

Research Update:

Chang Chun Plastics And Chang Chun Petrochemical Ratings Affirmed At 'twAA/twA-1+'; Outlook Stable

May 19, 2025

We use our Principles of Credit Ratings criteria to assess and assign a proxy group credit profile (GCP). We continue to base our assessment of the credit quality of Chang Chun Petrochemical and Chang Chun Plastics on the proxy GCP, based on the pro forma consolidated financials of their audited consolidated statements.

Rating Action Rationale

Taiwan Ratings Corp. today affirmed its 'twAA' long-term and 'twA-1+' short-term issuer credit ratings on Taiwan-domiciled **Chang Chun Plastics Co. Ltd.** and **Chang Chun Petrochemical Co. Ltd.**, the two major companies of the Chang Chun group. The outlook on the long-term ratings remains stable.

The ratings reflect Chang Chun group's leading market position for some specialty chemicals in Asia, broad product mix and diverse end-applications, highly integrated production, and good product and process technology. These attributes will continue to underpin the companies' satisfactory profitability and cash flow generation. The ratings affirmation also reflects our view that the group's solid operating cash flow, with a sustainable net cash position, will support its expansion plan and moderate cash dividend payout.

These strengths are offset by the group's lack of integration into basic feedstock chemicals such as ethylene and propylene, intense competition, and weak product spreads amid persistent overcapacity for major commodity chemicals.

Ratings Score Snapshot

Issuer Credit Rating: twAA/Stable/twA-1+

Note: All scores below are in comparison with global obligors.

Business risk: Satisfactory

- Country risk: Moderately high
- Industry risk: Intermediate
- Competitive position: Satisfactory

Financial risk: Modest

- Cash flow/Leverage: Modest

Anchor: twaa

Modifiers

- Diversification/Portfolio effect: Neutral (no impact)

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- Capital structure: Neutral (no impact)
- Liquidity: Exceptional (no impact)
- Financial policy: Neutral (no impact)
- Management and governance: Neutral (no impact)
- Comparable rating analysis: Positive (+1 notch)

Stand-alone credit profile: The core operating units of the Chang Chun group have not been assigned stand-alone credit profile

- Group credit profile: twaa+
- Entity status within group: Highly strategic

Related Criteria & Research

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology - April 04, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- Criteria | Corporates | General: Corporate Methodology - January 07, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities - January 07, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- General Criteria: Group Rating Methodology - July 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Principles Of Credit Ratings - February 16, 2011

Related Research

- Taiwan Ratings' Ratings Definitions – Nov. 11, 2021

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed

Chang Chun Petrochemical Co. Ltd.

Chang Chun Plastics Co. Ltd.

Issuer Credit Rating	twAA/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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