



Rating
Buy

Asia
China

Utilities
Utilities

Company
**Dongjiang
Environmental**

Reuters	Bloomberg	Exchange	Ticker
0895.HK	895 HK	HSI	0895

Date
25 June 2018

Breaking News

Negative news report on Jiangxi project; pending company clarification

[Negative news reports on Jiangxi project](#)

China's CCTV reported on the morning of 25 June that their reporter has identified the following problems with Dongjiang's Jiangxi Fengcheng project during a recent visit

- Temperatures of the incinerators are dropping below the required levels to treat dioxin during the night
- Emission of SO₂, HCl and CO are surpassing the emission limit set by the Chinese government
- Local plant management has been modifying the online monitoring system and potentially faking the emission data

Operation at the project has been suspended.

[DB view](#)

According to our conversation with the company, management is preparing a clarification announcement addressing all the issues raised by CCTV.

We note that Dongjiang derived 11% of total profit from the Jiangxi project (Phase I) in 2017, consisting of both hazardous waste treatment and recycling. While we think a proper view on the stock can only be formed after we see the clarification announcement, we expect the shares to be under pressure in the near term on the back of the 1) potential earnings impact and 2) potential impact on the company's planned share placement in 2018.

[Valuation & Risks](#)

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Appendix 1

Important Disclosures

*Other information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Dongjiang Environmental	0895.HK	11.90 (HKD) 22 Jun 2018	NA

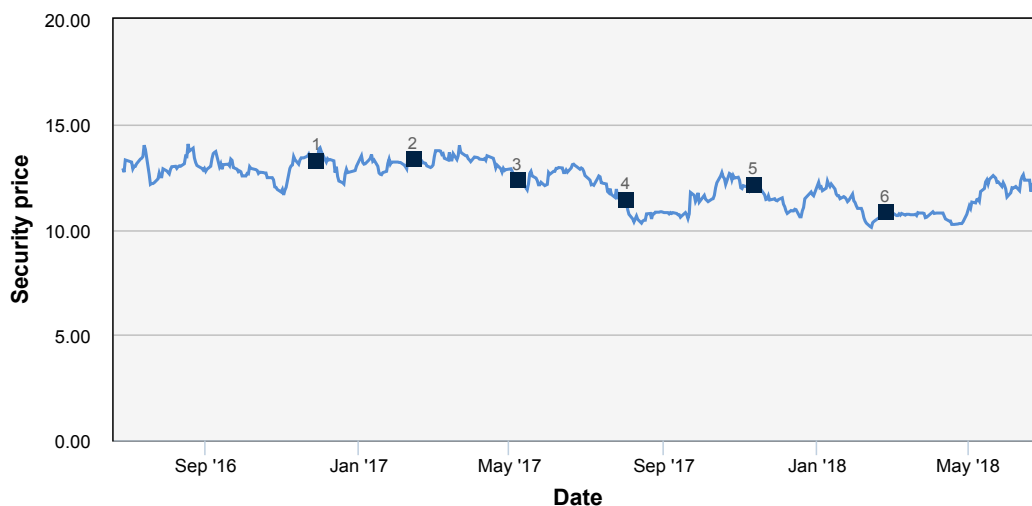
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Historical recommendations and target price. Dongjiang Environmental (0895.HK)

(as of 06/22/2018)



Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

** Analyst is no longer at Deutsche Bank

1.	11/29/2016	Buy, Target Price Change HKD 15.50	Thomas Zhu, CFA	4.	08/02/2017	Buy, Target Price Change HKD 14.70	Thomas Zhu, CFA
2.	02/14/2017	Buy, Target Price Change HKD 15.20	Michael Tong, CFA	5.	11/12/2017	Buy, Target Price Change HKD 13.60	Thomas Zhu, CFA
3.	05/08/2017	Buy, Target Price Change HKD 16.00	Thomas Zhu, CFA	6.	02/25/2018	Buy, Target Price Change HKD 13.00	Thomas Zhu, CFA



Equity Rating Key

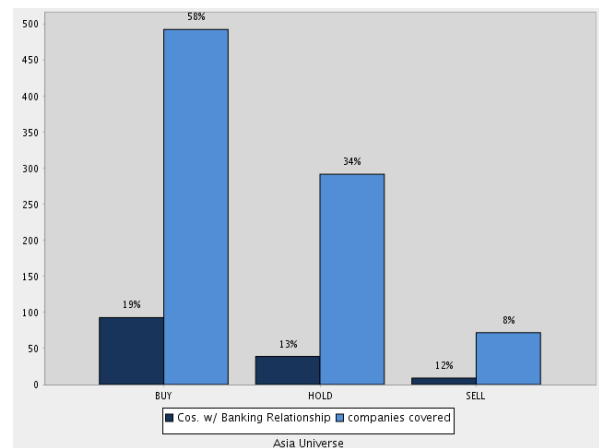
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Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock.

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

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Equity rating dispersion and banking relationships





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