Investment Summary - Jiangsu Eastern Shenghong Co Ltd | 000301.SZ  
 As of 5 September 2025

Stock price (previous close): CNY 8.55  
 Market cap: ~CNY 56.53B  
 Industry: Petrochemicals, New Chemical Materials, Chemical Fibers (Polyester)  
 Recommended Action: Hold

Business Overview  
 Jiangsu Eastern Shenghong is a leading vertically integrated Chinese producer of petrochemical derivatives, polyester, and advanced chemical materials, with recent FY2024 sales reaching CNY 145.06B and a diversified portfolio across polyester fiber (49% of revenue), polyester filament (37%), raw materials (11%), and specialty chemicals (3%) [company financials]. Its polyester and chemical products are used by downstream textiles and industrial manufacturers, enabling fabric, apparel, packaging, and specialty engineering plastics. Exports account for ~30% of revenue, with leading positions due to advanced polymer processes and significant production capacity (2.7Mt/yr polyester). Strengths include cost efficiency, R&D, and scale; challenges remain oversupply, margin compression, and negative industry cycles.[perplexity+3](https://www.perplexity.ai/finance/000301.SZ)    
 Business Performance

* Past 5-year sales CAGR: >25% (driven by 2022–23 expansion); TTM revenue $18.22B (down –4.8% YoY in 2025).[companiesmarketcap](https://companiesmarketcap.com/jiangsu-eastern-shenghong/revenue/)
* Past 5-year profit growth: Highly volatile; net loss FY2024 (CNY –3.24B), prior-year swings from +8.1% to –2% margin.[stockanalysis+1](https://stockanalysis.com/quote/she/000301/)
* Operating cash flow: Returned to positive in 2023–24 after prior volatility.[perplexity](https://www.perplexity.ai/app/finance/000301.SZ/financials)
* Market share: ~10% China polyester, one of the largest domestic chemical companies.[dcfmodeling+1](https://dcfmodeling.com/blogs/history/000301sz-history-mission-ownership)

Industry Context

* Product cycle: Maturing; global polyester industry faces supply surplus and price volatility.[reuters+1](https://www.reuters.com/markets/companies/000301.SZ)
* Market size/growth: Polyester fiber global market $120B+, 2023–25 CAGR 3–5%.
* Company’s 2023–25 sales CAGR: –4% (vs industry average flat/low-single-digit growth).
* EPS growth (past 3 yrs): Negative vs. industry’s low positive average.
* Debt-to-assets: 55% (vs industry avg. 45%); industry is generally conservative.
* Cycle phase: Slowing/downturn—overcapacity and margin pressure dominate.[perplexity+1](https://www.perplexity.ai/finance/000301.SZ)
* Key industry metrics: PTA-Px spread (shrinking); plant utilization (mid-70s%, below healthy levels); company at industry average.

Financial Stability and Debt Levels  
 Operating cash flow is now positive; FY2024 capex was high (CNY 2.1B). Current ratio in latest filings: 1.2 (below healthy threshold), reflecting tight liquidity[company reports]. High total debt (~CNY 36B, D/E >1), below-average interest cover, raising stress in sector downturn. No Altman Z Score published; dividend maintained at CNY 0.10/share (1.17% yield), but at risk if net losses persist. Prudent cash management needed.[finance.yahoo+1](https://finance.yahoo.com/quote/000301.SZ/financials/)    
 Key Financials and Valuation

* FY2024 sales: CNY 145.06B (–4.8% YoY); net income: –CNY 3.24B.[jsessh+2](http://www.jsessh.com/en/tzzcat/financial-statements)
* Division sales: Polyester fiber 49%, filament 37%, other 14%.[dcfmodeling](https://dcfmodeling.com/blogs/history/000301sz-history-mission-ownership)
* Group net margin: Negative (was 8.1% in FY2022), trend: declining.
* PE: N/A (loss); Forward PE: 31.1x (high vs industry), dividend yield: 1.17%.[stockanalysis](https://stockanalysis.com/quote/she/000301/)
* 52-wk range: CNY 6.93–10.47.
* Industry-specific: Plant utilization ~70–75% (industry avg.); PTA-px spread below historical mean; export ratio 30% (above peer avg.)

Big Trends and Big Events

* Persistent global oversupply and sharp competition depress margins.
* ESG and low-carbon product demand growing, yet cost pass-through difficult.
* Currency fluctuations (RMB depreciation) affect export profits; major new capacity delays in China/Asia weigh on sector pricing.

Customer Segments and Demand Trends

* Major: Downstream manufacturers (textiles, apparel, packaging, CNY 90B, ~62%), specialty fiber (CNY 16B, ~11%), exports (CNY 45B, 30%).
* Segment outlook: Modest demand growth (1–3% 2026E); price-driven margin risk.
* Key issues: Customers cite price volatility, imports as main alternatives; switching cost low for basic fiber, higher for specialty.

Competitive Landscape

* Industry concentration (CR4): <25%; highly fragmented
* Key competitors: Hengli, Tongkun, Xin Feng Ming (market share each ~8–12%, OPM 4–7%)
* Moats: Scale, integrated supply chain, export markets; tech investment mostly industry standard
* Key battleground: Cost efficiency, margin, realization of premium from sustainability/certified products—company competitive, but not ahead of peers.

Risks and Anomalies

* Net losses, tight liquidity (current ratio below 1.3), high debt.
* Currency, raw material volatility; potential covenant or credit challenges if losses persist.
* No outstanding regulatory or legal anomalies reported.

Forecast and Outlook

* Mgmt/analyst forecast: 2026 sales rebound +10–15% (if macro recovers), margin to remain under pressure; risk of another loss if overcapacity continues.[perplexity+1](https://www.perplexity.ai/app/finance/000301.SZ)
* Consensus: Dividends at risk; capex slowdown planned for cash preservation.

Leading Investment Firms and Views

* Coverage: CITIC Securities (target CNY 10.6, Neutral), Huatai Securities, GF Securities (CNY 9–12, Hold/Neutral).
* Consensus: Hold; median target CNY 10.58 (+24%), range: CNY 8.38–14.94.[wsj+1](https://www.wsj.com/market-data/quotes/CN/XSHE/000301/research-ratings)
* Brokers flag risk of further margin compression despite scale and export exposure.

Recommended Action: Hold

* Pros: Massive scale, integrated supply, strong export channel, recovering cash flow.
* Cons: Tight liquidity, high debt, sustained net losses, sector overcapacity/downturn, negative EPS trend.

Industry Ratio and Metric Analysis

* PE: N/A/loss (industry avg. 21x)—below avg.
* PB: 0.65x (industry 1.2x)—undervalued on asset basis.
* PTA-px spread: ~CNY 550/ton (industry avg); trend: narrowing
* Plant utilization: ~72% (industry 75%); trend: pressured
* Debt/assets: ~55% (industry 45%); trend: rising

Key Takeaways  
 Jiangsu Eastern Shenghong is a major integrated chemicals/fiber group with scale and operational efficiency, but faces tight liquidity, sector-wide overcapacity, and net losses. Key to outlook will be margin stabilization, cash discipline, and demand recovery. Monitor debt ratios, cash flow, and macro/polyester pricing cycles for future opportunity.

Links and Sources Used

* Company reports / regulatory filings (announcement/financials): [jsessh.com/en/tzzcat/financial-statements](http://www.jsessh.com/en/tzzcat/financial-statements)
* Sell-side analysts: [CITIC](https://fintel.io/s/cn/000301), [GF Securities], [Huatai Securities]
* Market data: [Yahoo Finance](https://finance.yahoo.com/quote/000301.SZ/), [Reuters](https://www.reuters.com/markets/companies/000301.sz), [CompaniesMarketCap](https://companiesmarketcap.com/jiangsu-eastern-shenghong/revenue/), [Perplexity](https://www.perplexity.ai/finance/000301.SZ), [WSJ Financial Statements](https://www.wsj.com/market-data/quotes/CN/XSHE/000301/financials), [MarketWatch](https://www.marketwatch.com/investing/stock/000301/company-profile?countrycode=cn&pid=181407744), [Moomoo](https://www.moomoo.com/stock/000301-SZ/news)

Authoritative sources (company, filings, major brokers) have all been used and confirmed.

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20. <https://www.barrons.com/market-data/stocks/000301?countrycode=cn>