

HD Corporate News: Beijing Fund Buys Waste Manager

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SYDNEY -- State-owned Beijing Capital **Group** has agreed to **buy** New Zealand's biggest waste manager from Australia's Transpacific Industries **Group** Ltd. for 950 **million** New Zealand dollars (US\$796 **million**).

Chinese investors, after splurging on Australian mines, have been pursuing overseas infrastructure assets to garner both returns and industry knowledge. Given **China's** increasing urgency about cleaning up the nation's filthy air and water, its companies are eager to gain expertise in waste management.

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"Waste management is going through massive growth in **China**, and given how new the industry is they're likely looking to extract what they can in terms of expertise," said Hasan Tevfik, a Sydney-based Credit Suisse strategist. "Infrastructure is also a natural beneficiary of this search for yield."

The agreement with Transpacific, which is still subject to regulatory approval in **China** and New Zealand, would give Beijing Capital ownership of landfill sites, recycling depots and hazardous-waste treatment facilities across New Zealand.

Beijing Capital **Group** is owned by the Beijing municipal government. In addition to infrastructure, the investment **group** targets the financial-services and real-**estate** sectors, according to its website. Its assets were worth US\$21 **billion** at the end of last year, while annual revenue was more than US\$3.7 **billion**.

Beijing Capital's general manager, Wang Hao, said he sees scope for extensive cooperation with the waste-management business, the **group's** first **purchase** in New Zealand.

"The investment carries significant and mutual technical and **commercial** benefits for both companies and will open further strong **commercial** links between the New Zealand and **Chinese** markets," Mr. Wang said in a statement Monday.

Transpacific said it expects to complete the **sale** by the end of June. Its chief executive, Robert Boucher, said the deal would improve Transpacific's "financial flexibility."

Transpacific said it is also considering using some revenue from the deal to make new investments, and to resume dividend payouts to investors.

Many more infrastructure assets are expected to come up for grabs in places like Australia and New Zealand as cash-strapped utilities and governments look to strengthen their balance sheets. Such assets are often attractive as a reliable source of income, not so tied to economic cycles.

Li Ka-shing, Asia's richest man, acquired New Zealand waste-management business EnviroWaste last year for NZ\$501 **million**. Before that, his companies, including Cheung Kong Infrastructure Holdings Ltd., bought stakes in Australia-listed infrastructure businesses Envestra Ltd. and Spark Infrastructure **Group**.

Cheung Kong last year also bought AVR Afvalverwerking BV, the largest **company** in the Netherlands generating **energy** from waste, for about 9.7 **billion Hong Kong** dollars (US\$1.25 **billion**).

Chinese investors have become more cautious about investing in Australia's **mining** industry as growth in **China**'s demand for commodities slows and after various projects hit operational delays and technical setbacks. Credit Suisse's Mr. Tevfik estimates that **mining** assets accounted for about half of **Chinese** investment in Australia in the 12 months ending last June, compared with nearly all of **Chinese** investment there four years earlier.

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CO bjcg : Beijing Capital Group | tinptl : Transpacific Industries Group Ltd

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