

Ireka partners Beijing-based CRRC to venture into urban rail projects

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KUALA LUMPUR: Property development and construction outfit Ireka Corp Bhd has teamed up with the world's largest manufacturer of rolling stock and rail-related products and systems CRRC Urban Traffic (Europe) Co Ltd (CRRC UT) to venture into rail projects.

In a filing with Bursa Malaysia yesterday, Ireka said the memorandum of understanding (MoU) served the purpose for the collaboration in rail, urban traffic solution, tourism and infrastructure projects in Malaysia and Southeast Asia.

Ireka and CRRC UT will work together exclusively to explore business opportunities in areas such as logistics, trading of construction and building materials as well as specific rail and infrastructure construction projects.

"The MoU entered between Ireka and CRRC UT establishes a formal working relationship between the parties to jointly pursue projects in the areas set out," it said.

Simultaneous to the MoU, Ireka also signed a share subscription agreement with CRRC UT, a member of the China-based CRRC Group, to invest in Ireka and subsequently establish a joint-venture relationship between both parties, of which Ireka holds 51% and CRRC UT holds 49%.

Ireka said the proposed subscription entails the subscription by CRRC UT of 15.83 million shares, representing about 9.27% of the total number of issued shares in Ireka at an issue price of 57.95 sen per share, for a total price of RM9.18 million.

Ireka's share price closed at 60 sen yesterday.

The gross proceeds will be utilised for working capital (RM9.03 million) and expenses in relation to the proposed subscription (RM150,000).

Upon completion of share subscription exercise, CRRC UT will emerge as a substantial shareholder holding an 8.48% stake in Ireka based on the enlarged share capital.

The CRRC group already has a presence in Malaysia and is an active player in the country's rail industry through its supply of contracts for the light rail transit system, Express Rail Link and KTM Komuter.

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