

China's waste recycler aims to expand at home as it lists overseas

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BAODING, China, Dec 1 (Reuters) - China's Zaige Waste Management Holding Group, a Hebei-based recycling company, hopes to raise A\$20 million (\$15.14 million) listing on Australia's ASX later this month to fund its expansion at home as Beijing cracks down on waste imports.

"Listing in Australia will help make Zaige distinct from other Chinese peers to attract more capital," Ford Zheng, executive director at Zaige, told Reuters on Friday.

It will be the first Chinese waste company to list overseas.

By curbing some scrap and waste imports, the government in the world's largest commodities consumer is aiming to upgrade and modernise its recycling sector as part of its war on pollution.

In July, Beijing imposed a ban on imports of 24 types of garbage, from steelmaking dross to waste paper and plastics, raising concerns about how domestic scrapyards will survive without a steady supply of foreign raw material. There are big uncertainties about how the new rules will be enforced, but the government has also recently closed some smaller family-run yards that were operating without permits or did not meet government pollution standards as part of its environmental inspections over the summer.

Zaige reckons it will benefit from Beijing's tougher regulation by filling a gap left by those shuttered operators.

"We see recent rules as a great opportunity to expand our business ... Zaige plans to build another five waste processing plants in the Beijing-Tianjin-Hebei region," said Zheng.

Zaige currently owns a recycling plant in Handan city in Hebei province, with 1.6 million tonnes of waste processing capacity in steel, non-ferrous, plastics and tires every year.

Handan is a major hub for used tire recycling, dominated by thousands of processors, mostly illegal small privately-owned factories.

The company will issue up to 100 million shares on the Australian Securities Exchange at \$0.20 per share to raise up to A\$20 million.

"Zaige plans to use the capital to expand current processing lines, especially in the used tire recycling sector, to fill the gap in the current market left by Beijing's crackdown on illegal waste processors," said Zheng.

Zaige also aims to set up a joint venture with Australian waste solution company Waste Audit to expand its business in waste management consulting services.

Liu Kang, founder and executive director at Zaige, said the company will also seek to list in Hong Kong and the United States in the next three years.

(\$1 = 1.3210 Australian dollars)

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