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Shareholders Yes to Gadang buying Mandy

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GADANG Holdings Bhd (formerly known as Lai Sing Holdings Bhd) shareholders yesterday approved the acquisition of Mandy Corp Sdn Bhd for RM28.7 million in cash.

What Gadang will get is 4.11ha of prime leasehold land located along Jalan Segambut, but it only has to pay the remaining RM20 million to Mandy within two years from the completion of the sale and purchase agreement.

"That will give us ample time to collect the necessary funds and see how the economy turns," said Gadang executive director Koay Teng Keong after an extraordinary general meeting (EGM) in Kuala Lumpur yesterday.

The initial 30 per cent of the purchase price was raised from internal funds, while the balance will be funded through a combination of internal resources, bank borrowings and possibly a rights issue of Gadang's shares or private debt securities.

This will also give Gadang a low start-up cost for the low and medium housing development it plans for the land, the lease of which expires in 2078.

Valued at RM30 million, the land already has approval from city authorities for residential development, but Mandy had submitted a proposal to revise the layout to mixed and residential development.

Gadang chairman Datuk Kamaruddin Abdul Ghani said the raising of funds to develop the land will be manageable, and will be a matter of collecting funds owed to it.

Commenting on Prime Minister Datuk Seri Dr Mahathir Mohamad's statement on the use of infrastructure projects to kick-start the economy, Koay said he welcomed it and hoped that companies like Gadang will benefit.

He said there is now a shift from the focus on export manufacturing to construction, which he sees as the sector which will pull the country out of a recession.

One project that Gadang is hoping will be revived is the New Pantai Highway, in which it holds 35 per cent of the construction contract.

Berjaya Land Bhd recently announced it would be buying into the project by acquiring 96.67 per cent in Maxtro Engineering Sdn Bhd which has a 30-year concession to design, build and operate the highway.

The 20km highway links Subang Jaya, the Federal Highway, Jalan Bangsar and the Kuala Lumpur-Seremban highway.

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