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Mark Slater of Slater Investments picks a company with its core business in Chinese healthcare.

Mark Slater, chief investment officer at asset manager Slater Investments and former Investors Chronicle journalist, explains why he likes Hutchison China Meditech, which trades on the Alternative Investment Market (AIM). "We have owned this share for a while but bought more last week because the price had come off a bit," he says.

"The company originally appealed to us because its core business is in Chinese healthcare. It is growing very quickly and has a turnover growth rate of 15-20 per cent a year on average. Profit growth is higher, with an average rate in excess of 20 per cent – a long-term realistic level going ahead.

"The key driver for this company is massive spending on healthcare in China. The Chinese government is widening state-sponsored healthcare so spending in this area is increasing greatly. The company makes both prescription and non-prescription drugs and where they have intellectual property rights they have strong protection. They also have a strong brand and a very large salesforce covering key markets.

"In addition, Hutchison China Meditech has a consumer business which is benefiting because Chinese consumers have money to spend. These are clearly identifiable drivers which will enable growth to continue. The company was held up last year because some of the herbs it uses went up massively in price but these are now coming down.

"We believe this company is worth significantly more than its market cap of around £183m, and it has net cash on its balance sheet.

"There is very significant hidden value in its research and development business, which is expected to develop a number of drugs. UK pharmaceutical company AstraZeneca has already licensed some pre-clinical research from Hutchison for \$20m, and it has many other products at a more advanced stage."