List of Entities on Rating Watch for 1st Quarter 2021 (period covering 01.01.2021 – 31.03.2021)

No	Issuer / Entity	Issue size and Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
1	MEX II Sdn Bhd	i) RM1.3 billion Sukuk Murabahah ii) RM150.0 million Junior Bonds	A_{IS} BBB	Negative	Placement on MARCWatch Negative was triggered by insufficient progress on the construction of the 16.8-km Lebuhraya Putrajaya-KLIA expressway (MEX Extension) to meet the project milestones since the ratings were downgraded in 2019. In June 2020, MEX II received the approval from Lembaga Lebuhraya Malaysia to complete MEX Extension by September 4, 2021. However, there was no further project progress, with completion at end-July 2020 standing stagnant at 86%. MARC has on 18 November 2020, downgraded the ratings of MEX II Sdn Bhd's (MEX II) RM1.3 billion Sukuk Murabahah Programme to BBB_{IS} from A_{IS} and its RM150.0 million Junior Bonds to BB from BBB. The ratings remained on MARCWatch Negative. The project remains stalled to date, which has heightened MARC's concerns about MEX II's ability to meet its debt service next year. MEX II will need additional funding to complete the project and meet its near-term financial obligations, which MARC believes carries a significant execution risk.	May 22, 2020 - placed on MARCWatch Negative August 21, 2020 – Extension of MARCWatch Negative November 18, 2020 – remained in MARCWatch Negative and its ratings were downgraded from A_{IS} to BBB_{IS} and BBB to BB respectively.

No	Issuer / Entity	Issue size and Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
					MARC has on 9 February 2021, downgraded its ratings on MEX II Sdn Bhd's (MEX II) RM1.3 billion Sukuk Murabahah Programme to BB*IS* from BBB*IS*, and RM150.0 million Junior Bonds to B from BB. The ratings remain on MARCWatch Negative. **Our latest rating action on MEX II is premised on the increasing likelihood that the company may not be able to put in place a liquidity facility that it had originally expected to procure by end-2020 to meet a principal and profit payment of RM68.7 million due in April 2021.**	**February 9 2021 – remained in MARCWatch Negative and its ratings were downgraded from BBB*IS* to BB*IS* and BB to B.**
					MARC has on 26 March 2021 further downgraded MEX II Sdn Bhd's RM1.3 billion Sukuk Murabahah Programme and RM150.0 million Junior Bonds ratings to C*IS*/C, from BB*IS* and B. **We wish to highlight that the recent ratings actions was driven by the liquidity pressure MEX II is facing and the likelihood of missing an upcoming payment in its sukuk repayment of RM68.7 million which is due on 29 April 2021 against its cash balance of RM7.7 million as at end-February 2021. It also has another sukuk repayment of**	**March 26, 2021 – remained in MARCWatch Negative and its ratings were downgraded from BBB*IS* to C*IS* and B to C.**

No	Issuer / Entity	Issue size and Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
					RM38.2 million due in October 2021. MEX II has indicated that it is in discussions with financial institutions to obtain a bridge facility to meet repayment obligations, and with investors for a postponement of the April maturity to October 2021. **If no payment is made on the upcoming financial obligation in April 2021, the ratings will be downgraded to D. In the event MEX II obtains an indulgence from sukukholders to defer the sukuk payment, the ratings will remain at C*IS* / C.**	
2	Alpha Circle Sdn Bhd	iii) RM160 million Senior Sukuk Musharakah iv) RM55 million Junior Sukuk Musharakah	A*IS* BBB*IS*	Negative	The rating action was due to increase concerns related to the decline in the volume of foreign labour force, which has been impacted by the COVID-19 crisis. In addition, the crisis has also caused administrative delays in permit renewals for existing foreign workers that have led to longer billing cycles. These factors have resulted in Alpha Circle's lower-than-projected cash flows and as a consequence, Alpha Circle has breached its finance service cover ratio (FSCR) covenant of 1.75x.	February 11, 2021 – placed on MARCWatch Negative.

No	Issuer / Entity	Issue size and Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
					We maintained the negative outlook to reflect the uncertainty that the foreign worker volume would improve sufficiently in time to support Alpha Circle's upcoming financial obligations. If there is a sharp rebound in the foreign worker volume to the historical levels and/or the company receives sufficient external liquidity support, the outlook could be revised to stable.	