

Research Update

Far Eastern New Century Corp. And Yuan Ding Investment Corp. Ratings Affirmed At 'twA+/twA-1'; Outlook Stable

August 28, 2019

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twA+' long-term and 'twA-1' short-term issuer credit ratings on **Far Eastern New Century Corp.** (FENC) and its investment holding company, **Yuan Ding Investment Corp.** The outlook on the long-term ratings is stable.

The ratings on FENC and Yuan Ding Investment reflect our view that FENC's telecom business, **Far EasTone Telecommunications Co. Ltd.**, will maintain its good market position over the next two-to-three years. We also expect Far EasTone's still good, albeit slightly declining profitability, increasing contribution from FENC's more profitable Polyethylene terephthalate plastics business in the U.S., and further developments of its low-cost land bank will sustain FENC's profitability. These strengths are tempered by still-high volatility in FENC's petrochemical and polyester business.

Our assessment of Yuan Ding's core status within the FENC group reflects our view that Yuan Ding is the key holding and financing vehicle for the group. This view is also supported by Yuan Ding's ownership in over 20 entities including Far EasTone--the most important profit generator of the group—as well as several chemical businesses that are integral to the group's operations. We also believe Yuan Ding's main operation is fully integrated into the group and the company operates as a division within the group.

Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Telecommunications And Cable Industry - June 22, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Commodity Chemicals Industry - December 31, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013

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- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

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Ratings List

Ratings Affirmed

Far Eastern New Century Corp.

| | |
|-----------------------|-------------------|
| Issuer Credit Ratings | twA+/Stable/twA-1 |
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Yuan Ding Investment Corp.

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|-----------------------|-------------------|
| Issuer Credit Ratings | twA+/Stable/twA-1 |
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.taiwanratings.com for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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