

Ireka receives RM40mil offer for shares in its associate companies

By Kathy B. - July 16, 2021 @ 5:15pm

<https://www.nst.com.my/property/2021/07/709035/ireka-receives-rm40mil-offer-shares-its-associate-companies>



Ireka Corp Bhd has received a non-binding offer from a substantial shareholder, Ideal Land Holdings Sdn Bhd (ILHSB) to purchase all of its equity interests in 17 subsidiaries and associate companies for a total of RM40 million.

ILHSB is a vehicle controlled by Ireka executive chairman Datuk Lai Siew Wah, his son, Datuk Lai Voon Hon who is Ireka's group managing director (MD), and his daughter, Monica Lai Voon Huey, who is Ireka's group deputy MD.

Ireka received a letter from ILHSB for the non-binding offer (Letter of Offer) dated July 5, 2021, it said in a filing with Bursa Malaysia recently.

ILHSB plans to buy companies from Ireka that are involved in property development, property management, urban transportation, and information technology business.

These include Aseana Properties Ltd (ASPL), in which Ireka has 23.07 per cent equity interest, and The RuMa Hotel KL Sdn Bhd (30 per cent).

The other companies are Ireka Engineering and Construction Vietnam Company Ltd, Ireka Development Management Sdn Bhd, United Time Development Sdn Bhd, i-Residence Sdn Bhd, Ireka Commercial Sdn Bhd, and Ireka Property Services Sdn Bhd. Ireka has 100 per cent equity interest in all of these firms.

Ireka said the offer is subject to ILHSB or its nominee entering into a binding definitive conditional sale and purchase agreement with Ireka within 30 days from the date of the Letter of Offer.

It said that in view of the interests of certain of its directors in ILHSB, namely Siew Wah, Voon Hon, Voon Huey, and Chan Chee Kian (collectively referred to as interested directors), the interested directors are deemed interested in the offer.

Ireka said the Board (save for the interested directors) will deliberate on the offer and decide on the next course of action.

There have been some interesting developments in Ireka prior to this announcement on July 5 which saw ILHSB selling a total of 21.67 million shares via an off-market transaction, according to several filings to the stock exchange. This reduced the Lai family's direct stake in Ireka to 51.83 million shares or 27.76 per cent stake from around 39.36 per cent earlier.

Ireka also announced that Magnipact Resources Sdn Bhd and Green Riverdale Holdings Sdn Bhd, controlled by Lai Man Hoi (Siew Wah's sibling) and Chan Soo Har @ Chan Kay Chong (Chee Kian's father) respectively had ceased to be its substantial shareholders.

Magnipact sold 23.1 million shares via an off-market transaction. Green Riverdale ceased to be a substantial shareholder of Ireka due to its deemed interest held through Magnipact.

Bursa filing also revealed that Kenanga Investors Bhd currently has a 29.96 per cent stake in Ireka, which according to Kenanga the shares were acquired via a direct business transaction.

For the financial year ended March 31, 2021, Ireka posted a pre-tax loss of RM21.12 million, compared to a pre-tax loss of RM57.96 a year before that.

Ireka had said that the loss is due to lower than expected revenue from all segments due to the Covid-19 pandemic and the disruption to business and operation.

The results included a share of loss from associates of RM9 million, made up of a share of loss of ASPL of RM2.887 million, The RuMa Hotel KL of RM3.436 million, and Urban DNA Sdn Bhd of RM2.672 million.

Ireka said in its March filing to Bursa that ASPL's four operating assets, The RuMa Hotel, Four Points by Sheraton Sandakan Hotel, Harbour Mall Sandakan, and City International Hospital HCMC were adversely affected by the Covid-19 and lockdown of business activities in Malaysia and Vietnam.

The management agreement with Marriott International for Four Points by Sheraton Sandakan Hotel was mutually terminated and the hotel has permanently closed for business from June 1, 2020, it said.

RuMa Hotel was also temporarily closed for business in March 2020, given the travel restriction imposed on foreign travellers into Malaysia, and was re-opened on October 4, 2020.

The hotel closed again early this year due to the re-imposition of MCO.

For the 12 months to March 31, 2021, Ireka posted revenue of RM171.75 million, versus RM157.05 million for the same period a year ago.