

# KIF

## CLIMATE INVESTMENTS IN CHINA



# GROWING DEMAND FOR CLIMATE INVESTMENTS IN CHINA

The continued high economic growth in China has led to increased energy consumption in production and transport, among other things. Besides all the benefits for the Chinese people, a negative side effect is an increasing level of pollution and higher greenhouse gas emissions.

The Chinese government is now dealing with these issues through new regulation and public investments. This will result in an increase in the demand for climate technology, products and services in the Chinese market.

## **A new climate investment fund**

The Danish Climate Investment Fund (KIF) can assist Danish companies in taking advantage of the growing Chinese market by offering risk capital and advice to companies as well as developers wishing to supply technology to, develop or operate businesses reducing greenhouse gas emissions. This could be:

- Renewable energy projects, e.g. wind, solar or hydro
- Suppliers to renewable energy projects
- Energy efficient projects, reducing greenhouse gas emissions
- Alternative energy projects, e.g. using waste as input
- Transport projects
- Energy saving material and equipment

KIF only invests in projects that are considered commercially viable and offers an attractive return to its investors. Co-financing in the form of equity or mezzanine financing is in the range of EUR 2m to EUR 15m in a single project.

## **Built on 45 years of experience**

IFU - Investment Fund for Developing Countries is fund manager for KIF. Therefore, KIF can draw on IFU's more than 45 years of experience in setting up 1,200 businesses in more than 100 countries. Out of these 130 are located in China, and IFU has contributed with more than DKK 1.5bn in share capital and loans out of a total expected investment of DKK 10bn.

A number of IFU's investments in China are climate-related, like for example:

- Production of wind turbine blades with Vestas
- Catalyst production with Haldor Topsøe
- Control systems for wind turbines with KK-Group
- High-tech composites with Fiberline
- Bioethanol with DONG Energy
- Solar moduls and systems with Photonic Energy
- Production of gear wheels with Niebuhr

# INVESTMENTS

## Promoting biofuel in China

A greater focus on green solutions in China and a target of 500 bioethanol plants to be built by 2020 has led DONG Energy to explore the market potential for their second generation bioethanol in China.

In cooperation with the Danish Climate Investment Fund, DONG Energy has established a joint venture that will promote the bio-based Inbicon technology in China, engage in the development of bioethanol plants and render services to them.

The Danish Climate Investment Fund will decide on a case by case basis to invest in specific plants in joint ventures with Chinese partners that have acquired an Inbicon license. DONG Energy is ready to plough back their license fee in the first couple of plants to secure a swift start in erecting bioethanol plants in China.

### FACTS ABOUT THE INVESTMENT

**Danish partner:**

DONG Energy New Bio Solutions

**Status:** In operation**KIF funding:** DKK 12.3m**Total investment:** DKK 25m

## New Haldor Topsøe factory in China

The Chinese government has decided to introduce stricter rules and regulations on emissions from for example cars. This has opened up new business opportunities for companies such as Haldor Topsøe, which has developed world-class catalyst technology for removing nitrogen oxides (NOx) from diesel exhaust.

To serve the Chinese market Haldor Topsøe has decided to open a catalyst production plant in Tianjin. Production will commence in 2015.

The total cost of the plant is DKK 900m. To reduce Haldor Topsøe's financial risk IFU has agreed to invest in the plant. Moreover, a share capital investment has been made by IFU Investment Partners, a facility funded by the two pension funds PKA and PBU and managed by IFU.

### FACTS ABOUT THE INVESTMENT

**Danish partner:** Haldor Topsøe**Status:** Under construction**IFU's shareholding:** DKK 70m**IIP's shareholding:** DKK 80m**Total investment:** DKK 900m

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