

Link to China

Launching China Market

Unique Opportunity • New Product • Brand Awareness • Close Deal

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PHRASE ONE

China is now the next business hot spot for all overseas investors with no doubt. To enter this new market, language is not the only problem to face but how to be successful is the real question. With solid knowledge and experience in both UK and China market, we help you to establish your presence in China.

By Phrase One Investment Ltd

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Exclusive summary

Phrase One Investment Limited is delighted to be given the opportunity to collaborate with Ferguson Snell & Associates and assist to launch China market.

We would like to highlight the following points within the proposal, which we feel will benefit the overall standards and success of the contract. These areas are explained in more detail within the proposal.

- **Assurance** - Utilising our dedicated project manager to deliver our pre-launching package which will benefit overall China market project and maximise the return on investment.
- **Our approach** – We use our resourceful contact in China and knowledge to ensure a maximum benefit is generated from our cost effective service package.
- **Consistent** – The dedicated project manager will supervise China offices day to day running. Also assist maintaining the company standard and the growth in China market.

We have outlined the general marketing overview and strategy will be demonstrated.

Background

Chinese HNWI's are increasingly seeking overseas asset allocation for risk diversification and investment opportunities. The percentages of HNWI's and ultra-HNWI's with overseas investments have roughly doubled since 2011, with half of ultra-HNWI's now invested overseas. Roughly 60% of those interviewed who have overseas investment now said they expect to increase their overseas holdings. HNWI's seek superior advice and guidance in selecting more sophisticated offerings and say that they prefer company with high degrees of professionalism and expertise in international markets as their service / products will fit for HNWI's' investment criteria and requirements.

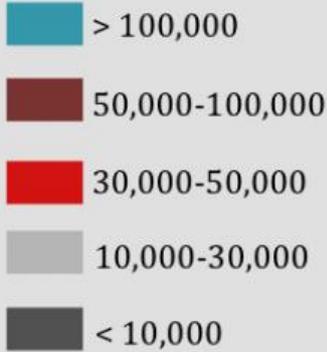
Market size

Ranking	Cities / Provinces	Population	Proportion	Growth
1	Beijing	475,000	17.0%	3.3%
2	Guangzhou	469,000	16.8%	3.1%
3	Shanghai	390,000	13.9%	5.4%
4	Zhejiang	375,000	13.4%	1.4%
5	Jiangsu	208,000	7.4%	5.1%
6	Fujian	107,000	3.8%	1.9%
7	Shandong	105,000	3.8%	7.1%
8	Liaoning	80,000	2.9%	1.9%
9	Sichuan	68,500	2.4%	5.4%
10	Tianjin	47,500	1.7%	10.5%

Generally speaking Beijing, Shanghai, Guangzhou and some cities line along the east and south coast are classified as Tier 1 cities. Other provincial capital cities are categorised as Tier 2 cities, where others are defined as Tier 3. This may not be definite but it is a very useful information when you looking for Chinese HNWI's and to establish your present in China.

Distribution of China's High Net Worth Individuals

Number of HNWI's:



Data Source: Hurun - The Chinese Luxury Consumer White Paper (March 2012)

*Note: Chongqing is in the 30,000-50,000 HNWI category

Suggested cities for your first China office

- **Beijing:** Capital of China, many foreign companies have established their presence in Beijing. Despite the huge market size the level of competition cannot be ignored. The cost of having an office in Beijing prime location is the highest among other cities, but it will bring a higher recognition to the company brand.
- **Changsha:** 'City of entertainment', one of the Tier 2 cities with highly open mind citizens. Benefit from its central location, it has very strong business link with other tier1 city such as Guangzhou and Shenzhen. With a very rich local resource and contact, risk and cost are reduced to the lowest level.
- **Chengdu:** 'A gateway to West of China', Capital city of Sichuan province with the largest population. Next to Chongqing and other fast developing province, Chengdu is benefit from it low complete environment and growing HNWI's.

Targeted cities

Phrase One Investment has developed contacts in many China cities in China. Contacts including:

- Agencies: immigration, education, travel
- Schools: primary, high, universities, private, language training institutions
- Service companies: accounting firm, law firm, private funds, private banks and wealth management.
- Other: private owned companies, individuals and local authorities.

The challenges are different market has different level knowledge about UK immigration. Therefore the initial investments on marketing and strategic approach are different from each cities and regions.

Our approach

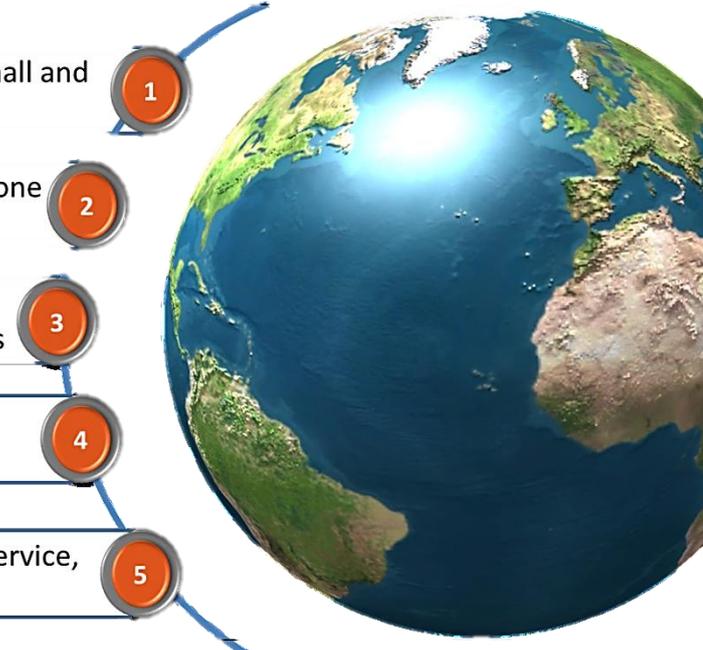
Our project team has at least 8 year experience in both UK and China. We are able to identify the differences market between cities and clients behaviour. We are here to make sure you are speaking to the right people and apply the most cost effective and lawful way in each location in China.

China cities are different not only because of the food and dialects but many other that may affect the growth of your business. This is how we find:

1. **Agency:** many UK companies have signed up with China agencies for referrals, and not all of them performed well, some even did not send any business. It is because the delays of the information updates and the level of understanding of UK market. Right information is hard to pass over to clients. We create a single point of contact, helping you to source, check, train and follow up with the local agencies, to improve the productivity of each distribution channel.
2. **Products:** Ferguson Snell & Associates is one of the leading immigration companies in UK, with many very strong unique selling points. We tailor with local clients' needs to maintain develop your industry advantages in each local market and still to fit your brand standard.

3. **CRM:** Working with HNWI, we believe follow up is the key to maintain the client relationship and will increase the ratio of closing deals. The implementation becomes difficult when the subsidiary is in a totally different country and culture. Our experience tells that 1 visit will only create 10% possibility to close the deal, 2 visits will be 40% and 3 visits give 70%.

Based on the understanding of this market and our passed experience, “focus” is the key to grow in China:

Becoming strong before expanding, start with small and focus. 

Focus one location, invest one location, support one location, settle in one location before moving on

Start from provincial capital city, gradually cover surrounding area, carefully move other provinces

Fit for the local environment, fit for client, fit for market trend. Apply local resources, localization.

Use difference: Information (UK/China), brand, service, marketing approaches.

- **Products**

UK immigration policy changes every three months, this is where we see the opportunity. The quicker we react, the better chance to win more market shares. We help identify opportunities to enhance our competitive advantages in China. On the other hand, we help to form new

Packages based on different market segmentation:

1. Groups of clients: over 18 yrs / 30 – 40 yrs / 40 – 50 yrs; individuals / family / company / government
2. Products categorise: Tier 1 investors / Tier 1 entrepreneur / Government business visiting group / HNWI travel group / Tier 4 student visa.

3. Individual products innovation and promotion
4. Individual product life
5. Each product / project SWOT analyses
6. Marketing trend analyses: (Competitor search / updates, products sales, implementation)

- **Client analyses:**

1. Current structural of agency clients
2. Current clients database / record
3. Client / migrant needs & wants, behaviours
4. Clients' feedback on each package and individual product (including cooperate clients, agencies and third parties)

- **Market competition analyses**

1. Market positioning and competitive (dis)advantages.
2. Products / package comparison
3. Competition and sales strategy
4. Local competitors: Not fully understand UK immigration police. They have spent plenty of efforts on US, Canada and Australia immigration market. As lack of knowledge in UK market, therefore China local agencies are:
 - a) Not able to execute on investment process after the visa has been granted
 - b) Not able to find project for cooperate clients
 - c) Not able to provide other investment choices apart from National Bond
 - d) Not able to offer relocation service after client arrived in UK
5. However, China agencies have already occupied certain amount of market shares, have existing clients, local reputations, contact resource and offices

- **Distribution channel**

1. Distributor targeted clients
2. Distribution strategy and feasibility studies.
3. Current distribution review
4. Necessary adjustments changes based on above analysis outcome

- **Sales individuals / Team**

1. Number of sales individuals at different stage and location.
2. Sales analysis. Target and improvement
3. Sales and non-sales individuals performance review
4. Labour cost review and salary / performance structure
5. Team development plan: structural, recruitment, training & turnover rate.

- **Advertising and promotion**

1. Targeted market segmentation: individual, schools, agencies, cooperates etc.
2. Strategy, contained information, cost and periodically review: depending on location, completion environment, time consuming, yearly budget and targets.
3. Suggested changes and improvement plan.

- **Online marketing**

1. Online promotion in China via different channels, build up a strong online profile within the first year.
2. Collaborating with at least 5 reputable China marketing companies, gathering over 20 third party contacts for the first year and double in the second year.

Why need to have a China office

- **Cost comparison:** Our past experience tells that, when there is not office in China, at least **one** trip to China every **three** months in order to keep the relationships in China. As mentioned in CRM section above, frequent visiting will increasing the possibility of closing deal, however time and financial cost will increase accordingly.
- **Clients:** Having a local presents is essential, and will benefit to clients: 1. can meet clients in person; 2. client have some where to go when having enquiries. 3. easy to follow up after seminar and exhibition.
- **Company:** Globalization will bring complete advantages to a company. Not only help to break through the current bottle neck but also extend the existing products' life.
- **Local contacts:** We can assure this is the most effective of building your local contacts and generating Chinese clients:

Contact level	Details	Activities
Individuals	Our own client database	Follow ups, new products, private meetings and seminars
Schools	Primary/high schools, universities, English schools, private schools	School heads, international departments, strategic collaboration agreement
Agencies	Overseas education, visa/immigration, travel	Carefully select, basic referral agreement
Companies	Property, bank, wealth management, Accountant, Law, medium and large companies	Direct clients, seminars, exhibitions, local collaboration
Local Authority	Education, foreign affairs, business	Seminars, visits, local support, strategic collaboration agreement

Why choose us

Advantages	Through Us	By yourself
Knowledge / Experience	Both China and UK market	Expert in UK market
Industry Awareness	Understand UK immigration rules inside out, familiar with China competitive environment.	Great reputation in UK Visa industry
Cost	Cost for a one stop shop service.	Cost of hire a China Business Department team plus training and opportunity cost.
Contacts	Existing contacts in China, make sure you speaking to right people	Developing new contact
Track records	Seminars, Business set ups, and exhibitions in China	Through third parity with additional risk and cost.
Control	Single point of contact, flexible, assist China office supervisor. Periodically meetings and report.	Rely on China managers, cost on Travel and communication.

- **Research:** Research based on practical experience and knowledge of the market, knowing where to start with and focuses on. Understand both UK and China market.
- **Location:** Identification of local level of competition, and available market size. Fully understand the industry history in targeted location. Cost of setting up office is mainly depending on selected locations, we help to find the best location to suit your long term strategy.
- **Resource:** Existing local contacts: clients (group & individual), agencies, service companies, local authorities. Build up your direct contact without going through third parties.
- **Branding:** Promote your own company brand with sensible level of localization to fit both company standard and local requirements.
- **Timing:** Less testing or void period on launching into new market. Less time on learning and develop new market.

- **Control:** We assist employing, training, managing, reporting based on UK head office requirement. Meetings and reviews will be hold in either location or through web conference periodically to ensure meeting the planned target.
- **Savings:** If following this route by you the cost will normally be £200k - £300k max (£280k average), the cost through us is normally from £60k - £100k max (£80k average). Therefore saving will be: £140k - £200k (£170k average). Note: What 80k can do in China? Newspaper £40k to £60k per year; Magazine advert: £70k to £100k per year; Media over £350k (from £1,300 per second) and it has to be on going to create little feasibility, but hardly clients.

Structure of cooperation



Different way of doing it:

1. We perform as part of your UK team and help Ferguson Snell & Associates setting up its own office in China.
2. We act as Ferguson Snell & Associates **exclusive** China department sharing our existing China resources.
3. Dedicated project manager responsible to achieve all agreement business targets.
4. Single point of contact to ensure a high level of control in China.
5. Ensure time and cost effective.

Service delivery and financials

- **Service we deliver:** a dedicated manager will overlook the entire projects.

Services	Delivery
Products Innovation	Ensure to products are updated in line with latest UK policy and fit for the targeted market.
Clients Management	Maximise the clients' database; CRM to ensure each clients have been effective followed up. Company products / news / UK policies are communicated without delay.
Marketing Analysis	Quarterly full marketing review, competitors review and advise on new marketing strategy and approaches. Suggestion location for offices and negotiating deals.
Distribution Channel	Ensure right contacts have been introduced, implantations on relationship management / meetings / performance reviews / trainings.
Team Development	Assist China office team recruitment, legal complies, training, review and management.
Advertisement / Promotion	Suggest and assist to organise seminars, exhibition. Apply online promotion project team. Target collaborating with at least 5 China reputable marketing companies, gathering over 20 third party contacts for the first year and double in the second year.

- **Income / Benefit**

1. Current market price for Tier 1 entrepreneur visa is £10k - £15/case for a successful visa application, and UK project provider will also need to paid £5k - 10K for marketing fee (when completion).
2. Current market price for Tier 1 investor visa is £20K/case for a successful visa application, if using Phrase One investment solution we will pay £10K marketing fee to Ferguson Snell & Associates

3. Agreement with Chinese University International Department: Tier4 visa is £1k/case.
4. Agreement with China local authorities: sole representative £3000k/case, Business visitor £600 - £800/case. Also a possible of Tier1 Investor and Tier1 Entrepreneur visa application.
5. Not only minimized the input on time and cost, but also risk will be reduced to the lowest level. In return Ferguson Snell & Associates will benefit from client database, direct deals, and collaborating agreements with all level of third parties.

Take an example: Tier 1 Investor clients. 2 deals=60k (breakeven); 4 deals =120k (100% ROI); 6 deals = 180k (200%ROI).

- ***Our fee structure***

A monthly service fee of £5,000 is applied will include all services mentioned above. There will be 20% of bonus for each case, on top of marketing fee. Fees are **NOT** including:

1. Ferguson Snell & Associates own travel expenses
2. Seminar and exhibition costs
3. Office set up expenses, extra staff cost (not Phrase One Investment staff)

However we are responsible to source the best deal in market for any service is required as well as negotiating with local service provide to ensure a smooth launching and growing achieved in China market.

- ***Contract***

We are looking for a contracting with Ferguson Snell & Associates from two years on going.

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