

**Subject : Reply to Bursa Query Letter dated 19 April 2011
Disposal of 30% interest in associated company Ire-Tex (Xiamen) Plastics Co. Ltd.
("ITXP")**

Further to Ire-Tex Corporation Berhad's ("ITCB" or "the Company") announcement dated 18 April 2011 and Bursa Malaysia Securities Berhad's letter dated 19 April 2011, ITCB wishes to provide the following additional information : -

1. Salient features of the Equity Transfer Agreement ("ETA") are as follows : -

i) Cash consideration

The Purchasers shall deliver the Cash Consideration amounting to Chinese Renminbi ("RMB") Two Million Two Hundred Forty Thousand (RMB2,240,000) only equivalent to Ringgit Malaysia One Million Forty One Thousand Eight Hundred And Sixty (RM1,041,860) only (based on an exchange rate of RMB2.15 to RM1.00) to ITCB within ten (10) working days of the Completion Date.

ii) Completion

The Purchasers are required to apply for and obtain all relevant approval(s) from the authorities for the Equity Transfer in ITXP by 30 September 2011 ("Completion Date").

The ETA is available for inspection at the registered office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang during normal office hours from Mondays to Fridays (except public holidays) for a period of one (1) month from the date hereof.

2. The disposal consideration of RMB2,240,000 amounted to RM1,041,860 based on an exchange rate of RMB2.15 to RM1.00.
3. Other than a willing seller and willing buyer basis, the disposal consideration was arrived at based on the Net Tangible Assets value of ITXP for the year ended 31 December 2009 after deducting provision for doubtful debts, provision for obsolescence of inventory and provision for staff bonus.
4. Based on the latest audited accounts of ITXP for the year ended 31 December 2009, the net profit was RM806,660 (RMB1,734,319 at an exchange rate of RMB2.15 to RM1.00) and the net assets was RM4,647,387 (RMB9,991,881 at an exchange rate of RMB2.15 to RM1.00).
5. The details of Xiamen Hexing Packaging Printing Co. Ltd. ("XHPP") and HXPP (HK) Co. Ltd. ("HXPP") are as follows : -

XHPP

The registered capital of XHPP is RMB217,190,000 (equivalent to RM101,018,605 at an exchange rate of RMB2.15 to RM1.00).

The directors of XHPP are Tsu Xio Kwang, Tsu Xio Rong, Ling Hai Sen, Yen Si Hua, Wang Fong Zhou, Chen Tai Yung, Tsu Zi Zhun.

The major shareholder of XHPP is Xiamen Wei Shing Investment Co. Ltd. which holds 42.43% of the total registered capital of XHPP.

HXPP

The registered capital of HXPP is HKD44,439,600 (equivalent to RM17,291,673 at an exchange rate of HKD2.57 to RM1.00).

The directors of HXPP are Tsu Xio Kwang and Tsu Xio Rong.

HXPP is a wholly owned subsidiary of XHPP.

6. The rationale of the Disposal is to streamline the business of ITCB Group which intends to focus more on production of packaging for heavy duty industries and place less reliance on packaging for computer and electronics industries which are subject to more volatile fluctuation in demand. Moreover, the Disposal will also allow ITCB Group to realize cash for use in its other subsidiaries and exit from its investment in a company over which it has no majority control.
7. XHPP and HXPP will not be assuming any liabilities arising from the Disposal.
8. Upon completion, the Disposal is estimated to reduce the Company's net assets by 0.4 sen per share. The Disposal is not expected to have any significant effect on the Company's gearing as the proceeds are expected to be used for working capital purposes of ITCB Group.
9. The entire proceeds from the Disposal is expected to be utilised for purchase of materials in the normal course of business of ITCB Group and is expected to be fully utilised by December 2011 i.e. within three (3) months from the expected completion date of the Disposal.
10. The Disposal is not subject to the approval of the shareholders the Company. However the Disposal is subject to the approval of the relevant authorities in the PRC. It is expected that the Purchasers will submit the application for approval to the relevant authorities within one month.
11. It is estimated that the Disposal will be completed by end of September 2011.