CHINA SECURITIES JOURNAL

APS Since 1995

20 October 2025

APS Founder Wong Kok Hoi: China Assets an Unmissable Opportunity as They Get Rerated Globally

by Wang Xueqing, Golden Bull Weekly, China Securities Journal

"The world is re-evaluating Chinese assets, and we have reached a stage where not being invested in China is a risk," said Wong Kok Hoi, Founder, Executive Chairman, and Chief Strategist of APS Asset Management (APS), in an exclusive interview with China Securities Journal.

APS is a foreign-owned enterprise headquartered in Singapore. Born in Malaysia, Mr Wong has worked in various large asset management companies, including the Government of Singapore Investment Corporation (GIC) and Citigroup.

Mr Wong, a distinguished investor who has more than 40 years of investment experience, has lived through the Japanese stock market bubble, the US internet bubble and the global financial crisis. Time and again, he has successfully made contrarian bets, and in recent years chose to focus solely on China.

Mr Wong said that China's economic development has "MIT" advantages, namely Manufacturing, Innovation and Talent, which is why he continues to be optimistic about the country.

“I firmly believe China's best days are still ahead, because China's ‘MIT’ is first-class,” he said. “Today's China is completely different. This means that the risk premium of Chinese assets has dropped significantly, and many companies can enjoy a considerable price-to-earnings ratio expansion of 20% to 40%.”

Chinese Stocks Have Solid Fundamentals

“Over the course of my 44-year professional investment career, the most absurd argument I heard was that Chinese stocks are ‘uninvestable’, Mr Wong said. “These views are completely wrong.”

“In recent years, there were plenty of naysayers in the international community over China’s economic prospects. Some held that China’s capital markets have no investment value,” he said. “Strangely, over time, even some Chinese investors were infected by these foreign viruses. Before September 2024, many Chinese investors also lacked confidence in China’s stock market.”

“But how foreign investors view Chinese assets is less important. What I value more is how Chinese investors themselves view Chinese assets.”

After some thought, in September 2024, Mr Wong wrote a piece titled “The Forgotten Fundamentals” in the firm’s monthly newsletter, APS China Monthly. There, he said that although China has encountered some challenges, its solid fundamentals should not be forgotten by investors.

He said: “China’s GDP growth rate is still faster than that of Germany, the UK, Japan and the United States, and this trend will continue for many years to come. China leads the world in many fields such as 5G, the upcoming 6G, drones, lithium batteries, high-speed railways, electric vehicles and the BeiDou Navigation Satellite System. China has the most hardworking and efficient labor force in the world, as well as many smart and creative entrepreneurs.”

"How can the capital markets of a country that performs so well in so many fields have no future?" Mr Wong argued. "Those who claim that Chinese assets are 'uninvestable' either have ulterior motives or simply do not understand investment." (If the price is right, even the stock of a lousy company can be a great investment).

Bullish on China's "MIT" Advantages

Since the September 24 market rally in 2024, A-shares have maintained their upward momentum. The key question now is: Do China's stock markets have room to grow, or is it time to take profits?

"Some market forecasts are as good as dice-rolling and are not worth taking seriously," Mr Wong said. "In the stock market, it is difficult to predict what will happen next week, next month or even next year. But if we extend our time horizon, the probability of us being correct may reach 70%, which is good enough to use as a reference."

Mr Wong creatively uses the three letters, "MIT", to encapsulate China's future.

"M" Stands for Manufacturing

He said that in the past 30 years, China has built a strong manufacturing ecosystem. This does not just refer to factories, machinery and equipment, but rather a complete infrastructure ecosystem including ports, airports, highways, power plants, etc.

"In the next 10, 20 or even 30 years, no country can replicate such a large-scale ecosystem, let alone replace China," Mr Wong said. "At present, China produces 35% of the world's industrial products. As Chinese enterprises begin to apply artificial intelligence to manufacturing processes, the advantage will only become more pronounced."

"I" Stands for Innovation

"Some people think Chinese enterprises lack innovation. It is true that in the past, many Chinese enterprises were not willing to invest in innovation. They preferred to use existing technologies to make products and achieve returns in two or three years," Mr Wong said.

Turning the argument around, Mr Wong said that "unwillingness to invest" is different from "lack of innovation capability".

"About one-third of engineers in the research and development centers of top American technology companies are Chinese. If Chinese people had no capability to innovate, why would they be employed for decades?

"Most of the core members of the 'super artificial intelligence' team recently assembled by Meta are also Chinese. A few months ago, a university professor told me that now more than 90% of the world's semiconductor research papers come from Chinese universities and research institutions.

"DeepSeek is a good example – it has not only achieved breakthrough innovations in large language models but also inspired a new generation of innovators."

Roughly speaking, China currently has 30 to 40 million STEM (Science, Technology, Engineering, Mathematics) talents under the age of 35, Mr Wong said.

"If we assume that 2% of them participate in innovation-related projects, with each team consisting of 50 people, and assuming just 2% of these projects succeed, there will be 20 innovations every month – and this may be a conservative estimate."

In the competition for dominance in the field of artificial intelligence, the 'game' has shifted from chips to algorithms. Mr Wong noted that China can make up for its deficiencies in chip technology by chip stacking or super-rods, even while in the algorithmic space, China holds the advantage.

"T" Stands for Talent

Mr Wong said that China's "talent" includes entrepreneurs, engineers and industrial workers, The Chinese are very hardworking, motivated and creative, he said.

"Every time I come to China, I like to visit companies and meet with senior managers and founders. I sometimes have meals with them, and I also like to see their factories and equipment," he said.

One of the important reasons behind his confidence in China comes from these company visits and in-depth discussions with senior management teams.

"This May, I visited a biotech company in Chengdu and was very impressed. This company has invested in advanced equipment – both domestic and imported; its two founders have educational backgrounds and work experience in the United States."

Witnessing History, Believing in the Future

Some people believe things after what they have seen, while others see things because of what they believe. Mr Wong's beliefs come from the path he has taken.

Over his investment career of more than 40 years, he has grasped the rhythm of history several times. Mr Wong began his career at GIC in 1981. Five years later, he joined Citibank's fund management arm and was responsible for its Japan funds. At that time, Japan's stock market was rising sharply.

In 1989, when he was on a business trip in Switzerland, a taxi driver there began to boast about the Japanese stocks he held. Mr Wong thought that things had gone too far. Soon after, he sold most of his Japanese stocks. Only a few weeks later, in December 1989, Japan's stock market collapsed.

"Don't chase trends" became Mr Wong's investment philosophy. "When investors are rushing in, you better be rushing for the exits," he said.

In 1990, Mr Wong returned to Singapore and founded APS Asset Management in 1995. One of his classic contrarian investment experiences was in the Chinese market. In July 2004, when the Chinese market fell out of favor with overseas investors, APS Asset Management launched its China A-share fund.

"At that time, China's stock markets had been in a slump for many years. Investors were worried about the profitability, corporate governance and accounting standards of Chinese companies. The net value of our fund also dropped to a certain extent, and then began to take off imperceptibly," Mr Wong recalled.

In the following years, APS Asset Management's China A-share fund became the best-performing unit trust fund registered in the Singapore market.

Before the 2007 global financial crisis, when the Asian market was booming, Mr Wong instead warned: “The market always surprises us with the unknown. When everyone is drinking and celebrating at the party and enjoying the music, maybe it is time to leave.” Time has proven him right again.

On China’s market today, Mr Wong said: “In its recent history, China had experienced hardships due to its backward technology. Today’s China, however, is completely different. It has sufficient national strength to ensure it will not be bullied by foreign forces.

“What does this have to do with investing? This means that the risk premium of Chinese assets has dropped considerably, and many companies will see a substantial P/E ratio expansion. As China continues to strengthen its capabilities, the risk premium of its companies will continue to decline.”

“I believe China can further grasp development opportunities, which will lay a solid foundation for the long-term growth of its economy. Overseas investors may once again realize the value of the Chinese market and provide the second wind.

“As economic data improves and earnings recover, overseas investors will return.”

This interview was translated from Chinese into English. The original interview can be found here.

For more information, please contact cs@aps.com.sg