

Ireka shares jump on delisting news

KUALA LUMPUR: Construction and property company Ireka Corporation Bhd saw its share price surge to a two-year high after major shareholders proposed to privatise the company via selective capital reduction (SCR) and repayment exercise last Friday.

Ireka climbed as much as 30 per cent to 89 sen, its highest in two years, before closing at 85 sen yesterday. A total of 505,100 shares changed hands, which is about 15.5 times more than the trading volume on the previous trading day.

The share closed at 68 sen last Thursday before the company requested for securities trading suspension on Friday.

Last Friday, the company's major shareholders, Ideal Land Holdings Sdn Bhd, together with persons acting in concert, proposed to take the company private via a SCR exercise at 90 sen apiece through a special purpose vehicle, Olymvest Sdn Bhd.

The offer price represents a 44 per cent discount to its unaudited net asset per share of RM1.60 as at March 31 2013.

Notably, Ireka's founder and managing director, Lai Siew Wah, is the substantial shareholder in Ideal Land. The alliance now collectively

holds 64.7 per cent of Ireka's total capital spread.

Pursuant to the proposed SCR, shareholders who hold the remaining 35.3 per cent stake will be entitled for a total capital repayment of some RM36 million.

The alliance stated in a stock filing that the proposed SCR could serve as an opportunity for minority shareholders to realise their investments, giving the poor trading liquidity over the past three years.

Upon completion of the exercise, the alliance does not intend to maintain the listing status of the company on the Main Market of Bursa Malaysia.

The group now has an order book size of about RM860 million, including RM640 million of outstanding work.

