

# Ireka, China ink MoU for urban rail projects

IREKA Corp Bhd is collaborating with China-based CRRC Urban Traffic Co Ltd (CRRC UT) for projects in the urban rail traffic solution, tourism and infrastructure space in Malaysia and South-East Asia.

This comes as Ireka inked a memorandum of understanding (MoU) with CRRC for a period of 24 months, to engage exclusively with each other, discussing various commercial possibilities arising from a few specific areas.

The MoU would see both companies exploring specific rail and infrastructure construction projects arising from China's "One Belt, One Road" initiative in Malaysia.

Ireka and CRRC UT will



The MoU would see both companies exploring specific rail and infrastructure construction projects in Malaysia

also explore business opportunities in the area of logistics, with the objective of

supporting the connected parties of CRRC UT in China in their business operations

in Malaysia and South-East Asia, Ireka's exchange filings yesterday noted.

Simultaneous to this MoU, both parties agreed to enter into the subscription agreement, where CRRC UT Europe Co Ltd (CRRC Europe) will subscribe up to 15.8 million shares in Ireka at an issue price of 57.95 sen, or for a total of RM91.76 million.

CRRC Europe will emerge as a substantial shareholder in Ireka, holding a 8.48% equity interest post subscription.

The parties envisaged a joint-venture company (JVCo) will be established to pursue the business area, and proceeds from the proposed subscription will be used by Ireka

for the purpose to fund the business.

It can be also injected into the JVCo as the capital contribution by Ireka, or in other areas.

Ireka noted the venture will allow it to look at opportunities in new business, in line with Malaysia's Economic Transformation Programme, with the objective to upgrade the country's public transportation and infrastructure system.

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. — TMR