



[Press Release]

## **CKI Expands Into Waste Management Infrastructure with HK\$3.2 Billion Acquisition of EnviroWaste in New Zealand**

(15 January, 2013 – Hong Kong) – Cheung Kong Infrastructure Holdings Limited (“CKI” or the “Group”) announced its expansion into the arena of waste management infrastructure in New Zealand through the acquisition of Enviro Waste Services Limited (“EnviroWaste”).

The Group has agreed to acquire 100% of EnviroWaste for a cash consideration of NZ\$490 million (approximately HK\$3.18 billion). The acquisition is subject to approval from the New Zealand Overseas Investment Office. Completion is expected to take place in the second quarter of 2013.

### **EnviroWaste – A Quality Investment with Good Security**

#### One of Two Diversified and Integrated Waste Services Providers in New Zealand

EnviroWaste is a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and residential sources via collection services, landfills and transfer stations throughout the country.

With over 500 full time employees, EnviroWaste owns and manages a range of waste management infrastructure in New Zealand including waste collection facilities, a network of transfer stations, and landfills. In addition, it also owns and operates ancillary business such as bulk waste haulage and landfill gas-to-electricity generation.

#### Capital Intensive Assets with High Barriers to Entry

Commenting on the acquisition, Mr. HL Kam, Group Managing Director of CKI said: “EnviroWaste specializes in offering environmentally responsible solutions to address the waste and recycling needs of New Zealand’s communities and businesses. It is a quality investment with good security, having characteristics similar to that of traditional infrastructure investments. Its business is underpinned by attractive, long-life infrastructure assets that feature high barriers to entry – namely the scarcity of land available for use as landfills, long and onerous consenting processes, high up-front capital costs and access to controlled waste volumes from upstream operations.”

EnviroWaste’s largest landfill is Hampton Downs. It accounts for approximately 30% of annual landfill volumes in Greater Auckland and is New Zealand’s largest landfill measured by remaining capacity. Situated outside of Auckland on an area of 360 hectares, Hampton Downs

commenced operations in 2005 and is a modern, engineered landfill with a multiple layer lining system, leachate and stormwater management, as well as landfill gas-to-electricity generation. Consented to receive waste until 2030, Hampton Downs has the capacity to receive waste for many decades to come and is poised to reap benefits as other major landfills servicing Auckland approach the ends of their lives.

### Waste Market Offers Long-term Growth Potential

“Waste management provides good opportunity for future growth. The rate of increase in waste is fundamentally linked to growth in population, GDP and consumption. It is expected that New Zealand will experience long-term waste volume growth as the economy continues to expand. As the volume of waste continues to rise, waste services offer great potential for growth,” Mr. Kam added.

### **Premium Asset with Good Track Record Offers Immediate Cash Flow**

“EnviroWaste is a well-managed and profitable company with strong asset backing. It owns and operates a network of collection facilities at 18 locations nationwide, 14 transfer stations, 3 landfills and a fleet of over 290 vehicles. From 2009-2012, EnviroWaste has achieved double-digit compound annual growth in revenue and EBITDA. We are very happy to acquire this business. It is poised to immediately deliver a steady income as well as stable and recurring cash flow to CKI,” continued Mr. Kam.

### **Strengthens Portfolio of Investments in New Zealand**

“In addition, EnviroWaste will further extend our geographical presence in the New Zealand market. New Zealand has always been one of the core markets that we have been interested in. We are pleased with our existing investment in Wellington Electricity Lines Limited, and have found that the country’s legal system and stable political condition provide a very efficient business environment. We are delighted to have the opportunity to acquire another high-quality asset in this country,” Mr. Kam explained.

### **Extension of CKI’s Materials Business**

The acquisition of EnviroWaste reflects CKI’s strategy of embracing new growth opportunities through diversification and globalization, building on the Group’s experience in materials handling, logistics and environmental waste management.

Through two of its subsidiaries – Green Island Cement (Holdings) Limited and Anderson Asia (Holdings) Limited – CKI is the biggest supplier of cement, concrete, and asphalt in Hong Kong, operating a fleet of specialized trucks and barges transporting in excess of 10 million tonnes of materials per year in Hong Kong and Southern China. It is also the biggest user of waste materials by mass in Hong Kong, consuming around 1.5 million tonnes per year for the production of infrastructure materials.

“CKI’s acquisition of EnviroWaste marks an exciting new chapter in the development of the Group’s materials business. We plan to leverage our expertise in materials handling as we expand into waste management infrastructure. The operations will be able to share their expertise, and explore opportunities of synergy,” Mr. Kam stated.

## **Inroad into Environmental Businesses**

The acquisition of EnviroWaste is also in line with Cheung Kong Group's corporate initiatives to invest in environmental and land-related projects for the betterment of society.

Waste is generated across all sectors of the economy from everyday household and commercial activities and frequent collection, handling and disposal is required. Along with global trends to pursue environmentally responsible solutions to manage waste and recycle efficiently, waste management infrastructure has become a big industry, providing a sizeable market and excellent business opportunities for experienced operators.

"EnviroWaste is a unique investment opportunity in the land-related environmental industry offering immense potential to CKI and other member companies in the Cheung Kong Group," said Mr. Kam, who is also the Deputy Managing Director of Cheung Kong (Holdings) Limited.

## **Synergy with Cheung Kong Group's Existing Businesses**

In the past, CKI has joined forces with other Cheung Kong Group member companies to acquire investment projects. These initiatives have all worked very well as this approach allows the member companies to work closely together to complement each other to enrich the investments.

"EnviroWaste offers a rare opportunity to invest in a quality business in New Zealand's waste management infrastructure industry. New Zealand is a country which places high priority in environmental management and we are very excited to invest in an industry with huge market potential. Given that member companies of Cheung Kong Group have vast interests, expertise and resources in various environmental and land-related initiatives, CKI looks forward to working closely with Cheung Kong Group's other member companies on this project to leverage on the respective unique strengths of the member companies to grow EnviroWaste and to improve its efficiency and effectiveness," Mr. Kam expressed.

## **CKI to Continue Acquisition Trail**

Mr. Kam concluded: "Following the investment in a power transmission link in Australia in September 2012 and the acquisition of UK's Wales & West Utilities in October 2012, EnviroWaste represents CKI's third acquisition in the past four months. With cash on hand of approximately HK\$5 billion and a low gearing ratio of approximately 9% after this transaction, CKI will continue to explore acquisition opportunities that will further expand and enrich our global investment portfolio."

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Photo Captions

Photo 1: A view of the Hampton Downs Landfill site



Photo 2: Landfill gas-to-energy electricity generation at Hampton Downs



Photo 3: An EnviroWaste waste and recycling collection vehicle

