

Ireka, Aeon abort plan to build mall in Senawang

As both parties failed to obtain certain necessary approvals from relevant authorities

BY GH0 CHEE YUAN

KUALA LUMPUR: Ireka Corp Bhd has aborted its plan to sell part of a 21.52-acre (8.71ha) freehold plot it is acquiring in Senawang, Negeri Sembilan, to Aeon Co (M) Bhd for RM53.66 million, which would have seen it undertaking the construction of a RM203.14 million mall for Aeon on the land.

In a filing with Bursa Malaysia yesterday, Ireka said the project was aborted due to the non-fulfillment of conditions precedent under an agreement it inked with Aeon in December 2014.

As a result, the construction outfit said the land acquisition deal it inked via its unit Ireka Engineering & Construction Sdn Bhd with landowner Ong Poh Lan to acquire the plot for RM21.87 million that same year will also be cancelled.

Ireka's strategy and corporate development director Chan Chee Kian said the termination of the project was because both Ireka and Aeon had failed to obtain certain necessary approvals from the relevant authorities.

In view of that, Chan said both parties had mutually agreed to terminate the agreement with no fur-

ther claims on either party.

Separately, Aeon's board of directors acknowledged the sale and purchase agreement inked with Ireka was deemed terminated yesterday due to the non-fulfillment of the conditions precedent by both parties, adding it would seek the refund of the earnest deposit and the balance deposit totalling of RM5.37 million from Ireka.

When Ireka entered into the deal with Aeon previously, it had expected the project to start contributing to its earnings from the financial year ending March 31, 2017 (FY17) onwards.

Ireka sank deeper into the red in FY16, with a net loss of RM40.47 million, compared with RM2.26 million in FY15, as it was weighed down by losses amounting to RM17.7 million from its associates.

Ireka recorded a loss of RM16.81 million from its 23.07%-owned associate Aseana Properties Ltd, while its share of loss from Urban DNA Sdn Bhd, a 30%-associate of Ireka, stood at RM897,000.

Its FY16 revenue fell 38.2% year-on-year to RM263.29 million, due to lower contribution from certain ongoing projects, mainly Mass Rapid Transit and Solstice @ Pan'gaea

in Cyberjaya, which are nearing completion.

Nevertheless, the group said in its quarterly results filing then that it remained optimistic about its prospects as Aseana could realise some of its capital returns arising from its asset divestment. Apart from that, it was tendering for about RM3.99 billion worth of contracts, while its order book stood at RM1.12 billion, of which RM513 million remained outstanding.

Shares in Ireka were not traded yesterday. It last closed at 50 sen on July 4, with a market capitalisation of RM85.44 million.