

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

### **14.1 Share Capital**

1. No ordinary shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus
2. There are no founder, management or deferred shares in the Company.
3. A Director is not required to hold any qualification share in the Company.
4. There is only one class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.

### **14.2 Articles of Association**

1. The provisions of the Articles of Association of the Company in respect of the arrangements for the transfer of Shares of the Company and the restrictions on their free transferability are as follows:-

#### **Article 20**

Subject to the provisions of the Central Depositories Act and the Rules the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Central Depository in accordance with the rules of the Central Depository and, notwithstanding sections 103 and 104 of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.

#### **Article 21**

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

#### **Article 22**

The Company shall provide a book and/or such other form or systems of record or dates recording and storage to be called "Register of Transfers" which shall be kept by the Secretary or such other person authorised by the Directors under the control of the Directors and in which shall be entered the particulars of every transfer or transmission of every share.

#### **Article 23**

- (1) The Directors may decline to register any transfer of any shares in the following circumstances:-
  - (a) shares are not fully paid;
  - (b) the Company has a lien over the shares;
  - (c) registration would lead to the infringement of any written law (whether principal or subordinate legislation) or rules or regulations, made by any competent authority in Malaysia;
  - (d) failure to furnish such evidence as the Directors may require to ascertain the right of the transferor to make the transfer and the transferee to accept the same for the purpose of sub-article 23(1)(c).

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

- (2) If the Directors shall decline to register the transfer of any shares they shall send to the transferee notice of the refusal within three (3) market days after the date on which the transfer was lodged with the Company stating the precise reasons thereof.
- (3) In accordance with the provisions of any written law, the Directors may refuse to register the transfer of any share if in their opinion, such transfer when registered will result in Foreigners having an interest in an aggregate more than the Prescribed Limit.

### **Article 24**

The Register of Transfers may be closed at such time and for such period as the Directors may from time to time determine Provided Always that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least eighteen (18) market days (or such other period as prescribed by the Exchange or any relevant governing laws and/or guidelines) after the date of notification to the Exchange, and the address of share registry at which documents will be accepted for registration. As least three (3) market days prior notice shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors.

### **Article 25**

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. Provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

2. The provisions of the Articles of Association of the Company in respect of the voting and borrowing powers of the Directors are as follows:-

### **Article 82**

The business and affairs of the Company shall be conducted and managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and the Directors may and shall be entitled to exercise all such powers of the company which are not by the Act or these Articles required to be exercised by the Company in general meeting subject nevertheless to any of these Articles, to the provisions of the Act and such Articles being not inconsistent with the aforesaid Articles or provisions as may be made by the company in general meeting but no new Articles or alteration made to existing Articles shall invalidate any prior act of the Directors which would have been valid if that new Article or alteration had not been made.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)****Article 87**

The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or pension, provident or superannuating fund for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment of service of the Company or its predecessors in business or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary or who are or were at any time Directors or other officers of the Company or of any such other Company as aforesaid and holding or have held any salaried employment or office in the Company or such predecessors or other Company and the wives, widows, families and dependants of any such persons, and may take out policies of insurance and pay the premiums reserved thereby for or towards the insurance of any such persons as aforesaid, and may do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Subject always, if the Act shall so require, to particulars with respect thereto being disclosed to the members and the proposal being approved by the Company by ordinary resolution, a Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument. A Director may be counted in the quorum present at a meeting upon the consideration of a motion in respect of any matter referred to in this Article and may vote as a member upon any resolution in respect of any such matter notwithstanding that he is personally interested in such matter but only where such matter is intended to be for the benefit generally of all, or any classes, of such employees and servants or former employees or servants or former employee or servants (including Directors or other officers) and/or their respective wives, widows, families and dependants.

**Article 88**

- (1) The Directors shall duly comply with the provisions of the Act and particularly the provisions as to registration and keeping copies of mortgages and charges, keeping of the Register, keeping a Register of Directors and entering all necessary particulars therein, and sending a copy thereof of a notification of any changes therein, and sending a copy thereof or a notification of any changes therein to the Companies Commission of Malaysia, and sending to such Registrar an annual return together with the certificates and the particulars required by the Act, notices as to increase of capital, returns of allotment and contracts relating thereto, copies of resolution and agreements and other particulars connected with the above.
- (2) The Directors shall not without the prior approval in general meetings:-
  - (a) Carry into effect any proposal or execute any transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's main undertaking or property.
  - (b) Exercise any power of the Company to issue shares unless otherwise permitted under the Act.
  - (c) Enter into any arrangement or transaction with a Director of the Company or with a person connected with such Director to acquire from or dispose to such Director or person any non-cash assets of the requisite value.

**Article 89**

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys, as they think proper.

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

### **Article 90**

The Directors may raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and disposition in security or bonds of cash-credit, with or without power of sale, as the Directors shall think fit.

### **Article 91**

The Directors, shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as a security for any debt, liability or obligation of an unrelated third party.

### **Article 92**

- (1) The Directors may borrow or raise any such money as aforesaid upon by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for shares in the Company or any class authorised to be issue.
- (2) Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company both present and future and upon any capital remaining unpaid upon the shares of the Company whether called up or not or by any other security and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested such rights and powers as they think necessary or expedient; and they may vest any property of the company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof, or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustee may be remunerated.
- (3) The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

### **Article 102**

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the Chairman shall have a second or casting vote provided that there are more than two (2) Directors present or who are competent to vote on the question at issue. The directors' meeting may be conducted by means of telephone conferencing, video or audio conferencing or any other electronic forms of telecommunication as the Directors deem expedient.

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

### **Article 105(b)**

The chairman of a board meeting shall not have a casting vote where:-

- (i) two (2) Directors form a quorum and only such a quorum is present at the meeting; or
- (ii) only two (2) Directors are competent to vote on the question at issue.

### **Article 111**

A resolution in writing shall be distributed to all directors of the Company. A resolution in writing signed or approved by facsimile or electronic communication by a majority of the directors for the time being or their alternate not being less than two directors shall be valid and effectual as if it has been passed by a meeting of directors duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one or more directors.

### **Article 112**

- (1) A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Article otherwise provided, a Director shall not vote in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but this Article shall not apply to:-
  - (i) any arrangement for giving to him any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; or
  - (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

- 3. The provisions of the Articles of Association of the Company in respect of the changes in capital and variations of class rights are as follows:-

### **Article 46**

The Company may by ordinary resolution:

- (a) Consolidate and divide all of its share capital into shares of larger amounts than its existing shares.
- (b)
  - (i) Cancel any shares which at the date of the passing of the resolution have not been taken, or agreed to be taken, by any person or which have been forfeited and diminish the amount of its capital by the amount of shares so cancelled.
  - (ii) Cancel any shares that have been purchased by the Company and extinguish all rights attaching to the shares including suspended rights in accordance with section 67A of the Act and the Listing Requirements.

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

- (c) Sub-divide shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Act) and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preference or other special rights over, or may have such deferred special rights, or be subject to any such restrictions as compared with the others as the Company has power to attached to unissued or new shares.

### **Article 47**

- (a) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by law.
- (b) The Company may reduce its issued share capital by the cancellation of shares purchased by the Company and the amount by which the company's issued capital is diminished shall be transferred to the capital redemption reserve in accordance with Section 67A of the Act and the Listing Requirements.

### **Article 48**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid consent in writing may be secured from members holding at least three-fourths of the issued shares of the class and such consent if obtained within two (2) months from the date of the separate general meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

### **Article 49**

The rights conferred upon the holders of the shares of any class with preference or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto.

4. The provisions of the Articles of Association of the Company in respect of the remuneration of the Directors are as follows:-

### **Article 77**

The Company in a general meeting shall from time to time determine the fees of the Director. Unless otherwise directed by the resolution by which it is voted, any such fees shall be divided amongst the Directors as they may agree or failing agreement equally. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of proposed increase has been given in the notice convening the meeting. The Directors shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which he may otherwise incur on or about the business of the Company. If by arrangement with the

## 14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Directors, any Director shall perform or render any special duties or service outside his ordinary duties as a director, in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the company or in giving special attention to the business of the company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged. PROVIDED THAT no Director (non-executive or executive) shall be remunerated by a commission on or percentage of turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration which shall not include a commission on or percentage of turnover. The fee payable to non-executive Directors shall be fixed sums as shall be determined by the Company in general meeting.

### Article 78

The Directors may from time to time appoint any one of or more of their body to be the Managing Director of the Company and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The period of appointment of the Managing Director shall be for such period not exceeding a fixed term of five (5) years with powers to the Directors to re-appoint thereafter, and upon such terms as they think fit. The Company may vest in the Managing Director such of the powers hereby vested in the Directors generally as they may think fit and such powers may be made exercisable for such period or periods upon such conditions and subject to such restrictions and generally upon such terms to remuneration and otherwise as they may determine and may from time to time revoke, withdraw, alter or vary all or any of

### Article 80 (4)

An alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointer as such appointer may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

### 14.3 Directors and Substantial Shareholders

1. The names, addresses and occupations of the directors are set out in Section 1 of this Prospectus.
2. No director or key management is or has been involved in any of the following events, whether in or outside Malaysia:-
  - (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key personnel;
  - (b) A conviction in a criminal proceeding or is named subject of a pending criminal proceeding; or
  - (c) The subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution or engaging in any type of business practice or activity.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

3. No fees have been paid to the directors of the Company since incorporation on 9 September 2002. The aggregate remuneration and benefits proposed for the Directors of the Company for their services in all capacities to the Company and its subsidiaries by way of emoluments for the financial year ending 31 March 2003 is RM275,000.
4. Based on the Register of Directors' Shareholdings as at the date of this Prospectus, the direct and indirect interests of the directors in the issued and paid-up capital of the Company before and after the Public Issue are as follows:-

Director	Before Public Issue				After Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibnu Tuanku Ja'afar	-	-	-	-	-	-	-	-
Chan Wing Kong	39,273,430	19.55	-	-	39,273,430	15.35	-	-
Victor John Stephen Price	17,734,480	8.83	-	-	17,734,480	6.93	-	-
Kwa Lay Keng	-	-	-	-	-	-	-	-
Hwang Wei-Cherng	-	-	-	-	-	-	-	-
Yap Yuh Foh	-	-	-	-	-	-	-	-
Khoo Chee Keng	-	-	-	-	-	-	-	-
Lim Ee-Jin	-	-	-	-	-	-	-	-
Onn Kien Hoe	-	-	-	-	-	-	-	-

5. Based on the Register of Substantial Shareholders of NMSC as at the date of this Prospectus, the direct and indirect interests of the Substantial Shareholders in the issued and paid-up capital of the Company before and after the Public Issue are as follows:-

Shareholder	Before Public Issue				After Public Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chan Wing Kong	39,273,430	19.55	-	-	39,273,430	15.35	-	-
Tay Sen Kwan	19,199,420	9.56	-	-	19,199,420	7.50	-	-
Victor John Stephen Price	17,734,480	8.83	-	-	17,734,480	6.93	-	-
NatSteel	31,278,320	15.57	-	-	31,278,320	12.22	-	-
Kim Eng	20,113,810	10.01	-	-	20,113,810	7.86	-	-
OSK Technology	16,364,120	8.15	-	-	16,364,120	6.39	-	-

6. Save as disclosed in Section 6.5 of this Prospectus, none of the Directors or substantial shareholders has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries.
7. Save as disclosed in Section 9.9 of this Prospectus, none of the Directors and key management has any family relationship with one another or with any of the substantial shareholders of the Company.
8. Save as disclosed in Section 14.6 of this Prospectus, none of the Directors or substantial shareholders has any interest, direct or indirect, in the promotion of, or in any property or assets which have, within the two (2) years preceding the date of this Prospectus, been acquired by or disposed of by or leased to the Company or its subsidiary, or are proposed to be acquired or disposed of by or leased to the Company or its subsidiaries.
9. Save as disclosed in Sections 9.8, 14.6, 14.8 and 14.9 of this Prospectus, none of the Directors or substantial shareholders has any interest in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole.



## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

10. There is no shareholding qualification for Directors in the Articles of Association of the Company.
11. The Group has no convertible debt securities.

### **14.4 General**

1. Save as disclosed in Section 3.5 and 3.7 of this Prospectus, no property has been acquired or is proposed to be acquired, and no preliminary expenses are to be repaid, by the Company or its subsidiaries in contemplation of the Public Issue.
2. The nature of the Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Act are disclosed in Section 6.4 of this Prospectus.
3. The time of the opening of the Application is set out in Section 15.1 of this Prospectus.
4. The amount payable in full on application is RM0.28 per Share.
5. Save as disclosed in Section 12 of this Prospectus, no person has an option or is entitled to be given an option to subscribe for any Shares of the Company or its subsidiaries.
6. Save as disclosed in Section 6 of this Prospectus, no capital of the Company or its subsidiaries has been issued or is proposed to be issued for cash or otherwise within the two (2) years preceding the date of this Prospectus.
7. Apart from the subsidiaries of the Company disclosed in this Prospectus, the Group has not established any place of business outside Malaysia.
8. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 15 of this Prospectus.
9. Save as disclosed in Section 9.1 of this Prospectus, there are no persons who, directly and indirectly, jointly or severally, exercise control over the corporation and particulars of the proportion of the voting capital held.

### **14.5 Expenses and Commission**

1. Save as disclosed in Section 3.5 of this Prospectus, there have been no commissions, discounts, brokerages or other special terms granted or paid by NMSC or its subsidiaries within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares or debentures of the Company or its subsidiaries for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of NMSC or its subsidiaries and no director or proposed director or Promoter or expert is entitled to receive any such payment.
2. Expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market amounting to approximately RM1.9 million will be borne by the Company.
3. Save for the Promoters, Directors and substantial shareholders who are employees of the Company and have been paid a salary for their services and were eligible for the Nova MSC Sdn. Bhd. share option scheme, no amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any Promoter, Director or substantial shareholder.

## 14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

### 14.6 Material Contracts

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of the business) which have been entered into by the Company or its subsidiaries within the two (2) years preceding the date of this prospectus:-

- (a) On 1 July 2003, NMSC and OSK entered into an agreement for the provision of sponsorship services by OSK to NMSC;
- (b) Underwriting Agreement dated 1 July 2003 between NMSC and OSK for the underwriting of up to 55,000,000 NMSC Shares pursuant to the Public Issue for an underwriting commission of 2.5% of the Issue Price;
- (c) Placement Agreement dated 10 June 2003 between NMSC and OSK for the placement of up to 59,000,000 NMSC Shares or such other number of Shares as may be approved by the KLSE and the SC from time to time (on a best endeavour basis) pursuant to the Public Issue for a placement fee of 2.5% of the Issue Price;
- (d) Subscription agreement dated 7 November 2002 between Nova MSC Sdn. Bhd., novaSPRINT and OSKVE for the subscription by OSKVE (or a party nominated by OSKVE) of 1,430,158 shares of RM1.00 each in Nova MSC Sdn. Bhd., representing an aggregate of 10% of the then enlarged issued and paid-up share capital of Nova MSC Sdn. Bhd. at approximately RM2.10 per share;
- (e) Shareholders' Agreement dated 25 November 2002 between novaSPRINT, OSKVE and Nova MSC Sdn. Bhd. where novaSPRINT and OSKVE intend to regulate their rights, duties and obligations inter-se in conduct of the business and affairs of Nova MSC Sdn. Bhd. on the terms and conditions set out in the said agreement;
- (f) Sale and Purchase Agreement dated 31 October 2002 between novaSPRINT and Nova MSC Sdn. Bhd. for the acquisition by Nova MSC Sdn. Bhd. of the entire issued and paid-up capital of novaHEALTH comprising 3,190,000 ordinary shares of SGD1.00 each for a purchase consideration of RM6,692,235 to be satisfied by the issuance of 6,692,235 ordinary shares in NMSC at an issue price of RM1.00 per ordinary share;
- (g) Sale and Purchase Agreement dated 31 October 2002 between novaSPRINT and Nova MSC Sdn. Bhd. for the acquisition by Nova MSC Sdn. Bhd. of the entire issued and paid-up capital of novaCITYNETS comprising 2,700,000 ordinary shares of SGD1.00 each for a purchase consideration of RM7,680,455 to be satisfied by the issuance of 7,680,455 ordinary shares in NMSC at an issue price of RM1.00 per ordinary share; and
- (h) On 3 September 2002, NMSC and OSK entered into an agreement for the provision of corporate advisory services by OSK to NMSC in respect of NMSC's listing on the MESDAQ Market;

### 14.7 Material Litigation, Capital Commitments, Contingent Liabilities, Working Capital and Borrowings

#### (a) Material Litigation

As at 30 June 2003, being the latest practicable date prior to the printing of this Prospectus, neither NMSC nor any of its subsidiary companies are engaged in any material litigations either as plaintiff or defendant which has a material effect on the financial position of the Group and the Directors of the Company and its subsidiary companies have no knowledge of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the position and business of the Company and/or its subsidiary companies.

## 14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

### (b) Capital Commitments

As at 31 January 2003 (being the date up to which the audited financial statements were made), there are no material commitment for capital expenditure incurred or known to be incurred by NMSC or its subsidiary companies which may have substantial impact on the results of the position of the Group.

### (c) Contingent Liabilities

As at 31 January 2003, being the date up to which the audited financial statements were made, the Directors of NMSC are not aware of any contingent liability, which upon becoming enforceable may have a material impact on the Group.

### (d) Working Capital

The Directors of the Company are of the opinion that after taking into consideration the cash flow forecast including the proceeds of the Public Issue and banking facilities available, the Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

### (e) Borrowings

As at 31 January 2003 (being the date up to which the audited financial statements were made), the Group's audited total bank borrowings amounted to approximately RM910,363 comprising secured bank overdraft facility, of which the total amount is short-term and interest-bearing. As at 30 June 2003, being the last practicable date prior to the printing of this Prospectus, the Group's unaudited total bank borrowings amounted to approximately RM325,746.

## 14.8 Material Agreements

Save as disclosed below, there are no agreements which are or may be material (being contracts entered into in the ordinary course of the business) which have been entered into by the Company or its subsidiaries within the two (2) years preceding the date of this prospectus:-

- (a) On 25 March 2002, novaHEALTH entered into a business referral agreement with Alfred Chua ("AC") whereby AC will seek end customers, business partners, distributors or resellers in Thailand for novaHEALTH'S products and services on an on-going basis. This agreement commenced on 25 March 2002 and shall continue for a period of 18 months unless both parties agree in writing not to extend for another stipulated duration and until terminated pursuant to the said agreement;
- (b) On 1 April 2002, novaHEALTH and Syabas Technologies ("Syabas") entered into a non-exclusive marketing agreement whereby Syabas will promote novaHEALTH's e-healthcare solutions known as VESALIUS™ in Brunei;
- (c) On 21 June 2002, novaSPRINT Consulting (M) Sdn. Bhd. and Adventist Hospital & Clinic Services (M) entered into a software purchase agreement for the provision of VESALIUS™ application software and associated support services and training.  
  
On 26 June 2003, NMSC entered into a Novation Agreement with novaSPRINT Consulting (M) Sdn. Bhd. and Adventist Hospital & Clinic Services (M) to novate the performance of the software purchase agreement dated 21 June 2002 to NMSC;
- (d) On 1 September 2002, novaHEALTH entered into a non-exclusive marketing agreement with Thai GL Co. Ltd. to promote novaHEALTH's e-healthcare solutions known as VESALIUS™ in Thailand;

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**


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- (e) On 20 December 2001, novaCITYNETS, National University of Singapore, Temasek Polytechnic and Institute for Design and Building Construction (Vienna, Austria) entered in to research collaboration agreement to collaborate in aspects relating to the research entitled "Mapping of Industry Building Product Model For Detailed Thermal Simulation And Analysis" (as specified in the said agreement);
- (f) On 28 January 2002, novaCITYNETS received a letter of acceptance issued by the Land and Transport Authority of Singapore for vehicle inspection and type approval system;
- (g) On 7 August 2002, novaCITYNETS received a letter of award from the Singapore Land Authority for the supply, delivery, customisation, installation, testing and commissioning of a fully operational HDB Registration System ("HRS") with an option for maintenance and supply of Backfile Conversion System ("BCS");
- (h) On 17 December 2002, novaHEALTH and IBM Singapore Pte Ltd entered into an IBM Territorial Agreement to establish / enhance the marketing relationship between the two parties by way of collaborative / cooperative joint sales effort;
- (i) On 3 January 2003, novaCITYNETS and Microsoft Corporation entered into a Microsoft Certified Partner Agreement in which novaCITYNETS has been accepted as a Microsoft Certified Partner to carry out services and/or tasks as provided under the said agreement;
- (j) On 30 January 2003, novaHEALTH and Sun Microsystems Pte Ltd entered into an Equipment Transfer, Development and Joint Marketing Agreement to co-operate in the development, marketing and promotion of novaHEALTH's VESALIUS™ (HIS) and (CIS) for use with Sun Platform;
- (k) On 30 December 2002, novaCITYNETS entered into a Maintenance Contract of Electronic Development Application System with the Urban Redevelopment Authority of Singapore to provide one year maintenance of the Electronic Development Authority system from 1 August 2002 to 31 July 2003;
- (l) On 6 January 2003, novaCITYNETS entered into a Strategic Partnership Agreement with Sino-Overseas Construction Information Co. Ltd for the marketing, technical support, customisation and maintenance of novaCITYNETS e-Government application software systems in China;
- (m) On 17 February 2003, novaCITYNETS and PureEdge Solutions Inc. entered into a Value Added Reseller Agreement setting out terms for payment of license fee and royalties;
- (n) On 11 February 2003, novaCITYNETS, National University of Singapore and Temasek Polytechnic entered in to research collaboration agreement to collaborate in a research project entitled "Integration of CAD and thermal simulations through Industry Foundation Class (IFC) product model" (as specified in the said agreement);
- (o) On 18 February 2003, novaCITYNETS and Oracle Corporation Singapore Pte Ltd entered into an Oracle Partner Network Agreement for the provision of software products and technical support;
- (p) On 17 March 2003, novaCITYNETS received a Letter of Award from the Ministry of Community Development and Sport of Singapore ("MCDS") for the supply and delivery of integrated case management system for rehabilitation and protection division of the MCDS;
- (q) On 3 March 2003, novaHEALTH and with Asian Pillar Sdn Bhd entered into a marketing Agreement to promote healthcare related products and services of novaHEALTH in Malaysia;

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

- (r) On 10 May 2003, novaCITYNETS and Niem tin Company ("NTC") entered into a software purchase agreement for the provision of novaCITYNETS's application software, implementation services and training to NTC's customer in Vietnam;
- (s) On 17 June 2003, novaHEALTH and Medtel Pty Ltd entered into a marketing agreement to promote novaHEALTH's e-healthcare solutions in Australia; and
- (t) On 7 July 2003, NMSC entered into a Strategic Partnership Agreement with Sino-Overseas Construction Information Co. Ltd for the marketing, technical support, customisation and maintenance of novaCITYNETS e-Government application software systems in China.

**14.9 Related Party Contracts**

- (a) On 1 April 2002, novaHEALTH entered into a non-exclusive marketing agreement with novaSPRINT (M) Sdn Bhd (now known as IT-Mega Teknologi Sdn Bhd) to promote novaHEALTH's e-healthcare solutions known as VESALIUS™ in Malaysia;
- (b) On 1 April 2002, novaHEALTH and novaSPRINT (HK) Ltd. entered into a non-exclusive marketing agreement to promote novaHEALTH's e-healthcare solutions known as VESALIUS™ (HIS) and VESALIUS™ (CIS) in Hong Kong and China;
- (c) On 1 April 2002, novaHEALTH and PT novaSPRINT.com Indonesia entered into a non-exclusive marketing agreement to promote novaHEALTH's e-healthcare solutions known as VESALIUS™ (HIS) and VESALIUS™ (CIS) in Indonesia;
- (d) On 1 April 2002, novaCITYNETS entered into a non-exclusive marketing agreement with novaSPRINT (M) Sdn Bhd (now known as IT-Mega Teknologi Sdn Bhd) to promote novaCITYNET's e-Government solutions known as PAVO™, OCTANS™ and FORNAX™ in Malaysia;
- (e) On 1 April 2002, novaCITYNETS and novaSPRINT (HK) Ltd. entered into a non-exclusive marketing agreement to promote novaCITYNET's e-healthcare solutions known as PAVO™, OCTANS™ and FORNAX™ in Hong Kong;
- (f) On 1 April 2002, novaCITYNETS and PT novaSPRINT.com Indonesia entered into a non-exclusive marketing agreement to promote novaCITYNETS' e-Government solutions known as PAVO™, OCTANS™ and FORNAX™ in Indonesia;
- (g) On 12 November 2002, novaHEALTH entered into a non-exclusive reseller agreement with PT novaSPRINT.com Indonesia to market novaHEALTH's healthcare solutions known as VESALIUS™ (HIS) and VESALIUS™ (CIS) in Indonesia;
- (h) On 12 November 2002, novaHEALTH entered into a non-exclusive reseller agreement with novaSPRINT (HK) Ltd. to market novaHEALTH's healthcare solutions known as VESALIUS™ (HIS) AND VESALIUS™ (CIS) in Hong Kong and China;
- (i) On 12 November 2002, novaCITYNETS entered into a non-exclusive reseller agreement with novaSPRINT (M) Sdn Bhd (now known as IT-Mega Teknologi Sdn Bhd) to market novaCITYNETS' e-Government solutions known as PAVO™, OCTANS™ and FORNAX™ in Malaysia;
- (j) On 25 November 2002, Nova MSC Sdn. Bhd. and novaSPRINT entered into a Master Reseller Agreement. In the said agreement, novaSPRINT, its subsidiary companies and its directors undertake that they will not directly or indirectly during the term of the agreement and for twelve (12) months thereafter, be employed or act as reseller in any business within the sales territory (defined in the agreement) that is in competition with the business carried on by NMSC or its subsidiary companies in the healthcare and e-Government industries;

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

- (k) On 16 December 2002, novaCITYNETS entered into a Novation Agreement with Wingain Investment Pte Ltd and novaSPRINT to novate the lease agreement for rental of premises in Park Mall to novaCITYNETS;
- (l) On 20 February 2003, novaCITYNETS and novaSPRINT entered into a sub-lease agreement where novaSPRINT takes premises of the space stated in the agreement according to terms of the sub-lease agreement;
- (m) On 13 March 2003, NMSC and novaSPRINT entered into a Master Reseller Agreement to streamline the terms in the Master Reseller Agreement dated 25 November 2002;
- (n) On 12 June 2003, novaCITYNETS entered into a Novation Agreement with the Building and Construction Authority of Singapore and novaSPRINT Systems Pte Ltd to novate the agreement for the design, supply, delivery, installation, testing and commissioning of an integrated plan checking system for Building Plan and Building Services dated 6 October 2000 to novaCITYNETS;
- (o) On 12 June 2003, novaCITYNETS entered into a Novation Agreement with the Building and Construction Authority of Singapore and novaSPRINT Systems Pte Ltd to novate the agreement for the design, supply, delivery, installation, testing, commissioning, operation and maintenance of a One-Stop Submission Centre dated 12 June 2000 to novaCITYNETS; and
- (p) On 26 June 2003, NMSC entered into a Novation Agreement with novaSPRINT Consulting (M) Sdn Bhd and Adventist Hospital & Clinic Services (M) to novate the performance of the software purchase agreement dated 21 June 2002 to NMSC.

The above are conducted on normal commercial terms which are no more favourable to the related parties than those extended to the general public and are not to the detriment of NMSC.

**14.9.1 Salient Terms of Marketing Agreements, Reseller Agreements and Master Reseller Agreement**

The salient terms of the marketing and reseller agreements between the NMSC Group and the marketing agent(s) / reseller(s) are as follows:-

- (i) the appointment of the marketing agent(s) / reseller(s) is on a non-exclusive basis;
- (ii) the renewal of the appointment the marketing agent(s) / reseller(s) is contingent upon meeting the specific sales target stated in the marketing / reseller agreements;
- (iii) the sale of application software by the NMSC Group shall be in accordance with any written quotation of the NMSC Group and be accepted by the NMSC Group in writing. Orders which have been accepted by the NMSC Group may not be cancelled by the marketing agent(s) / reseller(s) without the Group's prior written consent;
- (iv) the NMSC Group reserves the rights to request for payment from the marketing agent(s) / reseller(s) in its preferred currency;
- (v) the marketing agent(s) / reseller(s) shall pay the amount invoiced within 30 days of the date of issuance by the NMSC Group;
- (vi) the marketing agent(s) / reseller(s) are entitled to a specific discount on the prices of the application software or products as determined by the NMSC Group from time to time; and
- (vii) the NMSC Group reserves the right to cancel the marketing / reseller agreement immediately in the event of non-payment by the marketing agent(s) / reseller(s).

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

The salient terms of the Master Reseller Agreement between NMSC and novaSPRINT are as follows:-

- (i) the purpose of the Master Reseller Agreement is to govern the terms of the various marketing agreements / value added reseller agreements entered into between the NMSC Group and Master Reseller Group;
- (ii) the appointment of novaSPRINT as the Master Reseller in the Sales Territory (as defined in the agreement) on a non-exclusive basis;
- (iii) the Master Reseller to market and distribute the NMSC Group's products in the Sales Territory according to the Master Reseller Agreement and to provide first line technical support to its end users;
- (iv) the NSMC Group to provide the Master Reseller Group with technical support, support materials and consultation assistance when reasonably required, and to provide the Master Reseller Group with second line technical support;
- (v) the Master Reseller shall pay licence fees to NMSC as determined by NMSC according to terms of the agreement;
- (vi) either party shall have the right to terminate the agreement if the other party:-
  - (a) fails to perform any material term or condition of the agreement and does not remedy the failure within 30 days after receipt of written notice of such default; or
  - (b) becomes insolvent, files or has filed against it a petition under applicable bankruptcy or insolvency laws which is not dismissed within ninety (90) days, proposes any dissolution, composition or financial re-organisation with creditors, makes an assignment for the benefit of creditors, or if a receiver, trustee, custodian or similar agent is appointed or takes possession with respect to any property or business of the defaulting party.

### **14.10 Public Take-Overs**

During the last financial year and the current financial year, there was no:

- (a) public take-over offer by third parties in respect of the Company's shares; or
- (b) public take-over offer by the Company in respect of other Company's shares.

### **14.11 Consents**

- (a) The written consents of the Adviser, Sponsor, Placement Agent, Underwriter, Company Secretary, Solicitors, Principal Bankers, Registrar and Issuing House to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letter on the proforma consolidated balance sheets as at 31 January 2003 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

## **14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**

### **14.12 Insurance Policies**

novaCITYNETS and novaHEALTH have the following policies coverage in place:-

- (a) group life and total permanent disability;
- (b) group hospitalisation and surgical benefits;
- (c) workmen's compensation;
- (d) group personal accident; and
- (e) group business travel accident.

### **14.13 Documents for Inspection**

The following documents or copies thereof may be inspected at the registered office of the Company at Unit A-3-1 Wisma HB, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Directors' Report set out in Section 11 of this Prospectus;
- (c) the Accountants' Report set out in Section 12 of this Prospectus;
- (d) Reporting Accountants' Letters relating to the Proforma Consolidated Balance Sheets set out in Section 13 of this Prospectus;
- (e) the material contracts and agreements as well as insurance policies referred to in Sections 14.6, 14.8 and 14.12 of this Prospectus;
- (f) the letters of consent referred to in Section 14.11 of this Prospectus;
- (g) The audited financial statements of novaHEALTH and novaCITYNETS for the last three (3) financial years ended 31 March 2002 and financial period ended 31 January 2003; and
- (h) service contracts referred to on Section 9.8 of this Prospectus.

### **14.14 Responsibility Statement**

OSK acknowledges that, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts about the Public Issue and the NMSC Group.

This Prospectus has been seen and approved by the Directors and Promoters of NMSC, and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts, the omission of which would make any statements herein false or misleading.

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