

PRESS RELEASE

Mtronic turning Solar into RM350 million

Kuala Lumpur, 12th July 2022: Metronic Global Berhad (“Mtronic”, stock code 0043) announced on 13th January 2022 that Sinaran PPA Sdn Bhd (“Sinaran PPA”), a new joint-venture company between Metronic Global Berhad and Earthtech Sdn Bhd, had entered into 2 power purchase agreements on both located in Kedah with total contract values of RM50 million with capacity of 4,121 kWp for a term of 25 years.

The construction and installation of solar PV facilities pursuant to these two power purchase agreements are expected to complete in the 4th quarter of 2022 with the commencement of operations immediately thereafter.

In this respect, the Group’s plan to venture into the Solar Energy Business is premised on the favourable outlook and prospects for the solar PV industry in Malaysia. The long-term recurring income to be generated from the leasing of the electricity generated from the solar PV facility to the site owners under the solar leasing activities to be undertaken by Sinaran PPA is also expected to contribute positively to the future earnings of the Group.

Apart from the 2 solar leasing contracts mentioned above, Sinaran PPA is in the midst of negotiations on the potential solar leasing contracts with owners of buildings at various locations in Selangor, Kedah, Penang and Perak with a total proposed size of 29,260 kWp and an estimated total contracts value of RM300 million for a term of 25 years.

Pursuant to Mtronic’s latest Rights Issue at an issue price of RM0.06 with free warrants (“Mtronic-WB”) on the basis of 6 rights shares together with 2 Mtronic-WB for every 1 existing Mtronic share held by shareholders on 10th June 2022 (“Rights Issue”), Mtronic announced on 5th July 2022 that the Rights Issue was 99.88% subscribed and managed to successfully raise RM77.97 million.

Upon the completion of the Rights Issue, Mtronic has raised the required funds for Sinaran PPA to kick start the solar business. These proceeds will be used to finance the acquisition of the material, machinery and commissioning of the factory buildings as well as preparing Sinaran PPA to undertake a further 29,260 kWp of potential contracts.

Such funds are also expected to strengthen Sinaran PPA’s financial position moving forward thus enabling it to approach more and bigger potential clients for solar leasing contracts in the future.