Early Warning System

IFC-39279

Penyao

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Quick Facts

Countries	China
Specific Location	Zhoukou City in Henan Province, Yuanjiang City and Qiyang City in Hunan Province
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	PENYAO ENVIRONMENTAL PROTECTION CO.,LTD.
Sectors	Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 172.20 million

Project Description

The Project is to support Penyao EP to expand its water and WWT business via PPP, BOT and TOT models in areas that the Company has established good presence and relationship with local government via past BOT, EPC and BT projects, all outside first-tier cities. Proceeds from the proposed IFC investment will be used for three WWT projects and two bulk water supply projects in five counties in China, as well as to refinance some short-term debt thus helping the Company to rationalize its capital structure.

Founded in China in 1984, Penyao Environmental Protection Co., Ltd. (“Penyao EP” or the “Company”) is an integrated water and wastewater treatment ("WWT") company that owns/operates a sizeable portfolio of municipal BOT/TOT projects, provides EPC and BT services as well as manufactures/sells water/wastewater equipment. As of 31 December 2016, Penyao EP had a total of 19 operational and pipeline BOT/TOT projects across seven provinces in China, including 13 WWT projects, four water supply projects, one reclaimed water project and one sludge treatment project. Total design capacity for water/WWT projects amounted to 1.6 million tpd.

Investment Description

- International Finance Corporation (IFC)

The project sponsor is Penyao EP, a private company preparing for IPO in China. It is currently 36.12% owned by Chairman Mr. WANG Hongchun and his brother Mr. WANG Chunlin. The next largest shareholders include Ciena Enterprises Limited (23.37%), Lionguard Investments Limited (13.18%) and Huatai Zijin (Jiangsu) Equity Investment (6.95%). The remaining shareholders account for less than 5% each.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/