

## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

### 6.1 Promoters and Substantial Shareholders

The direct and indirect interests of the Promoters and substantial shareholders in the issued and paid-up share capital of the Company after the Public Issue are as follows:

<i>Promoters</i>	Designations	Nationality / Country of incorporation	After Public Issue*			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Exacta	-	British Virgin Islands	39,000,000	48.75	-	-
Jeff Wang	Chairman and Managing Director	Taiwanese	4,774,000	5.97	43,750,000*	54.69
Sharon Sun	Executive Director	Taiwanese	4,750,000	5.94	43,774,000^	54.72
Tan Beng Watt	Executive Director	Malaysian	1,101,000	1.38	-	-
<i>Substantial shareholders</i>						
Exacta	-	British Virgin Islands	39,000,000	48.75	-	-
Jeff Wang	Chairman and Managing Director	Taiwanese	4,774,000	5.97	43,750,000*	54.69
Sharon Sun	Executive Director	Taiwanese	4,750,000	5.94	43,774,000^	54.72

**Notes:**

- \* Deemed interest by virtue of his shareholding in Exacta and the shareholding of Sharon Sun, his spouse, pursuant to Section 6A of the Companies Act
- ^ Deemed interest by virtue of the shareholding of Jeff Wang, her spouse, and his shareholding in Exacta pursuant to Section 6A of the Companies Act
- \* Assuming full subscription of Public Issue Shares reserved for them under the Pink Form share allocation scheme pursuant to the Public Issue

#### 6.1.1 Substantial Shareholders and Promoters' Directorships and Substantial Shareholdings in Other Public Corporations

None of the substantial shareholders or Promoters of Excel Force MSC has directorships or substantial shareholdings in any other public corporations for the past two (2) years up to 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus).

## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

### 6.2 Changes in substantial shareholdings

Excel Force MSC was incorporated on 6 February 2002. The changes in the substantial shareholders of Excel Force MSC and their shareholdings for the past two (2) years up to 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus) are as follows:

Name	As at 17 November 2003				As at 17 November 2004			
	<---- Direct ---->		<---- Indirect ---->		<---- Direct ---->		<---- Indirect ---->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Exacta	10,000,000	62.50	-	-	39,000,000	62.50	-	-
Jeff Wang	1,025,650	6.41	11,025,650*	68.91	4,000,000	6.41	43,000,000*	68.91
Sharon Sun	1,025,650	6.41	11,025,650^	68.91	4,000,000	6.41	43,000,000^	68.91
Wang Chi Chao	923,080	5.77	-	-	3,600,000	5.77	-	-
Hung Chung Che	923,080	5.77	-	-	3,600,000	5.77	-	-

**Notes:**

\* Deemed interest by virtue of his shareholding in Exacta and the shareholding of Sharon Sun, his spouse, pursuant to Section 6A of the Companies Act

^ Deemed interest by virtue of the shareholding of Jeff Wang, her spouse, and his shareholding in Exacta pursuant to Section 6A of the Companies Act

#### 6.2.1 Background of the substantial shareholders

Save for the profile of Jeff Wang and Sharon Sun which are set out in Section 6.3.1 of this Prospectus, a brief background of the other substantial shareholders are as follows:

- (i) **Exacta** was incorporated on 18 July 2001 as an International Business Company in the British Virgin Islands. The authorised share capital of Exacta is USD50,000 comprising 50,000 ordinary shares of USD1.00 each, of which 1 ordinary share is issued and fully paid-up as at 17 November 2004.

The principal activity of Exacta is investment holding.

Jeff Wang is the sole Director and shareholder of Exacta.

- (ii) **Hung Chung Che**, a Taiwanese, aged 40, is a graduate from National Taiwan University of Science and Technology. He has 15 years of experience in the field of engineering and is currently the R&D Director of NeoX Technology Co. Ltd, Taiwan, a company that specialises in the production of high technology electrical and electronic components. Prior to joining NeoX Technology Co. Ltd, Mr Hung worked in an engineering firm in Taiwan as R&D Director for 6 years.
- (iii) **Wang Chi Chao**, a Taiwanese, aged 39, is a graduate from Kuang-Hwa Vocational High School of Technology, Taiwan. He has 18 years of experience in the field of engineering and is currently the R&D Manager of NeoX Technology Co. Ltd, Taiwan, a company that specialises in the production of high technology electrical and electronic components. Prior to joining NeoX Technology Co. Ltd, Mr Wang worked in an engineering firm in Taiwan as Manager of Engineering Department for 5 years.

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## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

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### 6.3 Directors

#### 6.3.1 Profile

**Wang Kuen Chung @ Jeff Wang**, a Taiwanese, aged 47, was appointed the Chairman and Managing Director of Excel Force MSC on 15 February 2002. He graduated from Dan Jiang University, Taiwan, with a Bachelor of Commerce degree majoring in International Trade and minoring in Information Technology in 1985. He started his career with Silitek Corporation as a Marketing Engineer, where he was responsible for the marketing of silicon rubber connectors and computer keyboards for the Taiwanese and American market. In 1984, he joined Acer Computer Group, Taiwan as a Marketing Specialist and was responsible for the sole distributorship of AT&T 3B Series mini computers. He was then promoted as the Senior System Analyst to provide pre-sale system designs and specification requirement study. In 1987, he invested in Pei Chow Industry Co. Ltd (“Pei Chow”), Taiwan, and co-founded United Information System Co. Ltd, a software application developer developing and marketing Manufacturing Resource Planning (“MRP”) solutions, where he was the Vice President – Marketing and Software Design.

After disposing of his businesses in 1989, he joined Telework Corporation as Personal Assistant to the Chairman and Director. During his employment in Telework Corporation, he travelled extensively to oversee its operations in Thailand, Malaysia, Hong Kong and China. Equipped with his knowledge in marketing, stock market information systems and information technology, he left Telework Corporation and set up EFSB in 1994 together with his spouse, Sharon Sun, and ventured into the provision of stockbroking solutions to Malaysian SBCs. On 1 December 2002, he was appointed the Managing Director of Excel Force MSC and currently oversees and is responsible for the entire operations of the Company.

**Sun Chin Chuan @ Sharon Sun**, a Taiwanese, aged 48, was appointed the Executive Director of Excel Force MSC on 15 February 2002. She graduated from the University of Tung Hai, Taiwan, with a Bachelor degree in Sociology majoring in Anthropology in 1979. She started her career in 1986 with Ming Yuan Architecture Engineering Co. Ltd., Taiwan, a civil engineering firm, as the General Department Manager, where she was responsible for project management. In 1992, she joined Lee & Lee Communication, Taiwan, a production house, as the Accounts Manager. Her main responsibility was managing the entire production requirements of her clientele. She was later promoted to Marketing Director and was responsible for marketing strategies and its implementation. In 1994, she joined the Telework group of companies in Taiwan as Vice President of Business Development. She assisted in streamlining the Telework group’s operations and developing new business ventures. In 1994, together with her spouse, Jeff Wang, she ventured into the provision of stockbroking solutions to Malaysian SBCs with the setting up of EFSB. On 1 December 2002, she was appointed as an Executive Director of Excel Force MSC and is currently overseeing the administrative and corporate affairs. She is also involved in business development and identifying new business ventures for the Company.

**Tan Beng Watt**, a Malaysian, aged 34, was appointed Executive Director of Excel Force MSC on 25 September 2003. He holds a Diploma in Computing and Information Technology from the Asia Pacific Institute of Information Technology obtained in 1997 and a Certificate in Electronics Engineering & Computer Technology from Politeknik Port Dickson obtained in 1994. He commenced his career with Telework (M) Sdn Bhd, a company involved in the installation of public display systems for the stockbroking industry, as a System Support Technician in 1994. In 1994, he joined EFSB as Hardware Technician. In 1996, he was promoted to Hardware Engineer, where he was responsible for system support and maintenance, hardware requirement analysis, sourcing and purchasing. He was promoted to Service and Support Department Manager in 1999 and was entrusted with marketing and technical support, which required him to carry out analysis on client needs and the overall industry requirements.

## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

With his technical knowledge and experience in stockbroking operations, he was subsequently promoted to General Manager in 2001. In addition to his management responsibility, he was also involved in the research and development activities of EFSB under the stewardship of Jeff Wang. In 2003, he was transferred to Excel Force MSC to spearhead the development of the CyberBroker suite of solutions. He has wide-ranging experience in stock exchange information relay systems, project management, system administration, network and server operations and hardware and software solutions. He is also well-versed in business management in areas such as project feasibility studies, staff management and development, productivity improvements and strategic planning.

**Tang Fook Weng**, a Malaysian, aged 54, was appointed as Independent Non-Executive Director of Excel Force MSC on 1 September 2004. He is an Associate Member of the Institute of Chartered Accountants, England & Wales, and a member of the Malaysian Institute of Accountants. He obtained his accountancy training with Moore Stephens, Chartered Accountants, London and started out his accountancy career in Malaysia with PriceWaterhouse, Kuala Lumpur. He has extensive experience in auditing, accountancy, corporate insolvency and finance in various industries that include corporate advisory, construction, building materials and financial services. He was previously an executive director responsible for the backoffice operations of a stockbroking company in Kuala Lumpur.

**Ng Kim Huat**, a Malaysian, aged 46, was appointed as Independent Non-Executive Director of Excel Force MSC on 1 September 2004. He has 21 years of working experience in the IT industry. He obtained a Bachelor of Science (Honours) degree majoring in Computer Science from University Science Malaysia in 1983 and subsequently obtained a Master of Business Administration degree from University of Bath (UK) in 1991. He started his career as Trainee Analyst Programmer in Public Bank Berhad in 1983 and attained the Project Manager position in 1990. He was involved in many application system developments and support, which includes the retail banking system, shared ATM network under Malaysia Electronic Payment System (MEPS) and Credit Card Administration System. He left Public Bank Berhad in 1992 to take up the role of IT Manager in Bank Utama Berhad ("Bank Utama") overseeing systems development and IT operations.

Mr Ng implemented many projects at Bank Utama including the replacement of the bank's retail and wholesale banking systems with Integrated Banking system. He left Bank Utama in early 1997 to head the IT Division of OSK Holdings Berhad. He was involved in the development of Share Margin Financing and Online Stock Trading system over the Internet. He left OSK and joined American International Assurance Company, Limited's Malaysian office in August 2000 and is currently the Head of Management Information System Department responsible for the development, maintenance and support of all application systems in the company. Mr Ng has vast IT system development and support experience in banking, stock-broking and insurance.

### 6.3.2 Directors' Shareholdings in Excel Force MSC

The shareholdings of the Directors in Excel Force MSC after the Public Issue will be as follows:

Name	After Public Issue*			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Jeff Wang	4,774,000	5.97	43,750,000*	54.69
Sharon Sun	4,750,000	5.94	43,774,000^	54.72
Tan Beng Watt	1,101,000	1.38	-	-
Tang Fook Weng	150,000	0.19	-	-
Ng Kim Huat	150,000	0.19	-	-

## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

### Notes:

- \* Deemed interest by virtue of his shareholding in Exacta and the shareholding of Sharon Sun, his spouse, pursuant to Section 6A of the Companies Act
- ^ Deemed interest by virtue of the shareholding of Jeff Wang, her spouse and his shareholding in Exacta pursuant to Section 6A of the Companies Act
- \* Assuming full subscription of Public Issue Shares reserved for them under the Pink Form share allocation scheme pursuant to the Public Issue

### 6.3.3 Directors' Directorships and Substantial Shareholdings in Other Public Corporations

None of the Directors has any directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years up to 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus).

### 6.3.4 Directors' Remuneration and Benefits

The remuneration and benefits paid to the Directors of Excel Force MSC for services rendered in all capacities to the Company for the financial year ended 31 December 2003 and the estimated amount payable to the Directors of the Company for the financial year ending 31 December 2004 are as follows:

	Financial years ended/ending 31 December					
	2003			2004		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
RM0 – RM99,999	3	-	3	2	2	4
RM100,000 to RM150,000	-	-	-	1	-	1
	3	-	3	3	2	5

## 6.4 Audit Committee

The Audit Committee comprises the following Board Members:

Name	Designation	Directorship
Tang Fook Weng	Chairman of Committee	Independent Non-Executive Director
Ng Kim Huat	Member of Committee	Independent Non-Executive Director
Sharon Sun	Member of Committee	Executive Director

The Audit Committee is responsible for the recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Company's external auditors and reviews and evaluates the Company's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

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## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL *(Cont'd)*

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### 6.5 Key Management and Technical Personnel

#### 6.5.1 Profile

**Chua Kok Chuan**, a Malaysian, aged 30, is a Senior System Architect of Excel Force MSC. He graduated with a Higher Diploma in Software Engineering from the Asia Pacific Institution of Information Technology in 1994. He obtained a certification in MCSD from Microsoft Corporation in 2003. He commenced his career with Ambersoft Sdn Bhd (formerly known as Stately Ace Sdn Bhd), which is principally involved in software development, in 1994 as a Programmer and was subsequently promoted to Software Engineer.

In 1997, he joined EFSB as a Senior Software Programmer. He was involved in the system design of the application solutions such CyberStock ECOS, StockVision TV Wall System, CyberStock EDS, TIS and Stock Alert System. He joined Excel Force MSC in 2003 as System Architect, where he is responsible for the development of the CyberBroker suite of solutions. He is also responsible for the technical and technological improvements of the R&D team.

**Chua Hui Cheng, Michelle**, a Malaysian, aged 31, joined Excel Force MSC in 2003 as the Finance and Administration Manager. She graduated with a Bachelor in Accounting and Finance from Heriot-Watt University in Edinburgh, Scotland in 1995. She is a member of the Association of Chartered Certified Accountants, UK and the Malaysian Institute of Accountants. She commenced her career with Multi-Purpose Bank Berhad in 1996 as an Internal Audit Officer, where she was responsible for reviewing internal controls procedures and recommending their improvements. In year 2000, she joined Shangri-la International Hotel Management Limited, a group which is involved in the hospitality industry, as Group Internal Audit Officer. During her tenure with this group, she travelled extensively to various parts of Asia Pacific, planning, reviewing and conducting financial and operational audits on the group's operations. She is currently in charge of the finance, administrative, secretarial and corporate affairs of the Company.

**Gan Teck Ban**, a Malaysian, aged 38, is a System Architect of Excel Force MSC. He graduated with a Diploma in Computer Studies from Informatics Computer Centre in 1990. He obtained the MCSD certification from Microsoft Corporation in 2003. He commenced his career with Wise Industries Sdn Bhd, a rubber glove manufacturer, as IT Supervisor, maintaining its office computer hardware in 1989. Thereafter, in 1990, he joined Rapid Computer Centre Sdn Bhd, a company involved in development of educational software, as Software Specialist and was later promoted as Technical Specialist. His responsibilities entailed software team management, and project planning and management. In 1997, he joined EFSB as Senior Programmer where he was involved in a number of software and system developments. He joined Excel Force MSC in 2003 in a similar position.

**Wong Chee Long**, a Malaysian, aged 26, is a System Architect of Excel Force MSC. He graduated with a Higher Diploma in Computer Science from De La Salle Institute School of Computer Science in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification by Microsoft Corporation. He commenced his career with EFSB in 1999 as a Programmer. His area of expertise entails developing web applications. Currently, he is responsible for the web application design of the Company.

**Eng Shao Hon**, a Malaysian, aged 29, is a System Architect of Excel Force MSC. He graduated with a Bachelor Degree in Electrical & Electronic Engineering from Universiti Teknologi Malaysia in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification by Microsoft Corporation. He commenced his career with Motorola Malaysia as an R&D Software Engineer in 1999, where he was responsible for the design and development of software for new telecommunication products. He joined EFSB as Senior Software Engineer in 2001. In 2002, he was transferred to Excel Force MSC where he assisted in the development of the CyberBroker suite of solutions. Currently, he is heading the team developing the Middle Office Suite of the CyberBroker solutions.

## 6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

**Foo Sooi Chin**, a Malaysian, aged 29, is a System Architect of Excel Force MSC. She joined the Company on 17 March 2003. She graduated with a Bachelor Degree in Electrical Engineering (Control and Instrumentation) from Universiti Teknologi Malaysia in 1999. She commenced her career in Semiconductor Technologies & Instruments Sdn Bhd, a company principally involved in the manufacturing of visual inspection equipment and machineries for the semi-conductor industry, in 1999 as a Software Development Engineer. She is currently involved in R&D activities for the Company and heads the Back Office Suite development team for the CyberBroker project.

**Wong Guan Boon**, a Malaysian, aged 29, is a System Support Specialist of the Company. He graduated with an Advanced Diploma in Computer Engineering from Informatics College Kuala Lumpur School of Engineering in 1998. He is currently pursuing a certification in MCSE from Microsoft Corporation. He commenced his career with EFSB in 1999 as Hardware Technician and was later promoted to Senior Hardware Engineer. In 2002, he was transferred to Excel Force MSC in a similar position. His current main responsibilities are to provide system engineering support for system assembly and implementations, technical and maintenance support to Excel Force MSC's clients.

### 6.5.2 Key Management and Technical Personnel's Shareholdings in Excel Force MSC

The shareholdings of the key management and technical personnel in Excel Force MSC, after the Public Issue will be as follows:

Name	←----- After Public Issue* ----->			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Chua Kok Chuan	510,000	0.64	-	-
Chua Hui Cheng, Michelle	120,000	0.15	-	-
Gan Teck Ban	150,000	0.19	-	-
Wong Chee Long	125,000	0.16	-	-
Eng Shao Hon	120,000	0.15	-	-
Foo Sooi Chin	110,000	0.14	-	-
Wong Guan Boon	90,000	0.11	-	-

**Note:**

\* Assuming full subscription of Public Issue Shares reserved for them under the Pink Form share allocation scheme pursuant to the Public Issue

### 6.6 Involvement of Executive Directors and Key Management in other Businesses/Corporations

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), none of the Executive Directors or key management personnel is involved in other businesses/corporations.

### 6.7 Declarations of Directors and Key Management

None of the Directors or key management and technical personnel of the Company is or was involved in the following events (whether inside or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or

**6.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**

- (ii) Conviction in a criminal proceeding or a named subject of a pending criminal proceeding; or
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**6.8 Family Relationships or Associations**

Save as disclosed below, there are no other family relationships or associations amongst the substantial shareholders, Promoters, Directors, key management and technical personnel of the Company as at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus):

- (i) Jeff Wang and Sharon Sun are husband and wife; and
- (ii) Hung Chung Che, a substantial shareholder of Excel Force MSC, is the brother-in-law of Jeff Wang.

**6.9 Service Agreements**

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), the salient terms of the service agreements/contracts which have been entered into by the Directors, key management and technical personnel with Excel Force MSC are as follows:

Name	Date of service agreement/contract	Salient terms
Jeff Wang	26 August 2004*	<ul style="list-style-type: none"> <li>• The expiry of the term of employment shall be determined by either party giving the other two (2) months' notice in writing; and</li> <li>• Any discovery or invention or secret process or improvement in procedure made or discovered by the officer while in the service of the Company shall forthwith be disclosed to the Company and shall belong to and be the absolute property of the Company.</li> <li>• While in the service of the Company, the officer shall not without the consent of the Company be engaged or interested either directly or indirectly in any capacity in any trade, business or occupation other than the business of the Company.</li> </ul>
Sharon Sun	26 August 2004*	
Tan Beng Watt	15 October 2002	
Chua Kok Chuan	15 October 2002	
Chua Hui Cheng, Michelle	24 July 2003	
Gan Teck Ban	15 October 2002	
Wong Chee Long	15 October 2002	
Eng Shao Hon	15 October 2002	
Foo Sooi Chin	24 July 2003	
Wong Guan Boon	15 October 2002	

**Note:**

\* Entered into on an arm's length basis and based on commercial terms



## 7.0 APPROVALS AND CONDITIONS

### 7.1 Conditions of Approvals

The Public Issue under the terms of this Prospectus was approved by Bursa Securities and SC on 19 July 2004 and 16 July 2004 respectively, subject to the following conditions:

Authority	Details of conditions imposed	Status of compliance
SC	Excel Force MSC should disclose the status of the utilisation of the listing proceeds to be raised from the rights and public issues in its periodic and annual reports until the proceeds are fully utilised.	Noted. To be complied with.
Bursa Securities	<ol style="list-style-type: none"> <li>1. Excel Force MSC to make detailed disclosure in the prospectus of the following: <ul style="list-style-type: none"> <li>• The salient terms of the Service Agreement between Mr Jeff Wang and the Company and that it was on arm's length and based on commercial terms;</li> <li>• To disclose in the prospectus the steps taken/will be taken to reduce dependency of business operations on Mr Jeff Wang; and</li> <li>• To obtain undertaking from Mr Jeff Wang to mitigate the potential threat of business competition from Mr Jeff Wang to Excel Force MSC in the event that he leaves the Company. Such undertaking must be supported by Excel Force MSC's solicitor's opinion on the validity and enforceability of the said undertaking.</li> </ul> </li> <li>2. Excel Force MSC to inform Bursa Securities on the appointment of Independent Directors and to provide confirmation that they qualify as independent Directors as defined in the Listing Requirements; and</li> <li>3. Excel Force MSC to include a negative statement in its prospectus on the exclusion of profit forecast from the prospectus and the reasons thereof.</li> </ol>	<p>Complied with. Please refer to Section 6.9 of this Prospectus.</p> <p>Complied with. Please refer to Section 3.3 of this Prospectus.</p> <p>Complied with. Please refer to Section 3.3 of this Prospectus.</p> <p>Complied with. Alliance on behalf of Excel Force MSC had written to Bursa Securities on 10 September 2004 enclosing the confirmation from the Independent Directors.</p> <p>Complied with. Please refer to Section 9.5 of this Prospectus.</p>

**7.0 APPROVALS AND CONDITIONS (Cont'd)**

**7.2 Moratorium on the Sale of Shares**

It is a requirement in the Listing Requirements that shares held by the Promoters amounting to 45% of the issued and paid-up capital of the Company at the date of admission of the Company to the Official List of Bursa Securities (assuming the exercise of all ESOS options) be placed under moratorium. The Promoters whose Shares are subject to moratorium are set out below:

Promoters	No. of Shares Under Moratorium	% of enlarged share capital after Public Issue	% of enlarged share capital after the Public Issue and full exercise of ESOS options
Exacta	39,000,000	48.75	37.50
Jeff Wang	3,900,000	4.88	3.75
Sharon Sun	3,900,000	4.88	3.75
<b>Total</b>	<b>46,800,000</b>	<b>58.51</b>	<b>45.00</b>

The moratorium has been fully accepted by the Promoters. They will not be allowed to sell, transfer or otherwise dispose of any part of their interest in the Shares under moratorium within one (1) year from the date of admission of Excel Force MSC to the Official List of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or otherwise dispose of up to a maximum of one-third per annum on a straight line basis of their respective shareholding in Excel Force MSC which is under moratorium.

The restriction is specifically endorsed on the notices of allotment representing the respective shareholdings of the substantial shareholders/promoters which are under moratorium to ensure that the Company's Registrars shall not register any transfer not in compliance with the above restriction.

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## **8.0 RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS**

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### **8.1 Related Party Transactions**

There are no existing or potential related party transactions between Excel Force MSC and its Directors, substantial shareholders and/or persons connected with such a director or substantial shareholder, as defined under Section 122A of the Companies Act.

There are no existing or potential related party transactions between Excel Force MSC and its key management and/or technical personnel.

Save as disclosed below, none of the Directors or substantial shareholders has any interest, direct or indirect, in the promotion of any material assets acquired or proposed to be acquired or material assets disposed of or proposed to be disposed of or material assets leased or proposed to be leased by the Company within the two (2) years preceding the date of this Prospectus:

- (i) On 1 July 2003, Excel Force MSC entered into a deed of assignment with Exacta for the assignment by Exacta to Excel Force MSC of all rights, title, interest and goodwill to several application solutions for a total cash consideration of RM1,000,000; and
- (ii) On 1 July 2003, Excel Force MSC entered into a deed of assignment of trademarks with EFSB for the assignment by EFSB to Excel Force MSC of all rights, title, interest and goodwill to several trademarks for a total cash consideration of RM10,000.

### **8.2 Interest in Similar Business**

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

### **8.3 Declaration by Experts**

Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Underwriter, Placement Agent and Sponsor for the Public Issue.

Messrs Tan Chin Huat & Co. confirms that there is no conflict of interests in their capacity as the Reporting Accountants and Auditors in relation to the Public Issue.

Messrs Cheong Wai Meng & Van Buerle confirms that there is no conflict of interests in their capacity as the corporate and due diligence solicitors in relation to the Public Issue.

IDC confirms that there is no conflict of interests in their capacity as the Market Researcher in relation to the Public Issue.

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## 9.0 FINANCIAL INFORMATION

### 9.1 Historical Financial Information

The following, as extracted from the Accountants' Report set out in Section 12 of this Prospectus, is a summary of the audited results of Excel Force MSC for the period from 6 February 2002 (date of incorporation) to 31 December 2002, the FYE 31 December 2003 and for the six (6) months period ended 30 June 2004:

	Period from 6 February 2002 to 31 December 2002	FYE 31 December 2003	Six (6) months period ended 30 June 2004
	RM	RM	RM
Revenue	2,220,414	3,249,489	1,767,820
EBITDA	1,227,187	1,735,371	930,555
Depreciation	(36,527)	(166,727)	(121,310)
Amortisation	-	(50,500)	(50,500)
PBT	1,190,660	1,518,144	758,745
Taxation <sup>(c)</sup>	(1,887)	(4,830)	(46,897)
PAT	1,188,773	1,513,314	711,848
No. of ordinary shares assumed in issue <sup>(d)</sup>	1,000	5,493,715	16,000,000
Gross EPS <sup>(e)</sup> (RM)	1,190.66	0.28	0.05
Net EPS <sup>(e)</sup> (RM)	1,188.77	0.28	0.04

**Notes:**

- (a) *The analysis of the financial results of the Company is set out in the Accountant's Report in Section 12 of this Prospectus.*
- (b) *There were no extraordinary and exceptional items, minority interest or share of profit of associated company in respect of the financial periods/year under review.*
- (c) *There were no provisions for taxation for business profits for the financial period/year under review as the Company has been granted pioneer status under the Promotion of Investments (Amendment) Act, 1997, by virtue of its MSC status. The tax provisions in respect of financial period from 6 February 2002 (date of incorporation) to 31 December 2002 and the financial year ended 31 December 2003 arose from bank interest earned and the tax provisions for the six (6) months period ended 30 June 2004 comprise foreign tax paid and tax on interest income from fixed deposits.*
- (d) *Weighted average number of shares in issue*
- (e) *The gross and net EPS for the financial periods/year under review have been calculated by dividing the PBT and PAT respectively by the weighted average number of ordinary shares of RM0.10 each in issue for the financial periods/year. The par value of the ordinary shares in issue during the financial period/year of RM1.00 each is deemed to have been subdivided into ordinary shares of RM0.10 each to facilitate comparison as Excel Force MSC had on 10 October 2003 undertaken a subdivision of every one (1) of its ordinary shares of RM1.00 each into ten (10) ordinary shares of RM0.10 each.*

## 9.0 FINANCIAL INFORMATION (Cont'd)

### 9.2 Segmental Analysis of Financial Information

#### 9.2.1 Analysis and Commentary on Financial Information

##### (i) Analysis of revenue by products/services

	Period from		FYE		Six (6) months	
	6 February 2002 to		31 December 2003		period ended	
	31 December 2002				30 June 2004	
	RM	%	RM	%	RM	%
Application solutions	1,608,560	72.44	2,148,034	66.11	932,770	52.76
Maintenance income	611,854	27.56	670,187	20.62	446,497	25.26
ASP income	-	-	431,268	13.27	388,553	21.98
	2,220,414	100.00	3,249,489	100.00	1,767,820	100.00

##### (ii) Analysis of PBT by products/services

	Period from		FYE		Six (6) months	
	6 February 2002 to		31 December 2003		period ended	
	31 December 2002				30 June 2004	
	RM	%	RM	%	RM	%
Application solutions	632,790	53.15	951,182	62.65	352,802	46.50
Maintenance income	550,483	46.23	409,193	26.96	282,300	37.20
ASP income	-	-	133,305	8.78	106,752	14.07
Interest income	7,387	0.62	24,464	1.61	16,891	2.23
	1,190,660	100.00	1,518,144	100.00	758,745	100.00

##### (iii) Commentary

###### Period from 6 February 2002 to 31 December 2002

The revenue of about RM2.2 million for the financial period from 6 February 2002 to 31 December 2002 was mainly attributable to the sale of the StockVision suite of public display systems to four (4) SBCs and maintenance service contracts with SBCs novated from EFSB.

The Company recorded a PBT of RM1.2 million for the financial period from 6 February 2002 to 31 December 2002. The Company's operating expenditure comprised mainly depreciation of property, plant and equipment and staff costs.

###### FYE 31 December 2003

The Company recorded revenue of RM3.2 million for FYE 31 December 2003. The revenue of RM3.2 million represents a growth of 28% over the annualised revenue recorded for the previous financial period of RM2.5 million. The Company's application solutions revenue was mainly derived from the sales of its StockVision public display system and from the contract with a SBC for the deployment of a STP-enabled CyberBroker solution. The Company also derived revenue from its customisation work for several SBCs during the financial year.

## 9.0 FINANCIAL INFORMATION *(Cont'd)*

The Company also commenced its provision of ASP and Professional Managed Services in the current financial period to broaden its range of services and to capture opportunities in the IT outsourcing market. The Company managed to secure ASP contracts with three (3) SBCs.

### **Six (6) month period ended 30 June 2004**

The Company recorded revenue of RM1.8 million for the first six months of 2004 which, if extrapolated, is expected to be approximately RM3.5 million for the year 2004 and this represents a rise of 8.8% as compared to 2003. The increase is mainly due to further progress billings in respect of the contract for the STP-enabled CyberBroker solution mentioned above. In addition, the Company managed to secure new projects with several SBCs during the financial period.

### **9.2.2 Taxation**

There were no provisions for the current year and deferred taxation for business profits as the Company has been granted pioneer status under the Promotion of Investments (Amendment) Act, 1997, by virtue of its MSC status. The tax provisions in respect of the financial period from 6 February 2002 (date of incorporation) to 31 December 2002 and the financial year ended 31 December 2003 arose from bank interest earned and the tax provisions for the six (6) month period ended 30 June 2004 comprise foreign tax paid and tax on interest income from fixed deposits.

### **9.2.3 Exceptional and extraordinary items or interruptions in business since its incorporation**

There are no exceptional or extraordinary items or any interruptions in business since the Company's incorporation.

### **9.3 Factors Affecting Financial Performance, Position and Operations of Excel Force MSC**

Save as disclosed in Sections 3 and 9.4 of this Prospectus, the financial performance, position and operations of Excel Force MSC are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to have a material favourable or unfavourable impact on the financial performance, position and operations of Excel Force MSC;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual or infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of Excel Force MSC; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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## 9.0 FINANCIAL INFORMATION *(Cont'd)*

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

*(i) Working Capital*

The Directors of the Company are of the opinion that after taking into account Excel Force MSC's cashflow position, the proceeds from the Public Issue and the banking facilities available, Excel Force MSC has adequate working capital for a period of twelve (12) months from the date of this Prospectus.

*(ii) Borrowings*

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), Excel Force MSC does not have any borrowings outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date. Excel Force MSC did not have any borrowings throughout the financial year ended 31 December 2003 and the subsequent financial period immediately preceding the date of this Prospectus.

*(iii) Material Litigation*

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), Excel Force MSC is not engaged in any litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position or performance of the Company and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company or any facts likely to give rise to any proceedings which, upon becoming enforceable, might materially and adversely affect the financial position or performance of the Company.

*(iv) Contingent Liabilities*

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), Excel Force MSC does not have any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position or performance of the Company.

*(v) Capital Commitments*

As at 17 November 2004 (being the latest practicable date prior to the registration of this Prospectus), Excel Force MSC does not have any capital commitments.

### 9.5 Exclusion of Profit Forecast and Projections

Excel Force MSC's revenue and operating results are dependent on the delivery schedule of its projects which is subject to many factors, some of which are highlighted in Section 3 of this Prospectus. Excel Force MSC's profit forecast and projections are subject to the vagaries and uncertainty of the business environment in which it operates in and hence are not disclosed in this Prospectus.

## 9.0 FINANCIAL INFORMATION (Cont'd)

## 9.6 Proforma Balance Sheets

*(Prepared for inclusion in this Prospectus)***PROFORMA BALANCE SHEETS**

The following is a summary of the proforma Balance Sheets of Excel Force MSC as at 30 June 2004, prepared for illustration purposes only to show the effects of the Bonus Issue, Declaration of Interim Dividend, Rights Issue, Proposed Public Issue and utilisation of proceeds and full exercise of the Proposed Employees' Share Option Scheme ("ESOS") on the assumption that the transactions were completed on 30 June 2004:-

Audited as at 30 June 2004	Proforma (ii)					Proforma (iv)		Proforma (v)	
	RM	Proforma (i) After Bonus Issue	Proforma (i) and Declaration of Interim Dividend	Proforma (iii) After Proforma (ii) and the Rights Issue	Proforma (iii) After Proforma (ii), the Proposed Public Issue and utilisation of proceeds	Proforma (iv) After	Proforma (iv) and the full exercise of ESOS Options	RM	RM
Property, plant and equipment	1,484,683	1,484,683	1,484,683	1,484,683	1,484,683	1,484,683	1,484,683	1,484,683	
Development costs	993,019	993,019	993,019	993,019	993,019	2,493,019	2,493,019	2,493,019	
Intangible assets	909,000	909,000	909,000	909,000	909,000	909,000	909,000	909,000	
<b>Current Assets</b>									
Inventories	61,241	61,241	61,241	61,241	61,241	61,241	61,241	61,241	
Trade receivables	635,504	635,504	635,504	635,504	635,504	635,504	635,504	635,504	
Other receivables and prepaid expenses	410,624	410,624	410,624	410,624	410,624	45,433	45,433	45,433	
Fixed deposits with licensed banks	1,018,908	1,018,908	-	-	-	-	-	-	
Cash and bank balances	48,739	48,739	-	2,487,647	7,820,838	7,820,838	18,140,838	18,140,838	
	<b>2,175,016</b>	<b>2,175,016</b>	<b>1,107,369</b>	<b>3,595,016</b>	<b>8,563,016</b>	<b>8,563,016</b>	<b>18,883,016</b>	<b>18,883,016</b>	



## 9.0 FINANCIAL INFORMATION (Cont'd)

Audited as at 30 June 2004 RM	Proforma (i) After Bonus Issue RM	Proforma (ii) After Proforma (i) and Declaration of Interim Dividend RM	Proforma (iii) After Proforma (ii) and the Rights Issue RM	Proforma (iv) After Proforma (iii), the Proposed Public Issue and utilisation of proceeds RM	Proforma (v) After Proforma (iv) and the full exercise of ESOS Options RM
16,449	16,449	16,449	16,449	16,449	16,449
691,334	691,334	691,334	691,334	691,334	691,334
-	-	232,353	-	-	-
707,783	707,783	940,136	707,783	707,783	707,783
1,467,233	1,467,233	167,233	2,887,233	7,855,233	18,175,233
4,853,935	4,853,935	3,553,935	6,273,935	12,741,935	23,061,935
1,600,000	3,520,000	3,520,000	6,240,000	8,000,000	10,400,000
-	-	-	-	4,708,000	12,628,000
3,253,935	1,333,935	33,935	33,935	33,935	33,935
4,853,935	4,853,935	3,553,935	6,273,935	12,741,935	23,061,935
2,951,916	2,951,916	1,651,916	4,371,916	9,339,916	19,659,916
18.45	8.39	4.69	7.01	11.67	18.90

Less: Current Liabilities

Trade payables

Other payables and accrued  
expenses

Dividend payable

## Net Current Assets

## Financed by:

Share capital

Share premium

Unappropriated profit

NTA / Proforma NTA

Proforma NTA /

NTA per share (sen)

## 9.0 FINANCIAL INFORMATION (Cont'd)

### NOTES TO THE PROFORMA BALANCE SHEETS

- 1 The Proforma Balance Sheets are provided for illustrative purposes only and have been prepared based on the audited balance sheet of Excel Force MSC as at 30 June 2004 and on the assumption that the following transactions had been effected on 30 June 2004:-
- (i) Bonus Issue of 19,200,000 new ordinary shares of RM0.10 each credited as fully paid-up in Excel Force MSC to the shareholders of Excel Force MSC on the basis of 1.2 new Excel Force MSC shares for every one (1) Excel Force MSC share held through the capitalisation of RM1,920,000 from the audited unappropriated profit of the Company as at 30 June 2004 effected on 6 August 2004;
  - (ii) Payment of interim tax exempt dividend amounting to RM1,300,000 declared in respect of the current financial period to the shareholders of Excel Force MSC after the Bonus Issue effected on 9 August 2004;
  - (iii) Rights Issue of 27,200,000 new Excel Force MSC shares credited as fully paid-up per share at par to the shareholders of Excel Force MSC on the basis of approximately 0.77 new Excel Force MSC shares for every one (1) Excel Force MSC share held after the Bonus Issue effected on 19 August 2004;
  - (iv) Proposed Public Issue of 17,600,000 new ordinary shares of RM0.10 each at an issue price of RM 0.43 per share ("Proposed Public Issue");
  - (v) Proposed listing of and quotation for Excel Force MSC's entire enlarged issued and paid-up share capital comprising 80,000,000 Excel Force MSC shares upon completion of the Proposed Public Issue, on the MESDAQ Market of Bursa Securities; and
  - (vi) Proposed full exercise of ESOS involving up to 30% of the issued and paid-up share capital of Excel Force MSC comprising 24,000,000 Excel Force MSC shares at an exercise price of RM0.43 per share for the benefit of eligible directors and employees of Excel Force MSC ("Proposed ESOS").
- 2 The Proforma Balance Sheets are presented on a basis consistent with the accounting policies normally adopted by Excel Force MSC.
- 3 The movements of the issued and paid-up share capital, share premium and unappropriated profit of Excel Force MSC are as follows :-

	Share Capital RM	Share Premium RM	Unappropriated Profit RM
As at 30 June 2004	1,600,000	-	3,253,935
Bonus Issue	1,920,000	-	(1,920,000)
Declaration of Interim Dividend	-	-	(1,300,000)
Rights Issue	2,720,000	-	-
Proposed Public Issue	1,760,000	5,808,000	-
Estimated Listing Expenses*	-	(1,100,000)	-
Proposed ESOS	2,400,000	7,920,000	-
Balance as at 30 June 2004 after the Bonus Issue, Interim Dividend, Rights Issue, Proposed Public Issue and Proposed ESOS	10,400,000	12,628,000	33,935

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**9.0 FINANCIAL INFORMATION (Cont'd)**

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\* Out of the total estimated listing expenses of RM1,100,000, RM274,128 was paid during the financial year ended 31 December 2003 and the balance of RM825,872 is assumed to be paid in the current financial period ended 30 June 2004.

- 4 The gross proceeds from the Rights Issue and Proposed Public Issue amounting to RM10,288,000 will accrue entirely to the Company and will be utilised for the following purposes:

	RM'000
Working capital	7,688
Research and development (R & D) expenditure	1,500
Estimated listing expenses	1,100
	<u>10,288</u>

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**9.0 FINANCIAL INFORMATION (Cont'd)**

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**9.7 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets**

*(Prepared for inclusion in this Prospectus)*

**TAN CHIN HUAT & CO.**

AF 1395  
Chartered Accountants (M)

No: 232 2nd Floor Block A Damansara Intan  
No: 1 Jalan SS20/27 47400 Petaling Jaya  
Tel: 03-77268992  
Fax: 03-77284992

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Date: **22 NOV 2004**

The Board of Directors  
**EXCEL FORCE MSC BERHAD**  
Pusat Dagangan Phileo Damansara II  
611 Block B No: 15 Jalan 16/11  
Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs,

**EXCEL FORCE MSC BERHAD ("EXCEL FORCE MSC")  
PROFORMA BALANCE SHEETS AS AT 30 JUNE 2004**

We have reviewed the presentation of the Proforma Balance Sheets of Excel Force MSC as at 30 June 2004 together with the notes thereto, for which the Directors are solely responsible, which have been prepared for inclusion in this Prospectus to be dated 30 November 2004 in connection with the issue of 17,600,000 new ordinary shares of RM0.10 each, at an issue price of RM0.43 per share and the listing of and quotation for its entire enlarged issued and fully paid-up share capital of 80,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion, the Proforma Balance Sheets together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on the bases of preparation stated;
- (b) such bases are consistent with the accounting policies normally adopted by Excel Force MSC; and
- (c) the adjustments are appropriate for the purposes of the proforma balance sheets.

Yours faithfully,



**TAN CHIN HUAT & CO**  
Firm No : AF 1395  
Chartered Accountants (M)



**TAN CHIN HUAT**  
Approval No: 2037/6/06(J)  
Proprietor

## 10.0 SUMMARY OF FIVE (5)-YEAR BUSINESS PLAN

The following is a summary of the Five (5) Year Business Development Plan prepared by the Board of Excel Force MSC for the purpose of inclusion in this Prospectus.

### (A) STRATEGIC BUSINESS OBJECTIVES

Over the next five (5) years, Excel Force MSC intends to position itself as an end-to-end application solutions provider in Malaysia specialising in providing a full suite of proprietary front, middle and back office solutions from public display galleries to back office application solutions, and the provision of total IT facility management and outsourcing services to the stockbroking industry. With a comprehensive product offering and with its provision of total IT facility management and outsourcing services via its ASP model, the Company's overall marketing strategy entails a complete service to its SBC clients. The Company's business objective is to enable SBCs to outsource their IT needs to the Company so that SBCs can focus their resources on customer acquisition and retention, along with the development of other value added services.

In order to achieve the abovementioned business objectives, the Company plans to set out the following product development and marketing strategies as detailed below.

### (B) PRODUCT DEVELOPMENT STRATEGIES

The Board of Excel Force MSC believes that the possession of strong R&D capabilities is essential to Excel Force MSC's continued success. Excel Force MSC intends to allocate resources into developing new application solutions for the stockbroking industry.

The Company's product development plans for the next five (5) years entail the following:

- (i) The Company's immediate product development plans are to complete the development of its middle and back office solution. The middle office solution would entail the completion of the following solutions:
  - (a) MIRS - a business information and decision support solution that provides a thorough view of SBCs' enterprise performance, providing information for decision making for all levels of management within the organisation; and
  - (b) ORMS - a system that offers a risk management solution to enable SBCs to measure and manage risks in a more quantified way.

The Company's back office solution entails a comprehensive system to manage the back office of a SBC. The remaining module of the back office solution to be completed is the HRMS. The HRMS is a human resource management system which incorporates a time attendance system, payroll management system and a knowledge database on a company's human resource policies and guidelines.

- (ii) The Company's next focus would be localising the CyberBroker suite of solutions to suit other markets in the South East Asian region, in particular Thailand and Indonesia. Please refer to Section 4.3.9 of this Prospectus for the Company's R&D strategies.
- (iii) The Company also intends to develop other software applications such as Stock Analysis Software, CRMS, Cross Border Broker-to-Broker Multi-Exchanges Trading System and Mobile Trading System using 3G technologies. Excel Force MSC also intends to develop or co-develop with joint venture partners, an on-line charting tool equipped with business intelligence to provide buy-hold-sell indicators for defined counters using technical analysis.

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**10.0 SUMMARY OF FIVE (5)-YEAR BUSINESS PLAN (Cont'd)**

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The Directors believe that cross border stock trading amongst SBCs would increase due to the globalisation and liberalisation of capital markets. This is currently happening with the development of Internet and other new technologies which enable cross border trades to be executed easily. With the increase in cross border stock trades, the stockbroking industry would require a solution to cater to this need. This solution will be integrated as part of the "CyberBroker Web ECOS" front office suite where it facilitates the SBCs in providing cross border order routing functionality to their clients. It essentially connects systems of brokers in different countries together to facilitate cross border trading in multiple market exchanges.

Excel Force MSC foresees that the use of m-commerce using mobile devices such as mobile phones and handhelds/PDAs will be affordable and ubiquitous in the years to come. Coupled with wireless protocols of 3G, Excel Force MSC targets to provide a comprehensive and secured mobile stock trading platform on these devices. This will provide live data with comprehensive charting analysis, portfolio management, trade confirmation, price alert, news feed and all kinds of trade order and trade processing enquiry.

**(C) MARKETING STRATEGIES**

With a comprehensive product offering and with its provision of total IT facility management and outsourcing services via its ASP model, the Company's overall marketing strategy entails a complete service to its SBC clients, alleviating them from the need to worry about their IT operations. The Directors believe that with a full suite of end-to-end stockbroking solutions built on STP, the Company stands in good stead to penetrate the overseas markets, especially in the Asia Pacific region.

Excel Force MSC intends to penetrate new markets in other geographical areas in the Asian region such as Thailand, Indonesia, Singapore, Taiwan and Hong Kong in the near future.

**(D) HUMAN RESOURCE STRATEGIES**

Excel Force MSC's management believes in equipping their R&D team with technological knowledge and sponsors the R&D team members for training and certification courses such as MCSD, MCSE (Microsoft Certified Systems Engineer), MCDBA (Microsoft Certified Database Administrator), SCJP (Sun Certified Java Programmer), CCNP (Cisco Certificate Network Professional) and CCNA (Cisco Certificate Network Associate), for their individual development. Excel Force MSC intends to increase its R&D staff annually to strengthen its R&D department.

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## 11.0 SUMMARY OF IDC'S REPORT TITLED "STOCK BROKING IT SPENDING MARKET AND STRUCTURAL ANALYSIS, 2003"

IDC estimates that IT spending by stockbroking companies in Malaysia will post a compounded annual growth rate of 9.9% between 2002 and 2007.

Key drivers for that will drive IT spending are:

- The implementation of key milestones of the CMP;
- Internet Stock Trading is a viable business channel to traditional trading systems;
- Deployment of STP to achieve interoperability and integration of back-office and front-office suites; and
- Consolidation will drive short term IT spend by stock broking firms with the upper hand of a merger and acquisition exercise.

### EXCEL FORCE MSC'S POSITION

Overall, IDC believes that there is opportunity in the stockbroking industry for Excel Force MSC. The development of Excel Force MSC's position requires strong establishment in the market in the short term to ensure that its continuity plans for expansion in both product and geographic terms. Currently, based on IDC's industry analysis, Excel Force MSC's position can be summarised as described in the table below:

OVERALL RATING OF STRUCTURAL ANALYSIS AND EXCEL FORCE MSC'S POSITION		
	Rating	Excel Force MSC's position
Barriers to entry	High	- Strong industry and technology knowledge for the stock broking industry. - MSC status, R&D center in Malaysia for application development.
Intensity of competition	High	- Sound value proposition. Excel Force MSC's key value proposition is to offer a Windows solution that has lower overall up-front and maintenance cost.
Bargaining power of buyers	High	- Sound value proposition. Excel Force MSC's key value proposition is to offer a Windows-based fully integrated stock broking STP solution that has lower overall up-front and maintenance cost based on a pay-per-use model.
Bargaining power of suppliers	Low	- Established in Malaysia, Excel Force MSC can grow and build the local skills via their research and development program.
Threat of substitutes	Low	- Excel Force MSC's strong price/performance ratio would be able to offer more competitive rates to the stockbrokers using this model.

Excel Force MSC's position in the industry now is very much dependent on the company's ability to build its competitiveness around its value proposition. IDC is of the opinion that Excel Force MSC is able to establish this competitiveness in the Malaysian market. Geographic expansion is necessary and opportunistic for Excel Force MSC to grow and build upon their competencies and unique proposition.

*(Source: IDC's Research Report Titled "Stock Broking IT Spending Market and Structural Analysis", 2003)*

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## 12.0 ACCOUNTANTS' REPORT

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### TAN CHIN HUAT & CO.

AF 1395  
Chartered Accountants (M)

No: 232 2nd Floor Block A Damansara Intan  
No: 1 Jalan SS 20/27 47400 Petaling Jaya  
Tel: 03-77268992  
Fax: 03-77284992

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#### ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

Date: **22 NOV 2004**

The Board of Directors  
**EXCEL FORCE MSC BERHAD**  
Pusat Dagangan Phileo Damansara II  
611 Block B No: 15 Jalan 16/11  
Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs;

#### 1. INTRODUCTION

This report has been prepared by Tan Chin Huat & Co, an approved company auditor, for inclusion in the Prospectus of Excel Force MSC Berhad (hereinafter referred to as "Excel Force MSC" or "the Company") to be dated 30 November 2004 in connection with the issue of 17,600,000 new ordinary shares of RM0.10 each in Excel Force MSC at an issue price of RM0.43 per ordinary share ("Proposed Public Issue") and the listing of and quotation for the entire enlarged issued and paid-up share capital of 80,000,000 ordinary shares of RM0.10 each in Excel Force MSC on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

#### 2. GENERAL INFORMATION

##### 2.1 INCORPORATION AND PRINCIPAL ACTIVITY

Excel Force MSC was incorporated in Malaysia on 6 February 2002 under the Companies Act, 1965 as a private limited company under the name of Excel Force MSC Sdn. Bhd. On 7 November 2003, the Company was converted from a private limited company to a public limited company and changed its name to Excel Force MSC Berhad.

On 31 December 2001, the Multimedia Development Corporation Berhad ('MDC') granted a conditional approval of the Multimedia Super Corridor ('MSC') status to the promoters of Excel Force MSC. Under the MDC's condition of approval, a company is to be incorporated and commence business operations within six months from the date of its approval and hence, Excel Force MSC was incorporated on 6 February 2002. With the MSC status, Excel Force MSC was granted pioneer status under the Promotion of Investments (Amendment) Act, 1997 for a period of five years commencing on 16 May 2002 and extendable for another five years.

Excel Force MSC is principally involved in the development, provision and maintenance of application solutions for the financial services industry.

Excel Force MSC does not have any subsidiaries or associated companies.



## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 2.2 SHARE CAPITAL

At the date of incorporation, the Company's authorised share capital was RM100,000 comprising 100,000 ordinary shares of RM1.00 each. On 15 August 2003, the authorised share capital of the Company was increased to RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, and subsequently on 7 October 2003, the authorised share capital was further increased from RM10,000,000 to RM25,000,000 comprising 25,000,000 ordinary shares of RM1 each. The authorised shares of the Company were sub-divided into 250,000,000 ordinary shares of RM0.10 each on 10 October 2003.

The present issued and paid-up share capital of the Company is RM6,240,000 comprising 62,400,000 ordinary shares of RM0.10 each. Upon completion of the Proposed Public Issue, the issued and paid-up share capital of Excel Force MSC will be increased to RM8,000,000 comprising 80,000,000 ordinary shares of RM0.10 each.

The changes in the Company's issued and fully paid up capital since its incorporation are as follows:-

Date of allotment	No of shares	Par value (RM)	Consideration	Resultant Issued and Paid-up Share Capital (cumulative) (RM)
06.02.02	2	1.00	Cash, Subscribers' shares	2
22.04.02	98	1.00	Cash	100
15.08.03	397,284	1.00	Capitalisation of debts	397,384
29.08.03	1,000,000	1.00	Capitalisation of debts	1,397,384
23.09.03	202,616	1.00	Cash	1,600,000
10.10.03	16,000,000	0.10	Share split from RM1.00 to RM0.10	1,600,000
06.08.04	19,200,000	0.10	Bonus Issue	3,520,000
19.08.04	27,200,000	0.10	Rights Issue	6,240,000

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## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 2.3 RESTRUCTURING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of Excel Force MSC and the Proposed Employees Share Option Scheme ("Proposed ESOS"), the Company undertook a restructuring exercise which was approved by the Securities Commission ("SC") and Bursa Securities on 16 July 2004 and 19 July 2004 respectively.

The restructuring scheme involved the following :-

- (a) Bonus Issue of 19,200,000 new ordinary shares of RM0.10 each credited as fully paid-up in Excel Force MSC to the shareholders of Excel Force MSC on the basis of 1.2 new Excel Force MSC shares for every one (1) Excel Force MSC share held through the capitalisation of RM1,920,000 from the audited unappropriated profit of the Company, effected on 6 August 2004;
- (b) Rights Issue of 27,200,000 new Excel Force MSC shares credited as fully paid-up per share at par to the shareholders of Excel Force MSC on the basis of approximately 0.77 new shares for every one (1) Excel Force MSC share held after the Bonus Issue effected on 19 August 2004;
- (c) Proposed Public Issue of 17,600,000 new ordinary shares of RM0.10 each at an issue price of RM0.43 per share ("Proposed Public Issue");
- (d) Proposed listing and quotation for Excel Force MSC's entire enlarged issued and paid-up share capital comprising 80,000,000 Excel Force MSC shares upon completion of the Proposed Public Issue, on the MESDAQ Market of Bursa Securities ("Proposed Listing");

The Bonus Issue, Rights Issue, Proposed Public Issue and Proposed Listing are collectively known as Proposed Initial Public Offering ("Proposed IPO"); and

- (e) Proposed implementation of an ESOS involving up to 30% of the issued and paid-up share capital of Excel Force MSC comprising 24,000,000 Excel Force MSC shares at any time during the existence of the ESOS for the benefit of eligible directors and employees of Excel Force MSC.

Assuming all options granted under ESOS are fully exercised, the issued and paid-up share capital of Excel Force MSC will be increased to RM10,400,000 comprising 104,000,000 Excel Force MSC shares.

All new ordinary shares issued pursuant to the restructuring scheme rank pari passu in all respect with the existing ordinary shares of Excel Force MSC.

### 3. ACCOUNTING POLICIES AND STANDARDS

This report is based on the audited financial statements which have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board and is presented on a basis consistent with accounting policies normally adopted by Excel Force MSC.

### 4. FINANCIAL STATEMENTS AND AUDITORS

We have been appointed as the auditors of Excel Force MSC since its first financial period ended 31 December 2002. Our auditors' report on the financial statements of the Company for the respective periods/year under review were not subject to any qualification.

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 5. SUMMARISED INCOME STATEMENTS

We set out below the results of Excel Force MSC for the financial period 6 February 2002 (date of incorporation) to 31 December 2002, for the year ended 31 December 2003 and for the financial period 1 January 2004 to 30 June 2004. The results are to be read in conjunction with the notes thereto.

	Period from 6 February 2002 to 31 December 2002 RM	Year ended 31 December 2003 RM	Period from 1 January 2004 to 30 June 2004 RM
Turnover	2,220,414	3,249,489	1,767,820
Operating income before interest, tax, depreciation and amortisation ("EBITDA")	1,227,187	1,735,371	930,555
Less :			
Interest expense	-	-	-
Depreciation	(36,527)	(166,727)	(121,310)
Amortisation	-	(50,500)	(50,500)
Profit before taxation	1,190,660	1,518,144	758,745
Less: Income tax expense	(1,887)	(4,830)	(46,897)
Profit after taxation	1,188,773	1,513,314	711,848
Weighted average number of ordinary shares of RM0.10 each in issue	1,000 *	5,493,715	16,000,000
Net earnings per share based on weighted average number of shares in issue (RM)	1,188.77	0.28	0.04
Dividend (%)	N/A	40.26	N/A

\* Weighted average number of ordinary shares for 2002 was computed from the date of commencement of business operations (i.e 16 May 2002) to 31 December 2002.

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**12.0 ACCOUNTANTS' REPORT (Cont'd)**

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Note:

The results of Excel Force MSC have been prepared based on the accounting policies consistent with those previously adopted in the preparation of Excel Force MSC's audited financial statements.

The income tax expense in 2003 and 2002 is in respect of interest income from fixed deposits. Excel Force MSC has been granted pioneer status under the Promotion of Investments (Amendment) Act, 1997 and accordingly, there is no tax charge on the business income of the Company for the financial periods/year under review. The income tax expense in 2004 comprise foreign tax paid and tax on interest income from fixed deposits.

On 9 August 2004, the Company declared a payment of interim tax exempt dividend amounting to RM1,300,000 to the shareholders of Excel Force MSC after the Bonus Issue.

There were no extraordinary items or exceptional items for the financial periods/year under review.

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## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 6. SUMMARISED BALANCE SHEETS

We set out below the summarised balance sheets of Excel Force MSC as at 31 December 2002, 31 December 2003 and 30 June 2004:-

	As at 31 December		As at
	2002	2003	30 June
	RM	RM	2004
			RM
Property, plant and equipment	696,000	839,084	1,484,683
Development costs	225,788	733,806	993,019
Intangible assets	-	959,500	909,000
<u>Current Assets</u>			
Inventories	70,886	159,052	61,241
Trade receivables	677,686	750,391	635,504
Other receivables and prepaid expenses	29,637	302,047	410,624
Fixed deposits with licensed banks	554,988	1,004,062	1,018,908
Cash and bank balances	113,892	130,379	48,739
	<u>1,447,089</u>	<u>2,345,931</u>	<u>2,175,016</u>
<u>Current Liabilities</u>			
Trade payables	29,240	13,149	16,449
Other payables and accrued expenses	1,148,877	647,144	691,334
Dividends payable	-	71,111	-
Tax liabilities	1,887	4,830	-
	<u>1,180,004</u>	<u>736,234</u>	<u>707,783</u>
Net Current Assets	267,085	1,609,697	1,467,233
	<u>1,188,873</u>	<u>4,142,087</u>	<u>4,853,935</u>
Financed by:			
Share capital	100	1,600,000	1,600,000
Unappropriated profit	1,188,773	2,542,087	3,253,935
	<u>1,188,873</u>	<u>4,142,087</u>	<u>4,853,935</u>
Net tangible assets ("NTA") per share of RM0.10 each (RM)	<u>963.09</u>	<u>0.15</u>	<u>0.18</u>

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**12.0 ACCOUNTANTS' REPORT (Cont'd)**

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Note:

$$NTA \text{ per share} = \frac{\text{Total Assets} - \text{*Intangible Assets} - \text{Total Liabilities}}{\text{Number of Ordinary Shares}}$$

The basis for NTA calculation would apply to all NTA calculation for the rest of this report.

\* Intangible assets include trademarks, copyrights and development costs.

**7. DIVIDENDS**

There were no dividends paid or declared by Excel Force MSC during the financial periods/year under review, except for the interim tax exempt dividend amounting to RM160,000 and RM1,300,000 for the financial year ended 31 December 2003 and financial year ending 31 December 2004 respectively.

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## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 8. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The following is the proforma statement of assets and liabilities of Excel Force MSC based on the audited financial statements as at 30 June 2004 and should be read in conjunction with the notes set out in Section 9. The proforma statement of assets and liabilities is provided for illustrative purposes only to show the effects of the Proposed IPO as detailed in Section 2.3 herein and the payment of interim dividend of RM1,300,000, on the assumption that these transactions were completed as at 30 June 2004.

	Note	RM
<b>ASSETS EMPLOYED</b>		
PROPERTY, PLANT AND EQUIPMENT	9.4	1,484,683
DEVELOPMENT COSTS	9.5	2,493,019
INTANGIBLE ASSETS	9.6	909,000
<b>CURRENT ASSETS</b>		
Inventories	9.7	61,241
Trade receivables	9.8	635,504
Other receivables and prepaid expenses	9.8	45,433
Cash and bank balances		7,820,838
		<u>8,563,016</u>
Less:		
<b>CURRENT LIABILITIES</b>		
Trade payables	9.9	16,449
Other payables and accrued expenses	9.9	691,334
		<u>707,783</u>
<b>NET CURRENT ASSETS</b>		7,855,233
		<u>12,741,935</u>
<b>FINANCED BY:</b>		
SHARE CAPITAL	9.10	8,000,000
SHARE PREMIUM	9.11	4,708,000
UNAPPROPRIATED PROFIT		33,935
		<u>12,741,935</u>

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## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 9. NOTES TO THE PROFORMA STATEMENT OF ASSETS AND LIABILITIES

#### 9.1 Basis Of Preparation Of The Financial Statements

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

#### 9.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks, including market, currency and interest rate risk, along with credit, liquidity and cash flow risk. The Company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner. Financial assets that expose the Company to financial risks consist principally of cash and cash equivalents and trade and other receivables. Financial liabilities that expose the Company to financial risks consist principally of trade and other payables. The financial risks associated with these financial instruments are minimal.

The Company places its cash and cash equivalents with creditworthy financial institutions. The Company performs ongoing credit evaluation of its customers' financial condition.

The Company does not have any interest bearing financial assets and liabilities except for its bank deposits which are mainly short term in nature. Hence, with the current interest rate level any future variations in interest rates will not have a material impact on net profit.

The Company's main currency exposure is in United States Dollars. The Company's foreign currency exposure arise mainly from trade purchases in foreign currencies. Management believes that the Company's foreign currency risk is minimal and accordingly, no hedging is performed on the trade purchases in foreign currencies.

#### *Fair values*

The carrying amounts of the financial assets and financial liabilities approximate their fair values because of the immediate or short term maturity of these financial instruments.

#### 9.3 Significant Accounting Policies

##### (a) Accounting Convention

The financial statements of the Company have been prepared under the historical cost convention.

##### (b) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceed and the carrying amount of the asset, and is recognised in the income statement.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount.



## 12.0 ACCOUNTANTS' REPORT (Cont'd)

Depreciation of property, plant and equipment is calculated to write off the cost of the property, plant and equipment on a straight-line basis over the expected useful lives of the property, plant and equipment concerned. The annual rates used are :-

	%
Computer equipment	20
Office equipment	15
Furniture and fittings	10
Motor vehicles	20
Renovation	20

### (c) Research and Development Costs

Research costs are recognised as an expense in the year in which they are incurred.

Expenditure on development is charged to the income statement in the year in which it is incurred except where a clearly-defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are recognised as an intangible asset and amortised on a straight-line basis over the life of the project from the date of commencement of commercial operations, which is on average five years.

### (d) Intangible assets

Intangible assets which represent trade mark and copyright are stated at cost less accumulated amortisation and impairment losses. Trade mark and copyright are amortised over a period of 10 years.

### (e) Foreign Currency Conversion

Transactions in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange which approximate rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies at the balance sheet date are reported in Ringgit Malaysia at rates ruling at that date. Exchange differences are dealt with through the income statement.

The principal closing rates used in the translation of foreign currency amounts are as follows:

	RM
1 United States Dollar	3.81
1 Thai Baht	0.10

### (f) Inventories

Inventories are valued at the lower of cost (determined principally on the first-in, first-out method) and net realisable value. Cost consists of purchases and other direct costs incurred in bringing the inventories to its present condition and location.

### (g) Revenue Recognition

Revenue from goods sold and services are recognised when the goods are delivered and services are rendered. Other operating income mainly consist of interest income and is recognised on accrual basis.

Revenue represents the invoiced value of goods sold and services rendered net of discounts and returns during the financial year.

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### (h) Receivables

Trade and other receivables are stated at nominal values as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

### (i) Cash Flow Statement

The Company adopts the indirect method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

### (j) Deferred Taxation

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### (k) Provisions

Provisions are recognised when the Company has a present legal and constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

## 9.4 PROPERTY, PLANT AND EQUIPMENT

	Computer, office equipment, furniture and fittings RM	Freehold building RM	Motor vehicles RM	Renovation RM	Total RM
Cost	709,410	490,770	495,000	113,575	1,808,755
Accumulated depreciation	122,953	4,090	156,750	40,279	324,072
Net book value as at 30 June 2004	586,457	486,680	338,250	73,296	1,484,683

## 9.5 DEVELOPMENT COSTS

	RM
At beginning of period	733,806
Additions during the period	1,759,213
At end of period	2,493,019

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 9.6 INTANGIBLE ASSETS

	RM
At cost	1,010,000
Less:	
Cumulative amortisation	(101,000)
Net	<u>909,000</u>

Intangible assets which comprise trade mark of RM10,000 and copyright of RM1,000,000 were acquired from companies in which the directors are also directors of the Company.

### 9.7 INVENTORIES

	RM
System installation in progress	<u>61,241</u>

### 9.8 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for the sale of goods and services rendered. The credit period granted on sale of goods and services rendered ranges from 60 to 90 days.

Other receivables and prepaid expenses comprise:

	RM
Other receivables	4,545
Refundable deposits	19,365
Prepaid expenses	18,991
Tax recoverable	2,532
	<u>45,433</u>

### 9.9 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Company for trade purchases is 60 days.

Other payables and accrued expenses consist of :-

	RM
Other payables	191,605
Accrued expenses	36,792
Advance billings	462,937
	<u>691,334</u>

Included in other payables is an amount of RM190,770 representing amount owing to a company in which certain directors are also directors of the Company. The amount owing comprise the balance of purchase consideration paid on behalf of the Company in respect of the acquisition of a freehold building.

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### 9.10 SHARE CAPITAL

	RM
(a) Authorised: Ordinary shares of RM0.10 each	<u>25,000,000</u>
(b) Issued and fully paid: Ordinary shares of RM0.10 each	<u>8,000,000</u>

### 9.11 SHARE PREMIUM

	RM
Ordinary shares issued at a premium	5,808,000
Less: Estimated listing expenses	(1,100,000)
	<u>4,708,000</u>

### 9.12 PROFORMA NET TANGIBLE ASSETS COVER

Based on the proforma statement of assets and liabilities of Excel Force MSC as at 30 June 2004, the proforma net tangible assets cover per share is calculated as follow :-

Proforma net tangible assets as at 30 June 2004 (after taking into account the Bonus Issue, Interim Dividend, Rights Issue and Proposed Public Issue and deducting the estimated listing expenses of RM1,100,000, development cost of RM2,493,019 and intangible assets of RM909,000) (RM)	<u>9,339,916</u>
Number of ordinary shares of RM0.10 each in issue (unit)	<u>80,000,000</u>
Proforma net tangible assets cover per share on the basis of the enlarged share capital of 80,000,000 ordinary shares of RM0.10 each (RM)	<u>0.12</u>

### 9.13 SIGNIFICANT SUBSEQUENT EVENTS

Subsequent to 30 June 2004 and up to the date of this report, the Company undertook the following:-

- (a) As approved by the shareholders via Members' resolution dated 6 August 2004, the issued and paid up share capital of the Company was increased from RM1,600,000 to RM3,520,000 by way of bonus issue of 19,200,000 new ordinary shares of RM1 each through capitalisation of RM1,920,000 from the unappropriated profit account on the basis of 1.2 new Excel Force MSC shares for every one (1) Excel Force MSC share held;
- (b) On 9 August 2004, the Company declared a payment of interim tax exempt dividend amounting to RM1,300,000 to the shareholders of Excel Force MSC;
- (c) As approved by the shareholders via Members' resolution dated 19 August 2004, the issued and paid up share capital of the Company was increased further from RM3,520,000 to RM6,240,000 by way of rights issue of 27,200,000 new Excel Force MSC shares credited as fully paid-up per share at par to the shareholders of Excel Force MSC on the basis of approximately 0.77 new shares for every one (1) Excel Force MSC share held.

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

All new ordinary shares issued rank pari passu in all respect with the existing ordinary shares of Excel Force MSC.

### 10. PROFORMA CASH FLOW STATEMENT

The proforma cash flow statement for the period 1 January 2004 and 30 June 2004 is provided for illustrative purposes only to show the effects of the Proposed IPO as detailed in Section 2.3 herein and the payment of interim dividend of RM1,300,000, on the assumption that these transactions were completed as at 30 June 2004.

	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	758,745
Adjustments for:-	
Amortisation of intangible assets	50,500
Depreciation of property, plant and equipment	121,310
Loss on disposal of property, plant and equipment	1,383
Interest income	(16,891)
Operating profit before working capital changes	<u>915,047</u>
Changes in working capital:	
Decrease in inventories	97,811
Decrease in trade receivables	114,887
Increase in other receivables and prepaid expenses	(14,982)
Increase in trade payables	3,300
Decrease in other payables and accrued expenses	(146,580)
Cash Generated From Operations	<u>969,483</u>
Tax paid	(54,259)
Interest received	16,891
Development cost incurred	(1,759,213)
<b>Net Cash Used In Operating Activities</b>	<u>(827,098)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(577,522)
<b>Net Cash Used In Investing Activities</b>	<u>(577,522)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Rights Issue	2,720,000
Proceeds from Public Issue	7,568,000
Payment of estimated listing expenses	(825,872)
Dividends paid	(1,371,111)
<b>Net Cash From Financing Activities</b>	<u>8,091,017</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	6,686,397
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	1,134,441
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<u><u>7,820,838</u></u>

## 12.0 ACCOUNTANTS' REPORT (Cont'd)

### NOTES TO PROFORMA CASH FLOW STATEMENT

- |     |  |                  |
|-----|--|------------------|
| (a) | Cash and cash equivalents carried forward consist of:- | RM               |
|     | Cash and bank balances                                 | <u>7,820,838</u> |
- (b) During the financial period, the Company acquired a freehold building for a consideration of RM490,770 of which RM190,770 is still outstanding.
- (c) On 9 August 2004, the Company declared the payment of an interim tax exempt dividend amounting to RM1,300,000 to the shareholders of Excel Force MSC after the Bonus Issue.
- (d) Out of the total estimated listing expenses of RM1,100,000, RM274,128 was paid during the financial year ended 31 December 2003 and the balance of RM825,872 is assumed to be paid in the current financial period ended 30 June 2004.

## 11. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2004 for Excel Force MSC.

Yours very truly,



TAN CHIN HUAT & CO  
Firm No: AF 1395  
Chartered Accountants (M)



TAN CHIN HUAT  
Approval No: 2037/6/06(J)  
Proprietor