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CHINA'S
Second Industrial Revolution

PACIFIC TYCOON

Industrialised economies offer significant opportunities for individuals looking to directly invest during a fast-growth period. In today's market, there is no faster growing economy than China – a market led by a new, focused, hardy and physical workforce. This is underlined by statistics revealing a 10-year employment boom in industrial sectors such as mining (up 9%), manufacturing (up 12%) and construction, up an incredible 26%. In fact, since the beginning of the 21st century, China has experienced a rapid and sustained growth in its manufacturing and industrial base. So much so that it has overtaken the USA as the largest industrial power in the world. Indeed, this period of time has witnessed the greatest shift in the balance of global production in such a short duration in world economic history. The era is known as China's second industrial revolution.

The rapid industrialisation in China has been fuelled by rising international demand for Chinese goods, inflows of global investment and mass urbanisation. At the beginning of 2000, Chinese exports were worth just over $150 million. In comparison, total exports for 2013 reached $2 trillion. In addition to supporting economic growth, this tenfold increase in demand-driven exports has provided foreign currency. This is necessary for importing commodities such as concrete and metals to sustain the on-going industrialisation.

A similar pattern can be observed in the levels of capital inflow (FDI) into China. Between 2000 and 2011, this figure has grown from under $40 billion to $220 billion. This investment has overwhelmingly helped finance the growth of China's industrial sector. The sector has witnessed employment figures boom in places such as ports, factories and plants. In turn, this vast, physical and industrial workforce is serving to fuel wider economic growth and demand.

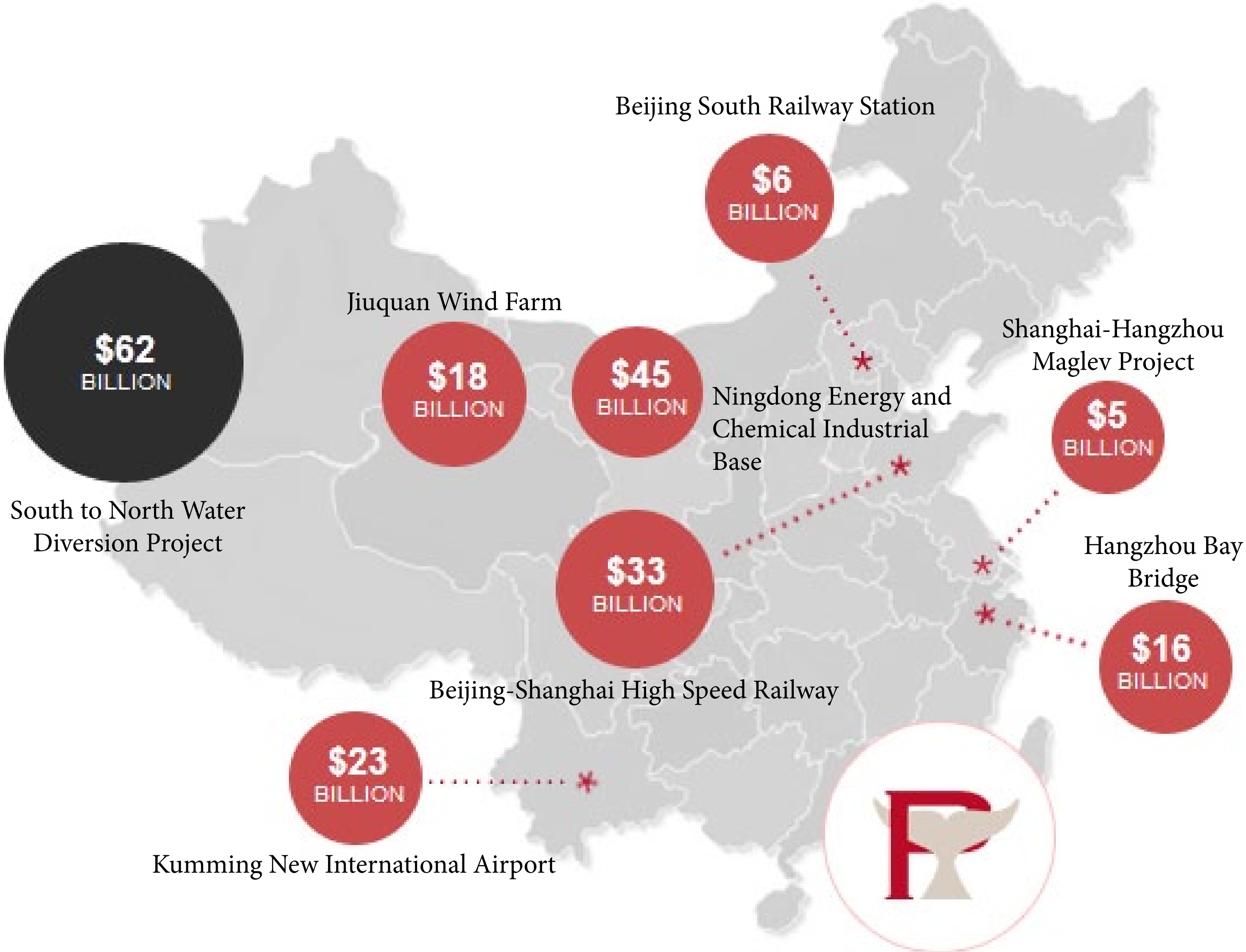
In 1980, 20% of China's population was based in large towns or cities; this had risen to over 50% of China's 1.36 billion population by 2010. Industrialisation has created millions of jobs in manufacturing and trade. The port of Qingdao on China's north-east coast was only opened after the turn of the century. Yet this is now one of the top ten busiest ports in the world and China's biggest port for crude oil and iron-ore imports.

China's second industrial revolution has led to a huge spike in demand for a number of industrial commodities, in turn driving up their prices. Simultaneously, consumerisation of metals and other industrial commodities has occurred. These resources have become an accessible asset which can be bought and sold on the markets. Proof of the influence of the Chinese economy on metal trading is that the Shanghai Metal Exchange was established in 2000. The Exchange is now one of the three most renowned institutions in the non-ferrous metals industry and its significance has grown in line with China's ascent to becoming the number one industrial power in the world.

The global economic downturn which began in 2007 has greatly encouraged investors to branch out into industrial commodities. As Europe and North America suffered from decline, traditional products such as bonds, stocks and shares have offered poor return on investment. In contrast, driven by China's industrialisation and vast requirement for commodities, returns from metals have exponentially risen. For example, between 2000 and 2008, copper has quadrupled in value. Furthermore, nickel prices have risen from $2/lb at the beginning of 1999 to over $9/lb in March 2014. Both of these metals highlight an extremely profitable investment type which has benefitted from the vast transformations which have taken place and continue to take place in China.

China's second industrial revolution has transformed its economic fortunes, led by a hard-working, physical workforce. This rise has impacted the global economy and boosted demand for industrial commodities and metals. In 2007, China's total industrial production was equivalent to just 62% of the US level. By 2011, China's output had risen to 120 percent of the US level and was worth $2.9 trillion. In the space of only four years, China's manufacturing base has almost doubled in size relative to the United States. To apply further perspective; it is now greater in value than the entire economy of the United Kingdom. An industry propelled by key economic indicators of production, employment, longevity and significant monetary contribution to the wider economy, subsequently offers an investment landscape that is fertile and robust. Sustained global demand, developing in strength over hundreds of years - as evident in China's core industrial markets - lends itself to a direct investment portfolio. These have been bolstered by regular returns, as secure as the industries, demand and history that form its existence. Conversely to an alternatives market, industry led investment options are adverse to profit led gains, instead delivering exit strategies based on sustained, long-term models of return.

Pacific Tycoon's head office is based in Hong Kong, at the heart of the booming East Asian economy. Benefiting from our proximity to the industrial and business-led projects transforming China, we endeavour to monitor and understand each one closely. For further details on the trillion dollar projects shown on this map, visit our website: www.pacifictycoon.com



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