

MMC, Gamuda get green light for northern double-track deal



■ By Goh Thean Eu

AN EQUAL partnership between MMC Corp Bhd and Gamuda Bhd has received the green light from the Government to build the much awaited multi-billion ringgit double-track railway project in northern Peninsular Malaysia.

The joint venture received a letter from the Economic Planning Unit (EPU) of the Prime Minister's department, stating that the Government has agreed to its double-tracking project proposal.

"The Government and both companies will commence negotiations on the formal agreement of the project as soon as possible," said MMC and Gamuda said in statements to Bursa Malaysia yesterday.

The 330km railway project, which will be initially funded privately, connects Ipoh in Perak to Padang Besar in Perlis.

Besides the letter from EPU, both companies also received a letter from Keretapi Tanah Melayu Bhd (KTM) on Monday.

"The letter basically allows us to enter KTM's land and engage in soil testing as well as land acquisition on behalf of the Government," a company official said. "However, the entire project cost has yet to be finalised."

The project, which is set to take five years to complete, is expected to boost the states of Perlis, Kedah, Penang and Perak economically.

Analysts generally welcomed the news, but were not

>> SEE PAGE 47, COL. 1

Project postponed in 2003 to reduce deficit

□ FROM PAGE 39

entirely surprised.

“The market was somewhat already expecting it since last year,” said an AmResearch analyst. It places a “buy” call on Gamuda with a target price of RM9.65.

The Government had postponed the project in late 2003 to reduce the national budget deficit.

Gamuda shares on Bursa Malaysia yesterday closed 15 sen, or 1.6 per cent, higher at RM9.10 while MMC shares closed unchanged at RM8.

Gamuda and MMC shares have gained 78.4 per cent and 98 per cent so far this year, outperforming the broader market’s 25 per cent gain.