

List of Entities on Rating Watch for 4th Quarter 2022 (period covering 01.10.2022 – 31.12.2022)

No	Issuer/ Entity	Issue size & Instrument	Last rating action	MARCWatch	Subsequent rating action	Chronology on MARCWatch
1	UITM Solar Power Sdn Bhd	RM202.3 million Green SRI Sukuk	AA-1s	Negative	<p>The rating has been on MARCWatch Negative since January 28, 2022 when it was placed because of shutdown in operations following blowout of its transformer and switchgear in November 2021. The rating action was taken due to uncertainty on the recommencement of the solar power plant.</p> <p>On April 27, 2022, the rating agency extended its MARCWatch negative on UITM Solar Power. The extension considered a 5-week delay in the estimated resumption date to mid-June 2022 from early May 2022 due to the requirement for an additional technical assessment by UITM Solar Power and the delay to receive replacement parts from Shanghai because of a lockdown.</p> <p>The plant resumed operations at 50% generation capacity on June 10, 2022. Full rectification work is expected to be completed by end-July 2022 to reinstate the plant's generation capacity to 100%.</p> <p>On July 27, 2022, the rating agency further extended its MARCWatch negative on UITM Solar Power given the slow progress to resume operations. The extension considered a further delay to fully rectify operational issue and to reinstate the plant's generation capacity to 100% which was targeted by end-July 2022.</p>	<p>January 28, 2022 - placed on MARCWatch Negative</p> <p>April 27, 2022 - Extension of MARCWatch Negative</p> <p>July 27, 2022 - Extension of MARCWatch Negative</p>

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					<p>The plant was reenergized at full capacity on August 10, 2022 after completion of new equipment installation. MARC Ratings is monitoring the plant's performance after its full resumption before finalizing the next course of rating action.</p> <p>On October 11, 2022, the rating agency further extended its MARCWatch negative on UJTM Solar Power to reflect concerns on the plant's operations given the limited time since resuming operation from August 10, 2022, for the rating agency to make conclusive assessment of its performance. The extension also considers uncertainty surrounding the quantum and timing of insurance proceed to partly reimburse equipment cost and revenue losses during outage period. Timely receipt of insurance is important to ensure sufficient liquidity is maintained to meet the plant's financial obligations.</p>	<p>October 11, 2022 - Extension of MARCWatch Negative</p>
					<p>MARC Ratings had on December 1, 2022 lowered its rating on UJTM Solar Power to A+_{is} from AA-_{is} to reflect the company's weakening liquidity metric. The insurance proceeds for the equipment damage and business interruption of RM20.0 million that were supposed to provide a buffer to liquidity had not fully materialized.</p> <p>Following the downgrade, MARC Ratings removed the rating from MARCWatch Negative placement. The removal also reflects moderating concerns on UJTM Solar's ability to meet upcoming sukuk obligation of RM16.0 million in April 2023 after its secured a bank guarantee in December 2022.</p>	<p>December 1, 2022 - Removed from MARCWatch Negative Ratings and downgraded from AA-_{is} to A+_{is}. Outlook is negative</p>

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					<p>The negative outlook considers UJTM Solar Power's thin liquidity buffer and its reliance on consistently healthy operating cash flows from its plant. The rating could be downgraded if operational hitches impact cash flow generation.</p>	

