



Multibagger Portfolio: Sino Biopharmaceutical ISIN: KYG8167W1380

Sino Biopharma is a Chinese pharmaceutical company that was founded in 2000, with business fields that include research, development, marketing, and distribution. Its product offerings consist of a variety of biological and chemical medicines, as well as therapeutic areas. Among the most important segments are oncology for the diagnosis and treatment of cancer, hepatology for the treatment of liver diseases, and orthopedics for the treatment of diseases and injuries related to the musculoskeletal system. Additionally, the company is also involved in digestive, immune, and respiratory diseases. Sino Biopharmaceutical relies heavily on its own research and development efforts, with the total number of experienced R&D employees increasing from 500 in 2013 to over 3,200 today. The company currently holds 1,000 patents and sees itself ahead of most Chinese competitors in terms of technological innovation. However, this high level of innovation comes at a cost, with approximately 10 to 12 percent of its income invested annually in R&D capabilities.

Sino Biopharma is advancing at an incredible pace, launching a multitude of new medications every year. Compared to technology companies, however, the growth of a biotech company is much more difficult to predict. In our opinion, the "China penalty" and the resulting discount in valuation is too high, and a comparable Western company would likely be worth more than twice as much already. Sino Biopharma's broad portfolio is illustrated by its ownership of more than 20 subsidiary companies. One of these, CTTQ, was recognized as the best industry company in China's pharmaceutical R&D product line by the China Pharmaceutical Industry Information Center from 2016 to 2018. This indicates that Sino Biopharma places particular emphasis on research and development. The company has been continuously investing in scientific and technological innovation capabilities for many years, establishing multiple research centers in cities such as Beijing and Shanghai.

Therefore, we speculate that Sino Biopharma will continue to successfully market new products, while also, to a lesser extent, benefiting from a potential easing of tensions between China and the West - although this is currently not a major factor for the company as it primarily serves the Chinese market. We expect the stock to reach levels of HKD 20 or more within the next five years, with current prices trading at around HKD 4.20.