

EXCEL FORCE MSC BERHAD (“EFORCE” OR THE “COMPANY”)

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 EXISTING ORDINARY SHARE IN EFORCE (“EFORCE SHARES”) INTO 2 ORDINARY SHARES IN EFORCE (“SPLIT SHARES”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER

1. INTRODUCTION

On behalf of the Board of Directors of EFORCE (~~%Board+~~), RHB Investment Bank Berhad (~~%RHBIB+~~) wishes to announce that the Company proposes to undertake a share split involving the subdivision of every 1 existing EFORCE Share into 2 Split Shares held on an entitlement date to be determined and announced later (~~%Proposed Share Split+~~).

2. DETAILS OF THE PROPOSED SHARE SPLIT

2.1 Proposed Share Split

The Proposed Share Split entails the subdivision of every 1 EFORCE Share into 2 Split Shares held by the entitled shareholders of EFORCE, whose names appear in the Record of Depositors of the Company at the close of business on a date to be determined and announced later by the Board (~~%Entitlement Date+~~).

As at 14 April 2017 (being the latest practicable date prior to the date of this announcement) (~~%LPD+~~), the issued share capital of EFORCE is RM20,743,365 comprising 206,865,975 EFORCE Shares. Assuming the full exercise of all the outstanding 103,286,156 warrants (~~%Outstanding Warrants+~~) prior to the Entitlement Date, the enlarged issued share capital of the Company would be RM90,977,951 comprising 620,304,262 Split Shares. The actual number of Split Shares to be issued under the Proposed Share Split will be determined based on the issued share capital of the Company as at the Entitlement Date.

2.2 Ranking of the Split Shares

The Split Shares will, upon allotment and issuance, rank pari passu in all respects with each other.

2.3 Theoretical price of the Split Shares

For illustration purposes, based on the last transacted market price of EFORCE Shares as at the LPD, the market price of the Split Share after the Proposed Share Split shall theoretically be adjusted as follows:-

	Assumed number of shares held	Market price per share (RM)	Total value (RM)
As at the LPD	100	1.830	183
After the Proposed Share Split	200	0.915	183

Accordingly, the Proposed Share Split is not expected to have any impact on the total value of ordinary shares held by the shareholders of EFORCE.

2.4 Listing of and quotation for the Split Shares, Additional Warrants and new Split Shares to be issued in relation to the Additional Warrants

An application will be made to Bursa Malaysia Securities Berhad (~~%Bursa Securities+~~) for the listing of and quotation for the Split Shares, additional warrants (consequential securities to be issued in relation to the Proposed Share Split) (~~%Additional Warrants+~~) and new Split Shares to be issued in relation to the Additional Warrants, on the Main Market of Bursa Securities.

No suspension will be imposed on the trading of EFORCE Shares on the Main Market of Bursa Securities for the purpose of implementing the Proposed Share Split as the Proposed Share Split is prescribed as a Specific Subdivision pursuant to paragraph 13.04(3) of the Main Market Listing Requirements of Bursa Securities (**Listing Requirements**).

The Split Shares to be issued pursuant to the Proposed Share Split and Additional Warrants will be listed and quoted on the Main Market of Bursa Securities on the next market day following the Entitlement Date.

3. RATIONALE FOR THE PROPOSED SHARE SPLIT

The adjustment in the market price of EFORCE Shares as a result of the Proposed Share Split is expected to result in the Split Shares being more affordable in order to appeal to a wider group of public shareholders and investors. The Proposed Share Split may also improve the trading liquidity of the ordinary shares in the Company on the Main Market of Bursa Securities by increasing the number of shares in issue.

4. EFFECTS OF THE PROPOSED SHARE SPLIT

The proforma effects of the Proposed Share Split on the issued share capital, substantial shareholders' shareholding and convertible securities of the Company as well as NA per share, gearing, earnings and EPS of EFORCE and its subsidiaries (**EFORCE Group**), are illustrated below based on the following assumptions:

Minimum Scenario: Assuming none of the Outstanding Warrants are exercised into new EFORCE Shares prior to the Entitlement Date.

Maximum Scenario: Assuming all the 103,286,156 Outstanding Warrants are exercised into new EFORCE Shares prior to the Entitlement Date.

4.1 Share capital

The proforma effects of the Proposed Share Split on the issued share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of shares	Amount (RM)	No. of shares	Amount (RM)
Issued share capital as at the LPD	206,865,975	20,743,365	206,865,975	20,743,365
Assuming full exercise of the Outstanding Warrants	-	-	103,286,156	70,234,586
Enlarged issued share capital	206,865,975	20,743,365	310,152,131	90,977,951
Issued share capital after the Proposed Share Split	413,731,950	20,743,365	620,304,262	90,977,951

4.2 Substantial shareholders' shareholding

The Proposed Share Split will not have any effect on the percentage shareholding of the substantial shareholders of the Company. However, the number of shares held by the substantial shareholders of the Company will increase proportionately as a result of the Proposed Share Split.

4.3 NA per share and gearing

The proforma effects of the Proposed Share Split on the NA per share and gearing of EFORCE Group based on the latest audited consolidated statement of financial position of the Company as at 31 December 2015 and on the assumption that the Proposed Share Split had been effected on that date are as follows:

Minimum Scenario

	Audited as at 31 December 2015 (RM)	After adjusting for subsequent events up to the LPD ⁽¹⁾ (RM)	Proforma I After the Proposed Share Split (RM)
Share capital	20,676,810	20,743,365	20,743,365
Retained earnings	23,263,333	23,263,333	23,173,333 ⁽²⁾
Total equity attributable to owners of the Company	43,940,143	44,006,698	43,916,698
Non-controlling interests	506,347	506,347	506,347
Total equity	44,446,490	44,513,045	44,423,045
No. of shares in issue	206,768,100	206,865,975	413,731,950
NA per share (RM)	0.21	0.22	0.11
Total borrowings	6,202,218	6,202,218	6,202,218
Gearing (times)	0.14	0.14	0.14

Notes:

- (1) After taking into consideration the 97,875 Warrants which were exercised at an exercise price of RM0.68 each subsequent to the financial year ended 31 December 2015:
- (2) After deducting the estimated expenses of RM90,000 relating to the Proposed Share Split.

Maximum Scenario

	Audited as at 31 December 2015 (RM)	After adjusting for subsequent events up to the LPD ⁽¹⁾ (RM)	Proforma I After the full exercise of the outstanding warrants ⁽²⁾ (RM)	Proforma II After Proforma I and the Proposed Share Split (RM)
Share capital	20,676,810	20,743,365	90,977,951	90,977,951
Retained earnings	23,263,333	23,263,333	23,263,333	23,173,333 ⁽³⁾
Total equity attributable to owners of the Company	43,940,143	44,006,698	114,241,284	114,151,284
Non-controlling interests	506,347	506,347	506,347	506,347
Total equity	44,446,490	44,513,045	114,747,631	114,657,631
No. of shares in issue ⁽¹⁾	206,768,100	206,865,975	310,152,131	620,304,262
NA per share (RM)	0.21	0.22	0.37	0.18
Total borrowings	6,202,218	6,202,218	6,202,218	6,202,218
Gearing (times)	0.14	0.14	0.05	0.05

Notes:

- (1) After taking into consideration the 97,875 Warrants which were exercised at an exercise price of RM0.68 each subsequent to the financial year ended 31 December 2015.
- (2) Assuming the exercise of all 103,286,156 Outstanding Warrants prior to the Entitlement Date at an exercise price of RM0.68 each.
- (3) After deducting the estimated expenses of RM90,000 relating to the Proposed Share Split.

4.4 Earnings and EPS

The Proposed Share Split is not expected to have any material effect on the earnings of EFORCE Group for the FYE 31 December 2017.

However, assuming the net earnings of EFORCE Group remain unchanged, the EPS of EFORCE Group will be proportionally diluted as a result of the increase in the number Split Shares in issue upon completion of the Proposed Share Split.

4.5 Convertible securities

As at the LPD, save for the 103,286,156 Outstanding Warrants, the Company does not have any other convertible securities.

Based on the clause pertaining to the adjustments of exercise price and number of Warrants as set out in the Deed Poll, adjustments are required to be made in relation to the Proposed Share Split to the respective existing exercise price of the Outstanding Warrants and the number of Outstanding Warrants which remained unexercised. In addition, any adjustment required will only be determined on the Entitlement Date and will be effective from the close of business on the Market Day following the Entitlement Date.

Fraction entitlements arising from the Proposed Share Split, if any, shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and in the best interest of the Company.

The additional warrants to be issued (~~%Additional Warrants+~~) would upon allotment and issue, rank pari passu in all respects with the Warrants. For avoidance of doubt, the Additional Warrants to be issued be identical in all respects with the Warrants, such that it would be consolidated to form the same series with the Warrants and would be governed by the same terms and conditions as constituted by the Deed Poll.

The Split Shares to be issued arising from the exercise of the Additional Warrants (~~%Exercised Shares+~~) shall, upon allotment and issuance, rank pari passu in all respects with the existing Split Shares upon listing, save and except that they shall not be entitled to any dividend, rights, allotment and/ or other distributions, the entitlement date of which is prior to the date of allotment of the Exercised Shares.

The details of the actual adjustments to the exercise price and number of Warrants shall be announced at a later date and shall be set out in a notice of adjustments to the holders of the Warrants, which shall be despatched within 21 days of such adjustments.

5. APPROVALS REQUIRED

The Proposed Share Split is subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
 - (a) Proposed Share Split;
 - (b) listing of and quotation for the Split Shares to be issued pursuant to the Proposed Share Split on the Main Market of Bursa Securities;
 - (c) listing of and quotation for the Additional Warrants; and
 - (d) listing of and quotation for the new Split Shares to be issued arising from the exercise of the Additional Warrants on the Main Market of Bursa Securities.

- (ii) the shareholders of EFORCE at the EGM of the Company to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Share Split is not conditional upon any other proposals undertaken by the Company.

The voting on the ordinary resolution pursuant to the Proposed Share Split at the forthcoming EGM of the Company will be taken via poll.

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

None of the Directors and/or major shareholders of the Company as well as persons connected with them have any interest, either direct or indirect, in the Proposed Share Split, save for their respective entitlements as shareholders in relation to the Proposed Share Split which are also available to all other shareholders of the Company as at the Entitlement Date.

7. DIRECTORS' RECOMMENDATION

The Board, after having considered and deliberated on all aspects of the Proposed Share Split, including the rationale and justifications as well as the effects of the Proposed Share Split, is of the opinion that the Proposed Share Split is in the best interest of the Company.

8. ADVISER

RHBIB has been appointed by the Board as the Adviser for the Proposed Share Split.

9. ESTIMATED TIMEFRAME FOR SUBMISSION TO AUTHORITIES AND COMPLETION

Barring any unforeseen circumstances, the applications to the relevant authorities for the Proposed Share Split will be made within 1 month from the date of this announcement.

Barring any unforeseen circumstances, the Board expects the Proposed Share Split to be completed by the 3rd quarter of calendar year 2017.

This announcement is dated 17 April 2017.