



APS Asset Management Pte Ltd

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APS Asset Management Launches China A-Share Fund

On July 15th, Singapore-based fund manager, APS Asset Management launched the APS China A-share Fund, which solely invests in China A-shares. Foreign investors have been allowed to invest in these domestic Chinese shares only since the middle of last year through the Qualified Foreign Institutional Investor (QFII) Scheme. At present, there are only a handful of funds in the world participating in this lucrative market, and APS is certainly the first Singapore-based fund manager to offer such a product. APS has opened the Fund exclusively to its existing investors, but may offer it to others as more QFII quotas are obtained. The APS China A-Share Fund is domiciled in the Cayman Islands and is listed on the Irish Stock Exchange. It was launched with approximately USD 40mn, and is expected to reach USD 100mn by the end of the year. So far, APS has selected ca. 30 stocks for the fund, out of a total market universe of ca. 1,300 stocks.

“The emergence of China as an economic powerhouse will probably be the single largest and most powerful economic event in Asia, if not the world, during this century. Whilst some investors are still figuring how this will affect the world, and particularly Asia, we at APS believe that the most logical thing to do is to quickly participate in this market’s robust long-term sustainable growth rate of 8% through China-A shares. If China A-shares were to be considered an asset class, it would be the most exciting asset class this decade,” says Mr Wong Kok Hoi, Chairman and Chief Investment Officer of APS Asset Management.

APS started preparing for this day two years ago, when it set up an investment research office in Shanghai. In addition to posting two of its senior investment managers there, APS also hired 4 Chinese analysts. Mr Wong adds, “Although there are many gems to be discovered and picked in the market, it is also ‘laced with many landmines’. Arguably, researching Chinese companies is the greatest investment challenge given its current corporate governance and disclosure standards, but will at the same time be most rewarding for diligent investors similar to the Japanese market in the 1960s and 1970s.” APS hopes that its rigorous and intensive bottom-up investment approach that has worked so well for the firm in the last nine years will also work well in China. Mr Wong believes that having insights into the personalities and capabilities of management, and developing intimate knowledge of the company fundamentals, are necessary though not sufficient conditions for successful investment in China.

APS was established as an Asian equity specialist manager in 1995 by Wong Kok Hoi, the firm’s Chairman and Chief Investment Officer. APS has enjoyed a rapid growth in its business, with assets under management of ca. USD 2.3bn as per the end of June 2004. Clients of APS include government institutions, pension funds, insurance companies, multi-managers and other institutional clients. APS employs a total of 18 investment specialists, 6 of whom focus on the Mainland Chinese equity market.

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