

6. INFORMATION ON THE NMSC GROUP

6.1 History and Background

NMSC was incorporated in Malaysia on 9 September 2002 under the Act as a private limited company with the name of E-Beyond Sdn. Bhd. and changed its name to Nova MSC Sdn. Bhd. on 14 October 2002. On 29 October 2002, Nova MSC Sdn. Bhd. was granted the MSC status awarded by MDC. NMSC had on 5 November 2002 commenced its business operations.

The history of the Group can be traced back to 1995, when a group of six technopreneurs namely Mr Chan Wing Kong, Mr Victor John Stephen Price, Mr Tan Yew Soon and Mr Lai Teik Kin (collectively known as "Founders"), Mr Tay Sen Kwan and Mr Ang Chee Keong, established MCSB Consulting Pte. Ltd.. MCSB Consulting Pte. Ltd. was established pursuant to a joint venture between MCSB Systems Pte. Ltd. and the abovementioned six technopreneurs. MCSB Consulting Pte. Ltd. began its operations as application software enabler principally engaged in the design, development and implementation of business application systems.

In March 1996, the six technopreneurs acquired MCSB Systems Pte. Ltd.'s stake in MCSB Consulting Pte. Ltd. and renamed it novaSPRINT Consulting Pte. Ltd.. Subsequent to the acquisition, there had been no major changes to the business direction of novaSPRINT Consulting Pte. Ltd. and the business focus was on providing software services to certain specialised industries such as banking and finance, healthcare, e-Government and manufacturing. In 1997, novaSPRINT was formed to act as a holding company. In 1999 and 2000, novaSPRINT formed novaHEALTH and novaCITYNETS respectively, to capitalise on its strengths and to commercially roll out its application software for two (2) core areas, i.e. the healthcare and e-Government industries.

Other than the Founders of the NMSC Group who have experience in the products and services of the NMSC Group, its shareholders also comprise established companies which have contributed to the growth of the NMSC Group. The MSC status coupled with its innovative products and management will enable the Group to expand its business. As envisaged in the expansion plan, the MSC status will provide NMSC a stronger foothold to move forward with the MSC incentives such as tax exemption, freedom of ownership, and freedom of employment of professionals.

On 31 October 2002, NMSC entered into two (2) separate Sale and Purchase Agreements with novaSPRINT, for the Acquisition of novaCITYNETS and the Acquisition of novaHEALTH. The Acquisitions were completed on 31 October 2002. Subsequent to Acquisitions, NMSC attracted an additional investor, OSK Technology.

As an integral part of the listing scheme, NMSC was later converted to a public limited company on 26 November 2002.

NMSC acts as the operational headquarters for the Group and also functions as the Group's Global Software Development and Service Centre. The NMSC Group focuses on the local and regional markets and is primarily involved in the following activities:-

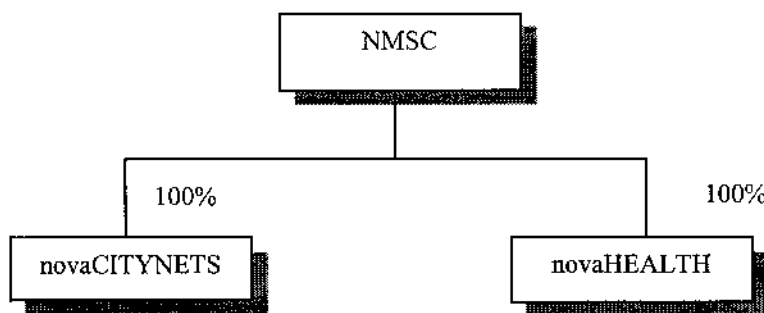
- (a) key software R&D centre and intellectual property owner;
- (b) sale and marketing of application software for the e-Government and healthcare industries; and
- (c) provision of domain-specific IT professional services in the e-Government and healthcare industries.

As at 30 June 2003, the NMSC Group has 136 employees.

novaCITYNETS and novaHEALTH are responsible for the sale and marketing of the e-Government and healthcare application software respectively, primarily for the Singapore market. novaCITYNETS and novaHEALTH also provide maintenance and services for its clients in Singapore and the region.

6. INFORMATION ON THE NMSC GROUP (cont'd)

A graphical representation of the Group structure is as follows :-



Further information on the above subsidiary companies is disclosed in Section 6.4 of this Prospectus. As at the date of this Prospectus, NMSC does not have any associate company.

6.2 Share Capital and Changes in Share Capital

The authorised and issued and paid-up share capital of NMSC as at the date of this Prospectus is as follows:-

	No. of Shares	Par value (RM)	Amount (RM)
Authorised	500,000,000	0.10	50,000,000
Issued and Paid-up	200,900,000	0.10	20,090,000

Details of the changes in the Company's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par value (RM)	Consideration	Total (RM)
09.09.2002	2	1.00	Subscribers' Share	2
31.10.2002	14,372,690	1.00	Acquisition of novaCITYNETS and Acquisition of novaHEALTH	14,372,692
25.11.2002	1,430,158	1.00	Equity Investment by OSK Technology	15,802,850
25.06.2003	1,755,000	1.00	Employees' share option scheme of Nova MSC Sdn Bhd	17,557,850
27.06.2003	2,532,150	1.00	Bonus Issue	20,090,000
27.06.2003	-	0.10	Share Split	20,090,000

Upon completion of the Public Issue, NMSC will have an enlarged issued and paid-up capital of RM25,590,000 comprising 255,900,000 Shares.

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6. INFORMATION ON THE NMSC GROUP (cont'd)

6.3 Listing Proposal

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of NMSC on the MESDAQ Market, the Company implemented a listing proposal which entails the following:-

6.3.1 Bonus Issue

NMSC implemented a bonus issue of 2,532,150 shares of RM1.00 each to the then existing shareholders of NMSC on the basis of approximately 0.14 bonus share for every one (1) share of RM1.00 each held, by capitalizing RM2,532,150 from the share premium account of NMSC. The amount to be capitalized from the share premium account forms part of the share premium arising from the equity investment of RM3.0 million by OSK Technology for the subscription of 1,430,158 ordinary shares in NMSC of RM1.00 each and the exercise of options pursuant to the share option scheme of NMSC.

The bonus shares arising thereof ranked pari passu with the then existing shares of the Company in all respects.

Following the bonus issue, the total issued and paid-up share capital of the Company increased to RM20,090,000 comprising 20,090,000 shares of RM1.00 each.

6.3.2 Share Split

Upon completion of the Bonus Issue, NMSC implemented a share split exercise, which involved the subdivision of every existing one (1) share of RM1.00 each in NMSC into ten (10) shares of RM0.10 par value each.

Following the completion of the share split, NMSC's issued and paid-up share capital increased to RM20,090,000 comprising 200,900,000 Shares.

6.3.3 Public Issue

The Public Issue will involve a total of 55,000,000 new Shares at a proposed issue price of RM0.28 per Share payable in full upon application which shall be allocated in the following manner:-

- (i) 50,000,000 Issue Shares will be made available for placement to institutions/investors to be determined at a later date; and
- (ii) 5,000,000 Issue Shares will be made available for application by the public.

Upon completion of the Public Issue, the issued and paid-up capital of NMSC will increase to RM25,590,000 comprising 255,900,000 Shares of RM0.10 each.

6.4 Information on Subsidiary and Associated Companies

Information on the subsidiary companies of NMSC is set out below.

As at the date of this Prospectus, NMSC does not have any associated companies.

6.4.1 Information on novaCITYNETS

(a) History and Business

novaCITYNETS was incorporated in Singapore on 11 May 2000 under the Companies Act, Cap. 50 as a private limited company. novaCITYNETS is principally involved in the provision of hardware consultancy services (including system consultancy services) and development of e-commerce applications in the government and e-planning industry.

6. INFORMATION ON THE NMSC GROUP (cont'd)

(b) Share Capital

As at 30 June 2003, the authorised and issued and paid-up capital of novaCITYNETS are as follows:-

	No. of Shares	Par value (SGD)	Amount (SGD)
Authorised	3,000,000	1.00	3,000,000
Issued and Paid-up	2,700,000	1.00	2,700,000

Details of the changes in novaCITYNETS's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par value (SGD)	Consideration	Total (SGD)
11.05.2000	2	1.00	Cash	2
27.08.2001	999,998	1.00	Cash	1,000,000
27.09.2002	1,700,000	1.00	Capitalising of inter-company loan	2,700,000

(c) Directors and Substantial Shareholders

As at 30 June 2003, the directors of novaCITYNETS and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Yew Soon	-	-	-	-
Victor John Stephen Price	-	-	-	-
Chan Wing Kong	-	-	-	-

As at 30 June 2003, novaCITYNETS is a wholly-owned subsidiary of NMSC.

(d) Subsidiary and Associated Companies

As at 30 June 2003, novaCITYNETS does not have any subsidiary or associated companies.

(e) Employees

As at 30 June 2003, novaCITYNETS has 83 employees.

6.4.2 Information on novaHEALTH

(a) History and Business

novaHEALTH was incorporated as novaHEALTH.com Pte. Ltd. in Singapore on 21 December 1999 under the Companies Act, Cap.50 as a private limited company. novaHEALTH assumed its present name on 9 June 2000 and its principal activities are those relating to the provision of e-business solutions for the healthcare industry.

6. INFORMATION ON THE NMSC GROUP (cont'd)

(b) Share Capital

As at 30 June 2003, the authorised and issued and paid-up capital of novaHEALTH are as follows:-

	No. of Shares	Par value (SGD)	Amount (SGD)
Authorised	4,000,000	1.00	4,000,000
Issued and Paid-up	3,190,000	1.00	3,190,000

Details of the changes in the Company's issued and paid-up share capital since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par value (SGD)	Consideration	Total (SGD)
21.12.1999	2	1.00	Cash	2
20.07.2000	39,998	1.00	Cash	40,000
20.07.2000	760	1.00	Purchase of business and assets of Medfolders.com Pte. Ltd.	40,760
27.07.2000	90	1.00	Purchase of business and assets of Medfolders.com Pte. Ltd.	40,850
27.09.2002	15,512	1.00	Capitalisation of intercompany loan	56,362
27.09.2002	3,133,638	1.00	Bonus Issue	3,190,000

(c) Directors and Substantial Shareholders

As at 30 June 2003, the directors of novaHEALTH and their respective shareholdings are set out below:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Chan Wing Kong	-	-	-	-
Lai Teik Kin	-	-	-	-

As at 30 June 2003, novaHEALTH is a wholly-owned subsidiary of NMSC.

(d) Subsidiary and Associated Companies

As at 30 June 2003, novaHEALTH does not have any subsidiary or associated companies.

(e) Employees

As at 30 June 2003, novaHEALTH has 34 employees.

6.5 Companies with Similar Trade

None of the Directors or substantial shareholders of the Company or its subsidiaries has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries.

6. INFORMATION ON THE NMSC GROUP (cont'd)

6.6 Related-Party Transactions and Conflict of Interest

Save as disclosed below, there have been no related party transactions or arrangements between the NMSC Group and its shareholders and/or Directors of the NMSC Group within the two (2) years preceding the date of this Prospectus save for the following transactions which were entered into in the ordinary course of business:-

Related party	Interested Director, substantial shareholder / Persons connected	Nature of Transaction	Audited value of transactions for FY 2001 (RM)	Audited value of transactions for FY 2002 (RM)	Audited value of transactions for ten (10) months ended 31 January 2003 (RM)
novaSPRINT	Chan Wing Kong ^(a)	Management fee payable by novaCITYNETS to novaSPRINT	1,590,684	1,564,863	941,780
	Victor John Stephen Price ^(b)				
	Tay Sen Kwan ^(c)	License fee payable by novaCITYNETS to novaSPRINT	359,426	255,387	-
	Kwa Lay Keng ^(e)	Sale of services by novaCITYNETS to novaSPRINT	1,264,077	-	-
		Interest expense payable by novaCITYNETS to novaSPRINT	39,030	31,448	26,943
		Purchase of computer equipments, office equipment, furniture and fitting by novaCITYNETS from novaSPRINT	-	-	647,886
		Rent for sub-lease of premises payable by novaCITYNETS to novaSPRINT	174,160	520,323	386,965
		Rent for sub-lease of premises payable by novaSPRINT to novaCITYNETS	-	-	56,267
		Management fee payable by novaHEALTH to novaSPRINT	511,762	873,039	432,915
		License fee payable by novaHEALTH to novaSPRINT	147,486	17,158	-
		Interest expense payable by novaHEALTH to novaSPRINT	50,507	37,433	29,516
		Rent for sub-lease of premises payable by novaHEALTH to novaSPRINT	181,473	346,822	188,295

6. INFORMATION ON THE NMSC GROUP (cont'd)

Related party	Interested Director, substantial shareholder / Persons connected	Nature of Transaction	Audited value of transactions for FY 2001 (RM)	Audited value of transactions for FY 2002 (RM)	Audited value of transactions for ten (10) months ended 31 January 2003 (RM)
novaSPRINT Systems Pte. Ltd. ("novaSPRINT Systems")	Chan Wing Kong ^(a)	Commission payable by novaCITYNETS to novaSPRINT Systems	290,500	165,528	100,113
		Purchase of computer equipment by novaCITYNETS from novaSPRINT Systems	171,706	19,148	-
		Commission payable by novaHEALTH to novaSPRINT Systems	32,852	26,574	20,450
		Purchase of computer equipment by novaHEALTH from novaSPRINT Systems	145,774	-	-
Building Gateway Pte. Ltd. ("Building Gateway")	Chan Wing Kong ^(a)	Fees for maintenance services payable by Building Gateway to novaCITYNETS	65,100	130,200	65,100
	Kwa Lay Keng ^(c)				
	Tan Yew Soon ^(d)				
novaC2R Pte. Ltd. ("novaC2R")	Chan Wing Kong ^(a) Tay Sen Kwan ^(e)	Purchase of scanning services by novaHEALTH from novaC2R	38,003	496,633	-
Teledata (Singapore) Limited	Kwa Lay Keng ^(c)	Consultancy services payable by Teledata (S) Ltd to novaCITYNETS	88,384	274,498	336,350
PT novaSPRINT.com Indonesia	Chan Wing Kong ^(a)	Sales of in-house developed products to PT novaSPRINT.com Indonesia from novaHEALTH	-	-	1,035,869
IT-Mega Teknologi Sdn Bhd (f.k.a. NovaSPRINT (M) Sdn. Bhd.) ("IT-Mega")	Lai Teik Kin ^(f)	Consultancy services payable by IT-Mega to novaCITYNETS	-	860,181	2,571,815
		Consultancy services payable by IT-Mega to NMSC	-	-	793,133
		Purchase of computer equipment by NMSC from IT-Mega	-	-	29,346

Notes:-

- (a) Chan Wing Kong is a director of NMSC, novaCITYNETS and novaHEALTH. He is a substantial shareholder of NMSC and novaSPRINT through his direct shareholdings of 19.55% and 22.8% respectively. Chan Wing Kong is also a substantial shareholder of novaSPRINT Systems, PT novaSPRINT.com Indonesia, Building Gateway, and novaC2R by virtue of his shareholdings in novaSPRINT. He has since resigned as a director of novaSPRINT, novaSPRINT Systems, PT novaSPRINT.com Indonesia, and novaC2R on 30 October 2002. He has since resigned as a director of Building Gateway on 13 February 2003.
- (b) Victor John Stephen Price is a director of NMSC and novaCITYNETS. He is also a substantial shareholder of NMSC and novaSPRINT though his direct shareholdings of 8.83% and 9.78% respectively.
- (c) Tay Sen Kwan is a director of novaSPRINT, novaSPRINT Systems and novaC2R. He is also a substantial shareholder of NMSC and novaSPRINT though his direct shareholdings of 9.56% and 11.67%, respectively.

6. INFORMATION ON THE NMSC GROUP (cont'd)

- (d) *Tan Yew Soon is part of the key management of NMSC, a director of novaCITYNETS and a director of Building Gateway. Tan Yew Soon has since resigned as a director of Building Gateway on 13 February 2003.*
- (e) *Kwa Lay Keng is a director of NMSC, novaSPRINT, Building Gateway and Teledata (Singapore) Limited.*
- (f) *Lai Teik Kin is part of the key management of NMSC and a director of novaHEALTH. He is also a substantial shareholder of IT-Mega through his direct shareholdings of 5.45%*
- * *novaSPRINT (HK) has secured contracts for the NMSC Group while novaCITYNETS has appointed novaC2R as its sub-contractor for a government project to provide data conversion services. The revenue and costs arising from these transactions will only be recognised after the period ended 31 January 2003.*

Save as disclosed in Section 14.7 of this Prospectus, there are no loans (including guarantees of any kind) made by the corporation or any of its parent or subsidiaries to or for the benefit of related parties.

The above transactions were carried out in the ordinary course of the business of NMSC Group and were 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. The nature and terms of future transactions will be reviewed by the audit committee to ensure compliance and the Board will continue to review procedures for future transactions, if any.

The transactions are conducted at arm's length and all related party contracts entered into by NMSC or its subsidiary companies are set out in Section 14.9 of this Prospectus.

On 13 March 2003, NMSC 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.

6.6.1 The novaSPRINT Group

As disclosed in Section 14.9, the NMSC Group has entered into various marketing agreements, reseller agreements and the Master Reseller Agreement with the novaSPRINT Group. novaSPRINT HK and PT novaSPRINT act as resellers for the NMSC Group.

The companies under the novaSPRINT Group, their principal activities and the respective board of directors are as follows:-

Company	Principal activities	Board of directors
novaSPRINT	Investment holding	Tay Sen Kwan Ang Chee Keong Kwa Lay Keng Purushotaman Ramakrishna
novaSPRINT Systems	Distribution and installation of hardware, network systems and third party software for mainly the finance sector	Tay Sen Kwan Ang Chee Keong
novaC2R	Data conversion services	Tay Sen Kwan Sebastian Yeo Boon Kiat
novaIzon Pte. Ltd. ("novaIzon")	Multi-media programming and branding services	Tay Sen Kwan Ang Chee Keong

6. INFORMATION ON THE NMSC GROUP (cont'd)

Company	Principal activities	Board of directors
novaSPRINT (HK) Ltd ("novaSPRINT HK")	Distribution and installation of hardware, network systems and third party software	Tay Sen Kwan Ang Chee Keong
PT novaSPRINT.com Indonesia ("PT novaSPRINT")	Distribution and installation of hardware, network systems and third party software	Tay Sen Kwan Aznaib Iriansyah Gindo
Igniters Pte. Ltd. ("Igniters")	The provision of corporate and marketing communication services	Yong Mai Ying Diana Young Eugene Lim
Building Gateway Pte Ltd ("Building Gateway")	Online portal for the construction industry	Kwa Lay Keng Eng Poh Tzan Tan Man Ee Tay Sen Kwan Ang Chee Keong
novaSPRINT Consulting (M) Sdn. Bhd. ("novaSPRINT Consulting")	Dormant	Lai Teik Kin Ng Boon Swee
novaSPRINT (SA) Pty Ltd ("novaSPRINT SA")	Dormant	Victor John Stephen Price Chan Wing Kong

As disclosed above, the principal activities of the companies in the novaSPRINT Group are not the same as that of the NMSC Group. As such, there is no conflict of interest between the core businesses of the novaSPRINT Group and the NMSC Group.

6.6.2 Interest Held by the Substantial Shareholders of NMSC in the novaSPRINT Group

The equity interest held by the substantial shareholders of NMSC in the novaSPRINT Group is as follows:-

Company	Interested substantial shareholder of NMSC	Equity interest held			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
novaSPRINT	Chan Wing Kong	281,450	22.78	-	-
	NatSteel	234,966	19.02	-	-
	Kim Eng	151,097	12.23	-	-
	Tay Sen Kwan	144,228	11.67	-	-
	Victor John Stephen Price	120,778	9.78	-	-
novaSPRINT Systems	Chan Wing Kong NatSteel	-	-	*750,000	100.0
novaC2R	Chan Wing Kong NatSteel	-	-	*100,000	100.0
novaIlzon	Chan Wing Kong NatSteel	-	-	*161,000	100.0

6. INFORMATION ON THE NMSC GROUP (cont'd)

Company	Interested substantial shareholder of NMSC	Equity interest held			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
novaSPRINT HK	Chan Wing Kong NatSteel	-	-	*2	100.0
PT novaSPRINT	Chan Wing Kong NatSteel	-	-	*500	100.0
Igniters	Chan Wing Kong NatSteel	-	-	*49,000	49.0
Building Gateway	Chan Wing Kong	-	-	*600,000	30.0
	NatSteel	1,400,000	70.0	*600,000	30.0
novaSPRINT Consulting	Chan Wing Kong NatSteel	-	-	*40,000	100.0
novaSPRINT SA	Chan Wing Kong NatSteel	-	-	*1,000	100.0

Note:

* Deemed interested by virtue of their respective interests in novaSPRINT pursuant to Section 6A of the Act.

6.7 Declaration on Conflict of Interest of Advisers

On completion of the Public Issue, OSK Technology will hold 16,364,120 Shares, representing approximately 6.39% of the enlarged issued and paid-up share capital of NMSC. OSK Technology is a related company of OSK, by virtue of both companies being the wholly-owned subsidiary companies of OSK Holdings Berhad. In addition, Dato' Nik Mohamed Bin Nik Yahya and Mr Ong Leong Huat @ Wong Joo Hwa, are common directors of OSK and OSK Technology.

The interest disclosed above does not give rise to a situation of conflict of interest and accordingly, OSK confirms that there are no existing or potential conflicts of interest in its capacity as Adviser for the listing of NMSC on the MESDAQ Market.

In addition, the following is to be noted:-

- none of the Shares to be placed out as detailed in Section 6.3.3 of this Prospectus will be placed to OSK and OSK Technology and persons connected to them in compliance with Listing Requirements of the KLSE for MESDAQ Market;
- the pricing of the Public Issue Shares will be market driven after considering the demand and supply for the said Shares and market sentiments at the point of the Public Issue; and
- save for the professional fees, the listing proceeds are proposed to be used for various applications of which OSK will not be deriving any benefit therefrom.

Messrs. Cheang & Ariff has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitor for the listing of NMSC on the MESDAQ Market.

Messrs. KPMG has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Reporting Accountants for the listing of NMSC on the MESDAQ Market.

6.8 Summary of Landed Properties

As at 30 June 2003, neither NMSC nor its subsidiary companies owns any landed properties.

7. INDUSTRY OVERVIEW

7.1 Malaysian Economy

7.1.1 Overview and Prospects of the Malaysian Economy

The Malaysian economy's real gross domestic product ("GDP") expanded by 4.2% in 2002 (2001: 0.4%). The broad-based growth achieved in 2002, mainly driven by strong domestic demand and reinforced by improved export performance has further enhanced the resilience of the Malaysian economy.

While public expenditure was strongly supportive of economic activity, growth was reinforced by sustained strength in consumer spending and external demand. Meanwhile, key factors contributing to the growth of the private sector are low interest rates, improved access to financing and the significant improvement in commodity prices. The external position remained robust with stronger exports recorded in 2002, augmented mainly from the strong domestic demand from the People's Republic of China, being the largest importer in the region. The financial sector has further strengthened through the significant advances made in the restructuring efforts, institutional development, development in the financial infrastructure and the enactment of new legislations.

The outlook for the Malaysian economy was negatively affected mainly due to the SARS outbreak, which dampened the tourism sector and private consumption significantly, as well as weak external sector and its impact through domestic linkages.

Notwithstanding the above, the new growth sectors, including the information, communication and technology sector as well as resource-based industries, will be important drivers of growth that will add depth and diversity as well as strengthen the resilience of the economy. The Knowledge-based Economy Master Plan 2002 has been developed to facilitate the transition from a production-based economy to a K-based economy which emphasises on capital deepening, improving the utilisation of information and communications technology and revamping the education system.

(Source: Annual Report 2002, Bank Negara Malaysia)

7.1.2 Overview of the Malaysian IT Industry

The Government will accelerate the transition to information and communications technology ("ICT") in line with efforts to achieve a new knowledge-based economy. The implementation of MSC has succeeded in developing infrastructure and infostructure, implementing flagship applications as well as creating a world-class multimedia centre to attract multinational corporations to the MSC. To date, there are 870 MSC status companies, compared to 650 companies in 2002. Total sales of MSC companies are surged to nearly RM5.7 billion compared to RM3.4 billion in 2001. In addition, a total of 18,906 employment opportunities is expected to be created by year-end, of which 85% are skilled workers and 88% are local workers. It is projected that the total sales of MSC status companies will increase to RM8.0 billion. The industry is also seeking market abroad like the Middle East, China and other developing countries.

The e-procurement services launched to date, encompasses the registration of suppliers, central contracts and direct purchases. By 2003, two more types of services will be launched, namely procurement by tender and price quotation. With this, Malaysia will be the first country in the world to successfully undertake the whole process of procurement through electronic means. Furthermore, the number of Internet users in Malaysia jumped 35% last year to 5.7 million, making it South-East Asia's largest Internet centre.

7. INDUSTRY OVERVIEW (cont'd)

The future thrusts of the Malaysian government will be to shift the growth strategy from being input-driven to one that is knowledge-driven. Efforts will be made to further enhance the development of the ICT sector and to position Malaysia as a major global ICT and multimedia hub. The government is to undertake measures to build trust and confidence in e-commerce by introducing legal framework on personal data protection. Infrastructure and logistical support, which encompass networks, payment systems and logistics, will also be provided to enhance the development of e-commerce.

(Sources: Economic Report 2002/2003, Ministry of Finance, Malaysia; 8th Malaysia Plan 2001-2005, Ministry of Finance; www.msc.com.my)

7.2 Regional Economy

Real GDP growth in the East Asian region has rebounded greatly since the Asian economic crisis. The region, led by China, the Republic of Korea and Taiwan, is posted growth of 6.1% in 2002 (2001: 4.0%). With increased activity surrounding inter-regional trade, economies in the region, including ASEAN only stand to gain from China's robust economic performance.

China's growth was charted at 8% in 2002 (2001: 7%). Strong domestic demand (as witnessed from the reversal of China's role from net exporter to net importer in the region), increase in foreign direct investment coupled with supportive monetary and fiscal policies, were the main driving forces to the nation's spectacular growth. China is expected to continue attracting foreign investments, considering its competitive labour costs and huge domestic market. In addition, the yuan being one of the three currencies pegged to the dollar, has benefited from the weakening of the US dollar since April.

(Source: Annual Report 2002, Bank Negara Malaysia)

A recent threat to economic growth in the region came from the impact of SARS, which directly affected industries including retail, travel and other areas related to tourism. Many of the region's economies have since revised their growth forecasts for the year, in order to factor in the impacts of SARS. On the local front, the Malaysian government announced a economic stimulus package amounting to RM7.3 billion, aimed at mitigating the impact of SARS as well as strengthening economic health.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2003, Bank Negara Malaysia, 28 May 2003)

7.3 e-Government

It is believed that Governments around the world are embracing e-Government. In every region of the globe, from developing countries to industrialised countries, national and local governments are putting critical information online, automating once cumbersome processes and interacting electronically with their citizens. The spread of ICT brings about transformation in governments and hence, forward-looking officials are turning to technology for improvements.

e-Government refers to the use by government agencies of information technologies that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management.

As more countries move towards computerising their systems, it is expected that federal-level information technology (IT) spending will increase over the coming years. This level of IT spending provides enormous opportunities for transforming governments into citizen-centered e-Governments. The primary goals for expanding the e-Government initiative are to make it easy for citizens to obtain services and interact with the federal government, improve government efficiency and effectiveness; and improve the government's responsiveness to citizens.

7. INDUSTRY OVERVIEW (cont'd)

Governments worldwide have many different reasons for adopting e-Government, but there are several benefits that cut across all levels of governments and all nations. Financial gains are expected from reduced costs and increased revenue, particularly from e-enabling customer service processes and collecting payments online; economic development, through increasing competitiveness and fostering mobility for citizens and businesses; and increased efficiency, through reduced redundancy and the integration of systems and resources. e-Government also fosters democratic principles, by making government processes transparent and increasing accountability. It also results in improved services to citizens and businesses, such as online tax filing, license renewal and recreation.

(Source: Management of NMSC)

7.4 Healthcare

The transformations occurring in our society surrounding information and communication technologies offer tremendous potential to health support and health care. Information is the cornerstone of the science behind both care delivery and public health. Unlike other sectors in the economy such as financial services, it is perceived that the clinical care delivery and public health systems have been slow to move into the information age.

It is envisaged that health systems of the future will be influenced by a variety of factors that directly and indirectly affect health. These include the interactive effects of changing disease patterns, population distribution, and environmental factors. Health systems of the future may have to be prepared to deal with an increasing number of behaviourally determined health problems while maintaining capabilities to control emerging and re-emerging infectious diseases. Ageing populations that are increasingly concentrated in urban centres may reduce the need for fully equipped and staffed peripheral facilities while increasing the need for home and community level services.

It is believed that the major technological developments influencing health systems of the future lie in the areas of biogenetics, body imaging, computerized information handling and communications. Advances in biological research may lead to the development of new and better antimicrobial drugs and vaccines to deal with infectious diseases; increasingly accurate means of diagnosing and predicting hereditary, degenerative and neoplastic disorders, and production of more effective pharmaceutical remedies to alleviate and cure a wide range of human afflictions. Radiological, ultrasonographic, and nuclear magnetic resonance techniques may combine with immunology, other biological methods, and fibre-optic endoscopy to extend non-invasive body imaging not only for diagnosis but also for the delivery of therapeutic materials to diseased and damaged sites. Finally, informatics and communications systems may enable access to the most sophisticated health care methods from homes and communities even in the most remote geographic settings.

(Source: Management of NMSC)

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