

ASIA — The Hilltop View



The world economic map is having to be redrawn because of the rapidly developing economies of many Asian countries, and especially those of the Pacific Rim.

Aside from Japan, Asia has had little impact on the world's economy until recently, but many nations are now on an economic fast track as they race towards the 21st century.

This report gives you a glimpse of these Asian Tiger countries to help you decide where to set your investing sights. Only 10 years ago, most Asian stock exchanges were about

Trade barriers are melting down, tax reforms are improving, and foreign investment opportunities are opening at a furious pace.

as lively as your local AMTRAK station at 5:00 A.M. But today, they run at a pace similar to the U.S. stock exchanges. Through the year 2000, economic growth of these Tiger countries is projected to be over 7% per year, more than double the projected world economic growth of 3%. On top of this growth, Asia has little government debt. At less than \$400 billion for all of Asia's countries, this represents less than one-tenth of the U.S. debt of nearly \$5 trillion.

Annual GDP (total output of goods and services) growth rates on the following

chart are expected to continue for many years ahead as the economies of these countries develop and mature.

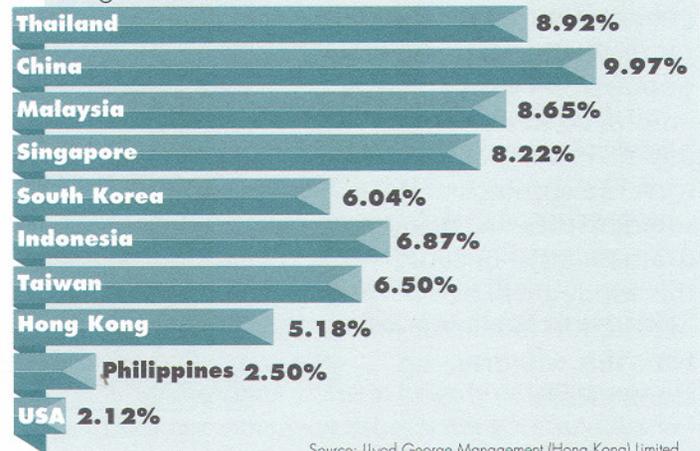
Most Americans have no idea that the Asian economies are headed toward total dominance of the world's economy. At these early stages of potentially explosive growth, major strides are being made in industrial deregulation and the shift from government to individual ownership of corporations. Asia's total economic output compares to that of the United States or Europe, but its stock market capitaliza-

tion is only about one-third of either region, indicating a dramatically higher economic worth of its stock market.

Low labor rates are attracting huge labor intensive projects resulting in high employment rates, higher per-capita incomes, higher savings rates fueling economic growth, higher literacy, better health, and higher consumption of goods.

The ability to integrate low cost labor resources with capital and technology is what has made the Asian Tiger

Average Gross Domestic Product Growth (1990-1995)



Source: Ilyod George Management (Hong Kong) Limited

countries prosper and have a positive effect on stock prices.

The best Asian investment opportunities are in countries at the early stages of their economic development, because as an economy matures and stabilizes, its growth rate slows.

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Asia at a Glance

- Nearly 60 percent of the world population (over 2.5 billion) live in Asia.
- Foreign investments are pouring in at record levels.
- A massive shift is taking place from agricultural based production to industrial and technological.
- Another major shift is taking place from export driven to domestic consumer driven economies. Low labor costs are attracting manufac-

turing companies and boosting local personal income, creating higher demand for locally provided goods and services.

- A huge Asian middle class is being created with growing spendable incomes. The number of Asian affluent households with over \$30,000 income (U.S. dollars) will grow to 51,000,000 by the year 2000, and over 240,000,000 households are expected to own TV sets.

- Export markets are exceptionally strong, with trade balances of many Tiger countries on the plus side.
- Only four of the world's largest cities will be non-Asian.
- Government policies are supporting free enterprise and privatization of industry like never before.
- Billions are being funneled into infrastructure projects.