

Subject: ChainTek 骏泰联合
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ECONOMICS

ChainTek sprints onto Aim

LEE WILD

Before long, the population of China will top 1.5bn and, as their success at the London Olympics shows, most of them are sports mad. They demand the right kit, too. About 70 per cent of all the sports shoes and clothes made in China come from Jinjiang, a relatively small city in the south east, and a small logistics company called ChainTek helps deliver them. It listed in London on Monday and prospects look good.

ChainTek already runs a highly efficient operation. Its lorries pick up finished goods from several local manufacturers and take them to a warehouse in Jinjiang. From there, vehicles operated by another trucking firm deliver them around the country and pay ChainTek a commission. In 2011, the firm shipped 168,000 tonnes of goods, almost twice as much as the year before.

A pre-float placing at 160p a share has already raised £7.5m, valuing the business at around £87.5m, much more than UK haulier Wincanton. It could be worth even more if all goes to plan. Founder Shufang Zhuang and his wife have a truckload of faith. They own more than two-thirds of the business, but have promised not to sell for at least a year and even then only enough to satisfy demand. Investec Asset Management has taken a 3.4 per cent stake worth £2.6m, too.

Growing market share in the sports sector and branching out into other areas will be crucial. Chinese logistics is a highly fragmented market – none of the 700,000 firms involved has more than a 2 per cent share – yet ChainTek has little competition locally and filling its trucks with more building materials, food, toys and umbrellas looks like the next step.

🔴 Winning over UK shareholders may not be so easy and there are no financial forecasts at present. Contracts with manufacturers are short, too – just one year to three years – and there's

geo-political risk to consider. Still, the shares only trade on six times last year's earnings, which we think is great value for a high-margin business growing at 40 per cent a year. You may need your running shoes to keep up with this one. A full version of this article can be found online.