

PRESS RELEASE

Ireka subsidiary submits an application for judicial management to facilitate proposed debt restructuring exercise

To rehabilitate and regularise the Company's financial condition

KUALA LUMPUR, 29 July 2022: Ireka Engineering & Construction Sdn Bhd ('IECSB'), a subsidiary of Ireka Corporation Berhad ('Ireka' or the 'Group') has submitted their application for judicial management as part of their ongoing efforts to restore and strengthen their financial position of IECSB and the Group as a whole. This application is part of a comprehensive plan by the new management in its efforts to return the Group to profitability over the mid-term.

In an announcement to Bursa Malaysia, the application highlighted the objectives and outcomes of the exercise, namely, to ensure:

- a. Legacy debts are resolved;
- b. The continuity of existing projects in order to generate revenue as well as to limit potential delay and costs incurred due to the said delays of the projects under IECSB;
- c. A good estimate of a return to the creditors, as part of the settlement consideration to IECSB creditors;
- d. Suitable proposals to creditors or certain classes of creditors and be in a better position to address the repayment of their debts via a scheme of arrangement; and
- e. Minimisation of challenges and effects of the COVID-19 pandemic on the industry and economic challenges such as shortage of manpower and raw materials which led to a price increase

Ireka's Group Managing Director Mohd Hasnul Ismar Mohd Ismail said, "Our application is both necessary and essential to address the debt position of IECSB, which impacts the Group's PN17 condition and overall ability to move forward. It is crucial to help the Group rehabilitate and regularise its financial condition, generate cash flow, whilst restructuring our debts."

In short, Ireka's regularisation plan to exit their PN17 status including the debt settlement and restructuring under the judicial management, both of which have to be designed and implemented almost simultaneously. By expediting this exercise, it will enable the Group to source for and participate in bids for new jobs or projects and will allow the Group to return to profitability.

A judicial manager will be appointed to conduct the debt settlement and restructuring exercise on behalf of IECSB. The appointment is subject to the approval of the relevant authorities and the role of the judicial manager will be to objectively assess and ascertain IECSB's debt restructuring efforts, determine and execute the eventual settlement programme.

Mohd Hasnul believes the appointment of a judicial manager is in the best interest of the Group and will fast track the process to revive the Group's financial position. "With this exercise, we will be in a stronger position financially, to take on the challenges that have affected IECSB and slowed down our turnaround plan for Ireka. This effort will put the Group on track to exit the PN 17 status and allow us to rebuild and grow the business," he concluded.

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