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MSC NOT AFFECTED BY FINANCIAL CRISIS, SAYS OTHMAN

KUALA LUMPUR, Oct 23 (Bernama) -- The ringgit devaluation and the bearish sentiment on the stock market have not affected the development of the Multimedia Super Corridor (MSC), the brainchild of Prime Minister Datuk Seri Dr Mahathir Mohamad.

Stating this today, the executive chairman of Multimedia Development Corporation Bhd (MDC), Tan Sri Othman Yeop Abdullah, said he had planned to move to Cyberjaya by the end of 1998 "but now I will move by the end of 1997, one year ahead of schedule." Cyberjaya is located within the MSC area.

The MSC is a designated 50km by 15km multimedia hub stretching from the Kuala Lumpur City Centre to the Kuala Lumpur International Airport in Sepang.

Speaking at the Telecom 21 Conference here, Othman said that as of Oct 21 MDC had received 150 applications from companies for MSC status, 63 of which had been approved.

He said 12 applications were "borderline cases" and were still being assessed by MDC on the real value that they can provide to the economy.

Four applications had been rejected as they were completely irrelevant to the objectives of the MSC, he said, adding that the four companies also lost their deposits of RM10,000 each.

Othman said applications from 71 companies are still being processed, adding: "If they do not receive any reply within 30 days, their applications are deemed to have been automatically approved."

Giving a rough breakdown on applications by country, he said 35.3 percent were local companies, 26.6 percent were local joint ventures with foreigners, four percent were joint ventures among foreign companies, 11.3 percent were European companies, 9.3 percent were US companies, 4.6 percent were Japanese companies and 1.3 percent were Canadian companies.

Othman said the projected capital investment of the 63 approved companies for their first year of operation is RM1.8 billion, and after the fifth year of operation it is RM2.6 billion.

Projected revenue in the first year of operation will be around RM689 million.

"This is not based on our projection but on the business plan submitted by the companies. Where we think the projection is unrealistic we discuss further with the companies concerned," explained Othman.

In the first year, the companies are projected to incur losses due to the tremendous upfront capital investment, he said, but he added that profit by the third year for the 63 companies will be RM641 million. --

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