

Tapping Mesdaq listing for business expansion

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THE Malaysian Exchange and Securities Dealing Automated Quotation (Mesdaq) is expected to attract more listings from information and communications technology (ICT) companies over the next one year.

According to analysts, ICT companies are seeking new funds for business

expansion due to renewed economic optimism with the containment of the severe acute respiratory syndrome virus (SARS) and the end to the United States-led war on Iraq.

Frost & Sullivan Asia-Pacific's industrial technologies research manager Leow Hock Bee said the country can expect growth next year, as reflected in the move by the Malaysian Institute of Economic Research to raise the country's growth forecast to 4.3 per cent, citing better external environment and increase in domestic sentiment.

ICT companies, he added, would prefer to tap equity markets such as Mesdaq rather than rely on riskier bank borrowings to finance expansion plans locally and overseas.

According to another analyst, an improved business sentiment will lead to higher ICT spending in the manufacturing and public sectors. For example, more manufacturing companies are increasing productivity by adopting enterprise resource plan-



Leow: Renewed economic optimism.

ning applications. Demand for supply chain management applications such as Web-enabled applications is also rising, he said.

As such, ICT companies are expanding their operations in these sectors, looking to listing as an option to finance their expansion, the analyst added.

For Mesdaq-bound IFCA MSC Bhd, part of its proceeds from the listing exercise will be used to expand the company's business overseas, particularly in

China. The company has set up an office in Shanghai to tap the rapid growth in the Chinese property sector, which would see an increase in demand for the company's integrated software products.

Meanwhile, NovaMSC Bhd expects the bulk of its business to come from the e-government and healthcare sectors in the Asia-Pacific region. The company spent RM14 million for research and development over the last two years.

Another company, Infortech Alliance Bhd, is one of the few exporters of customisable enterprise resource management (ERM) solutions to clients in Malaysia, Japan, China and Singapore. It is the developer of atCom ERM, a Web-based enterprise software that enables companies to manage their business across national borders.

Cybertowers Bhd, an Internet-based vehicle tracking solutions provider, plans to expand into the regional passenger car market, including Thailand.