passion for finance and a willingness to succeed.

Parsec International will be on the constant look out for excellent financial advisors to work at our firm. Because the Chinese wealth management industry has indicated that finding excellent talent is difficult to locate; Parsec International will use unconventional hiring methods to attract and find top talent. We will look for talent whom are fantastic with people, are highly professional, command a presence when they walk into a room, are well connected and are not afraid to fail. It makes no difference to Parsec International, whether or not these individuals come from financial backgrounds. It is believed that the industry is currently having problems finding qualified employees, because they are looking for qualifications first. At Parsec we look for talent first, qualifications can be simply earned later.

Executive Team

Wm. Barton Boyer, CFP Chairman & CEO

Bart made his first investment at age 12. He has since gained more than 49 years of investing experience. Named among the best financial advisors in the country by *Worth* and *Medical Economics* magazines, the Minnesota native founded Parsec Financial in 1980. He has appeared as an investment and financial planning commentator on the ABC Good Morning America program and the Fox television network, and was recently quoted in the *Wall Street Journal*. He is a CERTIFIED FINANCIAL PLANNER™ practitioner and member of the National Association of Personal Financial Advisors (NAPFA) and the Financial Planning Association (FPA). He holds a Bachelor of Science degree in business from Arizona State University.

Richard R. Lee, JR., CFP, CFA, Angel Investor and Advisor

Mr. Lee will be serving as one of the main investors and valuable advisors for Parsec International's entry into China. With more than 30 years of wealth management experience, his counsel will be absolutely necessary.

Mr. Lee is the President of Lee Financial Corporation, which he helped found in 1975 as one of the first fee-only financial advisors in Texas. He is a CFA Charterholder (Chartered Financial Analyst) and a Certified Financial Planner (CFP). Mr. Lee received a Bachelor of Business Administration degree from the University of Texas at Austin in 1969 and a Master of Business Administration degree from Southern Methodist

University in 1978. Mr. Lee served in the US Army from October 1969 to April 1972, including a tour in Vietnam as an infantry platoon leader.

Mr. Lee currently serves on the Boards of several companies, public and private. He is an active member of the CFA Institute (formerly the AIMR), the Financial Planning Association (FPA) and is a charter member of the National Association of Personal Financial Analysts (NAPFA).

Meredith Clinton – President of Parsec International, 29

Meredith Clinton started Parsec International after working in the insurance industry as a sales producer for 3 years, and interned at TAIFEX (Taiwan Futures Exchange) in business development for 3 months. Coupled with an extensive education in business and fluency in Chinese, Meredith is ideally prepared to run Parsec International. Meredith graduated from Texas A&M University with a Bachelors of Business Administration in marketing and had additional experience in Latin American business studies. She has also lived in Taiwan for 3 years and is familiar with the Chinese culture and business practices.

Having worked in the insurance industry for 3 years, Meredith traveled to Taiwan to learn Chinese and position herself to become part of the expanding Chinese market. After the first semester of her MBA at ChengChi University, Meredith became aware of an urgent need for experienced wealth managers in China, and proceeded to plan and launch Parsec International. With her Uncle's 30 years of US wealth management experience combined with Meredith's experience with Asian culture, Parsec International is poised to become a very profitable business.

Vincent Chen – Senior Financial Advisor, 30

Vincent Chen has an overwhelming passion for the field of financial management. Vincent commenced his studies at National Taipei University and earned his Bachelors in Public Finance. He then entered the prestigious Tai Da University to earn a Masters in Financial Engineering in 2005. After serving his obligatory army service, he started his career at Cathay Life Insurance Company as a foreign exchange trader from March 2007 to November of 2007. Then Vincent moved onto Sino Pac Securities where he has been a bond trader for almost two years. He earned a Securities Specialist License in 2004 in Taiwan. Vincent has the necessary skills to direct the financial advisory team of Parsec International, with primary emphasis on expanding the customer base with his expertise in trading US Treasury bonds.

Jatin Yuan , Senior Marketing and Brand Manager , 32

Jatin Yuan has almost a decade committed to finance, marketing and brand management. Her distinct range of skills makes her a perfect fit for Parsec International. Jatin earned a degree in Financial Accounting from Yuan Ze University in 2001. Upon graduation Jatin became a Financial Specialist in Investments in the Financial Department in Tainet for two years. From 2004 to 2006, Jatin was a Marketing Specialist at Kingstron Technology. From 2007 to the present she has been a Product Manager at the sophisticated company of Rich Jade where she has gained invaluable experience marketing specifically to HNWI

consumers. Jatin holds an AMBA degree from ChengChi University in Marketing.

Harli Palme, Senior Financial Advisor, Parsec Financial

Harli joined Parsec in 2003. She is a CERTIFIED FINANCIAL PLANNER™ practitioner and has a Bachelor of Arts degree in English and religion from Wake Forest University. Harli has completed professional studies at the College for Financial Planning and passed Level I of the CFA examination in 2008. She is a member of the Financial Planning Association and serves as treasurer on the board of Asheville's domestic violence agency, Helpmate.

Michael J. Ziemer, CFP & Parsec Partner, Senior Financial Advisor

Before joining Parsec in 2004, Michael worked as an investment representative for Charles Schwab & Co., Inc. He is a CERTIFIED FINANCIAL PLANNER™ practitioner. He also serves on the board of the Gateway Village YMCA as well as their finance committee. In addition to earning a Bachelor of Business Administration degree with a major in finance from Indiana University, the Indiana native studied abroad at the American College of London in London, England. His focus overseas was international business. He has also completed professional studies at the College of Financial Planning.

Ron Clinton, Angel Investor and Business Guidance Representative

Ron Clinton, father of Meredith Clinton, has over 30 years of successfully running his own businesses, and is one of the major investors of Parsec International. Ron, alongside his daughter, will help guide Parsec International's transition into becoming a profitable venture.

Ron owned and managed one of the top Allstate agencies in Texas from the years of 1989 to 2007. For 20 years, Ron was in charge of marketing, leadership, recruitment, sales, accounting, and financing for the company. Under his ownership, his Allstate agency became one of the most profitable and sought after agencies in Texas. Before owning an Allstate agency, Ron was owner and president of a successful distribution and manufacturing retail electronics company for 10 years. Ron's passion has always resided with starting profitable companies. Currently he is a avid Texas land investor and looks forward to advising Meredith to turn Parsec International into yet another profitable investment.

Local Talent, Xiamen, China

It is of utmost importance that Parsec International carefully and diligently trains our local talent. Each local hire will first spend six months to one year at Parsec Financial to gain the necessary knowledge and witness first-hand the special attributes that makes Parsec Financial a success. Our local talent will be involved in making decisions during that six months to show them the importance of team work and to learn about the company culture of Parsec Financial that makes it stand out above the rest. This is also one of our recruitment strategies. We will choose the best of the best applicants, and the way we will attract them to apply to our company is by having one of the most intensive, person-to-person training programs. We wholly believe in this method, because our people are our success. At Parsec we value our employees, we do not deplete them.

Personal financial management training in the US is one of the factors that will make Parsec International a roaring success.

Parsec International Stock Allocation

Parsec International's employee stock allocation plan will closely follow that of Parsec Financials. This will commence after 2015. The intention of the stock program is to help employees save for retirement and build their own wealth; foster a long-term relationship between Parsec International and her employees; encourage employees to align their interests with Parsec International and to attract talent.

Parsec Professional Stock Buying Opportunity Example 2008 – 2020

Year	Advisor Income	Advisor Buys 20%	Parsec's Matching	End of Year Value	8% Dividend	Net Investment
1	100,000	20,000	20,000	48,000	3,200	-16,800
2	115,000	23,000	23,000	112,800	7,520	32,280
3	132,250	26,450	26,450	198,840	13,260	-45,470
4	152,000	30,400	30,400	311,570	20,770	-55,100
5	174,000	34,960	34,960	457,800	30,520	-59,540
6	201,000	40,200	40,200	621,700	43,060	-56,680
7	231,000	46,200	46,200	829,200	57,100	-45,780
8	266,000	53,200	0	1,058,900	70,600	-28,380
9	306,000	61,200	0	1,344,100	89,600	+20
10	352,000	70,400	0	1,697,400	113,200	+42,820
11	405,000	81,000	0	2,134,000	142,300	+104,120
12	465,000	93,000	0	2,672,000	178,200	+189,320
13	535,000	107,000	0	3,335,000	222,300	+304,620
					Total Dividends	Excess Dividends
	Total	687,010	221,210	3,335,000	991,630	304,620

Assumptions

- 1) Advisor income rises 15% annually.
- 2) Parsec stock value rises 20% annually.
- 3) Dividend is 8% of the beginning of year value
- 4) Actual results will be higher or lower, an individuals' projections should be calculated according to the situation.

--OR--

Parsec Employee “Small Bite” Stock Buying Opportunity

Assumptions

- 1) Annual investment of \$5,000 plus 100% matching money for 7 years, then no matching money (the dividend the 8th year could be twice what the buy is, making your investment more than “free”)
- 2) Parsec’s value rises 15% annually.
- 3) Parsec’s dividend is 8% annually.
- 4) The pricing formula is 12x earnings or 2.4x revenues, plus retained earnings whichever is higher.
- 5) Both #2 and #3 could be higher or lower, #2 could be negative.
- 6) The 700% can be taken over 10 years, e.g. 70% per year, 100% per year in years 4-10, etc, maximum is 100% per year.

Year	Employee Investment	Parsec’s Contribution	Year End Stock Value	8% Dividend
1	5,000	5,000	11,500	800
2	5,000	5,000	24,725	1,720
3	5,000	5,000	39,934	2,778
4	5,000	5,000	57,424	3,995
5	5,000	5,000	77,538	5,394
6	5,000	5,000	100,669	7,003
7	5,000	5,000	127,269	8,853
8	5,000	0	152,109	10,582
9	5,000	0	180,675	12,568
10	5,000	0	213,526	14,854
11	5,000	0	251,305	17,482
12	5,000	0	294,751	20,504
13	5,000	0	344,714	23,980
14	5,000	0	402,171	27,977
15	5,000	0	468,247	32,574
16	5,000	0	544,234	37,860
17	5,000	0	631,619	43,939
18	5,000	0	732,112	50,930

19	5,000	0	847,679	58,969
20	5,000	0	908,581	68,214
21	5,000	0	1,133,418	78,846
22	5,000	0	1,309,181	91,073
23	5,000	0	1,511,308	105,134
24	5,000	0	1,743,754	121,305
25	5,000	0	2,011,067	139,900
26	5,000	0	2,318,477	161,285
27	5,000	0	2,671,999	185,878
28	5,000	0	3,078,435	213,752
29	5,000	0	3,545,910	246,762
30	5,000	0	4,083,535	284,072
Total	150,000	35,000	4,083,535	2,078,893

Outside Support

Our outside management advisors provide tremendous support for management decisions and creativity.

Local Xiamen Talent Accountant / CPA

Local Xiamen Talent Corporate Attorney

The strength of the Parsec management team stems from combined expertise in management, marketing and cultivating talent organically. This is expected to produce outstanding results, with extraordinary growth over the next 5 years.

The leadership and alignment characteristics of Parsec's management team have resulted in the establishment of broad and flexible goals. Our goals are designed to meet the ever-changing demands of the swift-moving marketplace requiring our portfolios and services to constantly adjust to a growing and changing environment. Our team is trained to respond to situations requiring new and innovative tactics.

Staffing

Parsec's development team recognizes that additional staff is required to properly support administrative functions. Tammie Chen, an administrative assistant for Olgivy and Mather in Taiwan is fluent in both Chinese and English. She has been an administrative assistant for 5 years and provides excellent and professional service. She will also serve

as an administrative assistant for Parsec International.



Operations

Headquarters / Office Location

While gathering our research of wealth management businesses, we discovered that customers appreciate convenience, and that an easy way to address this issue was locating our facilities and sales staff in the downtown area, where Parsec's clients can meet face to face to discuss their financial needs. We also found that other items were of great importance to our customers and prospective customers as well, including:

- Parking available specifically for our clients or valet parking
- Near Xiamen International Bank, our partners
- Privacy
- Convenience
- 24-hour security

Parsec International is located near the downtown business district so that our location can provide convenience and ensure an optimal environment for customers that need one-on-one time with our financial advisors. This is important to our customers because they have extremely full and demanding schedules. Future office locations will also provide this convenience and easy access to meet growing demand while continuing to provide personal and highly professional service.

Our building is a new structure meeting our requirements for 24-hour security, environmental control, and parking. This is important to our customers, as they count on us for professionalism, security and privacy. This setting meets our criteria for convenience, sophistication, practicality, and appeals to our customers because we are close to many banking establishments, namely our joint venture partner Xiamen International Bank.

Since our building is the “face” of what we do, we have carefully shaped our overall interior environment to suit our customers. By working with a designer familiar with both the markets we serve and the clientele we want to attract and hold, we have created an environment that appeals strongly to our customers. It gives both new, and return customers, a feeling of comfort and relaxation to conduct their business with us. This space also allows us to recognize, acknowledge and address customer needs. Our customers will take pride in referring friends, relatives and associates to our sophisticated, modern and comfortable office.

By taking the attributes of our building and location fully into account, we have created a comfort level for our customers (and employees) that encourages long-term relationships. They will feel comfortable spending time in our offices, either waiting for their appointment with one of our financial advisors or visiting with them in their office. The light, temperature and overall ambiance will be designed for the customer's complete

satisfaction.

Information Technology

Parsec International's internal operations rely significantly on technology and intermittent back-up is important. Our primary technology focus is the computers on which we keep our records. We plan to use a LAN of Macintosh PowerBooks connected through an Airport wireless router system. We back-up our data daily to our network server as well as to iBackup online storage systems.

Our partner website, schwab.com, serves as an informational and marketing communication tool for each customer's account. Customers can view their account details, request information and see their statements online at our partner site schwab.com. We decided to take pass on the option of hosting a website for private customer information, as it is not in our business model nor part of our competitive advantage. The most important aspect of our online presence is that customers can view their portfolio information at anytime. So by utilizing the expertise of schwab.com, we have no ongoing expense or the headaches associated with maintaining such a complicated website. We believe having a web presence is very important because it provides customers with very important up to date information on their valuable assets. A third party website also assures customers that their money is protected, and although Parsec has access to invest this money, we never have access to withdraw or hold their wealth.

Fulfillment

Fulfillment is an important part of customer satisfaction. Parsec International utilizes both internal and (Schwab's) external customer statements to communicate our progress each month to our customers. These may be sent to our clients via mail, e-mail or both. This helps to ensure customer satisfaction and clear communication with our constituents.

Customer Service

Our customers emphasize that service and support are among their major concerns. Customers are constantly impressed with the support provided by Parsec Financial. Parsec International will hold itself to the same standards. During regular business hours, Parsec is available to answer any and all questions our customers may have. A 24 Hot-line service is currently available to all customers that need immediate assistance through Charles Schwab. Chinese speakers are available.

Two of our financial advisors will always be paying attention to the closest of details with each of our clients. Customers are always welcome to come at anytime during our normal business hours where they will be served, coffee, tea or other soft drinks and any problems or questions customers have will be attended to immediately. Parsec intends to stay a small and intimate company so that clients always feel welcome and where every account matters.

Present Situation

This section provides a snapshot of Parsec Financial, as of 4Q 2009.

Company

Parsec was founded in 1980 and is presently in its growth – maturity stage. Parsec can best be described as a fee-only wealth management business, serving the Ultra-HNWI, HNWI and Emerging-HNWI segments in the North Carolina area. At this time, Parsec Financials greatest strengths are first-class customer service, a unique fee-only business model and a lower fee structure than the competition. Even during the financial crisis Parsec Financial managed to keep attrition low and still post modest growth.

CEO Bart Boyer has been selected by *Worth* and *Medical Economics* magazines as one of the best financial advisors in the United States, with AUM close to one billion USD. Bart has been in numerous publications and television programs as a financial commentator such as:

Good Morning America

U.S. News and World Report

Bloomberg Wealth Manager

Kiplinger's Personal Finance

The Wall Street Journal

USA Today

The Dallas Morning News

Wealth Strategies for Doctors

Market Environment

The recent “financial tsunami” destroyed businesses as it ransacked its way through almost every industry. No industry felt bigger shocks than those in the financial industry. In the wake of this tsunami, was another powerful blow, this time a direct hit to the wealth management industry; the Bernie Madoff scandal. It was certainly the most challenging year for Bart Boyer and Parsec Financial.

Clients stayed with Parsec because of Bart Boyer's long-term focus and ability to communicate this foresight effectively with customers. Committed, trustworthy and experienced, Bart and Parsec Financial calmed investor's worst fears and guided them through the financial crisis. Despite this tumultuous period, Parsec Financial maintained consistent growth. Although AUM took a momentary hit, Parsec Financials clients

depended on Bart and his company to get them through the storm.

Products & Services

Parsec Financial Management has a simple, defining mission: to help clients make sound investments, and to manage those investments over the long term to achieve a client's financial goals.

Meting Parsec Financial's mission requires objectivity and independence. This is why wealth management is provided on a fee-only basis. Unlike broker-dealers, Parsec does not sell insurance or investment products, nor are commissions received in exchange for recommending certain products. Instead, fees are earned as Registered Investments Advisors who must at all times act independently and exclusively in a client's interest.

Fees include personal financial planning and asset management. Parsec Financials advice encompasses:

Setting and meeting financial goals

Budget and savings recommendations

Retirement planning

Insurance needs analysis

Tax saving strategies

Basic estate planning techniques

Any, and all, matters that may have a financial impact

Parsec Financial is a steward of its customer's wealth. Accordingly, a long-term investment strategy based on diversification and reduced risk is followed. Although highly customized portfolios are created for every client, overall investment approaches include:

Balanced investment between growth and value, including small-, mid- and large -cap companies, with some weight in international markets.

Individual stocks for the large-cap portion of a portfolio (when appropriate to account size), carefully researched and chosen by our Investment Policy Committee

High-quality short-and intermediate-term bond funds or individual bonds for clients who require a fixed-income allocation (which will be true in the Chinese market).

Pricing & Profitability

Current fees are lower than competitors and profits steadily increase year-after-year. Parsec Financial has traditionally enjoyed 6% growth in clientele each year (attracting 8-10% of new clients with only 2-3% leaving Parsec). Parsec's business goal is to add 6% annually from new clients, another 2% from net client savings (organic growth) and growing market returns. Over the last ten years the S&P 500 was about 1% annually

while Parsec grew 14% annually. “The main goal is for expenses to grow at a slower pace so margins can increase.” If this is attained, profitability grows faster than revenue, doubling almost every 4-5 years.

Customers

Current customers are using Parsec’s fee-only financial services for wealth management and financial, tax and estate guidance for HNWI’s. There are requests for estate planning and tax preparation, but since this is out of Parsec Financials scope, Parsec advises clients to use other well trained professionals to help in those areas.

Management

Parsec’s management team is firmly in place and fully engaged. Bart Boyer acts a Chairman and CEO and founded Parsec in 1980. Bart is a Certified Financial Planner practitioner and a member of the National Association of Personal Financial Advisors (NAPFA) and the Financial Planning Association (FPA).

Parsec has fifteen talented and unique employees. There are four Senior Trust Advisors that have a CTFA (Certified Trust and Financial Advisor) and CFP (Certified Financial Planner) licenses as well as potpourri of backgrounds in personal trust services, residential and commercial lending, investment management, law and estate planning.

There are five Partners with experience in program management, banking and accounting with experience at the executive levels at preceding companies. There are two Financial Advisors both holding CFP licenses and two Research & Trading Associates. Dr. James Smith is Parsec’s Chief Economist boasting an outstanding 30-year career as an economist in business, government, academic and trade association settings. He has served in organizations such as Sears, Roebuck and Co., union Carbide Corporation the Board of Governors of the Federal Reserve System, the President’s Council of Economic Advisers and the National Association of Realtors.

Technology

Parsec Financial currently has its own website that provides clients and prospective clients with information about their investment philosophy, Parsec’s history, Parsec’s talented management team and unique fee-only structure.

The brokerage firm Charles Schwab handles most of the trades for Parsec on the Schwab.com website and has been an important partner in Parsec’s success.

Financial Status

Parsec International’s complete financial status is provided in detail in the financial statements that accompany this plan. For easy reference, we have included financial highlights here from Parsec Financial:

Current cash available is \$800,000.

Our Current Ratio is: $\text{Assets} / \text{Liabilities} = 4$



Financial Plan

"Show me something I can believe."

~ Common Venture Capitalist sentiment

Parsec International's financial plan consists of profit(loss) projections by years for years 1-5. Likewise, we include a detailed budget, cash flow projection, projected balance sheet, and a breakeven calculation. Our worksheets also include a detailed headcount and space requirements analysis (indicating who is paid from investment/loan funds and when they switch over to being compensated from operating cash flow). Other financial models provided include:

- Balance Sheet
- Income Statement
- Cash Flow Statement
- Expense Statement

Assumptions

Parsec's financial projections are based on the assumption that additional new business will generate an increase in profits of 50% each year for the first five years.

During the first 5 years, most clients will be investing less than USD \$100 million and will thus be charged a fee of .9% for equity investments.

Current trends will continue and demand for wealth management services will remain high.

Income Statement

Income Statement	2011	2012	2013	2014	2015
AUM	10,000,000	15,000,000	25,000,000	50,000,000	100,000,000
Equity	5,000,000	7,500,000	12,500,000	25,000,000	50,000,000
equity%	0.9%	0.9%	0.9%	0.9%	0.9%
Bond	5,000,000	7,500,000	12,500,000	25,000,000	50,000,000
bond%	0.6%	0.6%	0.6%	0.6%	0.6%
Revenue (half taken by XIB)	37,500	56,250	93,750	187,500	375,000
Expenses (half shared by XIB)	84,563	85,460	97,010	111,835	135,399
Other expenses					
EBIT	(47,063)	(29,210)	(3,260)	75,666	239,601
Tax benefits (expenses)	11,766	7,303	-	967	(59,900)
Net Income	(35,297)	(21,908)	(3,260)	76,632	179,701

Expenses

Expenses	2011	2012	2013	2014	2015
Rent, Utilities	24,000	26,400	29,040	31,944	35,138
Charity	750	1,125	1,875	3,750	7,500
Advertising	375	563	938	1,875	3,750
Initial advert	10,000	-	-	-	-
Attorney	10,000	5,000	5,000	5,000	5,000
Office Equip	12,000	10,000	10,000	10,000	10,000
Depreciation	4,000	7,333	10,667	10,000	10,000
Office Supplies	3,000	3,000	3,000	3,000	3,000
Bonus	5,000	7,500	12,500	25,000	50,000
Salaries	100,000	110,000	121,000	133,100	146,410
Total Expenses	169,125	170,921	194,019	223,669	270,798

Cash Flow Analysis

Cash Flow	2011	2012	2013	2014	2015
Net Income	(35,297)	(21,908)	(3,260)	76,632	179,701
Operating					
Depreciation	4,000	7,333	10,667	10,000	10,000
Defered income tax	(11,766)	(7,303)	768	17,134	-
Investing					
Fixed asset	(12,000)	(10,000)	(10,000)	(10,000)	(10,000)
financing					
dividend				(15,000)	(150,000)
total change	(55,063)	(31,877)	(1,825)	78,766	29,701
beg cash	200,000	144,938	113,060	111,236	190,002
end cash	144,938	113,060	111,236	190,002	219,702
	-	-	-	-	-

Balance Sheet

The Balance Sheet in the Financials section of this business plan reflect each year.

Balance Sheet as of 12.31.2011			
Assets		Liabilities	
Cash	144,938	short term	0
FA-net	8,000	S/E, 10,000 shares @ \$10 par	200,000
Deffered tax asset	11,766	R/E	(35,297)
Total Assets	164,703	Total L+SE	164,703

Balance Sheet as of 12.31.2012			
Assets		Liabilities	
Cash	113,060	short term	0
FA-net	10,667	S/E, 10,000 shares @ \$10 par	200,000
Deffered tax asset	19,068	R/E	(57,205)
Total Assets	142,795	Total L+SE	142,795

Balance Sheet as of 12.31.2013			
Assets		Liabilities	
Cash	109,653	short term	0
FA-net	10,000	S/E, 10,000 shares @ \$10 par	200,000
Deffered tax asset	19,883	R/E	(60,464)
Total Assets	139,536	Total L+SE	139,536

Balance Sheet as of 12.31.2014			
Assets		Liabilities	
Cash	191,168	short term	0
FA-net	10,000	S/E, 10,000 shares @ \$10 par	200,000
		R/E	1,168
Total Assets	201,168	Total L+SE	201,168

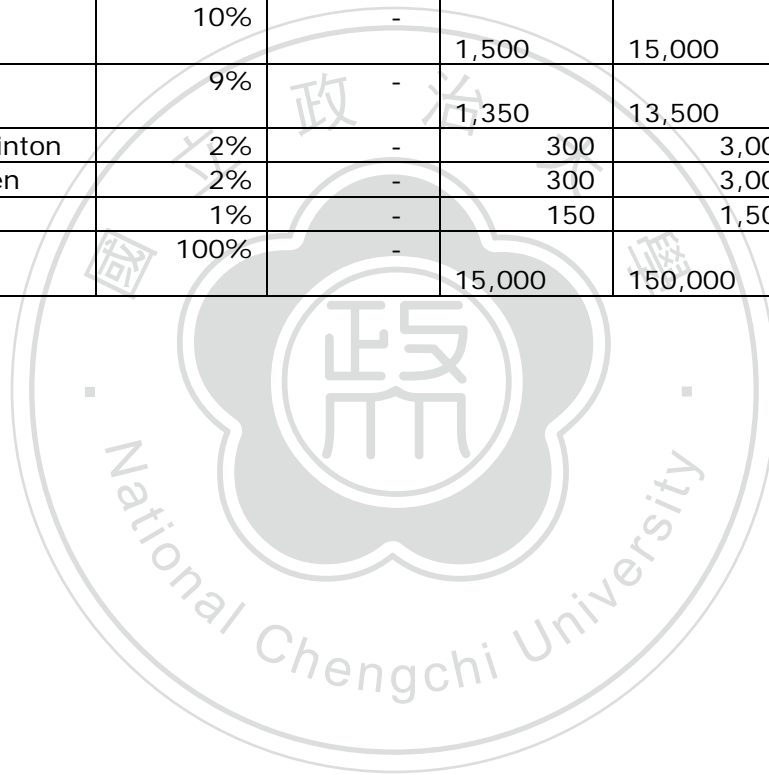
Balance Sheet as of 12.31.2014			
Assets		Liabilities	
Cash	220,869	short term	0
FA-net	10,000	S/E, 10,000 shares @ \$10 par	200,000
		R/E	30,869
Total Assets	230,869	Total L+SE	230,869

Break-Even Analysis

The Break-Even Analysis in the Financials section indicates that the break-even point will be reached after beginning year 4, 2014 at a little over USD \$ 25 million of AUM. Gross Profits in 2014 are forecasted to reach USD \$75,666.

Investor Dividend Statements

		2013	2014	2015
	accum. RE		16,168	180,869
400,000	dividend		15,000	150,000
	RE		1,168	30,869
Xiamen Bank	51%	-	7,650	76,500
Bart Boyer	25%	-	3,750	37,500
Richard Lee	10%	-	1,500	15,000
Ron Clinton	9%	-	1,350	13,500
Meredith Clinton	2%	-	300	3,000
Vincent Chen	2%	-	300	3,000
Jatin Yuan	1%	-	150	1,500
	100%	-	15,000	150,000



Capital Requirements

Capital Structure

Parsec International is a joint venture between Parsec International and Xiamen International Bank. The largest shareholder is Xiamen International Bank, who currently owns 51% of the Company. The Company will be structured to enable a generous Incentive Stock Option Plan for employees, contractors, advisers and directors after 2015. Starting in 2014, Parsec International will be paying investors back with substantial dividends. Investors are forecasted to be paid back by 2016.

Parsec Financial (the main support for Parsec International) has been operating with 28 staff and highly liquid financial resources. With funds generated from operations it has successfully funded market research, employee stock options and charitable giving. Revenue projections for 2009 and beyond reflect the leveraging of this incredibly strong foundation and wealth of market experience. Therefore Parsec Financial is the ideal launch pad from which to launch Parsec International.

Based upon competent accounting, legal and tax advice, Parsec International will be established as a joint venture with Xiamen International Bank. Meredith Clinton will act as Parsec International President and Bart Boyer as CEO; various members of Xiamen International Bank will function as the Board of Directors. This business structure will afford Parsec opportunities for further expansion beyond Xiamen and allows Parsec International a chance to conduct direct operational activities, yet remain completely independent. Depending on actual business growth and expansion, Parsec International may in the foreseeable future make seek a profitable merger and/or partnership to take advantage of relationships that have already been formed by said company. To merge, acquire or partner with another company, Parsec International would have to be overwhelmingly convinced of the long-term profitability of such a decision.

Financing Plan

Start up funds will come from as follows:

Investment Shares				
Owners	Percentage	Shares	Investment	Cost/Share
Xiamen Bank	51%	10,200	\$204,000	\$20.00
Bart Boyer	25%	5,000	\$100,000	\$20.00
Ron Clinton	10%	2,000	\$40,000	\$20.00
Meredith Clinton	9%	1,800	\$36,000	\$20.00
Vincent Chen	2%	400	\$8,000	\$20.00
Jatin Yuan	2%	400	\$8,000	\$20.00
Local Talent	1%	200	\$4,000	\$20.00
	100%	20,000	\$400,000	

Financing Requirements

The total capital required is USD \$400,000. From various investors as stated above. The goal of initial capital raised is to keep Parsec International in a favorable and liquid position so that business can be smoothly carried out.

The safety level is a bit risky for this industry and type of investment. Our confidence in achieving the attached financial projections within 80%, is high.

Detailed Use of Start-up Funds

- 1) Hire key management.
- 2) Fund Initial Media Blitz
- 3) Basic Start-up Operational Costs (Rent, Facilities, Interior Décor)

Financial Models

Financial models for Parsec International follow this page, demonstrating the viability and expected profitability of this business. We feel strongly that these numbers are a representative assessment, and intend to re-evaluate monthly until we have established clear trends upon which we can base future projections.

Exit / Payback Strategy

Parsec International is clearly entering a market that is expanding exponentially, giving us a prime opportunity to attain a strong first mover advantage for wealth management into China's tier-2 cities. The explosive growth for this market supports Parsec International reaching its break-even point by the third year and profitability in just 4 years.

Acquisitions and Partners

At every level of business development, we anticipate a significant jump in business value. Each milestone achieved will incrementally bump valuation. While we simultaneously track competitors, we also track possible acquisitions and/or partnerships with other companies. Some will want our distribution channels and customer base, others will see value in our strategic relationships. Some strategic acquisitions or partnerships include:

Domestic Chinese Investment company – as partners to supplement their Chinese domestic portfolios with our international investment expertise.

Domestic Chinese Banks in tier-2 cities – as partners to invest HNWI clients' wealth into the US equities market.

QDII companies – will want to tap into our strategic partnerships with domestic Chinese banks.

If we can demonstrate our ability to scale quickly and economically, given our marketplace and industry, the logical exit for investors will likely be through a payback of investment, holding Parsec International stock (with dividends) and/or a future merger or acquisition.

Our financial projections indicate that exit of investors will be achievable in 5 years, depending upon our exit methodology. We are currently looking to expand and grow, which will ultimately lead to a rise in stockholder equity in our company.

Summary

In order to proceed with starting Parsec International we are requesting an of USD \$400,000 by April, 2010. Our highest priority is returning our investor's capital.

Market Success

Based on the attached financial projections, our research, our own personal experience, and careful scrutiny of the specific audience and area where we are focused, we are convinced that the market for Parsec International's wealth management services will support the accomplishment of our goals and objectives.

We have built in specific means of measuring our effectiveness in our marketing efforts, engaged with strategic partners and reviewed regulatory requirements to support our success. The wealth management market is expected to grow quickly in Chinese tier-2 cities over the next 5 years. We fully intend to lead the industry in our market, establish and maintain the highest standards and position ourselves as the most knowledgeable and trustworthy wealth management stewards for Xiamen, China and other Chinese tier-2 cities.

We fully anticipate reaching our break-even point by beginning year 4 and profitability in just 4 years. Most profits will be distributed to investors as dividends.

Future Growth

Approaching our goals aggressively will allow us to build an even stronger position than indicated in this plan. Expansion to other Chinese tier-2 cities is foreseen after 5 years of operation. After establishing a tier-2 presence, Parsec International plans to eventually successfully penetrate the Chinese tier-1 markets of Shanghai, Beijing, Shenzhen or Guangzhou.

Parsec International is also committed to bringing superior wealth management services to outside China. Our business model supports moving to other nations with rapidly growing HNWI populations such as; India, Brazil, Mexico and other Latin American countries. Each country will be rigorously examined and considered for its potential profitability.

We are excited about the prospects of turning this business into a recognized contributor in our community, effectively meeting the needs of our clients, providing a dynamic place for our employees, limiting any effects to the environment and growing with our market as needs change.

Investor FAQs

Can't people do this all by themselves? Why do they need your wealth management services?

Sometimes they can and they often do. In fact, as indicated by The Boston Consulting Group, 28% of investors are “Self-Directors” and just want a bank to execute their investment decisions. However, the remaining investors are split between “Participators” (48%) and “Delegators” (24%). The latter investors are where Parsec International concentrate marketing its services.

Why haven't you raised money sooner?

Until now, we have been assembling our management team, developing our local market knowledge, surveying the Xiamen market, and making sure that Parsec International is fully compliant with regulations for raising capital.

What will Parsec International do differently?

None of our competitors in China are concentrating their wealth management services in Chinese tier-2 cities. There are also charging higher fees for “products” that they are selling to investors. Not one foreign fund manager value proposition is as unique as Parsec International's. We do not receive any commissions for sales. We charge fees to align our interests with our clients. Our fees are lower than that of our competitors. We are breaking into geographic areas unexplored by our competitors, but rich in the HNWI population and growing. We are exploiting a first mover advantage, with competitive fees in an ever-expanding market.

What builds the most value in the Company?

By a long shot, our employees are the most important, builders, contributors and maintainers of the value of Parsec International. Parsec is therefore, committed to their growth and excellence. At Parsec International, employees will have opportunities to grow themselves through continued education, peer learning, six month “on campus” learning with Parsec Financial in the US and other valuable employee benefits. Parsec International will position itself in the market as the one of the best employers to effectively, and strategically, attract “hard to find” talent in China.

Our clients are the reason for Parsec International's existence and well-being. Clients will trust not only their money to Parsec International, but also their hard work, financial future, retirement, children's education, inheritance and dreams. This trust is not given lightly and will be highly respected by Parsec International and her employees.

It is of prudential importance that we remain leaders in knowledge and experience in the US equity market and our fee structure remains intact. Parsec Financial has proven itself, year-after-year, as a top-notch wealth management firm and financial advisory embodying the philosophy of aligning itself with its clients. This alignment is, first and foremost, the secret to investment success. A fee structure, which guides us to look at investment through the eyes of our clients, but with the knowledge and experience of a successful firm, is what makes us different and what makes us the best.

Marketing is another serious value component. Therefore, our reputation, brand image

and experience are all major components of long-term value. The size and quality of our customer base, our strategic alliances and marketing relationships are what investors and clients value. Apart from profitability Parsec International will position itself as an exemplary corporate citizen that is concerned about the environment and our local community. We are committed to both the environment and the local community through both our actions and donations of profits.

Invest in Parsec International

I believe in Parsec International and think that it has incredible potential built on an already strong foundation. As a wise investment, the Company provides a service to a population that is growing in both size and wealth. The opportunities have presented themselves and Parsec International has the tools necessary to completely serve China's tier-2 cities with our proven wealth management capabilities.

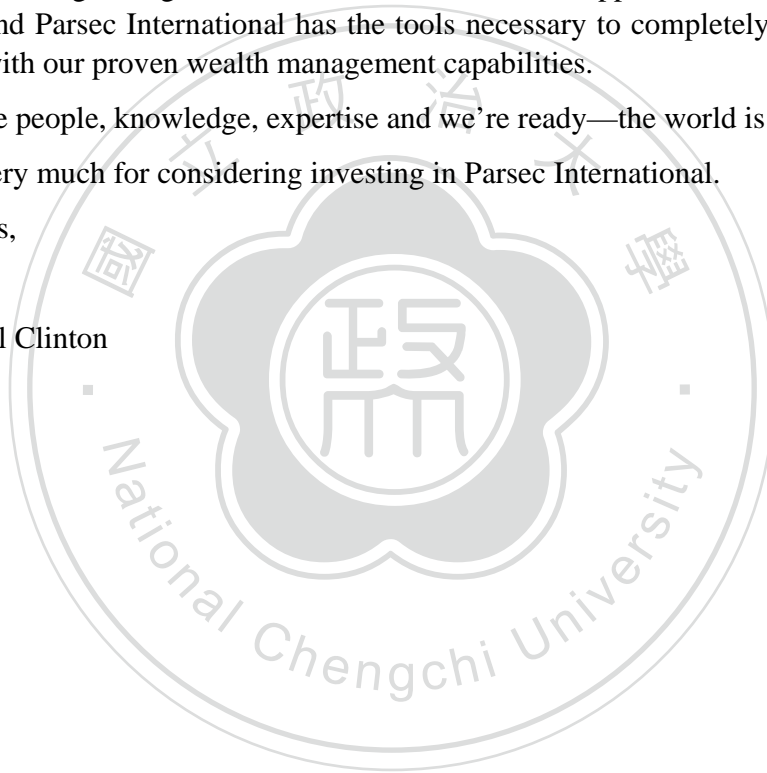
We've got the people, knowledge, expertise and we're ready—the world is waiting.

Thank you very much for considering investing in Parsec International.

Warm regards,

Meredith Hall Clinton

President



Supporting Documents

The documents that follow include supporting information relative to Parsec International's research, background, management, and preparedness for operating this business successfully.

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