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## AE Multi in partnership with JMT for green energy venture

BY GHO CHEE YUAN

KUALA LUMPUR: AE Multi Holdings Bhd has entered into a heads of agreement (HoA) with JMT Kelantan Baru Sdn Bhd yesterday that will pave the way for it to venture into the growing renewable energy industry.

JMT holds two feed-in approvals issued by the Sustainable Energy Development Authority for two renewable energy (RE) installations. It is now planning the design, procurement, construction and commissioning of two 10mw integrated flood mitigating mini-hydro power projects in Kelantan.

JMT also, on Jan 7, 2013, entered into two RE power purchase agreements with Tenaga Nasional Bhd (TNB) to sell electricity generated from each of its RE installations to TNB for 21 years on completion of the intallations in 2018.

AE Multi wants to undertake the operation and maintenance of the RE installations and has approached JMT with a proposal. JMT, it said, is prepared to consider granting it that exclusive right.

As such, under the HoA inked, AE Multi and JMT will negotiate the detailed terms and conditions

of the proposal with the intention to finalise and enter into a definitive agreement within 45 days from the date of the HoA.

Under the proposed collaboration, JMT shall grant AE Multi the right to operate and maintain the two 10mw integrated mini-hydro power projects in Kelantan and AE Multi shall be entitled to 80% of the total profit from the sale of power to TNB.

Development costs for the RE installations shall be mutually agreed by both parties at a later date. JMT shall be solely responsible for securing the financing for the project.

AE Multi, meanwhile, has to pay JMT RM140 million as investment, a sum which AE Multi intends to raise via a corporate exercise, on the promise that it will see an internal rate of return of at least 11.5% from the project.

In a statement, AEMulti managing director Yang Chao Tung said the proposal will result in a diversification of the group's core business to include RE, which will generate a constant stream of income and long-term profit for the group.

Shares in AE Multi closed unchanged at 14.5 sen yesterday, with a market value of RM35.16 million.