

**ExcelFORCE** MSC Berhad  
[Registration No. 200201003114 (570777-X)]

# ANNUAL REPORT 2023

# We Build Awesome Digital Systems

# OUR VISION

To be an innovative and high value adding software solution provider

# OUR MISSION

We continuously strive to increase our technology know-how and capabilities, deepen our domain knowledge & optimise the use of our resources to produce high quality applications and services that expand our market reach, grow our revenue & sustain our profitability

## OUR CORE VALUES

### CUSTOMER FOCUS

**Create value for customers**  
*Which means solve their problems!*

**Source of our growth and profitability**  
*Otherwise how to pay dividend and bonuses!*



### ACCOUNTABILITY

**Accept responsibility for actions and decisions**  
*Don't pass the buck!*

**Take charge and get the work done**  
*Do the work and do it with pride!*



### RESPECT

**Treat everyone with dignity**  
*Regardless of creed, colour and religion.*

**Do not discriminate and demean anyone**  
*This speaks for itself. Period.*

**Foster a safe and vibrant work environment**  
*Allow creativity to flourish.*



### TEAMWORK & COLLABORATION

**Combine strengths in numbers and capabilities**  
*Overcome individual limitations.*

**Breakthrough comes from diverse ideas and opinions**  
*Not with herd mentality!*

**Get more done better and faster**  
*The ultimate results we want!*



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# Notice of Annual General Meeting

## EXCEL FORCE MSC BERHAD

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("21st AGM") of the Company will be conducted on a virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the Broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 5 December 2023 at 9.30 a.m. or at any adjournment thereof, for the transaction of the following businesses:

### AGENDA

#### Ordinary Business

- |    |  |                               |
|----|--|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial period from 1 January 2022 to 30 June 2023 together with the Reports of the Directors and Auditors thereon.            | <b>Please refer to Note 1</b> |
| 2. | To approve the payment of a final single-tier dividend of 0.50 sen per ordinary share for the financial period from 1 January 2022 to 30 June 2023.                                  | <b>Ordinary Resolution 1</b>  |
| 3. | To re-elect the following Directors who are retiring by rotation pursuant to Clause 105 of the Company's Constitution and being eligible, have offered themselves for re-election:-  |                               |
|    | a) Wong Kok Chau   | <b>Ordinary Resolution 2</b>  |
|    | b) Dato' Sri Ismail Bin Ahmad  | <b>Ordinary Resolution 3</b>  |
| 4. | To re-elect Datuk Wira Farhash Wafa Salvador who is retiring pursuant to Clause 114 of the Company's Constitution and being eligible, has offered himself for re-election.           | <b>Ordinary Resolution 4</b>  |
| 5. | To approve and ratify the payment of the Directors' Fees paid to the Directors of the Company amounting to RM4,000.00 for the period from 1 January 2023 up to 30 June 2023.         | <b>Ordinary Resolution 5</b>  |
| 6. | To approve the Directors' fees amounting to RM624,000.00 for the period from the 21st AGM of the Company up to the Twenty-Second Annual General Meeting ("22nd AGM") of the Company. | <b>Ordinary Resolution 6</b>  |
| 7. | To re-appoint Messrs. TGS TW PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 7</b>  |

#### Special Business

To consider and if thought fit, to pass the following resolutions: -

- |    |   |                              |
|----|---|------------------------------|
| 8. | <b>Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016</b>  | <b>Ordinary Resolution 8</b> |
|    | <p>"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.</p> |                              |

# Notice of Annual General Meeting (Cont'd)

EXCEL FORCE MSC BERHAD

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AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 61 of the Company's Constitution, the shareholders of the Company by approving this resolution are deemed to have waived their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank *pari passu* with the existing shares in the Company."

9. **Proposed Renewal of authority for the Company to purchase its own shares ("Proposed Renewal of Share Buy-Back Authority")** **Ordinary Resolution 9**

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

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

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

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

whichever occurs first.

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

10. To transact any other business of the Company for which due notice shall have been given.



# Notice of Annual General Meeting (Cont'd)

## EXCEL FORCE MSC BERHAD

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the Final Single-tier Dividend of 0.50 sen per ordinary share in respect of the financial period from 1 January 2022 to 30 June 2023, if approved by shareholders at the forthcoming AGM, will be payable on 5 January 2024 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 21 December 2023.

A Depositor shall qualify for entitlement only in respect of:

- a) shares transferred to the Depositor's Securities Account before 4.30 p.m. on 21 December 2023 in respect of transfer; and
- b) shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

**TAN TONG LANG (MAICSA 7045482/ SSM PC NO. 202208000250)**

**THIEN LEE MEE (LS0010621 / SSM PC No. 201908002254)**

**LOW VEN SIN (MAICSA 7076080 / SSM PC No. 202208000340)**

Company Secretaries

W.P. Kuala Lumpur

Date: 31 October 2023

### NOTES:

1. The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
5. For the purpose of determining a member who shall be entitled to attend the 21st AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 28 November 2023. Only a depositor whose name appears on the Record of the Depositor as at 28 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
6. To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, Aldpro Corporate Services Sdn Bhd, B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1 Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

### Explanatory Notes :

#### Item 1 of the Agenda - Audited Financial Statements for the financial period from 1 January 2022 to 30 June 2023

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

#### Ordinary Resolutions 2 & 3: Re-election of Directors who retire by rotation pursuant to Clause 105 of the Company's Constitution

Clause 105 of the Company's Constitution states that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of meeting at which he retires.

Wong Kok Chau and Dato' Sri Ismail Bin Ahmad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

# Notice of Annual General Meeting (Cont'd)

## EXCEL FORCE MSC BERHAD

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For the purpose of determining the eligibility of the Directors to stand for re-election at the 21st AGM, the Nomination Committee has considered and recommended Wong Kok Chau and Dato' Sri Ismail Bin Ahmad for re-election as Directors pursuant to Clause 105 of the Company's Constitution.

### **Ordinary Resolution 4: Re-election of Director who retires in accordance with Clause 114 of the Company's Constitution**

Clause 114 of the Company's Constitution states that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Datuk Wira Farhash Wafa Salvador is standing for re-election as Director of the Company and being eligible, has offered himself for re-election.

For the purpose of determining the eligibility of the Director to stand for re-election at the 21st AGM, the Nomination Committee has considered and recommended Datuk Wira Farhash Wafa Salvador for re-election as Director pursuant to Clause 114 of the Company's Constitution.

### **Ordinary Resolution 5: Ratification of the payment of the Directors' Fees**

The shareholders had on the Twentieth AGM ("20th AGM") held on 9 June 2022, approved the payment of Directors' fees payable to the Directors of the Company amounting to RM624,000 for the period from the 20th AGM of the Company up to the 21st AGM of the Company.

However, in view of the change of financial year end of the Company, i.e. from 31 December 2022 to 30 June 2023, the new financial period under review of the Company is made up from 1 January 2022 to 30 June 2023 (18 months). Hence, the Company had paid an additional Directors' Fees of RM4,000.00 which made up to RM628,000.00 to the Directors of the Company. This resolution is to facilitate the advance payment of to the Directors of the Company for the period from 1 January 2023 to 30 June 2023.

### **Ordinary Resolution 8: Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed Ordinary Resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 9 June 2022 ("the Previous Mandate"). The Previous Mandate was not utilised and accordingly no proceeds were raised. The proposed resolution 8, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next Annual General Meeting of the Company.

### **Ordinary Resolution 9: Proposed Renewal of Share Buy-Back Authority**

The proposed Ordinary Resolution 9 if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company. Further details are set out in the Statement to Shareholders dated 31 October 2023.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Analysis of Shareholdings of this Annual Report.

Please refer to Explanatory Note 1 for information relating to general mandate for issue of securities.

# Five-Year Financial Highlights

## EXCEL FORCE MSC BERHAD

	31.12.2018	31.12.2019	31.12.2020	31.12.2021	18 months 30.6.2023
<b>Financial Performance (RM'000)</b>					
Turnover	22,939	22,963	31,386	37,289	43,380
Profit before Tax	7,935	8,290	14,175	16,886	16,354
Profit for the Year	6,657	6,471	10,766	12,320	11,784
PATANCI	6,657	6,471	10,766	12,320	12,119
<b>Key Statement of Financial Position Data (RM'000)</b>					
Cash and Bank Balances	29,813	22,789	22,853	32,356	31,171
Total Assets	58,723	101,433	102,390	110,300	107,146
Total Liabilities	11,521	4,965	11,637	10,596	10,250
Total Net Tangible Assets	36,112	85,151	78,821	87,529	81,464
Share Capital	20,998	89,303	89,303	81,176	81,176
Equity Attributable to the Owners of the Company	47,202	96,469	90,752	99,159	96,896
<b>Share Information (sen)</b>					
Basic Earnings Per Share <sup>1</sup>	1.61	1.38	1.91	2.20	2.17
Diluted Earnings Per Share <sup>2</sup>	1.07	1.38	1.91	2.20	2.17
Dividend Per Share	1.50	1.00	1.50	1.50	1.00
<b>Financial Ratios</b>					
Current Ratio (times)	3.17	10.84	6.11	6.95	7.31
Net Asset Per Share (RM)	0.11	0.17	0.15	0.18	0.17
Return on Equity (ROE)	14%	7%	12%	12%	13%
Dividend Payout Ratio	93%	72%	79%	68%	46%

### Notes:

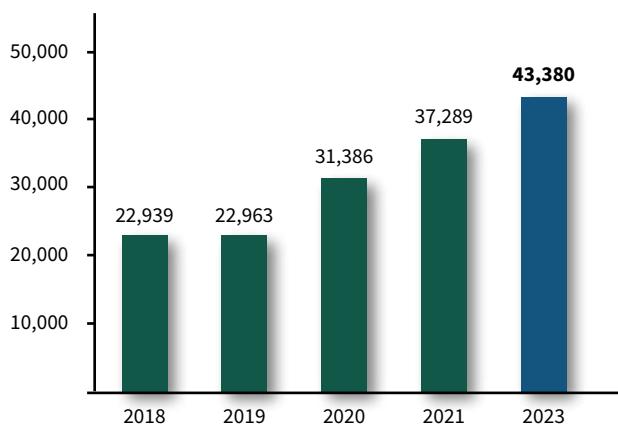
- Earnings per share ("EPS") is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year/period.  
  
PATANCI represents Profit after Tax and Non-Controlling Interests, being profit attributable to equity holders of the Company.
- The diluted earnings per ordinary share is computed by dividing the PATANCI by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of all potential ordinary shares in issued at the end of the reporting period.
- ROE is calculated by dividing the PATANCI by the equity attributable to equity holders of the Company.
- The financial year end of the Group has been changed from 31 December to 30 June. As such, the current financial period will represent a longer period of eighteen (18) months from 1 January 2022 to 30 June 2023. There will be no comparative financial information available for the financial period ended 30 June 2023.



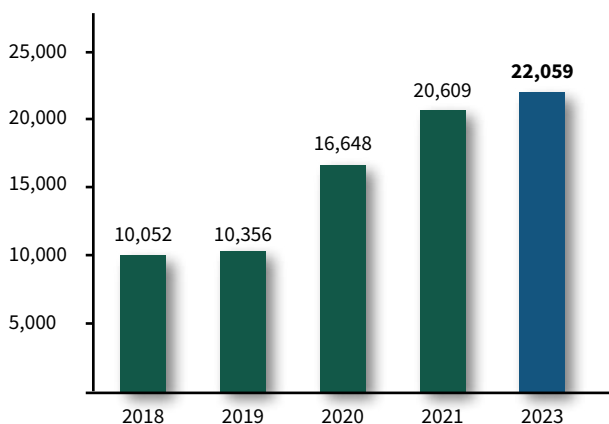
# Five-Year Financial Highlights (Cont'd)

## EXCEL FORCE MSC BERHAD

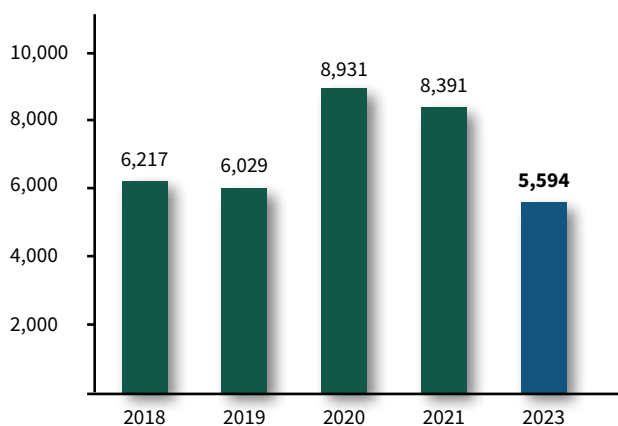
Turnover (RM'000)



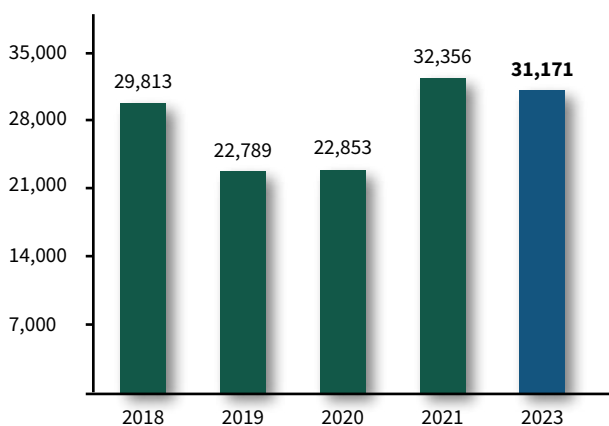
EBITDA (RM'000)



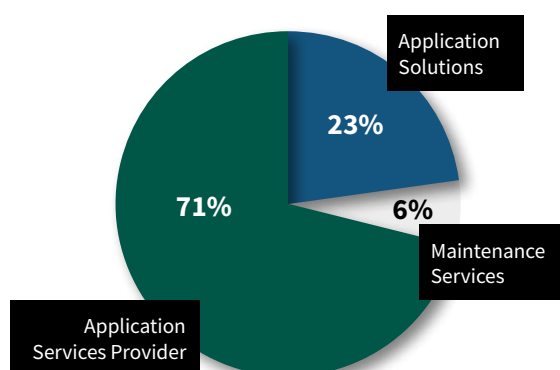
Dividend Paid & Proposed (RM'000)



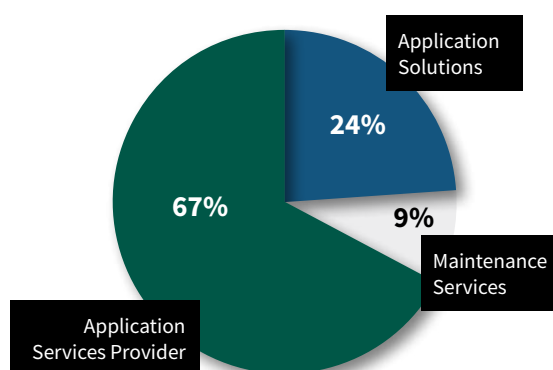
Cash & Cash Equivalent (RM'000)



Group Segmental Revenue 2021 (RM'000)



Group Segmental Revenue 2023 (RM'000)



Notes:

- Application Solutions ("AS") represent sales of software applications and products on outright purchase basis.
- Application Services Provider ("ASP") represents provision of application services on monthly recurring fixed and variable charges.
- Maintenance Services represent provision of maintenance services.
- EBITDA represents Earnings before Interest, Taxation, Depreciation and Amortisation.

# Corporate Information

## EXCEL FORCE MSC BERHAD

### BOARD OF DIRECTORS

#### Executive Chairman

Datuk Wira Farhash Wafa Salvador  
(Appointed on 9 May 2023)

#### Managing Director

Mr Wong Kok Chau

#### Executive Director

Mr Eng Shao Hon

#### Independent Non-Executive Directors

Datuk Mat Noor bin Nawī  
Dato' Sri Ismail bin Ahmad  
Ms Elisa Tan Mun-E

### AUDIT COMMITTEE

#### Chairman

Datuk Mat Noor bin Nawī

#### Members

Dato' Sri Ismail bin Ahmad  
Ms Elisa Tan Mun-E

### REMUNERATION COMMITTEE

#### Chairman

Dato' Sri Ismail bin Ahmad

#### Members

Datuk Mat Noor bin Nawī  
Ms Elisa Tan Mun-E

### NOMINATION COMMITTEE

#### Chairman

Dato' Sri Ismail bin Ahmad

#### Members

Datuk Mat Noor bin Nawī  
Ms Elisa Tan Mun-E

### COMPANY SECRETARIES

Tan Tong Lang  
(MAICSA 7045482 / SSM PC No. 202208000250)  
Thien Lee Mee  
(LS0010621 / SSM PC No. 201908002254)  
Low Ven Sin  
(MAICSA 7076080 / SSM PC No. 202208000340)

### BUSINESS OFFICE

Level 31, MYEG Tower, Empire City  
No. 8, Jalan Damansara, PJU 8  
47820 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7735 2288 (Hunting line)  
Fax: 03-7735 2289

### REGISTERED OFFICE

B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1 Medan Syed Putra Utara  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Tel: 03-9770 2200  
Fax: 03-9770 2239  
Email: boardroom@boardroom.com.my

### SOLICITORS

Cheong Wai Meng & Van Buerle  
No. 30, 2nd Floor, Jalan USJ 10/1  
47620 Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-5638 7621  
Fax: 03-5638 2313

### PRINCIPAL BANKER

Hong Leong Bank Berhad

### AUDITORS

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants  
E-16-2B, Level 16, ICON Tower (East)  
No.1, Jalan 1/68F, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-9771 4326  
Fax: 03-9771 4327

### REGISTRAR

Aldpro Corporate Services Sdn Bhd  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No. 1 Medan Syed Putra Utara  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Tel: 03-9770 2200  
Fax: 03-9770 2239  
Email: registrar@aldpro.com.my

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Berhad  
Stock Name: EFORCE  
Stock Code: 0065  
Sector: Technology

### WEBSITE

[www.excelforce.com.my](http://www.excelforce.com.my)

# Board of Directors' Profile

## EXCEL FORCE MSC BERHAD

### DATUK WIRA FARHASH WAFA SALVADOR

**Executive Chairman** | Male, Aged 41

Datuk Wira Farhash Wafa Salvador ("Datuk Wira Farhash"), a Malaysian, was appointed to the Board on 9 May 2023. Datuk Wira Farhash was graduate with professional qualification major in Executive Certificate in Public Leadership from Harvard Kennedy School, Harvard University, a masters holder major in Master Science in Finance from University of Portsmouth, United Kingdom and a degree holder major in Honours Degree of Bachelor of Arts in Business Administration from University of Portsmouth, United Kingdom.

Datuk Wira Farhash brings with him over more than a decades worth of experience in the field of business, consultancy and advisory. In the business front, his illustrious career spans across a broad range of sectors which includes construction, technology, hotel, food & beverage. He is also a staunch advocate to promoting the development of the Small Medium Enterprise ("SME") industry in the country. Moreover, Datuk Wira Farhash is a multi-talented innovator with five award-winning patents held across the world including the United States, United Kingdom, France, Germany, and China.

As testament to his talents and invaluable contribution to the industry, he was named, amongst the many, Emerging Entrepreneur of the Year in 2020 by the Global Business Leadership Awards, Enterprising Entrepreneur of the Year in 2019 and Technopreneur of the Year in 2018 by SEBA, Malaysia Outstanding National Entrepreneur Bumiputra in Business in 2018, 100th most influential young entrepreneur in 2017 and Bumiputera Entrepreneur Startup Scheme Award by the Bumiputera Agenda Leadership Unit (TERAJU) in 2016.

He is or had been a director and/or shareholder in at least ten (10) private companies which includes Swag Technologies Sdn Bhd, Salvador & Sons Sdn Bhd and Pacific Samudera Sdn Bhd. He was also an Independent Non-Executive Director of Bluemont Group Limited (now known as Southern Archipelago Limited) from 2014 to 2016, a Public Listed Company listed on the Mainboard of the Singapore Exchange ("SGX").

He presently sits in the Board of Advisory of Yayasan Usahawan Malaysia, a non-government organisation that thrives on the frontier of gathering, creating and developing sustainable companies with strong entrepreneurship traits. He is also a Group Executive Chairman of Apex Equity Holdings Berhad, a Non Independent and Non Executive Chairman of 7-Eleven Malaysia Holdings Berhad and a Director of Berjaya Construction Berhad.

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### WONG KOK CHAU

**Managing Director** | Male, Aged 54

Wong Kok Chau ("Kok Chau"), a Malaysian, was appointed to the Board on 24 November 2016 and re-designated as Managing Director on 1 July 2020. He is a member of the Chartered Global Management Accountant (CGMA) and the Malaysian Institute of Accountants (MIA).

He started his career with Ernst & Young providing corporate advisory services to business investors. Next, he joined a French based fast-moving consumer goods, BIC, as their Regional Controller for Asia. Kok Chau was a member of the Asian growth strategy execution team.

He was subsequently recruited by Kepner-Tregoe (KT), a US-based training and consulting company as Financial Controller for Asia Pacific. His responsibility included financial and management reporting, treasury, costing, logistic and administration, and managed a team of back office support resources across 6 countries.

Midway in his career with KT, he switched role to be a full time Consultant. He was a key resource in margin improvement and strategy formulation consulting projects, assuming the role of analyst and process consultant. He managed a regional inside sale team, responsible for selling training services and identifying consulting opportunities.

He left KT to establish his own business in Singapore. A Davids & Company (ADC) is a productivity improvement consulting company, focus on increasing the thinking capability of people to solve problems and get the right things done right first time. Amongst the projects he implemented were formulating business direction of a global facilities management company and improving cross functional team communication and coordination of a regional telco.

In EForce, he is responsible to formulate and execute strategic projects for business growth, increase operational efficiency, improve service delivery quality and business development.

On 9 July 2018, Kok Chau was appointed as an independent and non-executive director of MY E.G. Services Berhad. He is also Chairman of the Audit Committee, Chairman of Employees' Share Option Scheme Committee, and a member of the Risk Management and Remuneration Committee of MY E. G. Services Berhad.

## Board of Directors' Profile (Cont'd)

### EXCEL FORCE MSC BERHAD

#### ENG SHAO HON

**Executive Director** | Male, Aged 48

Eng Shao Hon, a Malaysian, was appointed to the Board on 2 January 2013. He graduated with a Bachelor Degree in Electrical and Electronic Engineering from Universiti Teknologi Malaysia in 1999. He is a Microsoft Certified Solutions Developer, holding a MCSD certification from Microsoft Corporation in 2003.

Shao Hon started his career in 1999 with Motorola Malaysia as Research & Development (R&D) Software Engineer. He was responsible for the design and development of software for new telecommunication products.

Two years later, he joined EForce as a Senior Software Engineer and subsequently, he was transferred to R&D department to assist in the development of the CyberBroker suite of solutions.

He was the solution designer and key person in the development of StockBanking System, where his knowledge and expertise in Share Margin Financing System was applied.

He did not hold any directorship in public companies and listed issuer.

Presently, he is the Chief Technology Officer responsible for research and development function in EForce.

#### DATUK MAT NOOR BIN NAWI

**Independent Non-Executive Director** | Male, Aged 68

Datuk Mat Noor bin Nawi ("Datuk Mat Noor"), a Malaysian, was appointed to the Board of the Company on 27 September 2019. He is a graduate with a Bachelor of Science (Resource Economics) from University Putra Malaysia and Master of Science (Policy Economics) from University of Illinois, Urbana-Champaign, USA.

Datuk Mat Noor bin Nawi had served with the Government of Malaysia for over 30 years where he started his career in the Malaysian civil service in 1981 as an Agriculture Economist at the Federal Agriculture Marketing Authority (FAMA) before joining Economic Planning Unit (EPU), Prime Minister's Department in 1983. He had since continued to serve the EPU in various capacities and his last position was the Deputy Director General I, EPU, prior to joining Ministry of Finance (MOF) in October 2011.

He was the Deputy Secretary General, Treasury (Systems & Controls) in MOF and later became the Deputy Secretary General, Treasury (Policy) at the MOF, a position he held since 16 November 2012. He then retired from the Malaysian civil service on 6 June 2015.

On 1 October 2015, Datuk Mat Noor was appointed as Chairman of Export-Import Bank of Malaysia Berhad (EXIM Bank) and retired on 31 September 2018. Currently, he is the Chairman of Carrier International Sdn Bhd. He also sits on the Board of PDX.com Sdn Bhd, Cuscapri Berhad and Megah Perkasa Security Services Sdn Bhd.

He is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of EForce.

#### DATO' SRI ISMAIL BIN AHMAD

**Independent Non-Executive Director** | Male, Aged 67

Dato' Sri Ismail bin Ahmad, a Malaysian, was appointed to the Board of the Company on 1 July 2020. He is a graduate with Bachelor of Science (Agriculture), Universiti Putra Malaysia and Masters of Business Administration, University of Hull, United Kingdom.

He started his career as a diplomatic and administrative officer.

He has more than 35 years of experience in public service, in 1991 he work as Assistant Secretary for Economic Planning Unit, in 1988 he is Deputy Registrar for National Institute of Public Service (INTAN), in 2006 he is the Senior Director of Ministry of Domestic Trade, Co-operation and Consumer Affairs and in 2013 he is the Director General of Road & Transport Department.

He did not hold any directorship in public companies and listed issuer.

He is a member of Audit Committee, Chairman of Nomination Committee and Remuneration Committee of EForce.

# Board of Directors' Profile (Cont'd)

EXCEL FORCE MSC BERHAD

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## ELISA TAN MUN-E

**Independent Non-Executive Director** | Female, Aged 40

Elisa Tan Mun-E, a Malaysian, was appointed to the Board of the Company on 1 December 2021. She graduated from The One Academy with Diploma in Graphic Designer.

She has vast working experience in private sector. In 2006, she worked as Assistant Designer at White Fairy Sdn Bhd. In 2012 she was the Business Development Executive at Megastonic Sdn Bhd. In 2013 she was a Director at Beyond Entity Sdn Bhd and subsequently taken additional role as Talent Manager. Currently she was the Managing Director at Awesome Loungh Sdn Bhd.

On 1 June 2023, she was appointed as Independent Non-Executive Director of MYTECH Group Berhad.

She is a member of Audit Committee, Nomination Committee and Remuneration Committee of EForce.

## Other information in respect of all Directors

1. Save as disclosed above, none of the Directors have any family relationship with any director and/or major shareholder of the Company.
2. None of the Directors have any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
3. None of the Directors have been convicted for offences other than traffic offences, if any, within the past 5 years.
4. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

# Key Senior Management Profile

## EXCEL FORCE MSC BERHAD

The Management team is headed by the Managing Director, Mr. Wong Kok Chau. He is assisted by Mr. Eng Shao Hon and the following key senior management.

### GAN TECK BAN

**Head, Sales and Business Development** | Male, Aged 57

Gan Teck Ban, a Malaysian, graduated with a Diploma in Computer Studies from Informatics Computer Centre in 1990. He obtained the MCSD certification from Microsoft Corporation in 2003.

He began his career with Wise Industries Sdn. Bhd., a rubber glove manufacturer as an Information Technology Supervisor where he was responsible for the maintenance of office computer hardware.

Thereafter, he joined Rapid Computer Centre Sdn. Bhd., a company involved in development of educational software, as Software Specialist, and was later promoted to Technical Specialist. His responsibilities include managing a software team, project planning and management.

On 1 October 1997, he joined EForce as Senior Programmer. He was involved in a number of software and system developments.

In 2005, he was promoted as Customer Service Manager. His responsibilities included managing a support team, liaise with various departments for resource planning and project implementation in EForce.

He is now Head of Sales and Business Development, responsible for formulating marketing plan, product and proposal presentation, secure new business and maintain good relationship with customers.

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### WONG GUAN BOON

**Head, Customer Service** | Male, Aged 48

Wong Guan Boon, a Malaysian, joined EForce on 22 February 1999. He holds an Advance Diploma in Computer Engineering.

He started his career as a Hardware Engineer with Excel Force Sdn Bhd and experience in technical support and marketing role. He was also involved in a number of sales and implementation of EForce's products including Internet stock trading system, Equities Back Office System, Trader Information System, Professional Trading Platform - BTX, Public Display System and StockBanking systems to customers in Malaysia, Indonesia, Singapore, Thailand and Vietnam.

Currently, he is the Head of Customer Service, responsible to oversee the customer service and support team, task to improve customer support service level and monitor functionalities of hardware and software.

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### WONG BOON LEONG

**Head, System Design and Quality Assurance** | Male, Aged 43

Wong Boon Leong, a Malaysian, joined EForce on 23 August 2005 as a Software Developer. He graduated with Bachelor of Information Systems Engineering degree from Universiti Tunku Abdul Rahman. He is also a Project Management Professional (PMP) certified practitioner.

Throughout his 17 years with EForce, he has held various positions such as System Analyst, Project Manager and Head of System Design. He has vast overseas and local projects experience, engaging with our clients from stock trading, banking and insurance industries. Boon Leong helps them to fulfill not just their business needs but gain competitive advantages by leveraging on IT systems and products.

Currently he is responsible for system design and quality assurance function.



# Key Senior Management Profile (Cont'd)

## EXCEL FORCE MSC BERHAD

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### **ALICIA CHAN SAU HSIA**

**Head, Human Resources and Administration** | Female, Aged 48

Alicia Chan Sau Hsia, a Malaysian, was appointed as the Manager of Human Resources and Administration on 1 March 2012.

She graduated with a Bachelor of Management (Marketing) from the University of South Australia. She also obtained professional certificate in Human Resources Management.

Prior to joining EForce, she was attached to several large corporations with operational roles in retail, service and human resources management. She has more than 15 years of experience in human resources and administration with over 10 years of experience at managerial level. She is experienced in recruitment, compensation and benefits, training and development, payroll management and in initiating Corporate Social Responsibility.

Currently as Head of Human Resources and Administration, she is responsible in formulating and implementing human resources strategy and productivity, aligning them to the organisation's aspirations and objectives. She also assists in creating balance amongst people, work environment and performance.

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### **LIEW KEAN FATT**

**Head, Finance** | Male, Aged 55

Liew Kean Fatt, a Malaysian, joined EForce on 15 May 2013 as Finance Manager.

He completed his Chartered Accountancy qualification with the Association of Chartered Certified Accountants (ACCA) and subsequently admitted as member of ACCA in 2000. He is a member of the Malaysian Institute of Accountants (MIA) and member of Chartered Taxation Institute of Malaysia (CTIM).

Prior to joining EForce, he worked in various industries, including manufacturing, share broking house, trading and travel agency. He joined MBP Malaysia Sdn. Bhd. (MBP) in 1995, a wholly owned subsidiary of Sime Darby Berhad (SDB), a multinational company, involved in manufacturing of road construction product. Thereafter, he worked in another subsidiary of SDB, Sime Darby Travel Sdn Bhd (SDT) as Accounts Executive, upon completion of his ACCA qualification, he has promoted to Finance Manager position. In SDT, he was responsible for operation of finance department, prepare monthly financial report and variance analysis report. He was also involved in the preparation of consolidated financial statements, management budget and treasury management.

Currently, he is the Head of Finance, his responsibilities include overseeing the operation of finance and accounts functions, preparation of financial reporting, quarterly interim financial report, annual report, risk management report and treasury management of the Group as well as ensuring compliance to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

### **Conflict of Interest**

None of the key senior management have any conflict of interest or potential conflict of interest with the Company or its subsidiaries.

### **Conviction of Offences**

None of the key senior management has been convicted of any offences (other than ordinary traffic offences, if any) within the past five (5) years.

### **Family Relationship**

None of the key senior management has family relationship with any Directors or major shareholders of the Company.

### **Other directorship in public companies and listed issuers**

None of the key senior management hold any directorship in public companies and listed issuer.

# Management Discussion and Analysis

## EXCEL FORCE MSC BERHAD

This Statement contains the Management's discussion and analysis of the business operation and performance of the Group for the financial period ended 30 June 2023. It should be read in conjunction with the audited financial statements of the Group as set out in this Annual Report.

### BUSINESS REVIEW

EForce is a leading information technology solution provider involved in the development, provision and maintenance of application and system solutions for the financial services industry, specifically the stockbroking companies and investment banks.

EForce organises its business activities into three (3) segments. They are:

1. Application Solutions ("AS") for sales of software applications and products on outright purchase basis.
2. Maintenance Services ("MS") for provision of maintenance services.
3. Application Services Provider ("ASP") for provision of application services on monthly recurring fixed and variable charges.

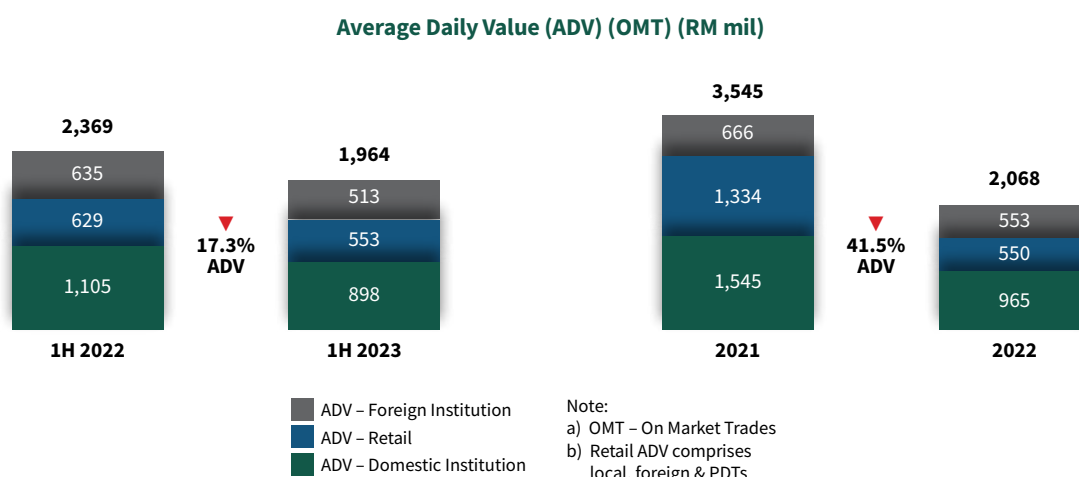
The Group's products include CyberBroker Front Office (for client-server, web and mobile-based stock trading system), CyberBroker Middle Office, CyberBroker Back Office (including Custodian and Nominee System), StockBanking System (including Share Margin Financing System) and Fundamental Analysis System.

EForce customers require reliable and stable solutions to fulfil their mission critical role as capital market intermediaries. Over the years, EForce has earned a solid reputation in consistently meeting, and at times, exceeding customers' expectations. The Group collaborates closely with customers to continuously assess their evolving business needs and develop good quality applications to fulfil them.

### REVIEW OF FINANCIAL RESULTS

The Group changed its financial year end from 31 December 2022 to 30 June 2023. As such this report covers 18 months period. The change is to avoid the calendar year end peak statutory audit period and for better resource allocation and planning.

For the 18 months period to 30 June 2023, the Group recorded total revenue of RM43.4 million, mainly contributed by ASP segment. ASP was 67% of total revenue, which is lower than previous financial years. This is due to continuing headwinds faced by the stockbroking industry as seen in the declining daily average trading volume and value recorded by Bursa Malaysia in 2022 and 2023.



Source: <https://bursa.listedcompany.com/financials.html>

The Group's Profit before Tax (PBT) was RM16.4 million and Profit after Tax (PAT) was RM11.8 million. Despite cost inflationary pressure on our profit margin, the Group managed to achieved PAT of 27%.

Total assets of the Group stood at RM107.2 million, lower by RM3.1 million from previous financial year. Total liabilities of the Group stood at RM10.2 million, lower by RM0.4 million compared to last audited financial year.

## REVIEW OF OPERATIONS

Even with the challenging business environment, we continue to invest in research and development for new applications, refresh our product line-up and enhance our solutions to meet evolving regulatory and business needs.

Amongst the new solutions under development is next generation back-office suite and a new web-based trading platform. We have carefully explored, prototyped, and incorporated many designs ideas into attracting more Millennials and Gen Zs to consider stock investment as an alternative for long term wealth building. This is in line with Securities Commission Malaysia call for action in the capital market as only 7 per cent of investors in the stock market are under the age of 45 (Source: Star 7 August 2023).

We are proud to launch our first advance charting application named Interactive X-Chart. X-Chart is designed by a seasoned technical chartist for technical charting community in Malaysia. We aim to capture a slice of the increasing use of technical analysis by investors to enter and exit the market. It is being progressively rolled out to our customers and users at large.

The Group remains steadfast in investing in our people to strengthen our core capability and explore alternatives to create new income stream by leveraging on our domain knowledge and expertise. We are open to collaboration opportunities, with local and overseas partners, that will further solidify our leading position in Malaysia as an innovative technology solution provider.

EForce continues to optimise and improve on resource utilisation, leverage on its deep domain and system knowledge to enhance efficiency in service delivery, troubleshooting and supporting our customers. The Group seeks to eliminate non-value adding activities in our application development process and improve time to market of new and enhanced applications.

The business performance of the Group's wholly owned subsidiary company, Insage MSC Sdn Bhd ("Insage") continues to be positive. More public listed companies are outsourcing their investor relation webpages and corporate websites to Insage. The Group will continue to capitalize on these opportunities in Malaysia.

Xifu Sdn Bhd ("Xifu"), a subsidiary of EForce providing a digital platform to connect investors on everything stock investment, rolled out our maiden mobile app in 1st half of 2022. We are implementing our strategic business plan, focus on growing our subscriber base and connecting with market influencers to create a robust and vibrant ecosystem for all stakeholders.

The Group's other subsidiary company, E2 Trade Sdn Bhd and Excel Force Solutions Sdn Bhd, are still dormant and not operational in FYE 2023.

## KEY BUSINESS RISK AND MITIGATION STRATEGIES

Changes to government policies, banking regulations, securities regulations and stockbroking rules have an impact to EForce's business and operational performance. The Group continuously monitors trends in regulatory development, and through regular engagements with brokers, regulators and relevant governmental agencies, the Group can better anticipate risks and formulate responses to changes.

The Group's business operation is highly dependent on the stability, availability and reliability of our application solutions, data centre, network infrastructure and equipment. EForce mitigates the operational and system risk through pre-trading system health check, close monitoring of equipment resource use for preventive actions, regular back up procedures to ensure business continuity, and fine tune our applications for performance improvement.

Keeping abreast and updated on technology advancement is critical to ensure timely and effective maintenance of our application solutions and provide quick response to customers when issues arise. EForce mitigate this risk by providing training and exposure to our employees on relevant technology development, and update on changes in the broking business landscape to ensure our solutions remain current.

The growing threats of cyber-attack to steal data for ransom and deny genuine user access to systems requires timely and effective countermeasures. To mitigate this risk, the Group tracks the latest cybersecurity trends and development, and periodically review its system security settings to strengthen cyber-defences. The Group also works closely with customers security teams to periodically review our application and fix or eliminate any vulnerabilities found.

The Group adopted a zero-tolerance stance on fraud, bribery and corruption in all forms. In 2020, an Anti-Bribery and Anti-Corruption Framework (ABAC) was established, with policy, code of conduct and ethic clearly articulated and published on our website. The Framework laid out the process and procedures to deal with bribery and corruption risks and incorporated them into our existing operational workflows.

# Management Discussion and Analysis (Cont'd)

## EXCEL FORCE MSC BERHAD

### KEY BUSINESS RISK AND MITIGATION STRATEGIES (CONT'D)

To strengthen the adoption of corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG) 2021 and the Main Market Listing Requirements, the Group intends to conduct Corporate Governance Review in the new financial year for risks assessment and mitigation. This will include review of Anti-bribery Management System in accordance with the Corporate Integrity System Malaysia (CISM) Framework.

The detail risk management and internal control are disclosed in Statement on Risk Management and Internal Control (SORMIC) on pages 36 to 38 in this annual report. The framework enables the Board to continuously identify, assess and manage risks that affects the Group.

### FORWARD LOOKING STATEMENT

Macroeconomic situation remains challenging amidst geopolitical tension between US and China, the Russian-Ukraine war and now the Israeli-Hamas war. High inflation rate worldwide led central banks to adopt a higher for longer interest rate rise, negatively affecting stock trading sentiment and exchange performance. China's lacklustre economic performance after the end of lock down and on-going solvency concern with major property developers continues to weigh down the stock market.

As a globally connected trading nation, Malaysia is not immune to the effect of high inflation and interest rate on cost of living and foreign exchange rate. Government responses to help the rakyat puts further pressure on how it will reduce fiscal deficit, manage debt servicing and get debt to GDP ratio to a better state, while trying to encourage more foreign direct investments and promote more local investment and consumption. The government forecasts the economy will expand by 4 to 5 per cent in 2024.

In the stockbroking industry, market intermediaries welcome the government's recent reduction of stamp duty rate for shares traded on Bursa Malaysia. In addition, fractional share trading was announced by the government in the Madani Economy: Rakyat Empowerment Framework, though the implementation specifics are still being worked out. A continuing bright spot for the local stock exchange is the healthy pipeline of IPO companies listing (2022 – 35 companies, 1st half of 2023 – 16 companies).

The financial industry landscape is evolving and changing rapidly. There are many asset choices now for investors to select and grow their wealth, achieve their financial goals. This is both a challenge and opportunity for stockbrokers to communicate their unique equity investment proposition. It will demand greater innovation and uniqueness in their product and service offering to attract and maintain the attention of investors, especially those of the Millennial and Gen Z cohorts.

The Group is constantly engaged with our customers to understand their business needs, uncover new ways or ideas, and help them achieve their business objectives. EForce intends to focus on growing its revenue stream, optimise utilization of resources for productive gain and improve margin. The Group regularly reviews its resource allocation to ensure our people are concentrating their time and effort on the right activities and get them done right first time, balancing between short- and long-term objectives.

The Group is cautiously positive on our business performance in the new financial year 2024. Bursa Malaysia Average Daily Trading Volume and Value have recovered in July to September 2023 period and there is clarity on the focus and priority of the government on the economy, as announced in the recent Budget speech by the Prime Minister.

The Group is also open to collaborate with potential partners in Malaysia and overseas to explore new business segments that leverages on the Group's technological capability and know-how in mission critical business environment.

### DIVIDEND

The Group had declared total dividend of RM5.6 million or equivalent to 1.0 sen per ordinary share in FYE 2023.

EForce proposed a final single tier dividend of 0.5 sen per ordinary share, subject to shareholders' approval in the upcoming Twenty-First (21st) AGM to be held on 5 December 2023. The dividend payout ratio (including the proposed dividend) will be 46% of the Group's profit or 1.0 sen per ordinary share for the current financial period.

EForce has no dividend distribution policy as management is of the view that adequate resources must be maintained within the Group for working capital and future expansion needs of the Group. Factors that may influence dividend pay-out includes profitability of the Group, the availability of cash balance, adequacy of reserve and economic situation.

# Sustainability Statement

EXCEL FORCE MSC BERHAD

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The Group recognizes business stability and growth is interlink with sustainability of the economy, natural environment, workplace and communities in which the Group operates. Hence, we are a responsible company committed to making a positive contribution to society and the environment.

Sustainability is part of our key business priority. We continue to address on-going challenges, interact with our stakeholders to understand their views and keep abreast with latest legislative and regulation updates.

The Board of Directors ("Board") has oversight to embed sustainability into the Group and its business strategy, and ensures that adequate resources, procedures and processes are in place to manage sustainability matters.

The information presented in this report is derived from fiscal year 2023 and includes the companies in the Group. The Sustainability Statement for EForce Group primarily focuses on operations and management of the economic, environmental and social sustainability. The Group is committed to operate its business in a responsible and sustainable manner and outlines the various practices embedded into Group's processes with an intent of bringing value to its businesses, stakeholders and society in general.

## WORKPLACE

The Group endeavors to provide a healthy, safe, secure and friendly workplace for employees, as they are our most valued asset. The Group continues to be vigilant in prevention of Covid-19 endemic by encouraging employees to maintain healthy personal hygiene habits, provide sanitary solutions to keep individual workspace clean, replaced and installed new air purifying machines located throughout the office with contract for regular service maintenance.

The Group continues to uphold fair labour recruitment practices and encourage recruiters to source for more under-represented female candidates. EForce grants equal opportunities to all employees for leadership role. During the year, the Group reinforced its zero-tolerance approach to bullying, sexual harassment and unethical behaviour via communication in common area. Employees are encouraged to report ethical misconduct cases without being exposed or dismissed.

Compensation and benefits paid to employees comply with all applicable laws, including minimum wage, overtime and legally mandated benefits. The Group does not impose wage deduction as a disciplinary measure. The Group ensures employees have life insurance coverage and are covered with outpatient treatment and hospitalisation insurance in the event of any medical emergencies.

To ensure inclusive and equitable promotion of lifelong learning opportunities for all, the Group contributes monthly levy to Human Resources Development Fund. Managers and employees are encouraged to identify and undergo relevant job-related skills, education, conferences and motivational training.

The Group has strategies to recruit, develop and retain its talent pool necessary to support the growth of our business. EForce strives to level up our employees' competency, skill and knowledge through structured and unstructured training. The training programs equip our employees with key skills and capabilities to support their career growth within the Group. The Employees Handbook provides guiding principles on the standards of ethics and professional conduct expected of our employees.

Record of total training hours and course title for the financial year under review		
No.	Training Title	No. of Hour(s)
1.	MIA AccTech Conference 2022	16.00
2.	Basic Fire Fighting and Emergency Response Plan	64.00
3.	The New Leadership Paradigm and Breakthrough Results	80.00
4.	Tax Planning with Latest Tax Changes for the New Economic Cycle	16.00
5.	PMP Exam Preparatory	40.00
6.	IR Law Conference 2023	32.00
7.	Train the Trainer	40.00
8.	Supervisory & People Management Skills	64.00
9.	Microsoft Excel Advance Level	64.00
10.	Positivity and Achieving Results at Workplace	32.00
11.	Successful Negotiation	32.00
	<b>Total Training Hours</b>	<b>480.00</b>

## Sustainability Statement (Cont'd)

### EXCEL FORCE MSC BERHAD

#### WORKPLACE (CONT'D)

To foster a cohesive and effective workforce, the Group organises various festive and birthday celebrations as well as outdoor sports activities. The objective is to encourage interaction and relationship building amongst employees.

Under the Group's terms of employment, employees are free to leave anytime after serving due and reasonable notice of termination. Foreign hires have work permits and they have free access to their passport at all times.

To ensure a safe and healthy working environment, the Group:

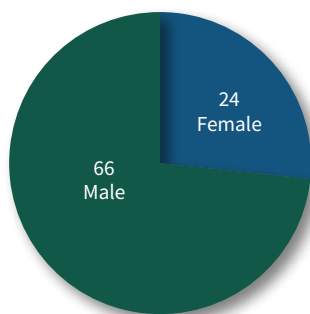
- Set policies and procedures to promote workplace health and safety, particularly for Covid-19 pandemic, and reduce accident/injury rates that could affect work performance,
- Ensures office is secured at all times (e.g. access control, CCTV surveillance, security guards etc.),
- Ensures office premises is equipped with relevant firefighting and fire prevention fitting and equipment (e.g. fire alarms, fire extinguisher, fire proof door, etc.),
- Participates in periodic fire drill exercises conducted by building management.

#### Workplace Diversity

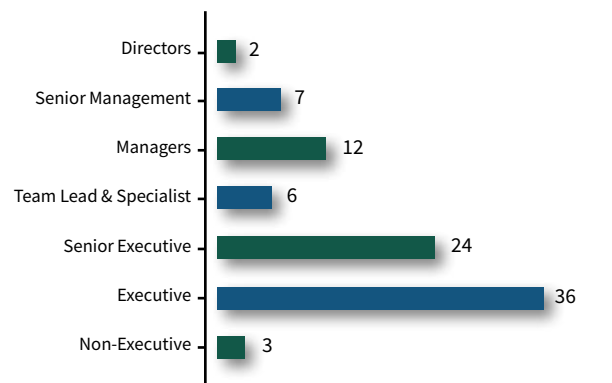
Each employee is unique and EForce embraces diversity in the workplace. This melting pot of people promotes a conducive, innovative and productive workplace. We respect each person for who they are and the capabilities they bring on joining EForce.

The following is an analysis of our workforce:

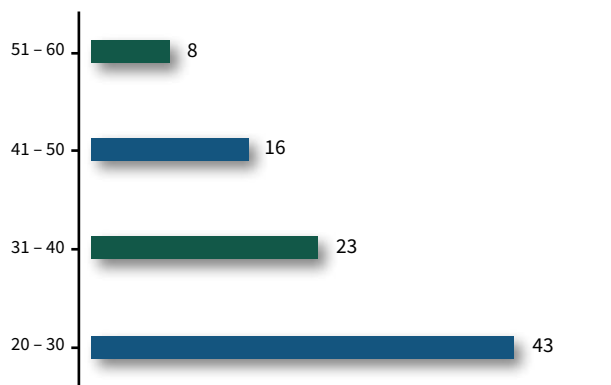
Headcount by Gender



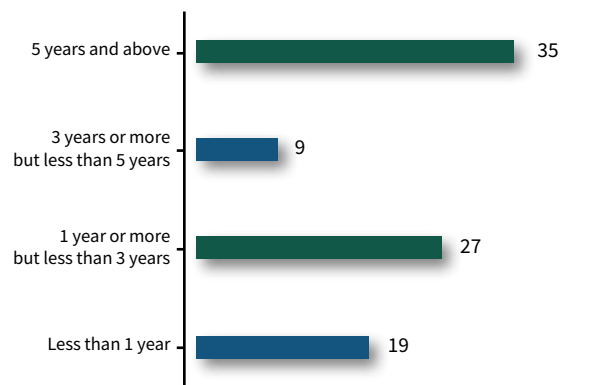
Numbers of Employee by Level



Number of Employee by Age Group



Length of Service by Years





# Sustainability Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

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### COMMUNITY

The Group uses its expertise and resources to support communities in need, collaborating with local charities and non-profit organisations.

On 23 October 2022, EForce participated in HOPE Worldwide Malaysia fund raising program, HOPE Bolathon Charity Fun Run and Masquerade Walk at Baharu Tea Valley, Gopeng, Perak. Funds raised went towards sustaining HOPE Worldwide Health & Medical Programs for the benefit of low-income families and marginalized community.



On 11 March 2023, EForce collaborated with HOPE Worldwide Kuala Lumpur to organize back-to-school sponsorship program. The objective is to motivate children from urban poor community to excel in their academy performance. HOPE Worldwide Malaysia brought children and youths from beneficial families to Mydin Hypermarket to shop for their schooling needs in preparation for new school year. On that day, each child was accompanied by their parents or guardians and volunteers from HOPE Worldwde and EForce to purchase their schooling necessities. The objective was achieved on that day.

EForce also donated monetary contribution to non-profit organisations catering to the needs of women, children, teenagers, sick and poor community.



## Sustainability Statement (Cont'd)

### EXCEL FORCE MSC BERHAD

#### COMMUNITY (CONT'D)

Name of organisation	Principle activity
The Malaysian Islamic Virtue Organization (PERKIM) Negeri Sembilan branch	Giving, providing, administering and carrying out Islamic lessons and education through all media. Carrying out all virtuous work including giving assistance, charity, scholarships and philanthropy to those who are worthy and carrying out other charities for the sick and poor.
Yayasan Chow Kit	Yayasan Chow Kit is a local NGO connecting volunteers and corporates to community projects and community needs.
Women's Aid Organisation	WAO provide free shelter, counselling, and crisis support to women and children who experience violence so they can heal and thrive.
Spastic Children's Association of Selangor and Federal Territory (SCAS & FT)	SCAS & FT is a one-stop centre for a complete range of services for persons with Cerebral Palsy. Children are admitted as young as possible, or as soon as they are diagnosed with cerebral palsy. There is no exit age and services are free of charge.
Shelter Home for Children	This is a registered welfare organisation for abused, abandoned, neglected or at-risk children.

#### MARKETPLACE

The Group believes it is important to maintain a good level of communication and understanding with internal and external stakeholders, necessary for good corporate governance, and protect its reputable and sustainable business entity.

The Group conducts stakeholder engagement to identify key stakeholders for the Group. This engagement evaluates the level of influence and dependence, whether directly and indirectly towards the Group.

A summary of the stakeholders groups, the sustainability topics and the type of engagement with frequency are shown in the following table.

List of stakeholder	Sustainable topic	Type of Engagement	Frequency
<b>Customers</b>	<ul style="list-style-type: none"> <li>Regular meeting with customers</li> <li>Provide stable, cost effective and reliable solution,</li> <li>Maintain good rapport for mutually beneficial relationship.</li> </ul>	<ul style="list-style-type: none"> <li>Regular interactions with decision makers, influencers and users within the customer organisation</li> <li>Regular operation reviews/meetings</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Ensure products are reliable, high quality and cost effective.</li> <li>Ensure after sales service is available, including emergency support.</li> <li>Forge strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and correspondences</li> <li>Get updates on latest product offering</li> <li>Supplier evaluation and rating</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>Annually</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Communication and engagement</li> <li>Working condition and welfare</li> <li>Career development and training</li> <li>Performance review</li> <li>Operation in compliance with applicable laws and standard operating procedures</li> <li>CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>Social event with employees</li> <li>Training and development</li> <li>Formal department/town hall meeting</li> <li>Appraisal and performance review</li> <li>Collaboration with non-profit organisation</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>On-going</li> <li>Annually</li> <li>On-going</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Conduct Annual General Meeting (AGM).</li> <li>Setup investor relations (IR) website for ease of communication</li> <li>Business performance</li> <li>Operation in compliance with applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Interim financial report</li> <li>Corporate website and investor relationship channel</li> <li>Regular meetings and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>On-going</li> <li>On-going</li> </ul>

# Sustainability Statement (Cont'd)

EXCEL FORCE MSC BERHAD

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## MARKETPLACE (CONT'D)

List of stakeholder	Sustainable topic	Type of Engagement	Frequency
<b>Local community</b>	<ul style="list-style-type: none"> <li>Engaged with local NGOs</li> <li>Undertake community service to assist under-privileged children</li> <li>Environment protection</li> </ul>	<ul style="list-style-type: none"> <li>Participation in local community and activities</li> <li>Sponsorship or donation</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Timely and accurate information</li> </ul>	<ul style="list-style-type: none"> <li>Press release</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> </ul>

## ENVIRONMENT

Awareness of and focus on material risks arising from the climate crisis has gained significant momentum over the past few years. Global multi-stakeholder response including public and business sectors gathered pace. Climate and sustainability ambition needs a whole-of-society approach to ensure effective and timely achievement of the desired outcomes, and adept at adapting to a warmer world and its consequences.

Stakeholders, including vendors and capital markets regulators, as well as allocators of capital such as investors, bankers and insurers, are demanding increased reporting and disclosure from businesses on environmental initiatives and actions so that informed decisions can be made. Staff and customers reasonably expect businesses to embed sustainability considerations in their business models, to better reflect contemporary priorities. The Group is taking initiative to contribute towards combating climate change and address its impact.

### Environment Friendly Initiative

- To minimize immediate climate related risk and exposure, the Group's key focus is to ensure its resources (people, equipment, materials) are optimally and efficiently used. When the right work is done and is done right first time, wastages are avoided, e.g. waiting, defect rectification, over processing, unnecessary redundancies, unrequired travel, etc. A positive consequent of this conscious effort is lower energy consumption and lower carbon footprint for the Group contribution in achieving Malaysia's climate goal under United Nations Sustainable Development Goals.
- The Group monitors monthly water and electricity consumption. The aim is to lower consumption through education and building awareness with employees on importance of sustainable use.
- The Group applies the concept of 5R (Reduce-Recycle-Reuse-Repurpose-Repair) and encourages responsible environment protection among employees and stakeholders, e.g. maximize use of electronic documentation instead of printing and photocopying to reduce paper usage, repair instead of replacing furniture and fittings, ethical disposal of obsolete electronic equipment and paper recycling.
- The Group subscribes to cloud-based services where possible instead of purchasing physical servers. Cloud servers offer several environmental benefits. Cloud service providers have consistently strive to reduce energy consumption, cut down carbon footprint, and shift to greener and smarter equipment. Through pooled sharing of resources, they saved billions of dollars in energy costs and lessen carbon emissions by millions of metric tons.
- Promote procurement of energy saving product when evaluating purchase for electronic and office equipment,

The Group will look for ways to enhance sustainability measure and disclosure going forward. We will continue to work on the various components in Bursa promoted ESG framework to better manage environmental related risks.

# Corporate Governance Overview Statement

## EXCEL FORCE MSC BERHAD

The Board of Directors' ("Board") affirms its overall responsibility in ensuring that the highest standard of Corporate Governance is practiced throughout the Group with the objective of protecting and enhancing shareholders' value, and the financial position of the Group.

The Board recognises the importance of good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance ("MCCG") and Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR").

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

#### I Board Responsibilities

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Company is led and guided by an effective Board. All Board members participate in the key issues involving the Group and give independent judgment in the interest of the Group. The Managing Director has primary responsibilities for managing the Group's day-to-day operations and together with the Executive and Non-Executive Directors to ensure that the strategies proposed by the management are fully discussed and critically examined, taking into account the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and various communities in which the Group conducts its business.

The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from the Management. The Independent Directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgment. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

In addition to the role and function of Non-Executive Directors as stated above, each Director exercises independent judgement on decision making and issues of strategy, performance, resources and standard of conduct.

Effective board leadership and oversight also require the integration of sustainability considerations in corporate strategy, governance and decision-making, as sustainability and its underlying environmental, social as well as governance (ESG) issues become increasingly material to the ability of companies to create durable and sustainable value and maintain confidence of their stakeholders. In this regard, Board shall take a holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities.

The Board has assumed the following to ensure the effectiveness of the Board and to discharge its duties and responsibilities:-

- together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on management's proposals for the company, and monitor its implementation by management;
- ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and senior management;

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I Board Responsibilities (Cont'd)

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.1 The Board has assumed the following to ensure the effectiveness of the Board and to discharge its duties and responsibilities:- (Cont'd)

- ensure that the company has in place procedures to enable effective communication with stakeholders;
- ensure that all its directors are able to understand financial statements and form a view on the information presented; and
- ensure the integrity of the company's financial and non-financial reporting. Courts have held that it is the duty of every director to read the financial statement of the company and carefully consider whether what they disclose is consistent with the director's own knowledge of the company's affairs.

1.2 The Chairman leads the Board and is responsible for the effective performance of the Board. The Chairman ensures that all relevant issues and critical information to facilitate decision making and effective running of the Group's business are included in the periodic meeting agenda.

Key responsibilities of the Chairman include:-

- providing leadership for the board so that the board can perform its responsibilities effectively;
- leading the board in the adoption and implementation of good corporate governance practices in the company;
- setting the board agenda and ensuring that directors receive complete and accurate information in a timely manner;
- leading board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;
- managing the interface between board and management; and
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole.

1.3 The position of Chairman and Managing Director are held by different individuals. The Chairman is an Executive Chairman of the Board.

1.4 The Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. Having the same person assume the positions of Chairman of the board, and Chairman of the Audit Committee, Nomination Committee or Remuneration Committee gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the board should not be involved in these committees to ensure there is check and balance as well as objective review by the board.

1.5 The Board is supported by suitably qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of governance best practices. The Company Secretaries are member of Malaysian Institute of Chartered Secretaries Administrators and a Licensed Secretary, who are experienced and competent on statutory and regulatory requirements.

The Company Secretaries carry out the following tasks:-

- (a) Attend and ensure proper conduct and procedures at all Board meetings, Board committee meeting, annual general meeting, extraordinary general meetings and other meetings that require the attendance of the Company Secretaries;
- (b) Ensure that matters discussed at the meetings are properly recorded and minuted;



# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I Board Responsibilities (Cont'd)

1.0 The Company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.5 The Company Secretaries carry out the following tasks:- (Cont'd)

- (c) Ensure that audited financial statements, quarterly financial results, annual reports, circulars and all relevant announcement are released to Bursa Securities on a timely manner;
- (d) Ensure that the Company complies with MMLR and the requirements of the relevant authorities;
- (e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirement and best practice;
- (f) Keep the Directors and principal officers informed of the closed period for trading in the Company's securities; and
- (g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.

1.6 The Board convenes on scheduled meetings quarterly to deliberate and approve the release of the Group's quarterly results. Additional meetings will be convened as and when needed. The agenda and Board papers for each item as well as minutes of previous meetings are circulated prior to the Board meetings to give the Directors sufficient time to deliberate on the issues to be raised at the Board meetings. Information is provided to the Board in the form of quarterly financial results, progress reports of core business, products developments, regulatory updates, business development, audit report as well as risk management reports.

Upon recommendation by the Management or Board Committee members, the Board will deliberate and discuss on all matters before any decision is to be made. All proceedings of the Board/Board Committee meetings are properly minuted and signed by the Chairman of the meeting.

All Directors have direct and unrestricted access to the advice and services of the Company Secretaries who are qualified and competent. This will ensure that they have unrestricted access of information within the Group.

The Directors are also able to receive advice and services from the external auditors and other independent professionals upon their request.

The Board is kept updated on the Company's activities and its operations on a regular basis. The Directors also have access to all reports on the Company's activities, both financial and operational.

External auditors and internal auditors are invited to attend meetings to provide insights and professional views, advice and explanation on matter specify in the meeting agenda. When necessary, senior management team from different department are also invited to participate at the Board meeting to enable all Board members to have equal access to the latest updates and development of the business operation presented by the senior management team.

2.0 There is demarcation of responsibilities between the Board, Board committees and management. There is clarity in the authority of the board, its committees and individual directors.

The Board is guided by its Board Charter which is reviewed periodically and published on the Company's website. The Board Charter clearly identifies;

- (a) the respective roles and responsibilities of the Board, Board committee, individual directors and management; and
- (b) issues and decisions reserved for the Board.



## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I Board Responsibilities (Cont'd)

- 2.0 The Board may appropriately delegate its authority to Board committees or management. It should not abdicate its responsibility and should all times exercise collective oversight of the Board committees and management. They should not delegate matters to a committee or management to an extent that would significantly hinder or reduce the Board's ability to discharge its function.
- 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.
- 3.1 The Board recognises the importance of formalising a Code of Conduct and Ethics Policy, setting out the standard of conduct expected from directors and employees, to engender good corporate behavior. The Code is available on the Company's website at <http://www.excelforce.com.my>.
- 3.2 The Company has in place the Whistleblowing Policy for its employees and other stakeholders to report genuine concerns in relation to breach of legal obligation (including negligence, criminal activity, breach of contract and breach of law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workspace. All complaints or grievance can be channeled to Whistleblowing team and subsequent reported to the Board.
- 3.3 In view of global developments that aims to strengthen corporate integrity and prevent bribery and corruption, including the introduction of corporate liability on commercial organisations via Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"), The Board has established Anti-Bribery and Anti-Corruption Framework ("Framework"), setting out the Group's stance against bribery and corruption and adequate procedures for managing bribery and corruption risks in the Group's businesses, regardless of the country of operation. This Framework itself does not aim to eliminate all corruption risks and is not intended to specify and mitigate every possible corruption situation. The Group and its personnel shall evaluate each situation and apply the spirit and principles of this Framework consistently in managing the Group's businesses.
- 4.0 The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.
- 4.1 The board proactively consider sustainability issues when it oversees the planning, performance and long-term strategy of the company, to ensure the company remains resilient, is able to deliver durable and sustainable value as well as maintain the confidence of its stakeholders. The role of senior management is critical, in integrating sustainability considerations in the day-to-day operations of the company and ensuring the effective implementation of the company's sustainability strategies and plans. The board and management continuously engage and consider the views of its internal and external stakeholders to better understand and manage the company's sustainability risks and opportunities. Sustainability is increasingly being recognised as a material issue to the decision-making considerations of a company's stakeholders. Many institutional investors consider the integration of ESG factors in their investment decision-making process as part of their fiduciary responsibility and several have committed to using their votes to hold boards and senior management accountable for the management and oversight of sustainability. Stakeholder expectations are heightening across various sustainability issues such as health and safety, data governance and privacy as well as climate action.
- 4.2 The company's sustainability strategies, priorities as well as targets and performance against these targets should be communicated to the internal and external stakeholders of the company. Employee awareness and understanding of the company's approach to sustainability ('what we do and why we do it') will keep them engaged on sustainability issues and support actions on sustainability across the company. External stakeholders should also remain informed through the appropriate means such as engagements and company disclosures. In preparing the latter, the board and senior management consider, among others, the information which stakeholders require to assess the company's sustainability risks and opportunities, and ensure the information are disclosed, focusing on substance and not merely form. This includes how close (or far) is the company from achieving its targets, and actions the company has or will take to address any gaps.

# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I Board Responsibilities (Cont'd)

- 4.0 The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success. (Cont'd)
- 4.3 The board have sufficient understanding and knowledge of sustainability issues that are relevant to the company and its business, to discharge its role effectively. A measure of whether a board has the required capacity and competency is its ability to tackle questions and deliberate on sustainability, as well as evaluate the sustainability risks and opportunities, and make informed decisions on the matter. To ensure the board is equipped and ready to execute its role, the board identify its professional development needs concerning sustainability and ensure these are addressed. The board will also consider whether a change in its composition or of its skills matrix is required to strengthen board leadership and oversight of sustainability issues.
- 4.4 As addressing material sustainability risks and opportunities is the responsibility of the board and senior management, the performance evaluation of the board and senior management will consider how well the board and senior management have performed their respective roles. This may include, where applicable, progress against the achievement of sustainability targets. The performance evaluation should be conducted to promote accountability and identify issues that may require intervention by the board and/or senior management. Outcomes from the evaluations and next steps should also be shared with the company's shareholders.

#### II Board Composition

- 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights.
- 5.1 The Board consists of six (6) members. There are one (1) Executive Chairman, one (1) Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the MMLR of Bursa Securities.

The Managing Director and Executive Directors oversee the management of the business and affairs of the Group. They are responsible for evaluating business opportunities and carrying through approved strategic business proposals, implementing appropriate systems of internal accounting and other controls, adopting suitably competitive human resource practices and compensation policies, and ensuring the Group operates within the approved budgets and business direction.

The Independent Non-Executive Directors are independent of management and are free from any businesses or other relationships that could materially interfere with the exercise of independent judgement. They scrutinise the decisions taken by the Board and provide objectivity to the Management.

The Board is made up of Directors with a wide range of skills, experiences and qualifications and they contribute their expertise and knowledge in areas such as accounting, finance, business management and specific industry knowledge which are relevant to the Group's business.

The Board operates in an open environment in which opinions and information are freely exchanged. Therefore, any concerns need not be focused on a single Director as all members of the Board fulfill this role individually and collectively.

The Board collectively views that its current size complies with the MMLR and is effective. The Board will review, from time to time, the need to revise its size and composition of the Board and determine the impact and the effectiveness of any proposed change of its current size.

- 5.2 The Board noted the MCGG's recommendation that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. In the event the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval through a two-tier voting process.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II Board Composition (Cont'd)

- 5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (Cont'd)
- 5.2 The Board holds the view that the ability of an Independent Director to exercise independence is not a function of his length of service as an Independent Director. The suitability and ability of an Independent Director to carry out his roles and responsibilities effectively are very much a function of his caliber, qualification, experience and personal qualities.
- 5.3 The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interest of the Group. The independent directors of the Company fulfill the criteria of "Independent" as prescribed under MMLR. They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.
- 5.4 The appointment or re-appointment of Board member, the Board and NC are guided by the Directors' Fit and Proper Policy in assessing the suitability of candidate before recommending the candidate to the Board for appointment. The Board will consider the current composition and the tenure of each member. Any recommendation from Nomination Committee for appointment or reappointment will consider carefully with due consideration given to the mix of expertise and experience that may contribute to a more effective Board. The Nomination Committee reviews and assesses the Board composition periodically to ensure that it has balance mixed skills and business experience to contribute to the success of the Group. The assessment is merit based.
- 5.5 In accordance with the Company's Constitution, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. At the forthcoming AGM, Mr Wong Kok Chau, Dato' Sri Ismail Bin Ahmad and Datuk Wira Farhash Wafa Salvador are retiring pursuant to Clause 105 and 114 of the Company's Constitution respectively. Mr Wong Kok Chau and Dato' Sri Ismail Bin Ahmad are standing for re-election pursuant to Clause 105 of the Company's Constitution and all of them have expressed their willingness to seek re-election at the forthcoming AGM. Datuk Wira Farhash Wafa Salvador is standing for re-election pursuant to Clause 114 of the Company's Constitution and he has expressed his willingness to seek re-election. Their profiles are set out in Board of Directors' Profile of this Annual Report.
- 5.6 The Board is supportive of the recommendation of MCCG and recognises the importance of boardroom diversity to the establishment of workforce gender diversity policy. As of the date this Statement, the Board currently has one (1) female director, the Group is working towards achieving the Country's aspirational target of achieving 30% representation of women on board. The participation of women in senior management has also been practiced in the Group.
- 5.7 The Board used a variety of approaches and sources to ensure that it can identify the most suitable candidates. This may include sourcing from a directors' registry and open advertisement or the use of independent search firm. Currently, the appointment of candidates for non-executive director position were sourced from recommendation made by the existing Board member, management or major shareholders.
- 5.8 During the financial period ended 30 June 2023, eight (8) Board meetings were held. The summary of attendance at the Board meetings held in the financial period ended 30 June 2023 is as follows:-

Name of Directors	Member Attendance
Datuk Wira Farhash Wafa Salvador (Appointed on 9 May 2023)	1/2
Wong Kok Chau	8/8
Eng Shao Hon	8/8
Datuk Mat Noor bin Nawi	8/8
Dato' Sri Ismail bin Ahmad	8/8
Elisa Tan Mun-E	8/8
Tan Sri Dato' Dr Muhammad Rais bin Abdul Karim (Resigned on 9 May 2023)	6/6
Gan Teck Ban (Resigned on 1 June 2023)	7/7

# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II Board Composition (Cont'd)

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspective and insights. (Cont'd)

#### 5.8 Directors' Training and Continuing Education Programme

All Directors of the Company are encouraged to continuously attend relevant training programmes to enhance their knowledge and skill in line with the ever-changing corporate laws, rules and regulations, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

All the Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Securities.

In addition to the MAP prescribed by Bursa Securities, Board members are also encouraged to attend training programme conducted by highly competent professionals that are relevant to the Company's operations and businesses.

The summary of trainings attended by the Directors for the financial period ended 30 June 2023 is as follows:-

Name of Directors	Training Programme
Mr Wong Kok Chau	Cyber Security Awareness Training Sustainable and Responsible Investing (SRI) 2023
Mr Eng Shao Hon	Cyber Security Awareness Training
Datuk Mat Noor bin Naw	Cyber Security Awareness Training
Dato' Sri Ismail bin Ahmad	Cyber Security Awareness Training
Elisa Tan Mun-E	Cyber Security Awareness Training

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors.

The Company conducts an annual assessment to evaluate the effectiveness of the Board and the Board committee as well as the performance of each individual director through the Nomination Committee ("NC").

The NC will evaluate the overall performance rating through issuance of assessment and evaluation form. This assessment and evaluation form consists of 4 sections:-

Section I – Board and Board Committees Evaluation

Section II – Assessment of Character, Experience, Integrity, Competence and Time Commitment

Section III – Assessment on Mix of Skill and Experience

Section IV – Evaluation of level of independence of a Director

The NC will also conduct an assessment on the overall performance of internal and external auditors and the NC of the Company comprises exclusively Independent Non-Executive Directors and its current composition is as follows: -

Name of Directors	Position
Dato' Sri Ismail bin Ahmad	Chairman
Datuk Mat Noor bin Naw	Member
Elisa Tan Mun-E	Member

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II Board Composition (Cont'd)

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors. (Cont'd)

The NC meets at least once a year to carry out the activities as enshrined in its terms of reference, or more frequently as the need arises, at the discretion of the Chairman of the NC.

The NC has access to any form of independent professional advice, information and the advice and services of the Company Secretaries, if and when required, in carrying out its functions.

The Company Secretaries shall record, prepare and circulate the minutes of the meetings of the NC and ensure that the minutes are properly kept and produced for inspection if required. The NC is carry out the activities as follows:

- (a) To review nominations of new directors based on selection criteria such as the incumbent's credential and their skills and contributions required by the Company.
- (b) To ensure that the Board has an appropriate balance of skills, expertise, attributes and core competencies from its member.
- (c) To recommend to the Board the potential directors to fill the seats of the Board Committees.
- (d) To assess annually the effectiveness of the Board, its Committees and the contribution of each Director.
- (e) To review succession plans for members of the Board.
- (f) To recommend training needs to the Directors.

The NC will evaluate the effectiveness of the Board as a whole, including Board Committees and the contribution of each Director annually and properly documented. The performance evaluation process established shall include clear evaluation criteria and communicated to each individual Director. All report shall be gathered and assessed by the NC for the Board's review and approval. The evaluation will be done at least once a year to gauge the effectiveness of the Board's performance, the adequacy of the blend of skill sets and experience of the Board.

During the financial year, the NC held one (1) meeting to carry out its function as stated within the term of reference. The NC reviewed the present composition of the Board and was of the view that the composition of the Board was made up of a balance mixture of skills and professionalism, no additional board member is required for the time being. All Directors have completed the Director's Self-Assessment Form and the Performance Evaluation Sheet (PES) for the assessment of the Board and Board Committees. The NC noted that there were no major issues of concern.

Criteria for assessments:-

- (a) Contribution to interaction, quality of input, understanding of role, board Chairman's role (for individual director assessment)
- (b) Board structure, board operations, board roles and responsibilities, board Chairman's role and responsibilities (for Board assessment)
- (c) Is the committee providing useful recommendations? Do the members have sufficient and relevant expertise in fulfilling their roles? Are committee chairs properly and providing appropriate reporting and recommendations to the Board? (for Board Committee assessment).

The terms of reference of the Nomination Committee can be viewed at the Company's website: [www.excelforce.com.my](http://www.excelforce.com.my) in line with Paragraph 15.08A(2) of MMLR.

# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III Remuneration

7.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the company's long term objectives. The remuneration policies and decisions are made through a transparent and independent process.

7.1 The Remuneration Committee ("RC") of the Company consists of three (3) Independent Non-Executive Directors and its current composition is as follows:

Name of Directors	Position
Dato' Sri Ismail bin Ahmad	Chairman
Datuk Mat Noor bin Nawawi	Member
Elisa Tan Mun-E	Member

The RC held one (1) meeting during the financial year to carry out its function as stated within the terms of reference. The details of terms of reference of RC are available for reference at the Company's website at [www.excelforce.com.my](http://www.excelforce.com.my).

7.2 The RC's primary responsibility is to review and recommend the remuneration of Directors to the Board. The Board, as a whole, determines the remuneration of the Directors and the individual Director is required to abstain from discussing his own remuneration.

In the case of Executive Directors, the remuneration scheme is structured based on corporate and individual performance. On the other hand, Non-Executive Directors are remunerated based on their experiences and the level of responsibilities undertaken by the respective Non-Executive Directors concerned.

The RC will make its recommendations to the Board regarding the Company's policy on the staff remuneration by taking into consideration the salary and employment conditions within the industry and benchmarks from comparable companies. The RC strives to be competitive, linking staff rewards with their performance and responsibilities.

The RC aims to directly align the interests of Directors, senior management and key executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst its senior management and key executives.

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the Company's performance.

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiary companies respectively in financial period ended 30 June 2023 are as follows:-

8.1 Aggregate remuneration of Directors categorised into appropriate components are as follows:

Company	Fees (RM)	Salaries & Bonus (RM)	Total (RM)
Executive Directors	265,000	1,709,691	1,974,691
Non-Executive Directors	363,000	-	363,000
Total	628,000	1,709,691	2,337,691

Group	Fees (RM)	Salaries & Bonus (RM)	Total (RM)
Executive Directors	265,000	2,007,627	2,272,627
Non-Executive Directors	363,000	-	363,000
Total	628,000	2,007,627	2,635,627



# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III Remuneration (Cont'd)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management commensurate with their individual performance, taking into consideration the Company's performance. (Cont'd)

8.2 Directors' remuneration are categorised by name and by range, detail as below:-

No.	Name	Directorate	Company and Group			
			Range of Remuneration (RM)			
			100,000 and below	100,001 to 150,000	150,001 to 500,000	Above 500,000
1.	Datuk Wira Farhash Wafa Salvador	Executive Chairman	✓			
2.	Wong Kok Chau	Executive Director				✓
3.	Eng Shao Hon	Executive Director				✓
4.	Datuk Mat Noor bin Nawi	Independent Non-Executive Director		✓		
5.	Dato' Sri Ismail bin Ahmad	Independent Non-Executive Director	✓			
6.	Elisa Tan Mun-E	Independent Non-Executive Director	✓			

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I Audit Committee

9.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's and the Group's financial statements is a reliable source of information.

9.1 The Audit Committee's ("AC") principal duties include the supervision of the truthfulness and reliability of the Company's financial statements, the effectiveness and adequacy of the Company's internal control as well as risk management system.

The AC comprises exclusively Independent Non-Executive Directors and to ensure the Board is able to review the AC's finding and recommendation independently, the chairman of AC is not the chairman of the Board.

The appointment of the auditors is subject to approval at the general meeting. In making its recommendations to the shareholders on the appointment and re-appointment of auditors, the Board relies on the review and recommendation of the AC.

The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirements. The AC meets with the external auditors to review the rationale of significant judgement, accounting principles and the operating effectiveness of internal controls and business risk management. The auditors have continued to highlight to the AC and the Board matters that require the Board's attention.

9.2 The Board is responsible to prepare financial statements which reflect a true and fair view of the financial position of the Company and of the Group and the financial results of the Company and of the Group for each financial year. The financial statements are prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

# Corporate Governance Overview Statement (Cont'd)

## EXCEL FORCE MSC BERHAD

### PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### I Audit Committee (Cont'd)

9.0 There is an effective and independent audit committee. The Board is able to objectively review the audit committee's findings and recommendations. The Company's and the Group's financial statements is a reliable source of information. (Cont'd)

9.2 In preparing the financial statements, the Board is required to:-

- Adopt suitable accounting policies consistently;
- Make judgments and estimates that are prudent and reasonable;
- Comply with applicable accounting standards;
- Prepare financial statements on a going concern basis unless otherwise stated; and
- Ensure proper keeping of accounting records with reasonable accuracy.

The Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and of the Group and to ensure that the financial statements comply with the Companies Act.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial period ended 30 June 2023, the Group and the Company have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements are prepared in accordance with all relevant approved accounting standards and have been prepared on a going concern basis.

9.3 The Group practices the cooling off period of at least three years to safeguard the independence of the audit by avoiding potential threat which may arise when a former audit partner is in a position to exert significant influence over the audit and preparation of the Group's and of the Company's financial statements.

9.4 The AC assesses the suitability, objectivity and independence of the external auditors which also take into account their audit transparency report on an annual basis, the AC establishes policies and procedures that consider among others:

- The competence, audit quality and resource capacity of the external auditor in relation to the audit;
- The nature of the non-audit services rendered and the appropriateness of the level of fees; and
- Obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of the external professional and regulatory requirements.

10.0 The Company make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

10.1 The Group has an Internal Audit Function that is independent of its activities and operations. Further details of the activities of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

The Board emphasises on the adequacy of the internal control system and takes effective approaches to supervise the implementation of related control measures, whilst enhancing operation efficiency and effectiveness, and improving corporate governance, risk assessment, risk management and internal control so as to protect the shareholders' investment and the safety of the Company's assets.

10.2 The Group has established Risk Management Committee of the Management ("RMCM") on 18 January 2018 and is headed by the Managing Director and members are comprise of senior management team. The primary responsibility and purpose of RMCM is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework on an on-going basis. The RMCM reports to AC and the Board in implementing and ensuring effective risk management of the Company.

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

### I Audit Committee (Cont'd)

- 11.0 The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Group has outsourced its internal audit function to an independent consultant firm. The internal audit function covers all material controls including financial, operational and risk management functions.

The internal audit findings are reported to the AC every quarter and the corrective actions are taken by the relevant departments. The AC also decides on internal audit function amongst others;

- Appointment of the internal auditors;
- Scope of work of internal auditors;
- Performance evaluation; and
- Budget.

## PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I Communication with Stakeholders

- 12.0 There is continuous communication between the Company and shareholders to facilitate mutual understanding of each other's objectives and expectation. Stakeholders are able to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.

The Board believes the dialogue with stakeholders is a necessary and beneficial process as it enables the company to understand stakeholders' concerns and to take these concerns into account when making decisions.

The Company has established an investor relation category at the Company's website to keep our shareholders and investors updated on the latest development of the Company. It includes announcements released to Bursa Securities, quarterly financial results and annual report.

### II Conduct of General Meeting

- 13.0 Shareholders are able to participate, engage the Board and senior management effectively and make informed voting decision at general meetings.

The Annual General Meeting ("AGM") remains the principal forum for dialogue between shareholders, the Board and the Management team. The shareholders are encouraged to actively participate in the AGM by raising questions regarding the business operations and financial performance and position of the Company. The Board together with the external auditors and the Company Secretaries will provide feedback and responses to the shareholders' queries.

The Company sends out the Notice of AGM and Annual Report to the shareholders at least twenty-eight days before the meeting in line with the Practice 12.1 of the MCGG. In addition, the Notice of AGM and/or Extraordinary General Meeting ("EGM") will be advertised in the newspapers. The Board encourages shareholders to attend the forthcoming AGM and undertakes to answer all questions raised by the shareholders.

All resolutions set out in the notice of general meetings will be carried out by poll voting. An independent scrutineer is appointed to validate the poll results. The Board will announce the poll results showing the number of votes cast for and against each resolution before the closure of the AGM.

# Audit Committee Report

## EXCEL FORCE MSC BERHAD

The principal objective of the Audit Committee is to assist the Board to discharge its statutory duties and responsibilities in relation to financial, accounting and reporting responsibilities and to ensure proper disclosure to the shareholders of the Company.

The Audit Committee will ensure that the Management establishes and maintains an effective internal control system including adequacy of resources, qualifications and experience of staff fulfilling the accounting and financial reporting function of the Company.

The Board is pleased to present the Audit Committee Report for the financial period ended 30 June 2023.

### COMPOSITION AND MEETINGS

The Audit Committee held eight (8) meetings during the financial period. The members of the Audit Committee and details of their attendance of the meetings during the financial period ended 30 June 2023 are as follows:

Name of Director	Designation / Directorship	Number of meeting attended
Datuk Mat Noor Bin Nawi	Chairman of Committee / Independent Non-Executive Director	8/8
Dato' Sri Ismail Bin Ahmad	Member of Committee / Independent Non-Executive Director	8/8
Elisa Tan Mun-E	Member of Committee / Independent Non-Executive Director	8/8

### SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial period, the Audit Committee has carried out the work as set out in the terms of reference detailed below:-

- Reviewed the scope of work of the external auditors and audit plans for the year;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's responses;
- Reviewed the re-appointment of the retiring auditors;
- Reviewed the internal auditors' scope of work;
- Checked with the internal auditors on any findings which require the Committee's attention;
- Reviewed the internal control policy and internal control system;
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval; and
- Reviewed the annual financial statements before recommending for approval by the Board.

The terms of reference of the Audit Committee is available at the Company's website at [www.excelforce.com.my](http://www.excelforce.com.my).

### INTERNAL AUDIT FUNCTIONS

The Company has outsourced its internal audit division to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent professional consulting firm to assist the Audit Committee in discharging their responsibilities and duties. Sterling's functions is to undertake independent regular and systematic reviews of the system of internal controls to provide reasonable assurance that such system continues to operate satisfactory and effectively.

In developing the scope of the internal audit function, the Audit Committee has satisfied that:

- the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;
- internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and
- the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.

Sterling cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements. The details of internal audit functions are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

# Audit Committee Report (Cont'd)

## EXCEL FORCE MSC BERHAD

### INTERNAL AUDIT FUNCTIONS (CONT'D)

For the financial period ended 30 June 2023, six (6) internal audit reviews had been carried out by Sterling: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January 2022 - March 2022	May 2022	Excel Force MSC Berhad	• Human Resources and Administration.
April 2022 - June 2022	August 2022	Excel Force MSC Berhad	• Customer Service.
July 2022 - September 2022	November 2022	Insage (MSC) Sdn Bhd	• Project Management.
October 2022 - December 2022	February 2023	Excel Force MSC Berhad	• Management Information Services.
January 2023 - March 2023	May 2023	Excel Force MSC Berhad	• Sales and Marketing.
April 2023 - June 2023	August 2023	Excel Force MSC Berhad	• Project Management.

Follow-up status reviews were also carried out to ensure weaknesses identified have been or are being addressed. During the financial period under review, Sterling presented their follow-up status reports on previously reported audited findings in respect of the following functional scopes of the Group:

Reporting Month	Name of Entity	Functional Scopes
May 2022	Excel Force MSC Berhad	• Research and Development and System Design reported in February 2022.
August 2022	Excel Force MSC Berhad	• Human Resources and Administration reported in May 2022.
November 2022	Excel Force MSC Berhad	• Customer Service reported in August 2022.
February 2023	Insage (MSC) Sdn Bhd	• Project Management reported in November 2022.
May 2023	Excel Force MSC Berhad	• Management Information Services reported in February 2023.
August 2023	Excel Force MSC Berhad	• Management Information Services reported in February 2023. • Sales and Marketing reported in May 2023.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

Sterling are free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

The fee (inclusive of sales and services tax) paid to the professional firm in respect of internal audit function for the financial period ended 30 June 2023 was RM46,110.00.

# Statement on Risk Management and Internal Control

## EXCEL FORCE MSC BERHAD

### INTRODUCTION

The Board of Directors (“the Board”) of Excel Force MSC Berhad (“the Company”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control system of the Company and its subsidiary companies (“the Group”) for the financial period ended 30 June 2023 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad (“MMLR”), Malaysia Code on Corporate Governance (“MCCG”) and as guided by “Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers” (“the Guideline”).

### BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining the Group’s systems of internal controls and risk management to safeguard its investment, the interest of customers, regulators, employees, and the Group’s assets. The Board further recognises its responsibility in reviewing the adequacy and integrity of these systems. The Audit Committee is entrusted by the Board to ensure the effectiveness of the Group’s internal control and risk management system.

Due to the limitations that are inherent in any system of internal control, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designated to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

### RISK MANAGEMENT COMMITTEE OF THE MANAGEMENT (“RMCM”)

RMCM is established at the management level to assist the Audit Committee (“AC”) and the Board in implementing and ensuring efficient and effective risk management of the Company. RMCM conducts its meeting once every three (3) months and additional meetings may be called at any time as and when necessary. The roles and responsibilities of the committee are defined in the terms of reference of RMCM.

### RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The process of risk identification involves reviewing and identifying the possible risk exposure which arises from both internal and external environmental changes and operation conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on risk likelihood rating and risk impact rating.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risks and update for ongoing changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approaches and processes, roles and responsibilities, and various risk management concepts. The responsibility of respective risk owners is to identify and ensure that adequate control systems are implemented to minimise and control the risks faced by the Group.

The management has embedded the responsibilities to manage the risk and internal controls that are associated with the operations of the Group and to ensure compliance with the applicable laws and regulations. Any significant issues and control implemented were discussed at management meetings and quarterly AC meetings.

### INTERNAL AUDIT FUNCTIONS

In accordance with the MCCG, the Group in its efforts to provide an adequate and effective internal control system had appointed Sterling, an independent consulting firm to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditors and reports directly to the AC on the quarterly basis.

# Statement on Risk Management and Internal Control (Cont'd)

EXCEL FORCE MSC BERHAD

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## INTERNAL AUDIT FUNCTIONS (CONT'D)

Sterling reviews and addresses critical business processes, identifies risks associated with the internal control gaps, assesses the effectiveness and adequacy of the existing state of internal control of the Group and recommends possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. Each quarterly audit is engaged by approximately 2 to 4 audit personnel depending on the areas of the audit. Quarterly audit reports and status reports on follow-up actions were tabled to the AC and the Board on quarterly basis.

The Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence of the internal audit function. The Internal Auditors do not have any direct operational responsibility or authority over any of the activities audited. The AC is of the opinion that the internal audit function is effective and able to function independently.

For the financial year ended 30 June 2023, six (6) internal audit reviews had been carried out by Internal Auditors:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
January 2022 - March 2022	May 2022	Excel Force MSC Berhad	• Human Resources and Administration.
April 2022 - June 2022	August 2022	Excel Force MSC Berhad	• Customer Service.
July 2022 - September 2022	November 2022	Insage (MSC) Sdn Bhd	• Project Management.
October 2022 - December 2022	February 2023	Excel Force MSC Berhad	• Management Information Services.
January 2023 - March 2023	May 2023	Excel Force MSC Berhad	• Sales and Marketing.
April 2023 - June 2023	August 2023	Excel Force MSC Berhad	• Project Management.

Follow-up status reviews were also carried out to ensure weaknesses identified have been or are being addressed. During the financial year under review, Sterling presented their follow-up status reports on previously reported audited findings in respect of the following functional scopes of the Group:

Reporting Month	Name of Entity	Functional Scopes
May 2022	Excel Force MSC Berhad	• Research and Development and System Design reported in February 2022.
August 2022	Excel Force MSC Berhad	• Human Resources and Administration reported in May 2022.
November 2022	Excel Force MSC Berhad	• Customer Service reported in August 2022.
February 2023	Insage (MSC) Sdn Bhd	• Project Management reported in November 2022.
May 2023	Excel Force MSC Berhad	• Management Information Services reported in February 2023.
August 2023	Excel Force MSC Berhad	• Management Information Services reported in February 2023. • Sales and Marketing reported in May 2023.

Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in material losses, contingencies, or uncertainties that would require separate disclosure in this Annual Report.

## THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM INCLUDE:

1. Organisation structure with defined lines of responsibility, authority and accountability;
2. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements;
3. Quarterly Board meetings and periodical management meetings are held where information is provided to the Board and management covering financial performances and operations;
4. Training and development are provided as and when required by employees with the objective of enhancing their knowledge and competency;
5. Management accounts and reports are prepared regularly for monitoring of actual performance.



# Statement on Risk Management and Internal Control (Cont'd)

## EXCEL FORCE MSC BERHAD

### THE KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROL SYSTEM INCLUDE: (CONT'D)

6. Board participation at the macro perspective in the performance monitoring of all subsidiary companies under the Group;
7. An internal audit function carries out a quarterly internal audit to ascertain the adequacy of the internal control system and to monitor the effectiveness of operational and financial procedures. The internal audit also reviews and assesses risks faced by the Group and reports directly to the AC;
8. Regular internal audit visits to monitor compliance of the policies and procedures and to assess the integrity of both financial and non-financial information provided;
9. Follow-up visits are then subsequently conducted by the internal auditors to ensure proper implementation of agreed action plans by the respective process owners; and
10. Anti-Bribery and Corruption Policy and Whistle Blowing Policy are in place and in compliance with the listing requirements in relation to anti-corruption measures.

### RISK MANAGEMENT FRAMEWORK

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. To this end, the Board has formalised a Risk Management Framework by implementing an ongoing process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives and has taken into account the guidance of the Malaysian Code on Corporate Governance.

The management of risks in the daily business operation is assigned to the management team and significant risks are identified and related mitigating responses as well as the corresponding internal control measures were deliberated at the Audit Committee and Board meeting.

### ASSURANCE FROM MANAGEMENT

The Managing Director and Head of Finance have provided assurance to the Board, to the best of their knowledge and belief, that the Group's risk management and internal control system was operating adequately and effectively in all material aspects, to meet the Group's objectives during the financial year under review until the date of this Statement on Risk Management and Internal Control.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial period ended 30 June 2023. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the external auditor has reported to the Board that nothing has come to the attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is it factually inaccurate.

### CONCLUSION

For the financial period ended 30 June 2023 and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is of the opinion that the risk management and internal control system currently in place are adequate and effective to safeguard the Group's interests and assets.

For the coming year, the Board will continually assess the adequacy and effectiveness of the Group's system of internal control and to strengthen it, as and when necessary. This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 24 October 2023.

# Statement of Directors' Responsibility

In Respect of the Audited Financial Statements

## EXCEL FORCE MSC BERHAD

The directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The directors are responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect other irregularities.

## Additional Compliance Information

### EXCEL FORCE MSC BERHAD

#### MATERIAL CONTRACTS

There was no material contract between the Company and its subsidiaries companies involving the Directors and major shareholders' interests, either still subsisting at the end of the financial year or entered since the end of the previous financial year.

#### STATUTORY AUDIT AND NON-STATUTORY AUDIT FEES

The amount of audit and non-audit fees incurred for the services render by external auditors of the Group and of the Company for the financial period ended 30 June 2023 are as follows:

	Group RM	Company RM
Audit fees	75,000	66,000
Non-audit fees	5,000	5,000

#### CHANGE OF FINANCIAL YEAR END

The financial year end of the Group has been changed from 31 December to 30 June. As such, the current set of audited financial statements shall be for a period of eighteen (18) months from 1 January 2022 to 30 June 2023. There will be no comparative financial information available for the financial period ended 30 June 2023.

#### UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial period ended 30 June 2023.

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# Directors' Report

## EXCEL FORCE MSC BERHAD

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial period from 1 January 2022 to 30 June 2023.

### Principal Activities

The principal activities of the Company are development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

### Change of Financial Year End

The financial year end of the Company was changed from 31 December to 30 June. Accordingly, the current financial statements are prepared for eighteen months from 1 January 2022 to 30 June 2023. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

### Financial Results

	Group RM	Company RM
Profit for the financial period	11,784,269	12,789,054
Attributable to:		
Owners of the Company	12,118,556	12,789,054
Non-controlling interests	(334,287)	-
	11,784,269	12,789,054

### Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

### Dividends

Since the end of the last financial year, the Company paid:

	RM
Final single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2021 on 14 July 2022	2,796,892
First interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial period ended 30 June 2023 on 15 May 2023	2,796,892
	5,593,784

The Directors recommend the payment of a final single-tier dividend of 0.50 sen per ordinary share in respect of the current financial period, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial period do not reflect this proposed dividend.

# Directors' Report (Cont'd)

## EXCEL FORCE MSC BERHAD

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### Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial period.

### Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial period.

### Directors

The Directors in office during the financial period until the date of this report are:

Datuk Wira Farhash Wafa Salvador	(appointed on 9 May 2023)
Wong Kok Chau *	
Eng Shao Hon *	
Datuk Mat Noor Bin Nawi	
Dato' Sri Ismail Bin Ahmad	
Elisa Tan Mun-E	
Tan Sri Dato' Dr. Muhammad Rais Bin Abdul Karim	(resigned on 9 May 2023)
Gan Teck Ban	(resigned on 1 June 2023)

The Directors who held office in the subsidiary companies (excluding Directors who are also the Director of the Company) during the financial period up to the date of this report:

Liew Kean Fatt	(appointed on 1 December 2022)
Gan Teck Ban	(appointed on 1 June 2023)

\* Director of the Company and its subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

### Directors' Interests in Shares

The interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial period end according to the Register of Directors' Shareholdings are as follows:

	At 1.1.2022	Number of ordinary shares		At 30.6.2023
		Bought	Sold	
<b>Interests in the Company</b>				
<i>Direct interests</i>				
Wong Kok Chau	6,000	-	-	6,000

Other than disclosed above, none of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 33(b) to the financial statements.

## Directors' Report (Cont'd)

### EXCEL FORCE MSC BERHAD

#### Directors' Benefits (Cont'd)

The details of the Directors' remuneration for the financial period ended 30 June 2023 are set out below:

	Group RM	Company RM
Salaries, fees and other emoluments	2,412,643	2,148,093
Defined contribution plans	216,660	184,855
Social security contributions	6,324	4,743
	<u>2,635,627</u>	<u>2,337,691</u>

Neither during nor at the end of the financial period, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### Indemnity and Insurance Costs

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

#### Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of the business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company in adequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.



## Other Statutory Information (Cont'd)

(d) In the opinion of Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the result of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

## Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

## Auditors

The Auditors, Messrs. TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 27 to the financial statements are RM75,000 and RM66,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 October 2023.

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WONG KOK CHAU

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ENG SHAO HON

KUALA LUMPUR

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

## EXCEL FORCE MSC BERHAD

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 50 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 October 2023.

\_\_\_\_\_  
**WONG KOK CHAU**

\_\_\_\_\_  
**ENG SHAO HON**

KUALA LUMPUR

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Liew Kean Fatt (NRIC NO.: 680119-08-5083) (MIA Membership No: 16662), being the Officer primarily responsible for the financial management of Excel Force MSC Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 122 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the     )  
abovenamed at Kuala Lumpur in the     )  
Federal Territory on 24 October 2023     )

\_\_\_\_\_  
**LIEW KEAN FATT**

Before me,

\_\_\_\_\_  
**Commissioner for Oaths**

# Independent Auditors' Report

To the Members of Excel Force MSC Berhad

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

## EXCEL FORCE MSC BERHAD

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### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Excel Force MSC Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 122.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
<b>Impairment assessment on product development costs</b>  As at 30 June 2023, the Group and the Company recognised product development costs of RM15.4 million and RM13.4 million respectively and disclosed their assessment for impairment of product development costs in Note 6 to the financial statements.  Significant judgement is involved in estimating the recoverable amount, i.e. the present value of future cash flows generated by product development costs. It involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows including forecasted revenue growth, profit margin of the products and discount rates.	<p>We evaluated management's assessment of whether there was any indication of impairment on product development costs.</p> <p>We assessed the reasonableness of the assumptions used by management in estimating the recoverable amount, included:</p> <ul style="list-style-type: none"><li>i) Reasonableness of cash flows forecasts and projections by comparison to historical performance and future outlook, as well as discussion with management.</li><li>ii) The appropriateness of the discount rate by comparison to the Group's cost of capital and relevant risk factors.</li><li>iii) Sensitivity analysis taking into account the future trends based on both external and internal sources.</li></ul> <p>We also considered the appropriate disclosure of the consolidated financial statements.</p>

# Independent Auditors' Report (Cont'd)

## EXCEL FORCE MSC BERHAD

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

# Independent Auditors' Report (Cont'd)

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## EXCEL FORCE MSC BERHAD

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2021, were audited by another firm of Chartered Accountants who expresses an unmodified opinion on those statement on 18 April 2022.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### TGS TW PLT

202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

### TEOH CHEY YEAT

03447/08/2025 J  
Chartered Accountant

KUALA LUMPUR  
24 October 2023

# Statements of Financial Position

As at 30 June 2023

## EXCEL FORCE MSC BERHAD

	Note	30.6.2023 RM	Group 31.12.2021 RM (Restated)	1.1.2021 RM (Restated)	30.6.2023 RM	Company 31.12.2021 RM (Restated)	1.1.2021 RM (Restated)
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	4	3,551,847	2,173,354	2,524,661	3,380,102	1,918,075	2,221,618
Right-of-use assets	5	20,125,067	20,415,892	20,760,079	20,125,067	20,415,892	20,760,079
Product development costs	6	15,431,750	12,174,541	11,931,476	13,353,404	10,658,981	10,935,265
Intangible assets	7	-	-	-	-	-	-
Investment in subsidiary companies	8	-	-	-	2,880,006	2,850,005	500,005
Investment in associate	9	318,048	-	-	300,000	-	-
Other investments	10	10,765,275	17,801,700	13,042,200	10,765,275	17,801,700	13,042,200
Goodwill on consolidation	11	29,454	-	-	-	-	-
		50,221,441	52,565,487	48,258,416	50,803,854	53,644,653	47,459,167
<b>Current assets</b>							
Inventories	12	30,512	30,512	23,992	30,512	30,512	23,992
Trade receivables	13	2,766,430	3,191,388	5,847,912	2,602,778	3,115,431	5,670,613
Other receivables	14	22,382,091	22,119,265	25,405,881	22,321,352	22,091,187	25,463,574
Amount due from subsidiary companies	15	-	-	-	653,911	48,286	157,069
Tax recoverable		574,712	37,026	-	494,829	-	-
Deposits, cash and bank balances and short-term funds	16	31,170,722	32,356,372	22,853,401	30,050,305	30,151,875	22,125,361
		56,924,467	57,734,563	54,131,186	56,153,687	55,437,291	53,440,609
<b>Total assets</b>		107,145,908	110,300,050	102,389,602	106,957,541	109,081,944	100,899,776

# Statements of Financial Position (Cont'd)

EXCEL FORCE MSC BERHAD

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Note	30.6.2023	Group		30.6.2023	1.1.2021		Company	
		RM	31.12.2021		RM	(Restated)	31.12.2021	1.1.2021
			(Restated)				RM	(Restated)
<b>EQUITY</b>								
Share capital	81,176,480		81,176,480		89,303,150		81,176,480	89,303,150
Reserves	15,719,140		17,982,291		29,009,942		18,363,297	28,482,520
Treasury shares	-		-		(27,560,666)		-	(27,560,666)
Equity attributable to owners of the Company	96,895,620		99,158,771		90,752,426		99,539,777	90,225,004
Non-controlling interests	-		545,090		-		-	-
<b>Total equity</b>	<b>96,895,620</b>		<b>99,703,861</b>		<b>90,752,426</b>		<b>99,539,777</b>	<b>90,225,004</b>
<b>LIABILITIES</b>								
<b>Non-current liabilities</b>								
Lease liabilities	104,268		327,067		672,117		327,067	672,117
Deferred tax liabilities	2,362,392		1,966,188		2,107,064		1,890,150	2,107,064
	2,466,660		2,293,255		2,779,181		2,217,217	2,779,181
<b>Current liabilities</b>								
Trade payables	352,851		369,234		281,762		278,270	255,702
Other payables	3,260,835		4,671,943		5,381,988		4,543,661	5,247,666
Contract liabilities	3,641,999		2,574,966		1,625,834		1,816,228	824,018
Lease liabilities	527,943		345,050		333,200		345,050	333,200
Tax payable	-		341,741		1,235,211		341,741	1,235,005
	7,783,628		8,302,934		8,857,995		7,324,950	7,895,591
	10,250,288		10,596,189		11,637,176		9,542,167	10,674,772
	107,145,908		110,300,050		102,389,602		109,081,944	100,899,776
<b>Total liabilities</b>								
<b>Total equity and liabilities</b>								

The accompanying notes form an integral part of the financial statements.



# Statements of Profit or Loss and Other Comprehensive Income

For the Financial Period from 1 January 2022 to 30 June 2023

## EXCEL FORCE MSC BERHAD

	Note	Group		Company	
		1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)
Revenue	25	43,380,050	37,289,102	40,718,304	35,719,443
Cost of sales		(15,562,861)	(11,585,187)	(13,769,522)	(10,450,937)
<b>Gross profit</b>		27,817,189	25,703,915	26,948,782	25,268,506
Other income		328,353	278,390	989,292	793,759
Administrative expenses		(9,080,481)	(7,575,304)	(8,470,022)	(7,513,970)
Marketing expenses		(245,402)	(74,703)	(55,350)	(13,681)
Net (loss)/gain on impairment on financial instruments		(22,243)	109,416	(8,966)	108,573
Other operating expenses		(2,420,188)	(1,526,310)	(2,312,755)	(1,465,297)
<b>Profit from operations</b>		16,377,228	16,915,404	17,090,981	17,177,890
Finance cost	26	(41,438)	(29,875)	(41,438)	(29,875)
Share of results of associate, net of tax		18,048	-	-	-
<b>Profit before tax</b>	27	16,353,838	16,885,529	17,049,543	17,148,015
Taxation	28	(4,569,569)	(4,564,898)	(4,260,489)	(4,464,046)
<b>Profit for the financial period/year</b>		11,784,269	12,320,631	12,789,054	12,683,969

# Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

EXCEL FORCE MSC BERHAD

	Note	Group		Company	
		1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021	1.1.2022 to 30.6.2023	1.1.2021 to 31.12.2021
		RM	RM (Restated)	RM	RM (Restated)
<b>Other comprehensive income/(loss) for the financial period/year</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of equity instruments designated at fair value through other comprehensive income		(8,998,725)	5,021,480	(8,998,725)	5,021,480
<b>Total comprehensive income for the financial period/year</b>		<u>2,785,544</u>	<u>17,342,111</u>	<u>3,790,329</u>	<u>17,705,449</u>
<b>Profit for the financial period/year attributable to:</b>					
Owners of the Company		12,118,556	12,320,631	12,789,054	12,683,969
Non-controlling interests		(334,287)	-	-	-
		<u>11,784,269</u>	<u>12,320,631</u>	<u>12,789,054</u>	<u>12,683,969</u>
<b>Total comprehensive income for the financial period/year attributable to:</b>					
Owners of the Company		3,119,831	17,342,111	3,790,329	17,705,449
Non-controlling interests		(334,287)	-	-	-
		<u>2,785,544</u>	<u>17,342,111</u>	<u>3,790,329</u>	<u>17,705,449</u>
<b>Earnings per share (sen)</b>					
Basic earnings per share	29(a)	<u>2.17</u>	<u>2.20</u>		
Diluted earnings per share	29(b)	2.17	2.20		

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in Equity

For the Financial Period from 1 January 2022 to 30 June 2023

## EXCEL FORCE MSC BERHAD

	Note	Attributable to owners of the Company						Total Equity RM
		Share Capital RM	Non-distributable Fair Value Reserve RM	Other Reserve RM	Distributable Retained Earnings RM	Total RM	Non- Controlling Interests RM	
<b>Group</b>								
<b>At 1 January 2022</b>		81,176,480	4,318,133	(80,745)	13,744,903	99,158,771	545,090	99,703,861
Profit for the financial year		-	-	-	12,118,556	12,118,556	(334,287)	11,784,269
Net changes in fair value of equity investments designated at FVTOCI		-	(8,998,725)	-	-	(8,998,725)	-	(8,998,725)
Total comprehensive income for the financial period		-	(8,998,725)	-	12,118,556	3,119,831	(334,287)	2,785,544
<b>Transactions with owners:</b>								
Acquisition of equity interest in subsidiary company	8(b)	-	-	-	210,802	210,802	(210,803)	(1)
Dividends to owners of the Company	32	-	-	-	(5,593,784)	(5,593,784)	-	(5,593,784)
<b>At 30 June 2023</b>		81,176,480	(4,680,592)	(80,745)	20,480,477	96,895,620	-	96,895,620

# Statements of Changes in Equity (Cont'd)

EXCEL FORCE MSC BERHAD

Group	Note	Attributable to owners of the Company							Total Equity RM
		Share Capital RM	Treasury Shares RM	Fair Value Reserve RM	Other Reserve RM	Distributable Retained Earnings RM	Total RM	Non- Controlling Interests RM	
<b>At 1 January 2021</b> - as previously reported - prior year adjustment <b>At 1 January 2021, as restated</b>	38	89,303,150	(27,560,666)	(688,440)	(80,745)	31,886,191	92,859,490	-	92,859,490
		-	-	-	-	(2,107,064)	(2,107,064)	-	(2,107,064)
		89,303,150	(27,560,666)	(688,440)	(80,745)	29,779,127	90,752,426	-	90,752,426
Profit for the financial year Net changes in fair value of equity investments designated at FVTOCI Transfer upon the disposal of equity investment designated at FVTOCI Total comprehensive income for the financial year		-	-	-	-	12,320,631	12,320,631	-	12,320,631
		-	-	5,021,480	-	-	5,021,480	-	5,021,480
		-	-	(14,907)	-	14,907	-	-	-
		-	-	5,006,573	-	12,335,538	17,342,111	-	17,342,111
<b>Transactions with owners:</b>									
Cancellation of treasury shares	19	(8,126,670)	27,560,666	-	-	(19,433,996)	-	-	-
Change in ownership interest in a subsidiary company	8(c)	-	-	-	-	(545,090)	(545,090)	545,090	-
Dividends to owners of the Company	32	-	-	-	-	(8,390,676)	(8,390,676)	-	(8,390,676)
<b>At 31 December 2021</b>		(8,126,670)	27,560,666	-	-	(28,369,762)	(8,935,766)	545,090	(8,390,676)
		81,176,480	-	4,318,133	(80,745)	13,744,903	99,158,771	545,090	99,703,861

# Statements of Changes in Equity (Cont'd)

EXCEL FORCE MSC BERHAD

	Note	Non-distributable			Distributable		Total Equity RM
		Share Capital RM	Treasury Shares RM	Fair Value Reserve RM	Retained Earnings RM		
<b>Company</b>							
<b>At 1 January 2022</b>		81,176,480	-	4,318,133	14,045,164		99,539,777
Profit for the financial period		-	-	-	12,789,054		12,789,054
Net changes in fair value of equity investments designated at FVTOCI		-	-	(8,998,725)	-		(8,998,725)
Total comprehensive income for the financial period		-	-	(8,998,725)	12,789,054		3,790,329
<b>Transactions with owners:</b>							
Dividends to the owners of the Company	32	-	-	-	(5,593,784)		(5,593,784)
<b>At 30 June 2023</b>		81,176,480	-	(4,680,592)	21,240,434		97,736,322
<b>At 1 January 2021</b>		89,303,150	(27,560,666)	(688,440)	31,278,024		92,332,068
- As previously reported		-	-	-	(2,107,064)		(2,107,064)
- Prior year adjustments	38	-	-	-			
<b>At 1 January 2021, as restated</b>		89,303,150	(27,560,666)	(688,440)	29,170,960		90,225,004
Profit for the financial year		-	-	-	12,683,969		12,683,969
Net changes in fair value of equity investments designated at FVTOCI		-	-	5,021,480	-		5,021,480
Transfer upon the disposal of equity investment designated at FVTOCI		-	-	(14,907)	14,907		-
Total comprehensive income for the financial year		-	-	5,006,573	12,698,876		17,705,449
<b>Transactions with owners:</b>							
Cancellation of treasury shares	19	(8,126,670)	27,560,666	-	(19,433,996)		-
Dividends to the owners of the Company	32	-	-	-	(8,390,676)		(8,390,676)
<b>At 31 December 2021</b>		(8,126,670)	27,560,666	-	(27,824,672)		(8,390,676)
		81,176,480	-	4,318,133	14,045,164		99,539,777

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

For the Financial Period from 1 January 2022 to 30 June 2023

EXCEL FORCE MSC BERHAD

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	Group		Company	
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Profit before tax	16,353,838	16,885,529	17,049,543	17,148,015
Adjustments for:				
Amortisation of product development costs	4,024,257	2,710,519	3,481,881	2,319,300
Depreciation of:				
- property, plant and equipment	1,303,335	754,047	1,187,730	688,276
- right-of-use assets	561,372	344,187	561,372	344,187
Impairment losses on trade receivables	22,243	-	8,966	-
Gain on disposal of property, plant and equipment	(44,397)	(124,857)	(44,397)	(124,857)
Property, plant and equipment written off	1	806	1	774
Provision of loss claim	-	600,000	-	600,000
Dividend income	-	-	(570,000)	(470,000)
Interest income from:				
- deposits with licensed banks	(107,361)	(50,101)	(80,244)	(39,443)
- short-term funds	(118,313)	(64,999)	(118,313)	(64,999)
Finance cost	41,438	29,875	41,438	29,875
Reversal of impairment losses on trade receivables	-	(109,416)	-	(108,573)
Share of result of an associate	(18,048)	-	-	-
Unrealised gain on foreign exchange	(27,241)	(9,181)	(27,241)	(9,181)
Waiver of amount due from a subsidiary company	-	-	-	285,370
Operating profit before working capital changes	21,991,124	20,966,409	21,490,736	20,598,744
Changes in working capital:				
Inventories	-	(6,520)	-	(6,520)
Receivables	139,538	6,053,133	273,171	6,036,719
Payables	(1,442,027)	(1,222,573)	(1,323,689)	(1,281,437)
Contract liabilities	1,067,033	949,132	992,520	992,210
Subsidiary companies	-	-	-	(2,526,587)
Cash generated from operations	21,755,668	26,739,581	21,432,738	23,813,129
Dividend received	-	-	570,000	470,000
Tax paid	(5,052,792)	(5,636,270)	(4,705,798)	(5,574,224)
Net cash from operating activities	16,702,876	21,103,311	17,296,940	18,708,905

## Statements of Cash Flows (Cont'd)

### EXCEL FORCE MSC BERHAD

		Group		Company	
		30.6.2023	31.12.2021	30.6.2023	31.12.2021
	Note	RM	RM	RM	RM
<b>Cash flows from investing activities</b>					
Additions of product development costs		(7,281,466)	(2,953,584)	(6,176,304)	(2,043,016)
Acquisition of:					
- property, plant and equipment	4	(2,231,832)	(454,885)	(2,214,980)	(436,846)
- right-of-use assets	5	(270,547)	-	(270,547)	-
- a subsidiary company	8(a)	(15,525)	-	(30,000)	-
- non-controlling interests	8(b)	(1)	-	(1)	-
- an associate	9	(300,000)	-	(300,000)	-
- other investments	10	(1,962,300)	-	(1,962,300)	-
Interest income from:					
- deposits with licensed banks		107,361	50,101	80,244	39,443
- short-term funds		118,313	64,999	118,313	64,999
Proceeds from disposal of property, plant and equipment		44,400	176,196	59,619	176,196
Proceeds from disposal of quoted investment		-	261,980	-	261,980
Net cash used in investing activities		(11,791,597)	(2,855,193)	(10,695,956)	(1,937,244)
<b>Cash flows from financing activities</b>					
Interest paid		(41,438)	(29,875)	(41,438)	(29,875)
Repayment from a subsidiary company		-	-	(605,625)	-
Dividends paid	32	(5,593,784)	(8,390,676)	(5,593,784)	(8,390,676)
Payment of lease liabilities		(489,906)	(333,200)	(489,906)	(333,200)
Net cash used in financing activities		(6,125,128)	(8,753,751)	(6,730,753)	(8,753,751)
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(1,213,849)	9,494,367	(129,769)	8,017,910
Effect of exchange translation differences on cash and cash equivalents		28,199	8,604	28,199	8,604
<b>Cash and cash equivalents at the beginning of the financial year</b>					
		32,356,372	22,853,401	30,151,875	22,125,361
<b>Cash and cash equivalents at the end of the financial period/year</b>					
	16	31,170,722	32,356,372	30,050,305	30,151,875

The accompanying notes form an integral part of the financial statements.



# Notes to the Financial Statements

30 June 2023

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## EXCEL FORCE MSC BERHAD

### 1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Level 31, MYEG Tower, Empire City, No. 8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company was located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan. With effect from 2 January 2023, the Company's registered office has been relocated to B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal activities of the Company are development, provision and maintenance of software application solutions for the financial services industry. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial period.

### 2. Basis of Preparation

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial year end of the Company was changed from 31 December to 30 June. Accordingly the current financial statements are prepared for eighteen months from 1 January 2022 to 30 June 2023. As a result, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes of equity and statements of cash flows and the related notes are not comparable.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

#### Adoption of new and amended standards

During the financial period, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	
• Amendments to MFRS 1	
• Amendments to MFRS 9	
• Amendments to Illustrative Examples accompanying MFRS 16	
• Amendments to MFRS 141	

The adoption of the above-mentioned amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 2. Basis of Preparation (Cont'd)

#### (a) Statement of compliance (Cont'd)

##### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new MFRSs and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

#### (b) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

These preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Satisfaction of performance obligations in relation to contracts with customers

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulation.

The Group and the Company recognise revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company performs;
- (b) the Group and the Company do not create an asset with an alternative use to the Group and to the Company and have an enforceable right to payment for performance completed to date; and
- (c) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group and of the Company under the contract is satisfied.

#### Determining the lease term of contracts with renewal - Group and Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group and the Company have several lease contracts that include extension options. The Group and the Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group and the Company include the renewal period as part of the lease term for leases of office spaces. The Group and the Company typically exercises its option to renew for these leases with renewal options.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

#### Useful lives of property, plant and equipment, right-of-use ("ROU") assets and product development costs ("PDC")

The Group and the Company regularly review the estimated useful lives of property, plant and equipment, ROU assets and PDC based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and PDC would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and PDC. The carrying amount at the reporting date for property, plant and equipment, ROU assets and PDC are disclosed in Notes 4, 5 and 6 respectively.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 2. Basis of Preparation (Cont'd)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Key sources of estimation uncertainty (Cont'd)

###### Product development costs

The Group and the Company capitalise product development costs for a project in accordance with the accounting policy. Initial capitalisation of product development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generations of the project, discount rates to be applied and the expected period of benefits. The carrying amount at the reporting date for product development costs is disclosed in Note 6.

###### Impairment of product development costs

The Group and the Company review the carrying amounts of product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or value in use is estimated. Determining the value in use of product development costs requires the determination of future cash flows expected to be generated from the continued use, and ultimate disposition of such assets. Any resulting impairment loss could have a material adverse impact on the Group's and the Company's financial position and results of operations.

Significant judgement is made in the estimation of the present value of future cash flows generated by product development costs, which involves uncertainties and is significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's and the Company's assessment for impairment of product development costs.

Further details on the assessment for impairment of product development costs are disclosed in Note 6.

###### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimate the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of the inventories are disclosed in Note 12.

###### Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 21.

###### Determination of transactions prices

The Group and the Company are required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group and the Company assess the impact of any variable consideration in the contract, due to discounts or penalties in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Provision for expected credit losses of financial assets at amortised cost

The Group and the Company uses a provision matrix to calculate expected credit loss for trade and other receivables and amount due from subsidiary companies. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. The Group's and the Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's and the Company's trade receivables is disclosed in Note 13.

##### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

##### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 30 June 2023, the Group and the Company have tax recoverable of RM574,712 (31.12.2021: RM37,026 and 1.1.2021: RMNil) and RM494,829 (31.12.2021: RMNil and 1.1.2021: RMNil) respectively and tax payables of RMNil (31.12.2021: RM341,741 and 1.1.2021: RM1,235,211) and RMNil (31.12.2021: RM341,741 and 1.1.2021: RM1,235,005) respectively.

## 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

##### (ii) Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiary companies to equity interests that are not owned by the Company, whether directly or indirectly through subsidiary companies, are presented in the consolidated statement of financial position and statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between the non-controlling interests and the equity shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

## 3. Significant Accounting Policies (Cont'd)

### (a) Basis of consolidation (Cont'd)

- (iii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

### (b) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amounts of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (b) Investment in associate (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

#### (c) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.



## 3. Significant Accounting Policies (Cont'd)

### (d) Property, plant and equipment (Cont'd)

#### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings	2%
Furniture and fittings	10%
Motor vehicles	20%
Computer and software	20%
Office equipment	15%
Renovation	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

### (e) Leases

#### As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) on impairment of non-financial assets.

The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold buildings	Over the remaining lease period
Office spaces	Over the lease term
Hostel	Over the lease term

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (e) Leases (Cont'd)

##### As lessee (Cont'd)

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

#### (f) Intangible assets

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criterias are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the cost of sales line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed each period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss when the asset is derecognised.

## 3. Significant Accounting Policies (Cont'd)

### (f) Intangible assets (Cont'd)

#### *Research and development activities*

Expenditure on development activities of internally developed products is recognised as an intangible asset when it relates to the production of new or substantively improved products and processes and when the Group can demonstrate that it is technically feasible to develop the product or processes, adequate resources are available to complete the development and that there is an intention to complete and sell the products or processes to generate future economic benefits. Research expenditure is charged to profit or loss in the reporting period in which it is incurred.

Capitalised product development costs are amortised on a straight-line basis over a period of five (5) to ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Product development costs are tested for impairment annually.

#### *Trademarks and copyrights*

Acquired trademarks and copyrights have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and copyrights over their estimated useful lives of ten (10) years.

Refer accounting policy Note 3(l)(i) on impairment of non-financial assets.

### (g) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

#### (a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (g) Financial assets (Cont'd)

##### (b) Financial assets at fair value through other comprehensive income ("FVTOCI")

###### (i) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### (ii) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

##### (c) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

#### (h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## 3. Significant Accounting Policies (Cont'd)

### (h) Financial liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (i) Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (j) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### (l) Impairment of assets

#### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (l) Impairment of assets (Cont'd)

##### (i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

##### (ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL and FVTOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

#### (m) Share capital

##### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

##### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## 3. Significant Accounting Policies (Cont'd)

### (n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

### (o) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

### (p) Revenue recognition

#### (i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group and the Company recognise revenue from the following major sources:

#### (a) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (b) Rendering of services

Revenue from services rendered and management fee income are recognised in the profit and loss based on the value of services performed and invoiced to customers during the reporting period.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 3. Significant Accounting Policies (Cont'd)

#### (p) Revenue recognition (Cont'd)

##### (ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

##### (iii) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

#### (q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

#### (r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



### 3. Significant Accounting Policies (Cont'd)

#### (s) Contract liabilities

Contract liabilities represent the Group's and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or has billed to the customer. The contract liabilities of the Group and of the Company comprise of amount due to customers on contracts which is the excess of billings to-date over the cumulative revenue earned and deferred revenue where the Group and the Company have billed or has collected the payment before the goods are delivered or services are provided to the customers.

#### (t) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (u) Fair value measurement

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 4. Property, Plant and Equipment

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>								
<b>30.6.2023</b>								
<b>Cost</b>								
At 1 January 2022	335,605	382,284	253,855	505,462	2,937,666	234,834	1,530,599	6,180,305
Additions	-	-	11,850	565,475	2,083,847	20,660	-	2,681,832
Disposals	-	-	-	(90,677)	-	(2,400)	-	(93,077)
Written off	-	-	-	-	-	(499)	-	(499)
At 30 June 2023	335,605	382,284	265,705	980,260	5,021,513	252,595	1,530,599	8,768,561
<b>Accumulated depreciation</b>								
At 1 January 2022	136,222	-	200,981	335,457	1,876,819	191,458	1,266,014	4,006,951
Charge for the financial period	9,317	-	29,565	242,743	737,538	21,320	262,852	1,303,335
Disposals	-	-	-	(90,676)	-	(2,398)	-	(93,074)
Written off	-	-	-	-	-	(498)	-	(498)
At 30 June 2023	145,539	-	230,546	487,524	2,614,357	209,882	1,528,866	5,216,714
<b>Carrying amount</b>								
At 30 June 2023	190,066	382,284	35,159	492,736	2,407,156	42,713	1,733	3,551,847

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 4. Property, Plant and Equipment (Cont'd)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Group</b>								
<b>31.12.2021</b>								
<b>Cost</b>								
At 1 January 2021	335,605	382,284	253,855	941,826	6,027,959	273,484	1,527,996	9,743,009
Additions	-	-	-	-	451,082	1,200	2,603	454,885
Disposals	-	-	-	(436,364)	(103,578)	(6,910)	-	(546,852)
Written off	-	-	-	-	(3,437,797)	(32,940)	-	(3,470,737)
At 31 December 2021	335,605	382,284	253,855	505,462	2,937,666	234,834	1,530,599	6,180,305
<b>Accumulated depreciation</b>								
At 1 January 2021	130,010	-	182,119	579,009	5,127,429	217,306	982,475	7,218,348
Charge for the financial year	6,212	-	18,862	141,903	289,931	13,600	283,539	754,047
Disposals	-	-	-	(385,455)	(103,528)	(6,530)	-	(495,513)
Written off	-	-	-	-	(3,437,013)	(32,918)	-	(3,469,931)
At 31 December 2021	136,222	-	200,981	335,457	1,876,819	191,458	1,266,014	4,006,951
<b>Carrying amount</b>								
At 31 December 2021	199,383	382,284	52,874	170,005	1,060,847	43,376	264,585	2,173,354
At 1 January 2021	205,595	382,284	71,736	362,817	900,530	56,178	545,521	2,524,661

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 4. Property, Plant and Equipment (Cont'd)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Company</b>								
<b>30.6.2023</b>								
<b>Cost</b>								
At 1 January 2022	335,605	382,284	245,943	505,462	2,514,611	224,743	1,530,599	5,739,247
Additions	-	-	11,850	565,475	2,066,995	20,660	-	2,664,980
Disposals	-	-	-	(90,677)	(50,731)	(2,400)	-	(143,808)
Written off	-	-	-	-	-	(499)	-	(499)
At 30 June 2023	335,605	382,284	257,793	980,260	4,530,875	242,504	1,530,599	8,259,920
<b>Accumulated depreciation</b>								
At 1 January 2022	136,222	-	193,123	335,458	1,708,973	181,382	1,266,014	3,821,172
Charge for the financial period	9,317	-	29,565	242,743	621,933	21,320	262,852	1,187,730
Disposals	-	-	-	(90,676)	(35,512)	(2,398)	-	(128,586)
Written off	-	-	-	-	-	(498)	-	(498)
At 30 June 2023	145,539	-	222,688	487,525	2,295,394	199,806	1,528,866	4,879,818
<b>Carrying amount</b>								
At 30 June 2023	190,066	382,284	35,105	492,735	2,235,481	42,698	1,733	3,380,102

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

## 4. Property, Plant and Equipment (Cont'd)

	Buildings RM	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Computer and software RM	Office equipment RM	Renovation RM	Total RM
<b>Company</b>								
<b>31.12.2021</b>								
<b>Cost</b>								
At 1 January 2021	335,605	382,284	245,943	941,826	5,575,156	263,204	1,527,996	9,272,014
Additions	-	-	-	-	433,043	1,200	2,603	436,846
Disposals	-	-	-	(436,364)	(103,578)	(6,910)	-	(546,852)
Written off	-	-	-	-	(3,390,010)	(32,751)	-	(3,422,761)
At 31 December 2021	335,605	382,284	245,943	505,462	2,514,611	224,743	1,530,599	5,739,247
<b>Accumulated depreciation</b>								
At 1 January 2021	130,010	-	174,261	579,010	4,977,598	207,042	982,475	7,050,396
Charge for the financial year	6,212	-	18,862	141,903	224,160	13,600	283,539	688,276
Disposals	-	-	-	(385,455)	(103,528)	(6,530)	-	(495,513)
Written off	-	-	-	-	(3,389,257)	(32,730)	-	(3,421,987)
At 31 December 2021	136,222	-	193,123	335,458	1,708,973	181,382	1,266,014	3,821,172
<b>Carrying amount</b>								
At 31 December 2021	199,383	382,284	52,820	170,004	805,638	43,361	264,585	1,918,075
At 1 January 2021	205,595	382,284	71,682	362,816	597,558	56,162	545,521	2,221,618

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 4. Property, Plant and Equipment (Cont'd)

- (a) Purchase of property, plant and equipment

The aggregate costs of the property, plant and equipment of the Group and of the Company during the financial period/year under leases financing and cash payment are as follows:

	Group		Company	
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
Aggregate costs	2,681,832	454,885	2,664,980	436,846
Less: Lease liabilities	(450,000)	-	(450,000)	-
Cash payments	<u>2,231,832</u>	<u>454,885</u>	<u>2,214,980</u>	<u>436,846</u>

- (b) Assets held under lease contract (Right-of-use assets)

The motor vehicle of the Group and of the Company amounting to RM450,000 (31.12.2021: RMNil) is pledged as security for related lease liabilities as disclosed in Note 20.

### 5. Right-of-use Assets

	Leasehold buildings	Office spaces	Hostel	Total
	RM	RM	RM	RM
<b>Group and Company</b>				
<b>30.6.2023</b>				
<b>Cost</b>				
At 1 January 2022	19,756,200	1,032,562	-	20,788,762
Additions	-	-	270,547	270,547
At 30 June 2023	<u>19,756,200</u>	<u>1,032,562</u>	<u>270,547</u>	<u>21,059,309</u>
<b>Accumulated depreciation</b>				
At 1 January 2022	-	372,870	-	372,870
Charge for the financial period	-	516,281	45,091	561,372
At 30 June 2023	<u>-</u>	<u>889,151</u>	<u>45,091</u>	<u>934,242</u>
<b>Carrying amount</b>				
At 30 June 2023	<u>19,756,200</u>	<u>143,411</u>	<u>225,456</u>	<u>20,125,067</u>

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 5. Right-of-use Assets (Cont'd)

	Leasehold buildings RM	Office spaces RM	Total RM
<b>Group and Company</b>			
<b>31.12.2021</b>			
<b>Cost</b>			
At 1 January 2021/31 December 2021	19,756,200	1,032,562	20,788,762
<b>Accumulated depreciation</b>			
At 1 January 2021	-	28,683	28,683
Charge for the financial year	-	344,187	344,187
At 31 December 2021	-	372,870	372,870
<b>Carrying amount</b>			
At 31 December 2021	19,756,200	659,692	20,415,892
At 1 January 2021	19,756,200	1,003,879	20,760,079

The remaining lease term of the leasehold buildings is 80 years (31.12.2021: 82 years and 1.1.2021: 83 years).

## 6. Product Development Costs

	Group		Company	
	30.6.2023 RM	31.12.2021 RM	30.6.2023 RM	31.12.2021 RM
<b>Cost</b>				
At 1 January	35,507,750	32,554,166	30,391,782	28,348,766
Additions	7,281,466	2,953,584	6,176,304	2,043,016
At 30 June/31 December	42,789,216	35,507,750	36,568,086	30,391,782
<b>Accumulated amortisation</b>				
At 1 January	23,333,209	20,622,690	19,732,801	17,413,501
Charge for the financial period/year	4,024,257	2,710,519	3,481,881	2,319,300
At 30 June/31 December	27,357,466	23,333,209	23,214,682	19,732,801
<b>Carrying amount</b>				
At 30 June/31 December	15,431,750	12,174,541	13,353,404	10,658,981

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 6. Product Development Costs (Cont'd)

- (a) Product development costs comprise salaries of personnel involved in the development and design of products prior to the commencement of commercial production.
- (b) The Group and the Company review the carrying amount of product development costs at the end of each reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount of the cash-generating unit ("CGU") is determined based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU based on the financial budgets prepared by the management covering a period of five (5) years.

The key assumptions used in the value in use calculations are as follows:

- (i) The anticipated average annual revenue growth rates used in the cash flow budgets and plans of the CGU at 5% (31.12.2021: 5% and 1.1.2021: 4%) per annum from years 2024 to 2028 (31.12.2021: 2022 to 2026 and 1.1.2021: 2021 to 2025).
- (ii) Profit margins were projected based on the historical profit margin achieved or pre-determined profit margin for the products.
- (iii) A pre-tax discount rate of 9.1% (31.12.2021: 4.80% and 1.1.2021: 4.80%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital plus a reasonable risk premium.

Based on the assessment, the Directors are of the view that no impairment loss is required as the recoverable amount of the CGU is higher than its carrying amount.

- (c) Sensitivity to changes in assumptions

The management believes that there is no reasonable possible change in any key assumption that would cause the CGU carrying amount to exceed its recoverable amount.

### 7. Intangible Assets

	Group and Company	
	30.6.2023	31.12.2021
	RM	RM
<b>Cost</b>		
At 1 January/30 June/31 December	1,010,000	1,010,000
<b>Accumulated amortisation</b>		
At 1 January/30 June/31 December	(1,010,000)	(1,010,000)
<b>Carrying amount</b>		
At 30 June/31 December	-	-

Intangible assets consist of trademarks and copyrights which had been fully amortised in the financial year ended 31 December 2013.



# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 8. Investment in Subsidiary Companies

	30.6.2023	Company 31.12.2021	1.1.2021
	RM	RM	RM
<b>In Malaysia</b>			
Unquoted shares, at cost	3,000,006	2,970,005	620,005
Less: Accumulated impairment losses	(120,000)	(120,000)	(120,000)
	<u>2,880,006</u>	<u>2,850,005</u>	<u>500,005</u>

(a) Movement in the allowance for impairment losses are as follow:

	30.6.2023	Company 31.12.2021	1.1.2021
	RM	RM	RM
<b>Accumulated impairment losses</b>			
At 1 January/30 June/31 December	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>

The Group has considered the losses in subsidiary companies as impairment indicators and has carried out a review of the recoverable amounts of its investments in certain subsidiary companies that had been making losses for the past few years.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest			Principal activities
		30.6.2023	31.12.2021	1.1.2021	
		%	%	%	
<b>Direct holding:</b>					
Insage (MSC) Sdn. Bhd.	Malaysia	100	100	100	Provision of software solutions
E2 Trade Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Xifu Sdn. Bhd.	Malaysia	100	70	100	Provision of consultants other than architecture, engineering and management consultant and to provide investment advisory services
Excel Force Solutions Sdn. Bhd. (Formerly known as CJS Infosolutions Sdn. Bhd.)	Malaysia	100	-	-	Provision of information platform for market analytics and investment education

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 8. Investment in Subsidiary Companies (Cont'd)

#### (a) Acquisition of a subsidiary company

Excel Force Solutions Sdn. Bhd.

On 14 December 2022, the Company has completed its acquisition of 100% issued and paid up capital in Excel Force Solutions Sdn. Bhd. ("EFS") for a cash consideration of RM30,000. The principal activities of the Company consist of provision of information platform for market analytics and investment education. The acquisition of EFS would enable the group to improve its application services business.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	EFS RM
<u>Fair value of consideration transferred</u>	
Cash consideration/Total consideration transferred	30,000
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Cash and cash equivalents	14,475
Other payables	(13,929)
Net identifiable assets	546
<u>Net cash outflow arising from acquisition of a subsidiary company</u>	
Purchase consideration settled in cash	30,000
Cash and cash equivalents acquired	(14,475)
	15,525
<u>Goodwill arising from business combination</u>	
Fair value of consideration transferred	30,000
Fair value of identifiable net assets acquired	546
Goodwill	29,454

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary company into the Group's existing business.

#### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary company has not contribute to the Group's revenue and profit for the financial period.

There was no acquisition in the previous financial year.

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 8. Investment in Subsidiary Companies (Cont'd)

### (b) Acquisition of non-controlling interests

Xifu Sdn. Bhd.

On 14 December 2022, the Company acquired additional 30% equity interest in Xifu Sdn. Bhd. ("Xifu") for RM1 in cash, increasing its ownership from 70% to 100%. The carrying amount of Xifu Sdn. Bhd.'s net assets in the Group's financial statement on the date of acquisition was RM702,678. The Group recognised a decrease in non-controlling interest of RM210,803 and an increase in retained earnings of RM210,802.

The effect of changes in the equity interest in Xifu Sdn. Bhd that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest acquired	210,803
Consideration paid to non-controlling interest	(1)
Increase in parent's equity	<u>210,802</u>

There was no acquisition in the previous financial year.

### (c) Change in equity interests

31 December 2021

On 15 June 2021, Xifu entered into a Shareholders Agreement ("SA") with the Company and Mr Yap Shon Leong ("Shareholder B") whereby the Company and Shareholder B agreed to undertake an additional capital by way of subscription of further shares in Xifu for cash in the proportion of 70% and 30% respectively.

On 28 December 2021, Xifu increased its issued and paid-up share capital from 2 to 23,500,000 ordinary shares by way of issuance of 23,499,998 new ordinary shares at an issue price of RM0.10 per share for total consideration of RM2,349,999. The Company has subscribed for additional 16,449,998 ordinary shares in Xifu for total consideration of RM2,349,999 by way of capitalisation of amount due from Xifu. Consequently, the Company's equity interest in Xifu decreased from 100% to 70% and Xifu became a 70% owned subsidiary company of the Company.

The SA was completed on 28 December 2021.

### (d) Material partly-owned subsidiary company

Set out below are the Group's subsidiary company that has material non-controlling interests:

Name of company	Proportion of ownership interest and voting rights held by non-controlling interest		Profit/(Loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	30.6.2023	31.12.2021	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	%	%	RM	RM	RM	RM
Xifu Sdn. Bhd.	-	30	(334,287)	-	-	545,090

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 8. Investment in Subsidiary Companies (Cont'd)

#### (d) Material partly-owned subsidiary company (Cont'd)

Summarised financial information for the subsidiary company that has non-controlling interests that is material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

##### (i) Summarised statement of financial position

	Xifu Sdn. Bhd.	
	30.6.2023	31.12.2021
	RM	RM
Non-current assets	-	576,122
Current assets	-	1,330,414
Current liabilities	-	(89,568)
Net assets	-	1,816,968

##### (ii) Summarised statement of profit or loss and other comprehensive income

	Xifu Sdn. Bhd.	
	30.6.2023	31.12.2021
	RM	RM
Revenue	5,276	-
Loss for the financial year, representing total comprehensive income for the financial year	(1,114,290)	(409,529)

##### (iii) Summarised statement of cash flows

	Xifu Sdn. Bhd.	
	30.6.2023	31.12.2021
	RM	RM
Net cash used in operating activities	-	1,893,124
Net cash used in investing activities	-	(571,738)
Net cash generate from financing activities	-	-
Net increase in cash and cash equivalents	-	1,321,386

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 9. Investment in Associate

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
<b>At cost</b>						
Unquoted shares in Malaysia	300,000	-	-	300,000	-	-
Share of post-acquisition reserve	18,048	-	-	-	-	-
Balance at the end of the financial period	318,048	-	-	300,000	-	-

Details of the associates are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest			Principal activities
		30.6.2023	31.12.2021	1.1.2021	
		%	%	%	
<b>Direct holding:</b>					
Millapp Sdn. Bhd.*#	Malaysia	28.57%	-	-	Development and maintenance of stock trading application

\* Associates not audited by TGS TW PLT

# Financial year end 31 March

For the purpose of applying the equity method for associate with financial year end of 31 March, the last management financial statements up to 30 June of the associate has been used.

Summarised financial information of the Group's associate are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associate and not the Group's share of those amounts.

### (a) Summarised statement of financial position

	Millapp Sdn. Bhd. RM
<b>30.6.2023</b>	
Non-current assets	1,750,223
Current assets	620,935
Current liabilities	(75,084)
Net assets	2,296,074
Interest in associates	28.57%
Group's shares of net assets	656,021
Goodwill	(337,973)
Carrying value of Group's interest in associate	318,048

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 9. Investment in Associate (Cont'd)

(b) Summarised statement of profit or loss and other comprehensive income

	Millapp Sdn. Bhd. RM
Profit for the financial year/total comprehensive income for the financial year	58,496
Included in total comprehensive income is:	
Revenue	298,434

### 10. Other Investments

	Group and Company		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM

#### Non-current

#### Financial assets measured at fair value through other comprehensive income

Quoted shares	10,765,275	17,801,700	13,042,200
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The fair value of the listed equity securities was determined by reference to the quoted price in an active market.

### 11. Goodwill on Consolidation

	Group		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM

#### Cost

At 1 January	-	-	-
Addition through business combination	29,454	-	-
At 30 June/At 31 December	29,454	-	-

The goodwill is in respect of the Group's acquisition of subsidiary company and is stated at cost.

### 12. Inventories

	Group and Company		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM

Replacement parts	30,512	30,512	23,992
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#### Recognised in profit or loss

Inventories recognised as cost of sales	859,020	1,612,658	783,556
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# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 13. Trade Receivables

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
Trade receivables	2,841,150	3,265,363	6,031,303	2,663,049	3,166,736	5,830,491
Less: Accumulated impairment losses	(74,720)	(73,975)	(183,391)	(60,271)	(51,305)	(159,878)
	<u>2,766,430</u>	<u>3,191,388</u>	<u>5,847,912</u>	<u>2,602,778</u>	<u>3,115,431</u>	<u>5,670,613</u>

Trade receivables are non-interest bearing and are generally on 30 days (31.12.2021: 30 days and 1.1.2021: 30 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
<b>Group</b>			
At 1 January 2022	52,477	21,498	73,975
Charge for the financial period	10,689	11,554	22,243
Written off	-	(21,498)	(21,498)
At 30 June 2023	<u>63,166</u>	<u>11,554</u>	<u>74,720</u>
At 1 January 2021	161,893	21,498	183,391
Impairment losses reversed*	(109,416)	-	(109,416)
At 31 December 2021	<u>52,477</u>	<u>21,498</u>	<u>73,975</u>
<b>Company</b>			
At 1 January 2022	51,305	-	51,305
Charge for the financial period	8,966	-	8,966
At 30 June 2023	<u>60,271</u>	<u>-</u>	<u>60,271</u>
At 1 January 2021	159,878	-	159,878
Impairment losses reversed*	(108,573)	-	(108,573)
At 31 December 2021	<u>51,305</u>	<u>-</u>	<u>51,305</u>

\* Impairment losses reversed when the related amounts were collected.

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 13. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables:

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Group</b>			
<b>30.6.2023</b>			
Not past due	1,418,251	(20,752)	1,397,499
Past due:			
Less than 30 days	484,242	(6,357)	477,885
31 to 60 days	313,993	(4,454)	309,539
More than 60 days	613,110	(31,603)	581,507
	1,411,345	(42,414)	1,368,931
Credit impaired:			
Individually impaired	11,554	(11,554)	-
	<u>2,841,150</u>	<u>(74,720)</u>	<u>2,766,430</u>
<b>31.12.2021</b>			
Not past due	1,625,563	(23,658)	1,601,905
Past due:			
Less than 30 days	1,067,522	(15,533)	1,051,989
31 to 60 days	225,158	(4,354)	220,804
More than 60 days	325,622	(8,932)	316,690
	1,618,302	(28,819)	1,589,483
Credit impaired:			
Individually impaired	21,498	(21,498)	-
	<u>3,265,363</u>	<u>(73,975)</u>	<u>3,191,388</u>
<b>1.1.2021</b>			
Not past due	2,591,481	(47,769)	2,543,712
Past due:			
Less than 30 days	1,840,136	(34,145)	1,805,991
31 to 60 days	604,493	(11,053)	593,440
More than 60 days	973,695	(68,926)	904,769
	3,418,324	(114,124)	3,304,200
Credit impaired:			
Individually impaired	21,498	(21,498)	-
	<u>6,031,303</u>	<u>(183,391)</u>	<u>5,847,912</u>



# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 13. Trade Receivables (Cont'd)

The following table provide information about the exposure to credit risk and ECLs for trade receivables: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
<b>Company</b>			
<b>30.6.2023</b>			
Not past due	1,409,983	(20,692)	1,389,291
Past due:			
Less than 30 days	383,171	(5,621)	377,550
31 to 60 days	293,429	(4,304)	289,125
More than 60 days	576,466	(29,654)	546,812
	<u>1,253,066</u>	<u>(39,579)</u>	<u>1,213,487</u>
	<u>2,663,049</u>	<u>(60,271)</u>	<u>2,602,778</u>
<b>31.12.2021</b>			
Not past due	1,592,996	(23,366)	1,569,630
Past due:			
Less than 30 days	1,045,474	(15,335)	1,030,139
31 to 60 days	222,402	(4,329)	218,073
More than 60 days	305,864	(8,275)	297,589
	<u>1,573,740</u>	<u>(27,939)</u>	<u>1,545,801</u>
	<u>3,166,736</u>	<u>(51,305)</u>	<u>3,115,431</u>
<b>1.1.2021</b>			
Not past due	2,492,190	(46,685)	2,445,505
Past due:			
Less than 30 days	1,798,690	(33,693)	1,764,997
31 to 60 days	569,884	(10,675)	559,209
More than 60 days	969,727	(68,825)	900,902
	<u>3,338,301</u>	<u>(113,193)</u>	<u>3,225,108</u>
	<u>5,830,491</u>	<u>(159,878)</u>	<u>5,670,613</u>

## Notes to the Financial Statements (Cont'd)

### EXCEL FORCE MSC BERHAD

#### 14. Other Receivables

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
Other receivables	211,930	146,938	100,060	204,904	135,741	92,240
Deposits paid	21,324,061	21,245,061	24,221,891	21,324,061	21,245,061	24,221,891
Prepayments	846,100	727,266	1,083,930	792,387	710,385	1,149,443
	<u>22,382,091</u>	<u>22,119,265</u>	<u>25,405,881</u>	<u>22,321,352</u>	<u>22,091,187</u>	<u>25,463,574</u>

Included in deposits of the Group and of the Company are an amount of RM20,922,900 (31.12.2021: RM20,922,900 and 1.1.2021: RM23,900,000) represents refundable deposits paid for renovation of office and acquisition of shares.

#### 15. Amount Due from Subsidiary Companies

Amount due from subsidiary companies are unsecured, non-trade related with non-interest bearing and repayable on demand.

#### 16. Deposits, Cash and Bank Balances and Short-term Funds

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
Cash in hand	5,567	7,155	7,009	5,063	6,651	6,505
Cash at banks	28,282,722	21,692,519	2,762,847	27,162,809	19,488,526	2,035,311
Fixed deposits with licensed banks	<u>243,227</u>	<u>216,331</u>	<u>207,568</u>	<u>243,227</u>	<u>216,331</u>	<u>207,568</u>
	28,531,516	21,916,005	2,977,424	27,411,099	19,711,508	2,249,384
Short-term funds						
At fair value through profit or loss						
- Investments in fixed income trust fund in Malaysia	<u>2,639,206</u>	<u>10,440,367</u>	<u>19,875,977</u>	<u>2,639,206</u>	<u>10,440,367</u>	<u>19,875,977</u>
Cash and cash equivalents	<u>31,170,722</u>	<u>32,356,372</u>	<u>22,853,401</u>	<u>30,050,305</u>	<u>30,151,875</u>	<u>22,125,361</u>

- (a) Investments in fixed income trust funds in Malaysia represents investments in high liquid money market instruments, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- (b) The effective interest rates for short-term funds and deposits with licensed banks of the Group and of the Company at the end of the reporting period range from 0.5% to 0.72% (31.12.2021: 0.15% to 2.72% and 1.1.2021: 0.12% to 7.56%) per annum.
- (c) Short-term funds and deposits of the Group and of the Company have an average maturity period range from 7 to 30 days (31.12.2021: 7 to 30 days). Bank balances are deposits held at call with banks.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 17. Share Capital

	Group and Company			
	Number of shares		Amount	
	30.6.2023 Units	31.12.2021 Units	30.6.2023 RM	31.12.2021 RM
<b>Issued and fully paid ordinary shares</b>				
At 1 January	559,378,375	615,378,375	81,176,480	89,303,150
Cancellation of treasury shares	-	(56,000,000)	-	(8,126,670)
At 30 June/31 December	559,378,375	559,378,375	81,176,480	81,176,480

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

In previous financial year, the Company cancelled 56,000,000 units treasury shares. Accordingly, the number of issued and fully paid ordinary shares at the reporting date is 559,378,375.

### 18. Reserves

	Note	30.6.2023 RM	Group	1.1.2021
			31.12.2021 RM (Restated)	RM (Restated)
<b>Non-distributable</b>				
Fair value reserve	(a)	(4,680,592)	4,318,133	(688,440)
Other reserve	(b)	(80,745)	(80,745)	(80,745)
<b>Distributable</b>				
Retained earnings	(c)	20,480,477	13,744,903	29,779,127
		15,719,140	17,982,291	29,009,942

	Note	30.6.2023 RM	Company	1.1.2021
			31.12.2021 RM (Restated)	RM (Restated)
<b>Non-distributable</b>				
Fair value reserve	(a)	(4,680,592)	4,318,133	(688,440)
<b>Distributable</b>				
Retained earnings	(c)	21,240,434	14,045,164	29,170,960
		16,559,842	18,363,297	28,482,520

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 18. Reserves (Cont'd)

(a) Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income until they are derecognised or impaired.

(b) Other reserve

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of equity interest from its non-controlling interests.

(c) Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

### 19. Treasury Shares

	30.6.2023	Group and Company	
	Units	31.12.2021	1.1.2021
		Units	Units
At 1 January	-	56,000,000	35,000,000
Purchase of own shares	-	-	21,000,000
Cancellation of shares	-	(56,000,000)	-
At 31 December	-	-	56,000,000

	30.6.2023	Group and Company	
	RM	31.12.2021	1.1.2021
		RM	RM
At 1 January	-	27,560,666	19,440,808
Purchase of own shares	-	-	8,119,858
Cancellation of shares	-	(27,560,666)	-
At 31 December	-	-	27,560,666

In previous financial year

The Company has the right to resell these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 10 June 2021, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The Company cancelled 56,000,000 units of treasury shares with carrying amount of RM27,560,666 or at an average price of RM0.49 per ordinary share.

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 20. Lease Liabilities

	Group and Company		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM
Non-current	104,268	327,067	672,117
Current	527,943	345,050	333,200
	<u>632,211</u>	<u>672,117</u>	<u>1,005,317</u>

The maturity analysis of lease liabilities at the end of the reporting period:

	Group and Company		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM
Within one year	539,741	363,074	363,074
Later than one year and not later than two years	105,640	332,818	363,074
Later than two years and not later than five years	-	-	332,819
	<u>645,381</u>	<u>695,892</u>	<u>1,058,967</u>
Less: Future finance charges	(13,170)	(23,775)	(53,650)
Present value of lease liabilities	<u>632,211</u>	<u>672,117</u>	<u>1,005,317</u>

The Group leases buildings and computer equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities at the reporting date was 3.6% (31.12.2021: 3.5% and 1.1.2021: 3.5%).

## 21. Deferred Tax Liabilities

	Group		Company	
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
		(Restated)		(Restated)
At 1 January	1,966,188	2,107,064	1,890,150	2,107,064
Recognised in profit or loss	396,204	(140,876)	391,261	(216,914)
At 30 June/31 December	<u>2,362,392</u>	<u>1,966,188</u>	<u>2,281,411</u>	<u>1,890,150</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		
	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM
		(Restated)	(Restated)
Deferred tax liabilities	3,666,359	2,973,881	2,990,106
Deferred tax assets	<u>(1,303,967)</u>	<u>(1,007,693)</u>	<u>(883,042)</u>
	<u>2,362,392</u>	<u>1,966,188</u>	<u>2,107,064</u>

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 21. Deferred Tax Liabilities (Cont'd)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows: (Cont'd)

	30.6.2023 RM	Company 31.12.2021 RM (Restated)	1.1.2021 RM (Restated)
Deferred tax liabilities	3,341,250	2,713,027	2,723,445
Deferred tax assets	(1,059,839)	(822,877)	(616,381)
	<u>2,281,411</u>	<u>1,890,150</u>	<u>2,107,064</u>

The components and movements of deferred tax liabilities and assets are follows:

	Accelerated capital allowances RM	Others RM	Total RM
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#### Group

##### Deferred tax liabilities

##### 30.6.2023

At 1 January 2022	184,878	2,789,003	2,973,881
Recognised in profit or loss	(15,249)	676,054	660,805
Under provision in prior years	31,673	-	31,673
At 30 June 2023	<u>201,302</u>	<u>3,465,057</u>	<u>3,666,359</u>

##### 31.12.2021 (Restated)

At 1 January 2021	126,551	2,863,555	2,990,106
Recognised in profit or loss	58,327	(74,552)	(16,225)
At 31 December 2021	<u>184,878</u>	<u>2,789,003</u>	<u>2,973,881</u>

	Unutilised capital allowances RM	Unutilised tax losses RM	Others RM	Total RM
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#### Group

##### Deferred tax assets

##### 30.6.2023

At 1 January 2022	(2,719)	-	(1,004,974)	(1,007,693)
Recognised in profit or loss	(9,756)	-	(254,845)	(264,601)
Under provision in prior years	(31,673)	-	-	(31,673)
At 30 June 2023	<u>(44,148)</u>	<u>-</u>	<u>(1,259,819)</u>	<u>(1,303,967)</u>

##### 31.12.2021 (Restated)

At 1 January 2021	-	(105,034)	(778,008)	(883,042)
Recognised in profit or loss	(2,719)	105,034	(226,966)	(124,651)
At 31 December 2021	<u>(2,719)</u>	<u>-</u>	<u>(1,004,974)</u>	<u>(1,007,693)</u>

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 21. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are follows: (Cont'd)

	Accelerated capital allowances RM	Others RM	Total RM
<b>Company</b>			
<b>Deferred tax liabilities</b>			
<b>30.6.2023</b>			
At 1 January 2022	154,871	2,558,156	2,713,027
Recognised in profit or loss	(18,438)	646,661	628,223
At 30 June 2023	136,433	3,204,817	3,341,250
<b>31.12.2021 (Restated)</b>			
At 1 January 2021	98,981	2,624,464	2,723,445
Recognised in profit or loss	55,890	(66,308)	(10,418)
At 31 December 2021	154,871	2,558,156	2,713,027

	Others RM
<b>Company</b>	
<b>Deferred tax assets</b>	
<b>30.6.2023</b>	
At 1 January 2022	(822,877)
Recognised in profit or loss	(236,962)
At 30 June 2023	(1,059,839)
<b>31.12.2021 (Restated)</b>	
At 1 January 2021	(616,381)
Recognised in profit or loss	(206,496)
At 31 December 2021	(822,877)

Deferred tax assets have not been recognised in respect of the following items:

	30.6.2023 RM	Group 31.12.2021 RM (Restated)	1.1.2021 RM (Restated)
Unutilised capital allowances	139,590	5,312	-
Unutilised tax losses	1,579,268	302,139	-
Other deductible temporary differences	-	-	206,819
	1,718,858	307,451	206,819

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 21. Deferred Tax Liabilities (Cont'd)

In accordance with the provision of Finance Act 2018, the unutilised tax losses could be carried forward for a maximum of seven consecutive years of assessment. Any balance of the unutilised tax losses at the end of the seventh year shall be disregarded.

The Finance Act 2021 stated that the time frame to carry forward unutilised tax losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. The other temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

### 22. Trade Payables

The normal trade credit term granted to the Group and to the Company range from 30 to 90 days (31.12.2021: 30 to 90 days and 1.1.2021: 30 to 90 days) depending on the terms of the contracts.

### 23. Other Payables

Note	Group			Company		
	30.6.2023 RM	31.12.2021 RM	1.1.2021 RM	30.6.2023 RM	31.12.2021 RM	1.1.2021 RM
Other payables	63,140	71,021	101,085	60,029	70,156	97,931
Accruals	1,103,927	2,375,767	2,731,804	1,056,017	2,268,442	2,634,539
Deposits received	78,340	78,340	821,138	78,340	78,340	821,138
Provision of loss claim (a)	1,600,000	1,600,000	1,000,000	1,600,000	1,600,000	1,000,000
Service tax payables	415,428	546,815	727,961	382,077	526,723	694,058
	<u>3,260,835</u>	<u>4,671,943</u>	<u>5,381,988</u>	<u>3,176,463</u>	<u>4,543,661</u>	<u>5,247,666</u>

#### (a) Provision of loss claim

Provision of loss claim represents potential loss claim compensation of RM1,600,000 (31.12.2021: RM1,600,000 and 1.1.2021: RM1,000,000) to 2 customers (31.12.2021: 2 customers and 1.1.2021: 1 customer) for the disruption of services to the customers.

Movements of provision of loss claim is as follow:

	Group and Company		
	30.6.2023 RM	31.12.2021 RM	1.1.2021 RM
At 1 January	1,600,000	1,000,000	-
Current year provision	-	600,000	1,000,000
At 30 June/31 December	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,000,000</u>



# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 24. Contract Liabilities

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
Deferred revenue	3,641,999	2,574,966	1,625,834	2,808,748	1,816,228	824,018

Deferred revenue represents advance consideration received (or an amount of consideration is due) from the customer in respect of services which are yet to be provided. The deferred revenue will be recognised as revenue when the related services is rendered.

Significant changes to contract liabilities balances during the financial period are as follows:

	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM
Contract liabilities at the beginning of the reporting period recognised as revenue			
Group	2,264,763	1,470,290	1,281,564
Company	1,514,237	629,058	498,042

### 25. Revenue

	Group		Company	
	1.1.2022	1.1.2021	1.1.2022	1.1.2021
	to	to	to	to
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
	(Restated)			

#### Revenue from contracts with customers:

Sales of hardware	986,300	1,897,870	986,300	1,897,870
Rendering of services	38,553,881	33,251,488	36,018,600	31,764,166
Maintenance services	3,839,869	2,139,744	3,713,404	2,057,407
	43,380,050	37,289,102	40,718,304	35,719,443

#### Timing of revenue recognition:

At a point in time	1,459,112	1,989,301	1,354,192	1,911,846
Over time	41,920,938	35,299,801	39,364,112	33,807,597
Total revenue from contracts with customers	43,380,050	37,289,102	40,718,304	35,719,443

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 25. Revenue (Cont'd)

Breakdown of the Group's revenue from contracts with customers:

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Total RM
<b>30.6.2023</b>				
<b>Major goods and services:</b>				
Sales of hardware	986,300	-	-	986,300
Rendering of services	9,377,999	-	29,175,882	38,553,881
Maintenance services	-	3,839,869	-	3,839,869
Total revenue from contracts with customers	10,364,299	3,839,869	29,175,882	43,380,050
<b>Geographical market</b>				
Malaysia	8,987,056	3,307,811	29,175,882	41,470,749
Singapore	1,377,243	532,058	-	1,909,301
Total revenue from contracts with customers	10,364,299	3,839,869	29,175,882	43,380,050
<b>31.12.2021</b>				
<b>Major goods and services:</b>				
Sales of hardware	1,897,870	-	-	1,897,870
Rendering of services	6,807,211	-	26,444,277	33,251,488
Maintenance services	-	2,139,744	-	2,139,744
Total revenue from contracts with customers	8,705,081	2,139,744	26,444,277	37,289,102
<b>Geographical market</b>				
Malaysia	7,320,420	1,870,870	26,437,013	35,628,303
Singapore	1,384,661	265,521	-	1,650,182
Others	-	3,353	7,264	10,617
Total revenue from contracts with customers	8,705,081	2,139,744	26,444,277	37,289,102

### 26. Finance Cost

	Group and Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Interest expenses on lease liabilities	41,438	29,875

# Notes to the Financial Statements (Cont'd)

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## 27. Profit before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Auditors' remuneration				
- statutory audit	75,000	59,500	66,000	52,500
- non-statutory audit	5,000	5,000	5,000	5,000
Amortisation of product development costs	4,024,257	2,710,519	3,481,881	2,319,300
Depreciation of:				
- property, plant and equipment	1,303,335	754,047	1,187,730	688,276
- right-of-use assets	561,372	344,187	561,372	344,187
Impairment losses on trade receivables	22,243	-	8,966	-
Gain on disposal of property, plant and equipment	(44,397)	(124,857)	(44,397)	(124,857)
(Gain)/Loss on foreign exchange				
- realised	39,472	39,898	39,368	39,901
- unrealised	(27,241)	(9,181)	(27,241)	(9,181)
Provision of loss claim	-	600,000	-	600,000
Non-executive Directors' fee	363,000	193,290	363,000	193,290
Property, plant and equipment written off	1	806	1	774
Dividend income from a subsidiary company	-	-	(570,000)	(470,000)
Interest income from:				
- deposits with licensed banks	(107,361)	(50,101)	(80,244)	(39,443)
- short-term funds	(118,313)	(64,999)	(118,313)	(64,999)
Reversal of impairment losses on trade receivables	-	(109,416)	-	(108,573)
Waiver of amount due from a subsidiary company	-	-	-	285,370

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 28. Taxation

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)

#### Tax expenses recognised in profit or loss

##### Current tax

- Current year	4,200,350	4,466,555	3,895,324	4,441,741
- (Over)/Under provision in prior years	(26,985)	239,219	(26,096)	239,219
	4,173,365	4,705,774	3,869,228	4,680,960

##### Deferred tax

- Origination and reversal of temporary differences	396,204	(140,876)	391,261	(216,914)
	4,569,569	4,564,898	4,260,489	4,464,046

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2021: 24%) of the estimated assessable profits for the financial period/year.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM (Restated)
Profit before tax	16,353,838	16,885,529	17,049,543	17,148,015
At Malaysian statutory tax rate of 24% (31.12.2021: 24%)	3,924,921	4,052,527	4,091,890	4,115,524
Expenses not deductible for tax purposes	372,160	417,574	366,428	292,546
Income not subject to tax	(39,265)	(168,573)	(171,733)	(183,243)
Deferred tax assets not recognised	338,738	73,788	-	-
Utilisation of previously unrecognised deferred tax assets	-	(49,637)	-	-
(Over)/Under provision of income tax in prior years	(26,985)	239,219	(26,096)	239,219
	4,569,569	4,564,898	4,260,489	4,464,046

# Notes to the Financial Statements (Cont'd)

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## 28. Taxation (Cont'd)

The Group and the Company have the estimated unutilised tax losses and unutilised capital allowances to carry forward, available to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Unutilised tax losses	1,579,268	302,139	-	-
Unutilised capital allowances	323,539	148,611	-	-
	<u>1,902,807</u>	<u>450,750</u>	<u>-</u>	<u>-</u>

## 29. Earnings Per Share

### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial period as follows:

	Group	
	30.6.2023	31.12.2021
Profit attributable to owners of the Company (RM)	<u>12,118,556</u>	<u>12,320,631</u>
Weighted average number of ordinary shares in issue: (units)		
Issued ordinary shares at 1 January	559,378,375	615,378,375
Effect of treasury shares held	-	(56,000,000)
	<u>559,378,375</u>	<u>559,378,375</u>
Basic earnings per ordinary share (in sen)	<u>2.17</u>	<u>2.20</u>

### (b) Diluted earnings per share

The Group has no dilution in their earnings per ordinary shares as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial period and before the authorisation of these financial statements.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 30. Staff Costs

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Fees	265,000	270,000	265,000	270,000
Salaries, wages and other emoluments	14,691,550	9,123,048	13,481,389	8,581,218
Defined contribution plans	1,737,377	1,108,118	1,587,687	1,041,015
Social security contributions	131,596	72,482	117,674	66,423
Other benefits	311,991	282,593	277,691	128,192
	<u>17,137,514</u>	<u>10,856,241</u>	<u>15,729,441</u>	<u>10,086,848</u>

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial period as below:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
<b>Executive Directors of the Company</b>				
Fees	265,000	270,000	265,000	270,000
Salaries and other emoluments	1,520,093	1,035,941	1,520,093	1,035,941
Defined contribution plans	184,855	129,817	184,855	129,817
Social security contributions	4,743	2,770	4,743	2,770
	<u>1,974,691</u>	<u>1,438,528</u>	<u>1,974,691</u>	<u>1,438,528</u>
<b>Director of the subsidiary company</b>				
Salaries and other emoluments	264,550	-	-	-
Defined contribution plans	31,805	-	-	-
Social security contributions	1,581	-	-	-
	<u>297,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Director Remuneration</b>	<u>2,272,627</u>	<u>1,438,528</u>	<u>1,974,691</u>	<u>1,438,528</u>

# Notes to the Financial Statements (Cont'd)

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## 31. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM	New lease (Note 4) RM	Financing cash flows (i) RM	At 30 June/ 31 December RM
<b>Group and Company</b>				
<b>30.6.2023</b>				
Lease liabilities	672,117	450,000	(489,906)	632,211
<b>31.12.2021</b>				
Lease liabilities	1,005,317	-	(333,200)	672,117

(i) Financing cash flows represents payment of lease liabilities in the statements of cash flows.

## 32. Dividends

	Group and Company	
	30.6.2023 RM	31.12.2021 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Final single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2020 on 8 July 2021	-	2,796,892
First interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2021 on 30 September 2021	-	2,796,892
Second interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2021 on 23 December 2021	-	2,796,892
Final single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2021 on 14 July 2022	2,796,892	-
First interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial period ended 30 June 2023 on 15 May 2023	2,796,892	-
	<u>5,593,784</u>	<u>8,390,676</u>

The Directors recommend the payment of a final single-tier dividend of 0.50 sen per ordinary share in respect of the current financial period, subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 33. Related Party Disclosures

#### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also included key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

#### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
<b>Transactions with subsidiary companies</b>				
Application services rendered	-	-	470,700	313,800
Dividend received/receivable	-	-	570,000	470,000
Management fee income	-	-	122,400	81,600
Sales of computer and software	-	-	15,219	-
Waiver of debt	-	-	-	285,370
<b>Transactions with a related party</b>				
Application services rendered	14,800	19,800	-	-
Sales commission for disposal of asset	-	5,280	-	5,280
Rental of office	544,612	363,075	544,612	363,075
<b>Transactions with former Directors</b>				
Consultancy fee paid/payable	-	121,290	-	121,290



# Notes to the Financial Statements (Cont'd)

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## 33. Related Party Disclosures (Cont'd)

### (c) Compensation of key management personnel

Information regarding compensation of Directors and other key management personnel are as follows:

	Group		Company	
	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 30.6.2023 RM	1.1.2021 to 31.12.2021 RM
Fees	628,000	463,290	628,000	463,290
Salaries, and other emoluments	3,019,561	1,991,895	2,711,561	1,935,895
Defined contribution plans	360,874	244,342	323,914	237,622
Social security contributions	11,973	7,080	11,068	6,926
Other benefits	-	146,000	-	-
	<u>4,020,408</u>	<u>2,852,607</u>	<u>3,674,543</u>	<u>2,643,733</u>

## 34. Segment Information

The Company and its subsidiary companies are principally engaged in the development, provision and maintenance of computer software application solutions for the financial services industry.

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(a)	Application solutions division	Sales of software application and product on an outright purchase basis
(b)	Maintenance services division	Provision of maintenance services
(c)	Application services provider division	Provision of application services on monthly recurring fixed and variable charges

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax. The Group income taxes are managed on a group basis and are not allocated to operating segments.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial period and previous financial years.

Capital expenditure consist of addition of property, plant and equipment, right-of-use assets and product development costs.

Segment assets exclude tax assets and segment liabilities exclude tax liabilities.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 34. Segment Information (Cont'd)

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Consolidation adjustments RM	Total RM
<b>30.6.2023</b>					
<b>Revenue</b>					
External customers	10,364,299	3,839,869	29,175,882	-	43,380,050
Inter-segment	-	-	470,700	(470,700)	-
Total revenue	10,364,299	3,839,869	29,646,582	(470,700)	43,380,050
<b>Results</b>					
Segment results	3,259,853	1,977,278	11,484,423	(570,000)	16,151,554
Interest income					225,674
Share of results of associate					18,048
Finance cost					(41,438)
Profit before tax					16,353,838
Taxation					(4,569,569)
Profit for the financial year					11,784,269
<b>Segment assets</b>	26,015,640	9,638,534	74,416,494	(3,499,472)	106,571,196
<b>Included in the measurement of segment assets are:</b>					
Capital expenditure	2,418,810	896,145	6,918,890	-	10,233,845
Investment in associate	300,000	-	-	18,048	318,048
<b>Segment liabilities</b>	2,580,337	955,988	7,380,930	(666,967)	10,250,288
<b>Other segment information</b>					
Amortisation of product development costs	936,869	342,881	2,744,507	-	4,024,257
Depreciation of:					
- property, plant and equipment	308,048	114,129	881,158	-	1,303,335
- right-of-use assets	132,682	49,158	379,532	-	561,372
Gain on disposal of property, plant and equipment	(10,493)	(3,888)	(30,016)	-	(44,397)
Impairment losses on trade receivables	5,257	1,948	15,038	-	22,243
Property, plant and equipment written off	-	-	1	-	1
Unrealised gain on foreign exchange	(6,508)	(2,411)	(18,322)	-	(27,241)

# Notes to the Financial Statements (Cont'd)

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## 34. Segment Information (Cont'd)

	Application solutions division RM	Maintenance services division RM	Application services provider division RM	Consolidation adjustments RM	Total RM
<b>31.12.2021 (Restated)</b>					
<b>Revenue</b>					
External customers	8,705,081	2,139,744	26,444,277	-	37,289,102
Inter-segment	-	-	313,800	(313,800)	-
Total revenue	8,705,081	2,139,744	26,758,077	(313,800)	37,289,102
<b>Results</b>					
Segment results	3,930,060	963,441	12,483,573	(576,770)	16,800,304
Interest income					115,100
Finance cost					(29,875)
Profit before tax					16,885,529
Taxation					(4,564,898)
Profit after tax					12,320,631
<b>Segment assets</b>	25,793,597	6,323,216	81,044,502	(2,898,291)	110,263,024
<b>Including in the measurement of segment assets are:</b>					
Capital expenditure	789,061	193,954	2,425,454	-	3,408,469
<b>31.12.2021 (Restated)</b>					
<b>Segment liabilities</b>	3,105,455	763,334	9,545,691	(3,160,032)	10,254,448
<b>Other segment information</b>					
Amortisation of product development costs	634,066	155,439	1,921,014	-	2,710,519
Depreciation of:					
- property, plant and equipment	176,393	43,242	534,412	-	754,047
- right-of-use assets	80,515	19,738	243,934	-	344,187
Gain on disposal of property, plant and equipment	(29,208)	(7,160)	(88,489)	-	(124,857)
Property, plant and equipment written off	189	46	571	-	806
Provision for loss claim	-	-	600,000	-	600,000
Reversal on impairment losses on trade receivables	(25,595)	(6,275)	(77,546)	-	(109,416)
Unrealised loss on foreign exchange	(2,148)	(526)	(6,507)	-	(9,181)

## Notes to the Financial Statements (Cont'd)

### EXCEL FORCE MSC BERHAD

#### 34. Segment Information (Cont'd)

##### Geographical information

Geographical segment information for revenue are disclosed in Note 25.

No disclosure on geographical segment information for non-current assets as the Group operates predominantly in Malaysia.

##### Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

	Revenue		Segment
	30.6.2023 RM	31.12.2021 RM	
Company A	7,572,033	6,922,018	Application services provider and application solutions division
Company B	5,140,942	5,017,296	Application services provider and application solutions division
Company C	3,785,766	4,058,293	Application services provider and application solutions division
Company D *	-	3,804,480	Application services provider and application solutions division
Company E *	4,920,004	-	Application services provider and application solutions division

\* The revenue for these customers did not equate to or more than 10% of the Group's total revenue for the respective financial period/years.

# Notes to the Financial Statements (Cont'd)

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## 35. Financial Instruments

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM	At FVTPL RM	At FVTOCI RM	Total RM
<b>Group</b>				
<b>30.6.2023</b>				
<b>Financial Assets</b>				
Other investments	-	-	10,765,275	10,765,275
Trade receivables	2,766,430	-	-	2,766,430
Other receivables	21,535,991	-	-	21,535,991
Deposits, cash and bank balances and short-term funds	28,531,516	2,639,206	-	31,170,722
	<u>52,833,937</u>	<u>2,639,206</u>	<u>10,765,275</u>	<u>66,238,418</u>
<b>Financial Liabilities</b>				
Trade payables	352,851	-	-	352,851
Other payables	2,845,407	-	-	2,845,407
Lease liabilities	632,211	-	-	632,211
	<u>3,830,469</u>	<u>-</u>	<u>-</u>	<u>3,830,469</u>
<b>31.12.2021</b>				
<b>Financial Assets</b>				
Other investments	-	-	17,801,700	17,801,700
Trade receivables	3,191,388	-	-	3,191,388
Other receivables	21,391,999	-	-	21,391,999
Deposits, cash and bank balances and short-term funds	21,916,005	10,440,367	-	32,356,372
	<u>46,499,392</u>	<u>10,440,367</u>	<u>17,801,700</u>	<u>74,741,459</u>
<b>Financial Liabilities</b>				
Trade payables	369,234	-	-	369,234
Other payables	4,125,128	-	-	4,125,128
Lease liabilities	672,117	-	-	672,117
	<u>5,166,479</u>	<u>-</u>	<u>-</u>	<u>5,166,479</u>

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 35. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	At amortised cost RM	At FVTPL RM	At FVTOCI RM	Total RM
<b>Company</b>				
<b>30.6.2023</b>				
<b>Financial Assets</b>				
Other investments	-	-	10,765,275	10,765,275
Trade receivables	2,602,778	-	-	2,602,778
Other receivables	21,528,965	-	-	21,528,965
Amount due from subsidiary companies	653,911	-	-	653,911
Deposits, cash and bank balances and short-term funds	27,411,099	2,639,206	-	30,050,305
	<u>52,196,753</u>	<u>2,639,206</u>	<u>10,765,275</u>	<u>65,601,234</u>
<b>Financial Liabilities</b>				
Trade payables	322,386	-	-	322,386
Other payables	2,794,386	-	-	2,794,386
Lease liabilities	632,211	-	-	632,211
	<u>3,748,983</u>	<u>-</u>	<u>-</u>	<u>3,748,983</u>
<b>31.12.2021</b>				
<b>Financial Assets</b>				
Other investments	-	-	17,801,700	17,801,700
Trade receivables	3,115,431	-	-	3,115,431
Other receivables	21,380,802	-	-	21,380,802
Amount due from subsidiary companies	48,286	-	-	48,286
Deposits, cash and bank balances and short-term funds	19,711,508	10,440,367	-	30,151,875
	<u>44,256,027</u>	<u>10,440,367</u>	<u>17,801,700</u>	<u>72,498,094</u>
<b>Financial Liabilities</b>				
Trade payables	278,270	-	-	278,270
Other payables	4,016,938	-	-	4,016,938
Lease liabilities	672,117	-	-	672,117
	<u>4,967,325</u>	<u>-</u>	<u>-</u>	<u>4,967,325</u>

# Notes to the Financial Statements (Cont'd)

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## 35. Financial Instruments (Cont'd)

### (b) Net gains and losses arising from financial instruments

	Group		Company	
	30.6.2023	31.12.2021	30.6.2023	31.12.2021
	RM	RM	RM	RM
<b>Net gains/(losses) on:</b>				
Financial assets measured at amortised cost	203,431	224,516	189,591	213,015
Financial liabilities measured at amortised cost	(41,438)	(29,875)	(41,438)	(29,875)
Equity instruments at FVTOCI				
- Recognised in other comprehensive income	(8,998,725)	5,021,480	(8,998,725)	5,021,480
	<u>(8,836,732)</u>	<u>5,216,121</u>	<u>(8,850,572)</u>	<u>5,204,620</u>

### (c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, interest rate and foreign currency risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from its receivables from customers, advances to subsidiary companies and deposits with banks and financial institutions. There are no significant changes as compared to prior years.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to its subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary company and repayments made by the subsidiary company.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position as at the reporting date represents the Group's and the Company's maximum exposure to credit risk.

There are no significant changes as compared to previous financial year.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 35. Financial Instruments (Cont'd)

#### (c) Financial risk management objectives and policies (Cont'd)

##### (i) Credit risk (Cont'd)

##### Credit risk concentration

As at the end of financial period, the Group and the Company have 3 customers (31.12.2021: 4 customers) and 3 customers (31.12.2021: 4 customers) that accounted for approximately 56% (31.12.2021: 63%) and 59% (31.12.2021: 65%) of all receivables outstanding.

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>				
<b>30.6.2023</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	352,851	-	352,851	352,851
Other payables	2,845,407	-	2,845,407	2,845,407
Lease liabilities	539,741	105,640	645,381	632,211
	<u>3,737,999</u>	<u>105,640</u>	<u>3,843,639</u>	<u>3,830,469</u>
<b>31.12.2021</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	369,234	-	369,234	369,234
Other payables	4,125,128	-	4,125,128	4,125,128
Lease liabilities	363,074	332,818	695,892	672,117
	<u>4,857,436</u>	<u>332,818</u>	<u>5,190,254</u>	<u>5,166,479</u>



# Notes to the Financial Statements (Cont'd)

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## 35. Financial Instruments (Cont'd)

### (c) Financial risk management objectives and policies (Cont'd)

#### (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>				
<b>30.6.2023</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	322,386	-	322,386	322,386
Other payables	2,794,386	-	2,794,386	2,794,386
Lease liabilities	539,741	105,640	645,381	632,211
	<u>3,656,513</u>	<u>105,640</u>	<u>3,762,153</u>	<u>3,748,983</u>
<b>31.12.2021</b>				
<b>Non-derivative financial liabilities</b>				
Trade payables	278,270	-	278,270	278,270
Other payables	4,016,938	-	4,016,938	4,016,938
Lease liabilities	363,074	332,818	695,892	672,117
	<u>4,658,282</u>	<u>332,818</u>	<u>4,991,100</u>	<u>4,967,325</u>

#### (iii) Market risks

##### (a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 35. Financial Instruments (Cont'd)

#### (c) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks (Cont'd)

##### (a) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amount at the end of the reporting period are as follows:

	Group and Company	
	30.6.2023	31.12.2021
	RM	RM
<b>Fixed rate instruments</b>		
Financial assets	243,227	216,331
Financial liabilities	(632,211)	(672,117)
	<u>(388,984)</u>	<u>(455,786)</u>
<b>Floating rate instruments</b>		
Financial assets	<u>2,639,206</u>	<u>10,440,367</u>

#### Interest rate risk sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM26,392 (31.12.2021: RM104,404), arising mainly as a result of higher/lower interest income on floating rate instruments. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

##### (b) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

# Notes to the Financial Statements (Cont'd)

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## 35. Financial Instruments (Cont'd)

### (c) Financial risk management objectives and policies (Cont'd)

#### (iii) Market risks (Cont'd)

##### (b) Foreign currency risk (Cont'd)

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in	
	USD	SGD
	RM	RM
<b>Group and Company</b>		
<b>30.6.2023</b>		
Trade receivables	-	12,426
Deposits, cash and bank balances	271,307	351
Trade payables	(48,147)	-
	<u>223,160</u>	<u>12,777</u>
<b>31.12.2021</b>		
Trade receivables	-	92,852
Deposits, cash and bank balances	242,800	839
	<u>242,800</u>	<u>93,691</u>

The following table demonstrates the sensitivity of the Group's and the Company's profit before tax for the financial period to a reasonably possible change in the USD and SGD exchange rates against the functional currencies of the Group and of the Company, with all other variables held constant.

		Group and Company	
		Change in	Effect on profit before tax
		currency rate	30.6.2023
			31.12.2021
			RM
			RM
USD	Strengthened 10%	22,316	24,280
	Weakened 10%	(22,316)	(24,280)
SGD	Strengthened 10%	1,278	9,369
	Weakened 10%	<u>(1,278)</u>	<u>(9,369)</u>

### (d) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value, together with their fair values and carrying amounts shown in the statements of financial position.

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 35. Financial Instruments (Cont'd)

#### (d) Fair value of financial instruments (Cont'd)

	Group and Company				
	Fair value of financial instruments carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
<b>30.06.2023</b>					
<b>Financial assets</b>					
Quoted shares	10,765,275	-	-	10,765,275	10,765,275
Short-term funds	2,639,206	-	-	2,639,206	2,639,206
	<u>13,404,481</u>	<u>-</u>	<u>-</u>	<u>13,404,481</u>	<u>13,404,481</u>
<b>31.12.2021</b>					
<b>Financial assets</b>					
Quoted shares	17,801,700	-	-	17,801,700	17,801,700
Short-term funds	10,440,367	-	-	10,440,367	10,440,367
	<u>28,242,067</u>	<u>-</u>	<u>-</u>	<u>28,242,067</u>	<u>28,242,067</u>

#### (i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfer between levels during current and previous the financial period/years.

#### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

#### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### (iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

### 36. Capital Management

The Group's and the Company's objective when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, trade and other payables and lease liabilities less cash and cash equivalents. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

# Notes to the Financial Statements (Cont'd)

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## 36. Capital Management (Cont'd)

The gearing ratios at the end of the reporting period are as follows:

	Group			Company		
	30.6.2023	31.12.2021	1.1.2021	30.6.2023	31.12.2021	1.1.2021
	RM	RM	RM	RM	RM	RM
		(Restated)	(Restated)		(Restated)	(Restated)
Trade and other payables	3,613,686	5,041,177	5,663,750	3,498,849	4,821,931	5,503,368
Lease liabilities	632,211	672,117	1,005,317	632,211	672,117	1,005,317
Total debts	4,245,897	5,713,294	6,669,067	4,131,060	5,494,048	6,508,685
Less: Cash and cash equivalents	(31,170,722)	(32,356,372)	(22,853,401)	(30,050,305)	(30,151,875)	(22,125,361)
Excess fund	(26,924,825)	(26,643,078)	(16,184,334)	(25,919,245)	(24,657,827)	(15,616,676)
Total equity	96,895,620	99,703,861	90,752,426	97,736,322	99,539,777	90,225,004
Gearing ratio (times)	-*	-*	-*	-*	-*	-*

\* The gearing ratio is not applicable as the Group and the Company have sufficient cash and cash equivalents to settle the liabilities at the end of the reporting period.

There were no changes in the Group's and the Company's approach to capital management during the financial period.

## 37. Capital Commitment

	Group and Company	
	30.6.2023	31.12.2021
	RM	RM
Authorised and contracted for:		
- Property, plant and equipment	3,527,258	3,527,258

# Notes to the Financial Statements (Cont'd)

## EXCEL FORCE MSC BERHAD

### 38. Prior Year Adjustments

The financial impacts of the prior year adjustments for understatement of deferred tax liabilities arising from the temporary differences between the carrying amount of product development cost and their tax base are presented in this section and are further explained in the following notes:

Reconciliation of statements of financial position as at 31 December 2021 and 1 January 2021

	Statements of Financial Position			
	Previously stated	Effect of prior year adjustments	Reclassification	As restated
	31.12.2021 RM	RM	RM	31.12.2021 RM
<b>Group</b>				
<b>Equity</b>				
Retained earnings	15,711,091	(1,966,188)	-	13,744,903
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	1,966,188	-	1,966,188

	Statements of Financial Position			
	Previously stated	Effect of prior year adjustments	Reclassification	As restated
	31.12.2020 RM	RM	RM	1.1.2021 RM
<b>Group</b>				
<b>Equity</b>				
Retained earnings	31,886,191	(2,107,064)	-	29,779,127
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	2,107,064	-	2,107,064

	Statements of Financial Position			
	Previously stated	Effect of prior year adjustments	Reclassification	As restated
	31.12.2021 RM	RM	RM	31.12.2021 RM
<b>Company</b>				
<b>Equity</b>				
Retained earnings	15,935,314	(1,890,150)	-	14,045,164
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	1,890,150	-	1,890,150

# Notes to the Financial Statements (Cont'd)

EXCEL FORCE MSC BERHAD

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## 38. Prior Year Adjustments (Cont'd)

The financial impacts of the prior year adjustments for understatement of deferred tax liabilities arising from the temporary differences between the carrying amount of product development cost and their tax base are presented in this section and are further explained in the following notes: (Cont'd)

### Reconciliation of statements of financial position as at 31 December 2021 and 1 January 2021 (Cont'd)

	Previously stated 31.12.2020 RM	Statements of Financial Position Effect of prior year adjustments RM	Reclassification RM	As restated 1.1.2021 RM
<b>Company</b>				
<b>Equity</b>				
Retained earnings	31,278,024	(2,107,064)	-	29,170,960
<b>Non-current liabilities</b>				
Deferred tax liabilities	-	2,107,064	-	2,107,064

### Reconciliation of statements of profit or loss and other comprehensive income for financial year ended 31 December 2021

	Previously stated 31.12.2021 RM	Statements of Profit or Loss and Other Comprehensive Income Effect of prior year adjustments RM	Reclassification RM	As restated 31.12.2021 RM
<b>Group</b>				
Revenue	37,312,442	-	(23,340)	37,289,102
Other income	255,050	-	23,340	278,390
Taxation	(4,705,774)	140,876	-	(4,564,898)

	Previously stated 31.12.2021 RM	Statements of Profit or Loss and Other Comprehensive Income Effect of prior year adjustments RM	Reclassification RM	As restated 31.12.2021 RM
<b>Company</b>				
Taxation	(4,680,960)	216,914	-	(4,464,046)

## Notes to the Financial Statements (Cont'd)

### EXCEL FORCE MSC BERHAD

#### 39. Comparative Information

- (i) The Group and the Company changes its financial year end from 31 December to 30 June during the financial period. As such, the comparative information is for the financial period from 1 January 2021 to 31 December 2021, while the current financial period from 1 January 2022 to 30 June 2023. Consequently, the comparative figures stated in the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and related notes not comparable.
- (ii) The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were audited by another firm of Chartered Accountants.

#### 40. Date of Authorisation for Issue of Financial Statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 October 2023.



# List of Properties

EXCEL FORCE MSC BERHAD

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A summary of the Group's properties as at 30 June 2023 is as follows:-

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Current Use	Tenure/Date of Expiry of Leasehold Land	Date of Acquisition/ Revaluation	Audited Net Book Value at 30.6.2023	Age of Building (years)
Pusat Dagangan, Phileo Damansara II, 611, Block B, No. 15, Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.	2,583	Office Unit	Business	Freehold	9 February 2004/2011	572,350	22
Lot Z6-01-02, Zone 6, Empire City Damansara, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.	16,441	Commercial Unit	Business	99 years/ 8 June 2104	16 November 2018	9,864,600	4
Lot Z6-01-01A, Zone 6, Empire City Damansara, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan.	16,486	Commercial Unit	Business	99 years/ 8 June 2104	31 October 2019	9,891,600	3

# Analysis of Shareholdings

As at 29 September 2023

## EXCEL FORCE MSC BERHAD

Total number of issued shares : 559,378,375 ordinary shares  
 Class of Shares : Ordinary share  
 Voting rights : One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less Than 100	34	792	0.00
100 to 1,000	726	345,712	0.06
1,001 to 10,000	2,197	13,359,468	2.39
10,001 to 100,000	1,866	64,889,053	11.60
100,001 to less than 5% of issued holdings	388	312,533,950	55.87
5% and above of issued holdings	3	168,249,400	30.08
<b>Total</b>	<b>5,214</b>	<b>559,378,375</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 29 SEPTEMBER 2023

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Asia Internet Holdings Sdn Bhd	82,398,900	14.73	-	-
Mohamed Nizam Bin Abdul Razak	43,816,600	7.83	-	-
Wong Thean Soon	101,977,800	18.23	* 82,398,900	14.73

### DIRECTORS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Wira Farhash Wafa Salvador	-	-	-	-
Wong Kok Chau	6,000	0.00	-	-
Eng Shao Hon	-	-	-	-
Datuk Mat Noor Bin Nawî	-	-	-	-
Dato' Sri Ismail Bin Ahmad	-	-	-	-
Elisa Tan Mun-E	-	-	-	-

Note:

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

# Analysis of Shareholdings (Cont'd)

## EXCEL FORCE MSC BERHAD

### THIRTY (30) LARGEST SHAREHOLDERS

As at 29 September 2023

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Shareholders	No. of shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON	68,932,800	12.32
2.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD	55,500,000	9.92
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK (PB)	43,816,600	7.83
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR ASIA INTERNET HOLDINGS SDN BHD	21,998,900	3.93
5.	REMOTE MONITORING SOLUTIONS SDN BHD	19,730,200	3.53
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON (7003171)	11,500,000	2.06
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR WONG THEAN SOON (SMART)	11,000,000	1.97
8.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EDISI FIRMA SDN BHD (MG0065-195)	10,848,100	1.94
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG THEAN SOON (8080812)	10,500,000	1.88
10.	JASON CHAN LING KHEE	10,083,000	1.80
11.	LIM KOK HAN	9,851,400	1.76
12.	KOH THUAN TECK	6,991,000	1.25
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HONG SING	6,412,000	1.15
14.	QUEK TEE KIAM	6,400,000	1.14
15.	ROSETTA PARTNERS SDN BHD	5,808,000	1.04
16.	ELPIS MODELS MANAGEMENT SDN BHD	5,804,900	1.04
17.	CHIA KEE SIONG	5,788,950	1.03
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YOKE FONG	5,749,300	1.03
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TIO THIAM BOON	4,950,000	0.88
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ASIA INTERNET HOLDINGS SDN BHD (WBTM)	4,900,000	0.88
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	4,221,200	0.75
22.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JAYAKUMAR A/L PANNEER SELVAM	4,091,400	0.73
23.	NG YOKE HIN	3,168,900	0.57
24.	AI QUANTUM CAPITAL SDN BHD	3,000,000	0.54
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW CHEE FAI	3,000,000	0.54
26.	LIM CHIN HAW	3,000,000	0.54
27.	WONG II LE	2,869,150	0.51
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE KOK WAH	2,331,900	0.42
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH LILY (E-BBB/SNG)	2,300,900	0.41
30.	LEW CHING HOO	2,050,000	0.37

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CDS Account No.	
No. of Shares Held	

I/We \_\_\_\_\_  
(Full name in block letters)

(NRIC No./Passport No./ Company Registration No. \_\_\_\_\_)

of \_\_\_\_\_  
(Full address)

being a member /members of **EXCEL FORCE MSC BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Email Address		

and / or failing him / her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Email Address		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company will be conducted on a virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the Broadcast venue at Level 43A, MYEG Tower, Empire City, No.8, Jalan Damansara, PJU 8, 47820 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 5 December 2023 at 9.30 a.m. or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of a final single-tier dividend of 0.50 sen per ordinary share for the financial period from 1 January 2022 to 30 June 2023		
2.	Re-election of Wong Kok Chau		
3.	Re-election of Dato' Sri Ismail bin Ahmad		
4.	Re-election of Datuk Wira Farhash Wafa Salvador		
5.	To approve and ratify the payment of the Directors' Fees paid to the Directors of the Company amounting to RM4,000.00 for the period from 1 January 2023 up to 30 June 2023.		
6.	To approve the Directors' fees amounting to RM624,000.00 for the period from the 21st AGM of the Company up to the 22nd AGM of the Company.		
7.	To re-appoint Messrs. TGS TW PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016		
9.	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature(s) of member(s)

### Notes:

- The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, it shall not be put forward for voting.
- A member entitled to attend and vote at this meeting is entitled to appoint a proxy/proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.
- For the purpose of determining a member who shall be entitled to attend the 21st AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 28 November 2023. Only a depositor whose name appears on the Record of the Depositor as at 28 November 2023 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- To be valid, the proxy form duly completed and signed must be deposited at the Share Registrar's Office, at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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AFFIX  
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THE SHARE REGISTRAR  
**EXCEL FORCE MSC BERHAD**  
ALDPRO CORPORATE SERVICES SDN BHD  
B-21-1, Level 21, Tower B  
Northpoint Mid Valley City  
No 1, Medan Syed Putra Utara  
59200 Kuala Lumpur  
Wilayah Persekutuan

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**ExcelForce** MSC Berhad  
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