

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubts as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**IREKA CORPORATION BERHAD**

Registration No. 197501004146 (25882-A)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

**PART A**

**PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**STATEMENT IN RELATION TO PROPOSED RENEWAL OF  
SHARE BUY-BACK AUTHORITY**

(Collectively known as "**Proposals**")

The above Proposals will be tabled as Special Businesses at the 45<sup>th</sup> Annual General Meeting ("AGM") of Ireka Corporation Berhad ("Ireka" or "Company"). The 45<sup>th</sup> AGM of Ireka will be conducted fully virtual from the online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn Bhd on Tuesday, 28 September 2021 at 10.00 a.m. or any adjournment thereof. The Notice of the 45<sup>th</sup> AGM of Ireka together with the Proxy Form are set out in the 2021 Annual Report of the Company and this Circular can be downloaded from the Company's website at [www.ireka.com.my](http://www.ireka.com.my).

The Proxy Form should be completed and deposited at the Company's Registered Office at Level 18, Wisma Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof. Alternatively, the Proxy Form can be deposited electronically through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Last date and time for lodging Proxy Form : **Sunday, 26 September 2021 at 10.00 a.m.**

Date and time of AGM : **Tuesday, 28 September 2021 at 10.00 a.m.**

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular (definitions denoting the singular number shall also include the plural and vice versa where applicable):

“Act”	:	Malaysian Companies Act 2016 and amendments or re-enactment thereto
“AGM”	:	Annual General Meeting
“ASPL Group”	:	Aseana Properties Limited and its subsidiaries and associated companies
“Board”	:	The Board of Directors of Ireka
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“Code”	:	Malaysian Code on Take-Overs and Mergers 2016 and amendments or re-enactment thereto
“Director(s)”	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and/or Section 2(1) of the Act and for the purpose of the Proposed General Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or chief executive officer of Ireka and/or its subsidiary companies
“EPS”	:	Earnings per share
“General Mandate”	:	A general mandate for Recurrent Transactions that takes effect from 29 September 2020 up to the conclusion of the forthcoming 45 <sup>th</sup> AGM of the Company to be held on 28 September 2021
“Ireka” or “Company”	:	Ireka Corporation Berhad (Registration No. 197501004146 (25882-A))
“Ireka Group” or “Group”	:	Ireka and its subsidiaries and associated companies
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
“Major Shareholder(s)”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares, is:  (a) 10% or more of the total number of all the voting shares in the Company; or  (b) 5% or more of the total number of all the voting shares in the Company where such person is the largest shareholder of the Company.

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**DEFINITIONS** *(Cont'd)*

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For the purposes of Proposed General Mandate, "interest in shares" shall have the same meaning given in Section 8 of the Act. It also includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of Ireka and/or its subsidiary companies

"Mandate Period"	:	The period from 28 September 2021 (being the date of expiration of the General Mandate), which is the date of the forthcoming 45 <sup>th</sup> AGM of the Company, until the conclusion of the next AGM or the expiration of the period within which the next AGM after the 45 <sup>th</sup> AGM of the Company is required to be held pursuant to Section 340(2) of the Act
"NA"	:	Net assets
"Proposed General Mandate"	:	Proposed renewal of General Mandate from shareholders of the Company pursuant to Paragraph 10.09 of the Listing Requirements in relation to the Recurrent Transaction
"Proposed Share Buy-Back"	:	Proposed renewal of authority to enable Ireka to purchase its own shares of up to ten percent (10%) of its total number of issued shares
"Purchased Shares"	:	Ireka Shares purchased pursuant to the Proposed Share Buy-Back
"Related Party(ies)"	:	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s) as defined under Chapters 1 and 10 of the Listing Requirements
"Recurrent Transaction(s)"	:	Related party transaction(s) involving recurrent transactions of a revenue or trading nature which are necessary for Ireka Group's day-to-day operations and are in the ordinary course of business of the Group
"Related Party Transaction(s)"	:	Transaction(s) entered into by Ireka Group which involves the interest, direct or indirect, of a Related Party
"RM"	:	Ringgit Malaysia
"Share(s)"	:	Ordinary share(s) in Ireka
"Substantial Shareholder(s)"	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of those shares, is not less than 5% of the total number of all the voting shares in the Company

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**IREKA CORPORATION BERHAD**

Registration No. 197501004146 (25882-A)  
(Incorporated in Malaysia)

Registered Office:  
Level 18, Wisma Mont' Kiara  
No. 1, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

30 August 2021

Board of Directors:

Tan Sri Dato' Mohd Ismail bin Che Rus	<i>(Non-Independent Non-Executive Chairman)</i>
Mohd Hasnul Ismar bin Mohd Ismail	<i>(Group Managing Director)</i>
Lai Voon Huey, Monica	<i>(Group Deputy Managing Director)</i>
Chow Sung Chek Simon	<i>(Executive Director)</i>
Chan Chee Kian	<i>(Executive Director)</i>
Tan Thiam Chai	<i>(Executive Director)</i>
Hoe Kah Soon	<i>(Independent Non-Executive Director)</i>
Dato' Azmi bin Abdullah	<i>(Independent Non-Executive Director)</i>
Shahruladeri bin Mohamad Adnan	<i>(Independent Non-Executive Director)</i>

**To : The Shareholders of Ireka Corporation Berhad**

Dear Sir/Madam,

**PART A: PROPOSED RENEWAL OF GENERAL MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**1.0 INTRODUCTION**

The Company had on 29 September 2020 obtained shareholders' approval to renew its General Mandate for Recurrent Transactions with Related Parties. The authority shall lapse at the conclusion of the forthcoming 45<sup>th</sup> AGM, unless the authority is renewed.

Consequently, on 29 June 2021, the Board announced its intention to seek shareholders' approval for the Proposed General Mandate at the forthcoming 45<sup>th</sup> AGM.

The purpose of Part A of this Circular is to provide you with the relevant information on the Proposed General Mandate, to set out your Board's recommendation and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM. The notice of the AGM and the Proxy Form are set out in the 2021 Annual Report of the Company.

**SHAREHOLDERS OF IREKA ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED GENERAL MANDATE.**

## **2.0 PROPOSED GENERAL MANDATE**

### **2.1 Background**

In the ordinary course of its business, Ireka Group has entered into certain Recurrent Transactions and it is anticipated that the companies within Ireka Group would, in the ordinary course of business, continue to enter into such transactions with the Related Parties, details of which are set out in 2.2.2 of this Circular. It is likely that such transactions will occur with some degree of frequency and could arise at any time. Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Board of Ireka proposes to seek the approval for renewal of General Mandate from shareholders for Recurrent Transactions between Ireka Group and the Related Parties for the transactions set out in 2.2 below.

### **2.2 Details of the Proposed General Mandate**

#### **2.2.1 Nature of the Recurrent Transactions**

The principal activities of Ireka Group are investment holding, construction, property development, property development management, property related services, urban transportation and information technology. The Recurrent Transactions to be covered by the Proposed General Mandate relate principally to the provision and receipt of construction, management and consultancy services, provision and receipt of contract labour, purchase and supply of materials, equipment, spare parts and general fittings, renting of plant and machinery and sale of development properties and lands in the ordinary course of Ireka Group's businesses.

##### **(a) Construction, Management and Consultancy Services**

In the course of Ireka Group's businesses, it is anticipated that transactions with the Related Party under this category will include:

- the provision by companies in the Ireka Group to, or receipt from Related Party, of construction contracts, project management, property related services, consultancy and construction services, for property development undertaken by the Related Party or, as the case may be, companies in the Ireka Group.

The inclusion of this category of transactions in the Proposed General Mandate will facilitate such transactions by Ireka Group with Related Party that arise in the normal course of operations of the Ireka Group in a more expeditious manner.

##### **(b) Contract Labour**

In the course of Ireka Group's businesses, it is anticipated that transactions with the Related Party under this category will include:

- the provision by companies in Ireka Group to, or receipt from Related Party, of contract labour for the performance of construction and development projects undertaken by the Related Party or, as the case may be, companies in the Ireka Group.

The inclusion of this category of transactions in the Proposed General Mandate will facilitate such transactions by the Ireka Group with Related Party that arise in the normal course of operations of the Ireka Group so that it can meet business needs for supply of labour.

(c) Purchase and Supply of Materials and Equipment

In the course of Ireka Group's businesses, it is anticipated that Ireka Group will enter into Recurrent Transactions to purchase and supply materials such as building materials, plant and machinery, equipment, spare parts, general fittings and other such materials that are necessary for the day-to-day operations. Transactions that may be carried out under this category will include:

- the installation and purchase of building materials by companies in the Ireka Group from the Related Party or vice versa; and
- the design, installation and supply of plant and machinery, equipment, spare parts and general fittings by Related Party to companies in the Ireka Group for use in the construction and/or property development activities of the Group or vice versa.

These transactions relate to the supply of materials and equipment used in the Group's businesses. The inclusion of this category of transactions in the Proposed General Mandate will permit the Ireka Group to transact with the Related Party in a more expeditious manner to meet business needs for the supply and provision of material and equipment.

(d) Rental of Plant and Machinery

In the course of Ireka Group's businesses, Ireka Group may enter into Recurrent Transactions to rent plant and machinery, and equipment that are necessary for business operations and vice versa. The location of plant and machinery is not fixed as it depends on the work requirement from one site to another. Transactions that may be carried out under this category will include:

- the rental of plant and machinery and equipment by companies in Ireka Group to the Related Party and vice versa; and

The inclusion of this category of transactions in the Proposed General Mandate will allow the Ireka Group to transact with Related Party in a more efficient manner to meet business needs for plant and machinery.

(e) Sale of Development Properties and Lands

In the course of Ireka Group's businesses, it is anticipated that Ireka Group will enter into Recurrent Transactions with Related Party in relation to the sale of development properties and lands. The Directors, Major Shareholders and/or persons connected with such Directors and Major Shareholders may have intention to buy properties developed or to be developed by Ireka Group at arm's length and are on terms not more favourable to the Related Party than those generally available to the public, except that the Directors are also entitled to staff discounts or rebate, if any, at a pre-determined rate. There is no uniform policy on granting of discounts and it varies from each property development. The rate for staff discount or rebate is decided at such time closer to the launching of each property development.



## 2.2.2 Classes of Related Party

The Recurrent Transactions which have been entered or will be entered into between the Ireka Group and the Related Parties which will be covered by the Proposed General Mandate comprise the following:

Related Party	Interested Directors and Persons Connected with them	Categories of Transaction	Estimated value during the Mandate Period (RM)
Imuda Sdn Bhd	Chan Soo Har @ Chan Kay Chong <sup>(1)</sup> , Datuk Lai Siew Wah <sup>(2)</sup>	Purchase and supply of materials and equipment, rental of plant and machinery, provision and receipt of construction contract, earthworks, management and consultancy services, provision and receipt of contract labour	3,000,000
Quality Parts Sdn Bhd	Datuk Lai Siew Wah, Datuk Lai Voon Hon <sup>(3)</sup> , Lai Voon Huey, Monica <sup>(4)</sup> , Liw Yoke Yin <sup>(5)</sup> , Lai Voon Keat <sup>(6)</sup> and Lai Voon Wai <sup>(7)</sup>	Purchase and supply of materials and equipment	2,000,000
ASPL Group	Datuk Lai Siew Wah, Datuk Lai Voon Hon, Lai Voon Huey, Monica, Lai Voon Keat and Lai Voon Wai	Receipt of construction contract and property related services.	15,000,000
Directors, Major Shareholders or persons connected with such Directors or Major Shareholders		Sale of development properties and lands by Ireka Group provided any one of the percentage ratio of the transaction does not exceed 10% of any percentage ratio, as defined in the Listing Requirements	The transaction value cannot exceed 10% of any percentage ratio, as defined in the Listing Requirements

Notes:

- (1) Chan Soo Har @ Chan Kay Chong is the father of Chan Chee Kian.
- (2) Datuk Lai Siew Wah is the father of Lai Voon Huey, Monica and he resigned as director of Ireka on 5 July 2021.
- (3) Datuk Lai Voon Hon is the sister of Lai Voon Huey, Monica and he resigned as director of Ireka on 19 August 2021.
- (4) Lai Voon Huey, Monica is a Director of Ireka.
- (5) Liw Yoke Yin is the mother of Lai Voon Huey, Monica.
- (6) Lai Voon Keat is the brother of Lai Voon Huey, Monica.
- (7) Lai Voon Wai is the brother of Lai Voon Huey, Monica.

2.2.3 The estimated values during the Mandate Period are based on prevailing market prices, past transactions and/or management estimates. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above.

#### 2.2.4 Amounts due and owing to Ireka Group by Related Parties

The breakdown of the total outstanding amount due under the Recurrent Transactions which exceeded the credit term as at the end of the financial year ended 31 March 2021 are as follows:-

Related Party	Principal Sum (RM)	Amount due which exceeded the credit term (RM)			
		≤ 1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years
Imuda Sdn Bhd	1,158,149	188,990	969,158	-	-
Quality Parts Sdn Bhd	1,985,039	1,304,512	680,527	-	-
ASPL Group	2,041,104	91,059	1,950,045	-	-
Person connected with Directors	-	-	-	-	-

Each party has long business relationship with Ireka Group which is continuing. As a gesture of goodwill, no late payment charges were imposed on the outstanding amounts due. The Management believes that these debts which arose from normal business transactions are recoverable. As part of the Group's normal credit procedures, the accounts are being closely monitored to ensure that the debts are settled.

#### 2.2.5 Review Procedures

The Company has established procedures to ensure that the Recurrent Transactions are conducted at arm's length on commercial terms based on prevailing market prices which are no more favourable to the Related Parties to the Proposed General Mandate than those extended to the general public and are not detrimental to the minority shareholders.

The Ireka Group's review methods and procedures governing Recurrent Transactions are as follows:

- (i) The transactions with a Related Party will only be entered into after taking into the account of pricing, quality, quantities, delivery schedules, level of service and other related factors which is determined according to the Group's business practices and policies, such as pricing for the services, materials, plant and machinery, equipment and spare parts to be provided or supplied and/or received or purchased is consistent with the usual margin of the Group for the same or substantially similar type made by the Group with the public. Where practical and feasible, quotations and tenders will be obtained from at least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- (ii) In the event that quotation or comparative pricing from unrelated third parties could not be obtained, the transaction price will be determined by the Group based on the usual commercial terms, business practices and policies or otherwise in accordance with applicable industry norms to ensure that the Recurrent Transactions are not detrimental to the Group;
- (iii) Records will be maintained by the Company to capture all Recurrent Transactions which are entered into pursuant to the Proposed General Mandate and report to the Audit Committee on a quarterly basis. However, in the event where the actual value exceeds

the estimated value by 10% or more, such Recurrent Transactions with the reasons for such deviation will be immediately announced to Bursa Securities;

- (iv) The thresholds for approval of Recurrent Transactions are consistent with those transactions entered into with unrelated parties as prescribed under the Ireka Group's MS ISO 9001:2015 Manual which are summarised as follows:
  - (a) all contracts with Related Parties are to be reviewed and approved by the Board of Directors.
  - (b) appointment of sub-contractors:
    - (i) for contract value above RM100,000.00 is to be approved by Executive Director and counter-signed by Director in charge or Head of Purchasing;
    - (ii) for contract value above RM10,000.00 but not exceeding RM100,000.00 is to be approved by Project Director and Head of Purchasing; and
    - (iii) for contract value of RM10,000.00 and below is to be approved by Head of Purchasing and site Quantity Surveyor.
  - (c) appointment of suppliers:
    - (i) for a contract sum above RM50,000.00 is to be approved by Group Executive Chairman;
    - (ii) for a contract sum of RM50,000.00 and below is to be approved by Purchasing Manager; and
    - (iii) for a contract sum of RM30,000.00 and below is to be approved by Purchasing Executive.
- (v) The Board and the Audit Committee shall continue to review the procedures as and when required, with the authority to delegate to committees within the Group as they deem appropriate; and
- (vi) Where any Director has a direct or indirect interest, he shall abstain from all deliberations and decisions in respect of the said transaction.

The Audit Committee will carry out reviews to ascertain that the established guidelines and procedures have been complied with and review the adequacy and appropriateness of the procedures as deemed appropriate. In addition, any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction from independent sources or advisers.

#### **2.2.6 Statement by Audit Committee**

The Audit Committee is of the view that Ireka Group has in place adequate procedures and guidelines for Recurrent Transactions to monitor, track and identify such transactions in a timely and orderly manner to ensure such transactions are carried out on arm's length basis and made in the ordinary course of business on terms which are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to minority shareholders of Ireka. Adequacy and effectiveness of internal control and compliance with the Ireka Group policies and procedures are reviewed through internal audits carried out quarterly at operational units within Ireka Group and corporate office.

## 2.2.7 Existing Mandate on Recurrent Related Party Transactions

Related Party	Categories of Transaction	Estimated Value as disclosed in the Circular to Shareholders dated 28 August 2020 (RM)	Actual Value transacted from 29 September 2020 to 9 August 2021* (RM)
Imuda Sdn Bhd	Purchase and supply of materials and equipment, rental of plant and machinery, provision and receipt of construction contract, earthworks, management and consultancy services, provision and receipt of contract labour	5,000,000	1,115,386
Quality Parts Sdn Bhd	Purchase and supply of materials and equipment	2,000,000	1,165,227
ASPL Group	Receipt of construction contract, property development management contract, property management services and property related services	The value is not assessable due to the nature of the contract/transaction which is on a project to project basis	160,007
Directors, Major Shareholders or persons connected with such Directors or Major Shareholders	Sale of development properties and lands by Ireka Group provided any one of the percentage ratio of the transaction does not exceed 10% of any percentage ratio, as defined in the Listing Requirements	The transaction value cannot exceed 10% of any percentage ratio, as defined in the Listing Requirements	3,052,350

\* The latest practicable date prior to the printing of this Circular

The actual value of Recurrent Transactions did not exceed the estimated value as approved under the General Mandate granted to the Company at the last AGM.

## 2.2.8 Validity period of the Proposed General Mandate

The Proposed General Mandate, if approve at the forthcoming AGM, shall take effect from the passing of the Ordinary Resolution relating thereto and will continue in force until:

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed General Mandate is approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) the revocation or variation by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier.

## 2.2.9 Disclosure

Disclosure will be made in the Company's Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed General Mandate during the financial year based on the type of the Recurrent Transactions made; and the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

## 2.3 Rationale for the Proposed General Mandate

The Proposed General Mandate is intended to enable Ireka Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the relevant company in the Group into such transactions. This will improve administrative efficiency and productivity and allow time and human resources to be channeled towards attaining other corporate objectives, in addition to substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis.

## 2.4 Interests of Directors and Major Shareholders and/or Persons Connected with Them

Save as disclosed below, none of the other Directors and/or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders has any interest, whether direct or indirect, in the Proposed General Mandate.

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at 9 August 2021, details of the shareholdings of the interested Directors are as follows:

Interested Directors

Name	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
Lai Voon Huey, Monica	9,000	0.00 <sup>#</sup>	11,831,794 <sup>*</sup>	6.03
Chan Chee Kian	-	-	-	-

\* Deemed interested through Ideal Land Holdings Sdn Bhd

# Negligible

Ms. Lai Voon Huey, Monica and Mr. Chan Chee Kian (collectively referred to as the "Interested Directors") are or may be interested in the Recurrent Transactions. Therefore, the Interested Directors will abstain from board deliberation and voting on the relevant resolution. The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in Ireka on the ordinary resolution approving the Proposed General Mandate. The Interested Directors have also undertaken to ensure that the persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Ireka on the ordinary resolution approving the Proposed General Mandate.

## 3.0 APPROVALS REQUIRED

The Proposed General Mandate is conditional upon the approval of the shareholders of Ireka at the forthcoming AGM.

## 4.0 DIRECTORS' RECOMMENDATION

Your Board (except for the Interested Directors who abstained from making any opinion and recommendation in view of their interests in the Proposed General Mandate) views that the Proposed General Mandate is in the best interest of Ireka Group and recommends that you vote in favour of the ordinary resolution on Proposed General Mandate for Recurrent Transactions.

## **5.0 AGM**

An AGM, the notice of which is set out in the 2021 Annual Report of the Company, will be conducted fully virtual from the online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn Bhd on 28 September 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed General Mandate.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the Proxy Form as set out in the 2021 Annual Report of the Company in accordance with the instructions contained therein so as to arrive at the Registered Office of the Company forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **6.0 FURTHER INFORMATION**

Shareholders are advised to refer to the Appendix I for further information.

Yours faithfully,

for and on behalf of the Board of Directors

**IREKA CORPORATION BERHAD** (Registration No. 197501004146 (25882-A))

**MOHD HASNUL ISMAR BIN MOHD ISMAIL**  
**GROUP MANAGING DIRECTOR**



## IREKA CORPORATION BERHAD

Registration No. 197501004146 (25882-A)  
(Incorporated in Malaysia)

Registered Office:  
Level 18, Wisma Mont' Kiara  
No. 1, Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

30 August 2021

### Board of Directors:

Tan Sri Dato' Mohd Ismail bin Che Rus	<i>(Non-Independent Non-Executive Chairman)</i>
Mohd Hasnul Ismar bin Mohd Ismail	<i>(Group Managing Director)</i>
Lai Voon Huey, Monica	<i>(Group Deputy Managing Director)</i>
Chow Sung Chek Simon	<i>(Executive Director)</i>
Chan Chee Kian	<i>(Executive Director)</i>
Tan Thiam Chai	<i>(Executive Director)</i>
Hoe Kah Soon	<i>(Independent Non-Executive Director)</i>
Dato' Azmi bin Abdullah	<i>(Independent Non-Executive Director)</i>
Shahruladeri bin Mohamad Adnan	<i>(Independent Non-Executive Director)</i>

### To : The Shareholders of Ireka Corporation Berhad

Dear Sir/Madam,

## PART B: STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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### 1.0 INTRODUCTION

At the AGM of the Company held on 29 September 2020, the Company had obtained shareholders' approval to purchase up to 10% of the total number of issued shares of Ireka. In accordance with Chapter 12 of the Listing Requirements, the aforesaid authority will lapse at the conclusion of the forthcoming 45<sup>th</sup> AGM of the Company scheduled to be held on 28 September 2021, unless such authority is renewed.

On 29 June 2021, the Company announced to Bursa Securities that it is proposing to seek the approval of shareholders at its forthcoming AGM for a renewal of authorisation to enable the Company to purchase up to 10% of the total number of issued shares of the Company as quoted on the Bursa Securities at the point of purchase.

### 2.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek a renewal of the authority from its shareholders to purchase up to 10% of the total number of issued Shares of Ireka.

The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act, the Listing Requirements, the Company's Constitution and any prevailing laws, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

The number of issued Shares of Ireka as at 9 August 2021 was 196,208,050 Shares. Subject to the passing of the ordinary resolution for the Proposed Share Buy-Back and on the basis that no further Shares are issued or repurchased prior to the forthcoming AGM, the maximum number of Shares which the Company may repurchase is 19,620,805, representing not more than 10% of the total number of issued shares of the Company.

The approval from the shareholders for the Proposed Share Buy-Back will be effective immediately upon passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM and shall be valid until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first.

### **3.0 FUNDING OF THE PROPOSED SHARE BUY-BACK**

The Listing Requirements stipulate that proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. Ireka therefore proposes to allocate an amount not exceeding the retained profits of the Company for the purpose of the Proposed Share Buy-Back. Based on the audited accounts of the Company for the year ended 31 March 2021, the retained profits are RM72,333,474.00.

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase and hold its own shares at any time within the abovementioned time period using the internally generated funds of Ireka and/or borrowings. The actual number of shares to be purchased and held will depend on the prevailing equity market conditions and sentiments of the Bursa Securities as well as the retained profits and financial resources of the Company at the time of purchase(s). The Proposed Share Buy-Back is not expected to have a material impact on the cash flow of the Company. In any event, the Board will ensure that the Company satisfies the solvency test in accordance with Section 112(2) of the Act before implementing the Proposed Share Buy-Back.

### **4.0 TREATMENT OF PURCHASED SHARES**

In accordance with Section 127 of the Act, the Board may deal with the Purchased Shares in the following manners:

- (i) cancel the Purchased Shares; or
- (ii) retain the Purchased Shares as treasury shares for:-
  - (a) distribution as share dividends to shareholders of the Company; or
  - (b) reselling on Bursa Securities in accordance with the Listing Requirements; or
  - (c) transferring as purchase consideration; or
  - (d) transferring for the purposes of or under an employees' share scheme; or
  - (e) cancellation; or
- (iii) retain part of the Purchased Shares as treasury shares and cancel the remainder.



While the Purchased Shares are held as treasury shares, the rights attached on them as to voting, dividends and participation in other distribution and otherwise are suspended and the Purchased Shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

## 5.0 THE PURCHASE PRICE

Ireka may only purchase its own shares on the Bursa Securities at a price not more than fifteen percent (15%) above the weighted average market price for the past five (5) market days immediately preceding the date of the purchase(s).

## 6.0 THE RESALE PRICE

Ireka may only resell the Purchased Shares held as treasury shares on Bursa Securities at:

- (i) a price which is not less than the weighted average market price of Ireka shares for the five (5) market days immediately preceding the date of sale(s); or
- (ii) a discounted price of not more than 5% to the weighted average market price for the shares for the five (5) market days immediately prior to the resale provided that:
  - (a) the resale takes place no earlier than 30 days from the date of purchase; and
  - (b) the resale price is not less than the cost of purchase of the shares being resold.

## 7.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and shareholdings of the Directors and substantial shareholders of Ireka as set out below are based on the assumption that the Company purchases up to 19,620,805 Shares, representing not more than ten percent (10%) of the total number of issued shares of Ireka as at 9 August 2021.

### 7.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in the reduction of the total number of issued shares of the Company if the Purchased Shares are cancelled. The proforma effect of the Proposed Share Buy-Back based on the total number of issued shares of the Company assuming the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are cancelled, is illustrated below:

	<b>Number of Ireka Shares</b>
Total number of issued Shares as at 9 August 2021	196,208,050
Assuming the maximum number of Purchased Shares are cancelled	19,620,805
Resultant issued Shares upon completion of the Proposed Share Buy-Back and cancellation of the Purchased Shares	<u>176,587,245</u>

However, the Proposed Share Buy-Back will have no effect on the total number of issued shares of the Company if all the Shares purchased are retained as treasury shares, resold on the open market or distributed as share dividends.

## 7.2 **NA**

### (i) **Purchase of Shares**

The Proposed Share Buy-Back may increase or decrease the NA per Share depending on the purchase price(s) of the Ireka Shares to be bought pursuant to the Proposed Share Buy-Back. The NA per Share is likely to increase if the purchase price is less than the NA per Share and decrease if the purchase price exceeds the NA per Share at the time when Ireka Shares are purchased.

### (ii) **Resale of Treasury Shares**

The resale of treasury shares may increase or decrease the NA per Share depending on the resale price(s) of the Ireka Shares to be sold pursuant to the Proposed Share Buy-Back. The NA per Share is likely to increase if the resale price of the Shares so purchased is more than the prevailing NA per Share and decrease if the resale price of the Shares so purchased is less than the prevailing NA per Share.

### (iii) **Share Dividends**

In the event the Purchased Shares are distributed as share dividends, the NA of Ireka Group would decrease by the cost of the Purchased Shares.

## 7.3 **Working Capital**

The Proposed Share Buy-Back is likely to reduce the working capital of Ireka Group, the quantum of which depends on the purchase price of the Shares, the number of Shares purchased and the effective funding cost to Ireka.

## 7.4 **EPS**

The effect of the Proposed Share Buy-Back on the EPS of Ireka Group will depend on, inter-alia, the number of Shares purchased, the purchase price(s) of the Shares and its effective funding costs.

## 7.5 **Dividends**

Assuming the Proposed Share Buy-Back is implemented in full, the share repurchase will have the effect of increasing the dividend rate per ordinary share of Ireka as a result of a decrease in the number of Shares in Ireka which are entitled to participate in the dividends.

The Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available for dividend payment, which may otherwise be used for dividend payment. Nevertheless, the Shares purchased may be distributed as dividends to shareholders of Ireka, if the Directors so decide.

## 8.0 **SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The following table illustrates the direct and indirect interests of the Directors and Substantial Shareholders based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at 9 August 2021, being the latest practicable date prior to the printing of this Circular, assuming that the Company implements the Proposed Share Buy-Back in full and that the shares purchased are from public shareholders:

Directors	Shareholdings as at 9 August 2021				Shareholdings after the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Mohd Hasnul Ismar bin Mohd Ismail	-	-	2,452,300 <sup>(a)</sup>	1.25	-	-	2,452,300 <sup>(a)</sup>	1.39
Lai Voon Huey, Monica	9,000	0.00 <sup>#</sup>	11,831,794 <sup>(b)</sup>	6.03	9,000	0.01	11,831,794 <sup>(b)</sup>	6.70
Chan Chee Kian	-	-	-	-	-	-	-	-
Tan Thiam Chai	29,250	0.01	-	-	29,250	0.02	-	-
Hoe Kah Soon	-	-	-	-	-	-	-	-
Chow Sung Chek Simon	-	-	-	-	-	-	-	-
Dato' Azmi bin Abdullah	-	-	-	-	-	-	-	-
Shahruladeri bin Mohamad Adnan	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
Ideal Land Holdings Sdn Bhd	11,831,794	6.03	-	-	11,831,794	6.70	-	-
Datuk Lai Siew Wah	-	-	11,831,794 <sup>(b)</sup>	6.03	-	-	11,831,794 <sup>(b)</sup>	6.70
Liw Yoke Yin	18,000	0.01	11,831,794 <sup>(b)</sup>	6.03	18,000	0.01	11,831,794 <sup>(b)</sup>	6.70
Datuk Lai Voon Hon	18,000	0.01	11,831,794 <sup>(b)</sup>	6.03	18,000	0.01	11,831,794 <sup>(b)</sup>	6.70
Lai Voon Huey, Monica	9,000	0.00 <sup>#</sup>	11,831,794 <sup>(b)</sup>	6.03	9,000	0.01	11,831,794 <sup>(b)</sup>	6.70
Lai Voon Keat	-	-	11,831,794 <sup>(b)</sup>	6.03	-	-	11,831,794 <sup>(b)</sup>	6.70
Lai Voon Wai	-	-	11,831,794 <sup>(b)</sup>	6.03	-	-	11,831,794 <sup>(b)</sup>	6.70

(a) Deemed interested through Shoraka Capgroup Sdn Bhd

(b) Deemed interested through Ideal Land Holdings Sdn Bhd

<sup>#</sup> Negligible

## 9.0 PUBLIC SHAREHOLDING SPREAD

According to the Record of Depositors maintained by the Bursa Depository and Register of Directors' Shareholdings and Register of Substantial Shareholders, the public shareholding spread of Ireka as at 9 August 2021 was 91.00%.

Your Board undertakes to purchase and hold shares only to the extent that the public shareholding spread of Ireka shall not fall below twenty-five percent (25%) of the total number of issued shares of the Company in accordance with any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of purchase.

## 10.0 RISK FACTOR

The Proposed Share Buy-Back will reduce the financial resources of Ireka. This may result in Ireka forgoing other investment opportunities that may emerge in the future and also reduction of financial resources available for distribution in the form of cash dividends to shareholders of Ireka. Your Board undertakes to buy back Ireka Shares only after giving due consideration to the potential impact on the Ireka Group's earnings and only if they are of the opinion that it would be in the best interest of the Company. Nevertheless, the Board will be mindful of the interest of the Company and the shareholders in implementing the Proposed Share Buy-Back.

However, the financial resources of Ireka will increase upon resale of the Purchased Shares which are held as treasury shares at prices higher than the purchase price.

## 11.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

Your Board is of the opinion that empowering the Company to undertake the Proposed Share Buy-Back is in the best interest of the Company and will provide an opportunity to the Company to purchase its own shares on the Bursa Securities for the purpose of stabilising the supply and demand as well as the price of Ireka Shares which may in turn have a favorable impact on the share price of Ireka Shares.

The Proposed Share Buy-Back, if approved and exercised, is expected to potentially benefit the Company as it will give the Directors an option to subsequently sell the treasury shares at a higher price and therefore making an exceptional gain for the Company. Alternatively the Shares so purchased can be distributed as share dividends to serve as reward to the shareholders of Ireka.

## 12.0 IMPLICATION RELATING TO THE CODE

In the event that the Proposed Share Buy-Back results in any Major Shareholder and/or persons acting in concert with him/her holding more than 33% of the voting shares of the Company, pursuant to the Code, the affected Major Shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Shares not held by him/her.

In the event the Proposed Share Buy-Back results in any Major Shareholder and/or persons acting in concert with him/her who already holds more than 33% but less than 50% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Code, the affected Major Shareholder and/or persons acting in concert with him/her will be obliged to make a mandatory offer for the remaining Shares not held by him/her.

It is not the intention of Ireka to cause any shareholders to trigger an obligation to undertake a mandatory offer under the Code and the Company will be mindful of the above implications of the Code in making any purchase of its own Shares pursuant to the Proposed Share Buy-Back.

However, the affected Major Shareholder and/or persons acting in concert with him/her may apply to the Securities Commission Malaysia for an exemption from undertaking the mandatory offer under the Code.

## 13.0 PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

Ireka has not purchased or resold any of its own Shares, or cancel any of its treasury shares in the twelve (12) months preceding the date of this Circular.

## 14.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Shares traded on the Bursa Securities for the last twelve (12) months are as follows:

Period	High (RM)	Low (RM)
<b>2020</b>		
August	0.380	0.340
September	0.375	0.330
October	0.365	0.300
November	0.375	0.305
December	0.380	0.300

Period	High (RM)	Low (RM)
<b>2021</b>		
January	0.355	0.315
February	0.345	0.310
March	0.335	0.295
April	0.365	0.290
May	0.560	0.330
June	0.705	0.420
July	0.770	0.590
The last transacted market price of Ireka Shares on 25 August 2021, being the latest practicable date prior to the printing of this Circular		0.600

*(Source: Bloomberg)*

## 15.0 APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to the approval of shareholders of Ireka at the forthcoming AGM.

## 16.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save for the proportionate increase in the percentage of shareholdings and/or other voting rights of the shareholders as a consequence of the Proposed Share Buy-Back, none of the Directors and/or Major Shareholders of the Company and persons connected with them have any interest, direct or indirect, in the Proposed Share Buy-Back.

## 17.0 DIRECTORS' RECOMMENDATION

Your Board is of the opinion that the Proposed Share Buy-Back is in the best interest of Ireka Group. As such, your Directors recommend that you vote in favour of the ordinary resolution on the Proposed Share Buy-Back.

## 18.0 AGM

An AGM, the notice of which is set out in the 2021 Annual Report of the Company, will be conducted fully virtual from the online meeting platform at <https://meeting.boardroomlimited.my> provided by Boardroom Share Registrars Sdn Bhd on 28 September 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolution so as to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the Proxy Form as set out in the 2021 Annual Report of the Company in accordance with the instructions contained therein so as to arrive at the Registered Office of the Company forty-eight (48) hours before the time fixed for holding the AGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **19.0 FURTHER INFORMATION**

Shareholders are advised to refer to the Appendix I for further information.

Yours faithfully,  
for and on behalf of the Board of Directors  
**IREKA CORPORATION BERHAD** (Registration No. 197501004146 (25882-A))

**MOHD HASNUL ISMAR BIN MOHD ISMAIL**  
**GROUP MANAGING DIRECTOR**

## GENERAL INFORMATION

### 1.0 RESPONSIBILITIES STATEMENT

The Circular has been seen and approved by the Board of Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

### 2.0 MATERIAL CONTRACTS

Saved as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by Ireka and its subsidiary companies within the two (2) years immediately preceding the date of this Circular.

- a. On 15 July 2020, Ireka entered into a conditional Share Buyback Agreement (“SBA”) and Global Settlement Agreement (“GSA”) with Aseana Properties Limited (“ASPL”). In accordance to the SBA, Ireka agreed to sell and ASPL agreed to purchase all the 45,837,504 ordinary shares of ASPL held by Ireka in consideration for an equivalent number of ordinary shares in a new company to be incorporated (“Newco”).

Upon completion of the proposal, Ireka will hold 45,837,504 Newco Shares. ASPL will thereafter cancel the Buyback Shares.

In accordance with GSA, each party shall waive all current and future claims and liabilities against the other, in conjunction with the SBA.

The consideration for the Buyback Shares comprises the transfer of Newco Shares (which will hold the Relevant Assets) to Ireka (on the basis of 1 Buyback Share for 1 Newco Share). The Net Assets Value (“NAV”) of the Newco is US\$46.20 million, being the aggregate net assets of the Relevant Assets as at 30 April 2020, with certain adjustments made to reflect the settlement of claims between the parties. The Relevant Assets consist of The RuMa Hotel and Residences in Kuala Lumpur, a parcel of land in Kota Kinabalu and certain remaining projects from ASPL’s past developments.

This demerger transaction was approved by the shareholders of ASPL and Ireka on 18 August 2020 and 27 November 2020 respectively; and pending ASPL obtaining consents from certain of its financiers.

Pursuant thereto, UOB Kay Hian Securities (M) Sdn Bhd announced on behalf of the Board of Directors of Ireka, that Ireka and ASPL had on 10 February 2021 mutually agreed to terminate the Share Buyback Agreement due to non-fulfilment of certain conditions precedent, namely, the failure to secure the necessary consents from certain ASPL’s financiers.

- b. On 5 July 2021, the Board of Ireka had received a letter for the non-binding offer dated 5 July 2021 (“Letter of Offer”) from the substantial shareholder of the Company, Ideal Land Holdings Sdn Bhd (“ILHSB”), to purchase all Ireka’s equity interests in the following subsidiaries and associate companies involved in the property development, property management, urban transportation and information technology business for an indicative offer price of RM40,000,000 (“Offer”):

No.	Name of company	Ireka’s equity interest
1	Ireka Development Management Sdn Bhd	100%
2	United Time Development Sdn Bhd	100%
3	i-Residence Sdn Bhd	100%
4	Ireka Commercial Sdn Bhd	100%
5	Ireka Property Services Sdn Bhd	100%

6	Ireka iCapital Sdn Bhd which in turn hold equity interests in the following subsidiaries:  (i) i-Tech Network Solutions Sdn Bhd – 100% (ii) iTech ELV Solutions Sdn Bhd – 100% (iii) asiaegolf Tours Sdn Bhd – 100% (iv) e-Auction Sdn Bhd – 96% (v) Ireka Venture Capital Limited – 100%	100%
7	Ireka Engineering and Construction Vietnam Company Limited	100%
8	i-Tech Network Solutions (Vietnam) Company Limited	100%
9	Meadowfield Sdn Bhd	55%
10	KaMi Management Services Sdn Bhd	51%
11	Mobilus Sdn Bhd	51%
12	Aseana Properties Limited	23.07%
13	Urban DNA Sdn Bhd	30%
14	The RuMa Hotel KL Sdn Bhd	30%
15	Regal Variety Sdn Bhd	100% (indirect through Ireka Sdn Bhd)
16	Regalmont (Sabah) Sdn Bhd	100% (indirect through Ireka Sdn Bhd)
17	Ireka Hospitality Sdn Bhd	100% (indirect through Ireka Sdn Bhd)

The Offer is subject to ILHSB or its nominee entering into a binding definitive conditional sale and purchase agreement with Ireka for the Subject Shares within 30 days from the date of the Letter of Offer (or such other extended period as may be mutually agreed between Ireka and ILHSB).

### 3.0 MATERIAL LITIGATION

Neither Ireka nor its subsidiaries are involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Ireka are not aware of any proceedings, pending or threatened, against Ireka and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Ireka and its subsidiaries.

### 4.0 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Ireka at Level 18, Wisma Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for the period commencing from the date of this Circular up to and including the date of the AGM:

- (i) The Constitution of Ireka;
- (ii) The audited financial statements of Ireka for the past two (2) financial years ended 31 March 2020 and 31 March 2021 and the latest unaudited results since the last audited financial statements; and
- (iii) Material contracts referred to in item 2.0 of this Appendix.