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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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EXCEL FORCE MSC BERHAD

[Registration No. 200201003114 (570777-X)]
(Incorporated in Malaysia)

STATEMENT TO SHAREHOLDERS IN RELATION TO:

PROPOSED RENEWAL OF AUTHORITY FOR EXCEL FORCE MSC BERHAD ("EF" OR COMPANY") TO PURCHASE ITS OWN ORDINARY SHARES

The above proposal will be tabled as Special Business at the Eighteenth (18th) Annual General Meeting ("AGM") to be conducted as a virtual meeting through live streaming with online remote voting conducted via a Remote Participation and Voting ("RPV") facilities from Broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820, Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2020 at 2.30 p.m. The notice of the Eighteenth (18th) AGM together with a Form of Proxy, are enclosed together with the Company's 2019 Annual Report which is dispatch together with this Statement. As a shareholder, you may appoint a proxy or proxies to attend and vote on your behalf. You must complete and lodge the Form of Proxy at the Company's Share Registrar Office, Boardroom Share Registrar Sdn Bhd (formerly known as Symphony Share Registrar Sdn Bhd), at No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not later than forty-eight (48) hours before the time set for holding the Eighteenth AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Eighteenth AGM should you subsequently wish to do.

Last date and time for lodging the Form of Proxy : Monday, 22 June 2020 at 2.30 p.m.

Date and time of the Eighteenth AGM : Wednesday, 24 June 2020 at 2.30 p.m.

This Statement is dated 27 May 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

“Act”	: Companies Act, 2016
“AGM”	: Eighteenth Annual General Meeting of the Company
“Board”	: Board of Directors of EF
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time and any re-enactment thereof
“Constitution”	: Constitution of EF
“Directors”	: Directors of EF
“FYE”	: Financial year ended/ ending, as the case may be
“FPE”	: Financial period ended
“Listing Requirement”	: Listing Requirement of Bursa Securities
“LPD”	: 8 May 2020, being the latest practicable date prior to the printing of this Statement
“Main Market”	: Main Market of Bursa Securities
“Main Market LR”	: Main Market Listing Requirements of Bursa Securities
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Statement”	: The Proposed Renewal of Share Buy-Back dated 27 May 2020
Proposed Share Buy-Back	: Purchase of its own shares
Shares	: Ordinary Shares of EF
“EF” or “Company”	: Excel Force MSC Berhad
“EF Group” or “Group”	: EF and its subsidiaries, collectively
“NA”	: Net Assets

All references to the “Company” or “EF” in this Statement are to EF, references to the “Group” or “EF Group” are to the Company and its consolidated subsidiary and references to “we”, “us”, “our” and “ourselves” are to the Company, and save where the context otherwise requires, the consolidated subsidiary.

All references to “you” in this Statement are to the shareholders of the Company.

Any reference in this Statement to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified. Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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APPENDICES

APPENDIX 1: FURTHER INFORMATION

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EXCEL FORCE MSC BERHAD

[Registration No. 200201003114 (570777-X)]
(Incorporated in Malaysia)

Registered Office:

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

27 May 2020

Board of Directors:

Dato' Dr Norraesah Binti Haji Mohamad (Executive Chairman) /her alternate, Mr Wong Thean Soon
Mr Wong Kok Chau (*Executive Director*)
Mr Gan Teck Ban (*Executive Director*)
Mr Eng Shao Hon (*Executive Director*)
Mr Lok Choon Hong (*Independent Non-Executive Director*)
Datuk Mat Noor Bin Nawawi (*Independent Non-Executive Director*)
Pn Mohaini Binti Mohd Yusof (*Independent Non-Executive Director*)

To: The Shareholders of Excel Force MSC Berhad

Dear Sirs/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

1. INTRODUCTION

As the Seventeenth Annual General Meeting held on 29 May 2019, the Company has obtained a mandate from its shareholders for the Directors to purchase and/or hold its own shares of up to ten percent (10%) of the issued share capital of the Company. The said mandate shall, in accordance with the Main Market LR, expire at the conclusion of the forthcoming Eighteenth AGM of the Company.

On 18 May 2020, the Board of Directors had announced to Bursa Securities that the Company will seek a renewal of its shareholders' approval for the Proposed Share Buy-Back Authority.

The purpose of this Statement is to provide you with the information together with the recommendation of the Board and to seek your approval for the ordinary resolution pertaining to the proposed renewal of share buy-back authority to be tabled at the forthcoming AGM of the Company. The Notice of AGM together with the proxy form are enclosed in the Annual Report 2019.

Shareholders are advised to read and carefully consider the contents of this Statement before voting on the ordinary resolution pertaining to the proposed renewal of share buy-back authority at the forthcoming AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Quantum

The maximum number of ordinary shares which may be purchased by the Company shall not exceed ten percent (10%) of the issued and paid-up share capital of our Company. Based on the Company's issued and paid-up share capital of RM89,303,149.00 comprising 615,378,375 EF Shares (inclusive 56,000,000 treasury shares). As at the LPD, the maximum number of EF Shares which may be purchased by the Company pursuant to the proposed renewal of share buy-back authority shall not exceed 61,537,838 EF Shares in aggregate. However, the actual number of EF Shares to be purchased and the timing of any purchase will depend on the market conditions and sentiments of Bursa Securities, the availability of financial resources and retained profits of our Company. In addition, the Board will ensure that the purchase of EF Shares will not result in the Company's public shareholding spread falling below the minimum public shareholding spread of twenty-five percent (25%) of the issued and paid-up share capital.

2.2 Duration

The proposed renewal of share buy-back authority, once approved by the shareholders of EF, shall be effective from the date of the passing of its ordinary resolution at the forthcoming AGM and shall remain in force until: -

- i) the conclusion of the next AGM following the general meeting at which the ordinary resolution pertaining to the proposed renewal of share buy-back authority was passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of our Company in a general meeting, whichever occurs first.

2.3 Source of funds

The maximum funds to be allocated by the Company for the purchase of the existing EF Shares in the open market shall be financed by internally generated funds and/or external borrowings. Pursuant to paragraph 12.10(1) of the Listing Requirements, the Proposed Share Buy-Back must be made wholly from the retained profits of the Company. The Company will ensure that the maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the total retained profits of the Company. The Proposed Share Buy-Back, if funded through internally-generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Proposed Share Buy-Back is to be financed by bank borrowings, the Board will ensure that the Company has the capability to repay such borrowings and that such repayment will not have a material effect on the cash flow of the Company. The actual amount of funds to be utilised for the Proposed Share Buy-Back will only be determined later depending on the actual number of EF Shares to be purchased, availability of funds at the time of purchase(s) and other relevant cost factors.

Based on the latest audited financial statements of the Company for the FYE 31 December 2019, the retained profits of the Company are as follows:

	Retained Profits (RM)
Audited financial statements as at 31 December 2019	26,430,525

2.4 Treatment of the Purchased Shares

Pursuant to Section 127(4) of the Act, where the Company has purchased the Shares, the Board may, at their discretion, resolve: -

- i) to cancel the shares so purchased;
- ii) to retain the shares so purchased in treasury, which is referred to as “treasury shares” in the Act; or
- iii) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares

Accordingly, based on Section 127(7) of the Act, where such Shares are held as treasury shares, the Board may, at their discretion: -

- i) distribute the shares as dividends to shareholders, such dividend to be known as “share dividends”;
- ii) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;
- iii) transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
- iv) transfer the shares, or any of the shares as purchase consideration;
- v) cancel the shares or any of the shares; or
- vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

Upon each Proposed Share Buy Back, an immediate announcement will be made to Bursa Securities in respect of the intention of the Board to either retain the Shares purchased as treasury shares or cancel them or a combination of both. An immediate announcement will also be made to Bursa Securities of any resale, transfer or cancellation of Shares so purchased.

2.5 Public shareholding spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirement.

According to the Record of Depositors of the Company as at the LPD, the total percentage of the issued and paid-up share capital of EF which is held by the public (in accordance with the public shareholding spread requirements of Bursa Securities), was 53.43%, representing public shareholding of 298,853,275 EF Shares.

The Board will be mindful in ensuring that the minimum public shareholdings spread of 25% is met and maintained before making any purchases of the Shares.

2.6 Purchase price and resale or transfer price

i) Purchase price

Pursuant to Paragraph 12.17 of the Listing Requirement, the Company may only purchase its own Shares listed on Bursa Securities at a price which is not more than 15% above the weighted average market price of the Shares for the five (5) market days immediately before the date of the purchase.

ii) Resale or transfer price

Pursuant to Paragraph 12.18 of the Listing Requirement, the Company may only resell or transfer the Shares purchased which are held as treasury shares on Bursa Securities at: -

- a) a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer; or
- b) a discounted price of not more than five percent (5%) to the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer provided that: -
 - the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

The Company is required to make an immediate announcement to Bursa Securities of any purchase, resale, transfer or cancellation of the Shares pertaining to the Proposed Share Buy-Back.

3. RATIONALE OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The rationale for the Proposed Share Buy-Back is as follows: -

- i) allows the Company to take preventive measures against speculation to preserve the fundamental value of the Company which may in turn have a favourable impact on the share price of the Company. It is to be carried out when the share price is transacted at levels which do not reflect the potential earnings capabilities and/or underlying asset value of the Group;
- ii) should any treasury shares be distributed as share dividends and/or issued under an employees' share scheme, this would also serve to reward the shareholders of the Company and/or the eligible persons;
- iii) enable the Company to utilise its surplus financial resources, which is not immediately required for other uses, to purchase the Shares from the open market at market prices which the Board views as favourable; and
- iii) if the Shares purchased are subsequently cancelled, long-term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the EPS and the NA per Share of the Group may improve (all things being equal).

4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

4.1 Issued share capital

The pro forma effects of the Proposed Share Buy-Back on the number of issued Shares of the Company are as follows: -

	No. of Shares
Issued Shares as at the LPD	615,378,375
Maximum number of Shares that may be purchased and cancelled pursuant to the Proposed Share Buy-Back*	(61,537,838)
Total number of issued Shares after the Proposed Share Buy-Back	553,840,537

**Assuming all Shares purchased are cancelled*

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on the intention of the Board with regards to the treatment of the Shares purchased. If the Shares purchased are cancelled, the issued share capital will be reduced by the number of Shares so cancelled. Conversely, if the Shares purchased are retained as treasury shares, resold or distributed to shareholders, the Proposed Share Buy-Back will not have any effect on the issued share capital of the Company. Nevertheless, certain rights (such as voting rights) attached to the Shares purchased will be suspended when the Shares purchased are held as treasury shares.

4.2 NA and gearing

The effect of the Proposed Share Buy-Back on the consolidated NA of the Group will depend on, inter-alia, the number of purchased Shares, the purchase price of such purchased Shares, the effective funding cost to the Group to finance the purchased Shares or any loss in interest income to our Company and the proposed treatment of the purchased Shares.

If all the purchased Shares are cancelled, the Proposed Share Buy-Back will cause the NA per share of our Group to reduce in the event the purchase price of the purchased Shares exceeds the NA per Share of our Group at the time of purchase, and vice versa.

The NA of the Group would decrease if the purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA of the Group by the cost of the treasury shares.

In the event the treasury shares are resold through Bursa Securities for a profit, the NA per share of the Group will increase accordingly. If the treasury shares are distributed as share dividends, the NA per share of the Group will decrease by the cost of the treasury shares.

The effect of the Proposed Share Buy-Back on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of shares. Any borrowing utilised to purchase EF Shares may increase the gearing of the Company.

4.3 Working capital

The Proposed Share Buy-Back will reduce the working capital and cash flow of the Group, the quantum of which depends on, amongst others, the number of Shares purchased, the purchase price of the Shares and funding cost, if any.

For Shares purchased which are kept as treasury shares, upon its resale, the working capital and cash flow of the Group will increase assuming that a gain has been realised. The quantum of the increase in the working capital will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

4.4 Earnings and EPS

The effects of the Proposed Share Buy-Back on the earnings and EPS of the Group will depend on the number of Shares purchased, the prices paid for such Shares, the effective funding cost to finance the purchase of such Shares, if any, or any loss in interest income to the Group. Nevertheless, all things being equal, assuming that the treasury shares are retained, the Proposed Share Buy-Back is expected to increase the EPS of the Group as the treasury shares held will not be taken into account in calculating the total number of issued Shares.

If the Shares purchased are cancelled, the number of Shares applied in the computation of EPS will reduce and accordingly, all things being equal, the Proposed Share Buy-Back will increase the EPS of the Group.

If the Shares purchased are resold, the extent of the impact to the EPS of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain on resale and any funding cost arising from the Proposed Share Buy-Back.

4.5 Dividend

The Proposed Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any, to the shareholders. Nonetheless, if the Shares purchased are retained as treasury shares, the treasury shares may be distributed as dividends to the shareholders, if the Company so decides.

If the Shares purchased are cancelled, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the number of issued Shares.

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4.6 Shareholdings of the substantial shareholder and Directors

For illustration purposes, based on the Company's Record of Depositors as at the LPD, and assuming the Company acquires the maximum number of the Shares authorised under the Proposed Share Buy-Back and thereafter cancels all the purchased Shares, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholder of the Company are as follows: -

	As at LPD				Pro forma I			
	Direct		Indirect		After the Proposed Share Buy-Back			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<u>Director</u>								
Dato' Dr. Norraesah binti Haji Mohamad	460,000	0.082	-	-	460,000	0.083	-	-
Wong Thean Soon (alternate director to Dato' Dr Norraesah binti Haji Mohamad)	36,477,800	6.521	139,727,400*	24.979	36,477,800	6.586	139,727,400*	25.229
Gan Teck Ban	1,350,000	0.241	-	-	1,350,000	0.244	-	-
Lok Choon Hong	40,000	0.007	-	-	40,000	0.007	-	-
Wong Kok Chau	6,000	0.001	-	-	5,000	0.001	-	-
Datuk Mat Noor bin Nawi	-	-	-	-	-	-	-	-
Mohaini binti Mohd Yusof	-	-	-	-	-	-	-	-
<u>Substantial Shareholder</u>								
Asia Internet Holdings Sdn Bhd	139,727,400	24.979	-	-	139,727,400	25.229	-	-
Mohamed Nizam Bin Abdul Razak	46,550,700	8.322	-	-	46,550,700	8.405	-	-
Wong Thean Soon (Director of Asia Internet Holdings Sdn Bhd)	36,477,800	6.521	139,727,400*	24.979	36,477,800	6.586	139,727,400*	25.229
Datuk Jayakumar A/L Panneer Selvam	27,817,100	4.973	8,096,100**	1.447	27,817,100	5.023	8,096,100**	1.462

* Deemed interested by virtue of his shareholding in Asia Internet Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

**Deemed interested by virtue of his shareholding in Cuscap Berhad and Rosetta Partners Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages and disadvantages of the Proposed Share Buy-Back, if implemented, to the Company and the shareholders are as follows:

Potential advantages

- (i) the Proposed Share Buy-Back will enable the Company to take preventive measures against market speculation and reduce volatility of EF Shares by stabilising the demand and supply of EF Shares that will maintain investors' confidence;
- (ii) the Proposed Share Buy-Back will provide the Company with opportunities for potential gains if the purchased Shares which are retained as treasury shares are resold at a higher price;
- (iii) the Proposed Share Buy-Back will allow the Company the flexibility in attaining the desired capital structure, in terms of debt and equity composition and size of equity; and
- (iv) in the event the treasury shares are distributed as share dividends, it will serve to reward the shareholders.

Potential disadvantages

- (i) the Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the forgoing of better investment opportunities that may emerge in the future; and
- (ii) as the Proposed Share Buy-Back may only be made out of the retained profits and/or share premium accounts of the Company, it may result in the reduction of financial resources available for distribution as dividends and/or bonus shares to the shareholders in the immediate future.

The Board will be mindful of the interests of the Company and the shareholders when undertaking the Proposed Share Buy-Back and in the subsequent resale of treasury shares on Bursa Securities, if any.

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6. PURCHASE, RESALE, TRANSFER OR CANCELLATION OF TREASURY SHARES IN THE PRECEDING TWELVE (12) MONTHS

For the preceding twelve (12) months, the Company purchased a total of 56,000,000 shares from the open market at an average price of RM0.492 per share. The total consideration for the share buy-back was RM27,560,666.02 and was financed by internally generated funds. The shares purchased were held as treasury shares in accordance with section 127 (6) of the act. The details of the shares buy back of the Company during the preceding twelve (12) months are as follows:

Date	No. of shares purchased/(resold)/(transferred)	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Purchase Price (RM)	Total Purchase Consideration (RM)
30/10/2019	3,000,000	0.595	0.605	0.602	1,805,259.82
31/10/2019	2,000,000	0.605	0.615	0.609	1,217,822.63
01/11/2019	2,000,000	0.610	0.615	0.616	1,232,072.05
04/11/2019	2,000,000	0.600	0.605	0.606	1,212,805.23
05/11/2019	2,000,000	0.600	0.600	0.602	1,204,376.00
08/11/2019	2,000,000	0.595	0.595	0.597	1,194,341.20
11/11/2019	2,000,000	0.590	0.595	0.597	1,193,939.81
13/11/2019	2,000,000	0.570	0.575	0.575	1,150,188.08
28/11/2019	2,000,000	0.505	0.515	0.511	1,022,946.82
29/11/2019	2,000,000	0.505	0.515	0.512	1,024,150.99
05/12/2019	2,000,000	0.515	0.525	0.523	1,046,026.86
06/12/2019	2,000,000	0.525	0.530	0.527	1,054,456.09
09/12/2019	2,000,000	0.505	0.515	0.513	1,025,555.86
20/12/2019	2,000,000	0.500	0.505	0.506	1,012,309.93
23/12/2019	2,000,000	0.500	0.510	0.506	1,012,510.62
26/12/2019	2,000,000	0.505	0.510	0.507	1,014,718.28
27/12/2019	2,000,000	0.505	0.510	0.509	1,017,327.33
02/01/2020	2,000,000	0.515	0.580	0.538	1,076,934.04
31/01/2020	2,000,000	0.440	0.450	0.448	897,913.90
03/02/2020	1,000,000	0.440	0.450	0.449	449,258.00
13/02/2020	2,000,000	0.485	0.495	0.493	985,618.06
21/02/2020	2,000,000	0.460	0.470	0.466	932,835.01
04/03/2020	2,000,000	0.400	0.410	0.406	811,413.93
10/03/2020	2,000,000	0.330	0.360	0.350	700,228.34
13/03/2020	2,000,000	0.290	0.335	0.319	638,012.58
17/03/2020	2,000,000	0.270	0.290	0.279	558,336.27
18/03/2020	2,000,000	0.260	0.285	0.275	549,304.95
19/03/2020	2,000,000	0.250	0.265	0.260	520,003.34

During the previous 12 months up to LPD, the Company did not resell any Treasury Shares. As at LPD, a total of 56,000,000 shares were held as Treasury Shares and there was no cancellation of Treasury Shares in the preceding twelve (12) months.

7. SHARE PRICES FOR THE PRECEDING TWELVE (12) MONTHS

The monthly highest and lowest share price of EF traded on Bursa Securities for the past twelve (12) months from April 2019 to LPD are as follows:-

Month/Year	High (RM)	Low (RM)
2019		
April	0.520	0.450
May	0.465	0.370
June	0.430	0.370
July	0.745	0.390
August	0.700	0.550
September	0.705	0.600
October	0.670	0.575
November	0.620	0.475
December	0.540	0.495
2020		
Jan	0.585	0.435
Feb	0.515	0.380
Mar	0.435	0.230
April	0.455	0.280

The last transacted price of EF shares on LPD was RM0.460

8. IMPLICATION OF MALAYSIAN CODE ON TAKEOVERS AND MERGERS

Pursuant to Note 9 of Paragraph 4.01 of the Malaysian Code on Takeovers and Mergers, 2016 as amended from time to time ("Rules"), which due with the obligation to make a mandatory offer pursuant to the purchase by a Company of its own voting shares states that the Rules (which is in relation to mandatory offers) shall apply to the following persons: -

- i) a person obtains controls in a Company as a result of a buy back scheme by the Company; or
- ii) a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a Company), as a result of a buy back scheme by the Company, increase his holding of the voting shares or voting rights of the Company by more than two percent (2%) in any six (6) months period.

The Boards does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation to undertake a Mandatory Offer pursuant to the Rules. However, in the event an obligation to undertake a Mandatory offer is expected to arise with respect to any parties resulting from the Proposed Share Buy-Back, which is an action outside its direct participation, the relevant parties shall make the necessary application to the SC for an exemption from undertaking the Mandatory Offer Rule 4 of the Code ("Proposed Waiver").

In the event the Proposed Waiver is not granted, the Company will only proceed with the Proposed Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save for the consequential increase in the percentage of shareholdings of the Directors and major shareholder of the Company as a result of the Proposed Share Buy-Back, none of the Directors and/or major shareholder of the Company and/or persons connected with them, if any, has any interest, direct or indirect, in the Proposed Share Buy-Back.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the proposed renewal of share buy-back authority, is of the opinion that the proposed renewal of share buy-back authority is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the proposed renewal of share buy-back to be tabled at the forthcoming AGM of the Company.

11. NOTICE OF THE 18TH ANNUAL GENERAL MEETING

The Eighteenth (18th) AGM, notice of which is enclosed in the 2019 Annual Report, will be conducted fully virtual at the Broadcast Venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820, Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2020 at 2.30 p.m. for the purpose of considering, and if thought fit, passing, the ordinary resolution on the proposed renewal of share buy-back authority under the agenda of Special Business as set out in the Notice of the AGM dated 27 May 2020.

If you are unable to attend and vote in person at the AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete, sign and return the Proxy Form in accordance with the instructions therein at the Company's Share Registrar Office, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrar Sdn Bhd), at 11th Floor, Manara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

12. FURTHER INFORMATION

Shareholders are advised to refer to the enclosed Appendix 1 for further information.

Yours faithfully,
For and on behalf of the Board of
EXCEL FORCE MSC BERHAD

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
EXECUTIVE CHAIRMAN

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FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and they confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

As at the date of this Statement, neither the Company nor its subsidiaries have entered into any contract which are or may be material impact to the financial position of the Group.

3. MATERIAL LITIGATION

Neither the Company nor its subsidiaries, as at the date of this Statement, is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant which may have a material and adverse effect on the business or financial position of the Group and the Directors are not aware of any proceeding, pending or threatened against the Company and/or its subsidiaries or any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Company and/ or its subsidiaries.

4. CONTINGENT LIABILITIES

As at the LPD, the Board of EF is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have material impact on the financial results/ position of the EF Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur from Mondays to Fridays (except public holidays) during normal business hours for the period commencing from the date of this Statement up to and including the date of the AGM: -

- i) The Company's Constitution; and
- ii) Audited financial statements of the Company for the past 2 financial years ended 31 December 2018 and 31 December 2019.

EXTRACT OF THE NOTICE OF THE 18TH AGM

EXCEL FORCE MSC BERHAD
 [Registration No. 200201003114 (570777-X)]
 (Incorporated in Malaysia)

EXTRACT OF THE NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

"Special Business :

To consider and if thought fit, to pass with or without modifications the following resolutions: -

Proposed Renewal of authority for the Company to purchase its own shares ("Proposed Renewal of Share Buy-Back Authority")

**Ordinary
Resolution 7**

"THAT subject to the Companies Act, 2016 ("the Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

- i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

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