

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and valuation certificates, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed and approved by M&A Securities Sdn Bhd, who is the Adviser to Revenue Group Berhad for the Proposed Acquisitions (as defined herein).



**REVENUE GROUP BERHAD**

(201701034150 (1248321-D))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:**

- (I) PROPOSED ACQUISITIONS OF 2 LEASEHOLD LANDS WITH BUILDINGS ERECTED THEREON, IN MUKIM BATU, KUALA LUMPUR FROM STARPLUS CORPORATION SDN BHD ("STARPLUS") FOR A TOTAL CASH CONSIDERATION OF RM24.50 MILLION; AND**
- (II) PROPOSED ACQUISITIONS OF 2 LEASEHOLD LANDS WITH BUILDINGS ERECTED THEREON, IN MUKIM BATU, KUALA LUMPUR FROM STARPLUS FOR A TOTAL CASH CONSIDERATION OF RM19.50 MILLION;**

**(COLLECTIVELY REFERRED AS THE "PROPOSED ACQUISITIONS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*



**M&A SECURITIES SDN BHD**

(Registration No.197301001503 (15017-H))  
(A Wholly-Owned Subsidiary of Insas Berhad)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Revenue Group Berhad ("**REVENUE**") will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("**RPV**") Facilities from the broadcast venue at Conference Room, 32, Jalan 8/62A, Bandar Menjalara, Kepong, 52200 Kuala Lumpur together with the Form of Proxy, are enclosed. The completed and signed Form of Proxy should be lodged at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or lodge electronically via Tricor's TIIH Online website at <https://tiih.online> on or before the date and time indicated below in order for it to be valid. Please refer to the Administrative Guide for the procedures on electronic lodgement of Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy :Tuesday, 18 January 2022 at 10.00 a.m.

Date and time for the EGM :Thursday, 20 January 2022 at 10.00 a.m. or at any adjournment thereof

**This Circular is dated 29 December 2021**

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## DEFINITIONS

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Unless where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendices:

“Act”	: Companies Act 2016
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of REVENUE
“Bursa Securities”	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
“Circular”	: This circular to the shareholders of REVENUE in relation to the Proposed Acquisitions
“COVID-19”	: Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic
“EGM”	: Extraordinary General Meeting
“EPS”	: Earnings per share
“FYE”	: Financial year ended/ending, as the case may be
“Land 1”	: 2 plots of leasehold lands together with buildings erected thereon, held under Pajakan Negeri 38021 Lot 37629 and Pajakan Negeri 38022 Lot 37630, all in Mukim Batu, Kuala Lumpur
“Land 1 Consideration”	: Cash consideration of RM24.50 million in relation to the Proposed Acquisition of Land 1
“Land 2”	: 2 plots of leasehold lands together with buildings erected thereon, held under HSD 34672 Lot 37631 and HSD 34673 Lot 37632, all in Mukim Batu, Kuala Lumpur
“Land 2 Consideration”	: Cash consideration of RM19.50 million in relation to the Proposed Acquisition of Land 2
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LPD”	: 15 December 2021, being the latest practicable date prior to the printing of this Circular
“M&A Securities” or “Adviser”	: M & A Securities Sdn Bhd (197301001503 (15017-H))
“NA”	: Net assets
“Next Revenue”	: Next Revenue Sdn Bhd, a wholly-owned subsidiary of REVENUE (201801031020 (1293046-V))
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“Proposed Acquisitions”	: Collectively, the Proposed Acquisition of Land 1 and Proposed Acquisition of Land 2

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**DEFINITIONS** *(cont'd)*

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"Proposed Acquisition of Land 1"	:	Proposed acquisition by Next Revenue of Land 1 from Starplus for Land 1 Consideration pursuant to the terms of SPA 1
"Proposed Acquisition of Land 2"	:	Proposed acquisition by Next Revenue of Land 2 from Starplus for Land 2 Consideration pursuant to the terms of SPA 2
"Raine & Horne"	:	Raine & Horne International Zaki + Partners Sdn Bhd (198301004235 (99440-T))
"REVENUE" or "Company"	:	REVENUE Group Berhad
"REVENUE Group" or "Group"	:	REVENUE and its subsidiaries, collectively
"REVENUE Share(s)"	:	Ordinary share(s) in REVENUE
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SPA 1"	:	Conditional sale and purchase agreement entered into between Next Revenue and Starplus dated 16 August 2021 for the Proposed Acquisition of Land 1
"SPA 2"	:	Conditional sale and purchase agreement entered into between Next Revenue and Starplus dated 16 August 2021 for the Proposed Acquisition of Land 2
"sq m"	:	Square metres
"Starplus"	:	Starplus Corporation Sdn Bhd (198401018787 (131344-D))
"Warrants"	:	156,638,457 outstanding warrants 2019/2024 issued by REVENUE governed by the deed poll dated 27 December 2018 as at LPD

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

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

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**EXECUTIVE SUMMARY**

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## EXECUTIVE SUMMARY

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**THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ACQUISITIONS. SHAREHOLDERS OF REVENUE ARE ADVISED TO READ THE CIRCULAR AND ITS APPENDICES FOR FURTHER DETAILS AND NOT TO SOLELY RELY ON THIS EXECUTIVE SUMMARY IN FORMING A DECISION ON THE PROPOSED ACQUISITIONS BEFORE VOTING AT THE FORTHCOMING EGM.**

The Board is recommending shareholders of REVENUE to vote **IN FAVOUR** of the resolution in relation to the Proposed Acquisitions to be tabled at the forthcoming EGM.

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Summary</b>	<p><b>Proposed Acquisition of Land 1</b></p> <p>Proposed acquisition by Next Revenue of Land 1 from Starplus for Land Consideration 1</p> <p><b>Proposed Acquisition of Land 2</b></p> <p>Proposed acquisition by Next Revenue of Land 2 from Starplus for Land Consideration 2</p> <p>The Land Consideration 1 and Land Consideration 2 is based on the market value of Land 1 and Land 2 of RM24.50 million and RM19.50 million respectively is appraised by Raine &amp; Horne based on the valuation report dated 26 August 2021</p>	Section 2
<b>Rationale</b>	<p>To expand, consolidate and house the Group's subsidiaries' administrative, operations and technical team under one roof to improve operational efficiency</p>	Section 3
<b>Approvals required</b>	<p>The Proposed Acquisitions are subject to the approvals and/or consents being obtained from the following:</p> <ul style="list-style-type: none"><li>(i) shareholders of REVENUE at the forthcoming EGM; and</li><li>(ii) any other relevant authorities and/or parties, if required.</li></ul>	Section 7



**Registered Office:**  
Level 5, Block B  
Dataran PHB, Saujana Resort  
Section U2  
40150 Shah Alam  
Selangor

29 December 2021

**Board of Directors:**

Nor Azzam Bin Abdul Jalil (*Independent Non-Executive Chairman*)  
Datuk Ng Chee Siong (*Managing Director and Group Chief Executive Officer*)  
Ng Shih Chiow (*Executive Director and Group Chief Operations Officer*)  
Ng Shih Fang (*Executive Director and Group Chief Technology Officer*)  
Lai Wei Keat (*Executive Director*)  
Ooi Guan Hoe (*Independent Non-Executive Director*)  
Ng Chee Keong (*Independent Non-Executive Director*)  
Loo Jo Anne (*Independent Non-Executive Director*)

Dear Shareholders,

- (I) PROPOSED ACQUISITION OF LAND 1; AND**
- (II) PROPOSED ACQUISITION OF LAND 2**

**(COLLECTIVELY REFERRED AS THE "PROPOSED ACQUISITIONS")**

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**1. INTRODUCTION**

On 16 August 2021, on behalf of the Board, M&A Securities announced that the Company proposes to undertake the Proposed Acquisitions.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ACQUISITIONS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING BY WAY OF POLL ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSED ACQUISITIONS

Next Revenue will acquire Land 1 and Land 2 from Starplus for Land 1 Consideration and Land 2 Consideration respectively. The details of Land 1 and Land 2 are set out in Appendix I.

The audited net book value of Land 1 is RM0.63 million and Land 2 is RM19.50 million based on the latest audited financial statements of Starplus for FYE 31 December 2020.

### 2.1 Information on Starplus

Starplus was incorporated in Malaysia on 24 November 1984. The principal activity of Starplus is property investment and letting of its properties, insurance agency business and provision of sports facilities. As at LPD, the issued share capital of Starplus is RM600,000 comprising 600,000 ordinary shares.

The Directors of Starplus are Lee Kok Choong, Chin Swee Yoong, Lee Ket Yeong, Choo Nyun Ha and Lee Kian Kah.

The shareholders of Starplus and their respective shareholdings are as follows:

<b>Shareholders</b>	<b>No. of Starplus shares</b>	<b>%</b>
Chin Swee Yoong	150,000	25.0
Lee Ket Yeong	198,000	33.0
Choo Nyun Ha	102,000	17.0
Lee Kok Choong	150,000	25.0
<b>Total</b>	<b>600,000</b>	<b>100.0</b>

### 2.2 Salient terms of SPA 1 and SPA 2

#### (i) Agreement for sale

Starplus has agreed to sell and Next Revenue has agreed to purchase Land 1 / Land 2 on an "as-is-where-is basis" free from encumbrances, squatters, occupiers, caveats, liens and other restraints with vacant possession but subject to all expressed and implied conditions affecting the Land 1 / Land 2, at the purchase price of RM24.50 million and RM19.50 million respectively ("**Purchase Price**").

#### (ii) Conditions Precedent

(a) The SPA 1 / SPA 2 shall be conditional upon Next Revenue obtaining such relevant approval from the shareholders of REVENUE, as REVENUE is the ultimate holding company of Next Revenue ("**Shareholders' Approval**"); and

(b) The SPA 1 / SPA 2 shall become unconditional upon Next Revenue obtaining the Shareholders' Approval ("**Unconditional Date**").

**(iii) Manner of Payment**

The terms of payment are as follows:

- (a) 2% of the Land 1 Consideration / Land 2 Consideration ("**Earnest Deposit**") has been paid on 5 May 2021 and 17 June 2021 respectively by Next Revenue to Starplus' solicitors as stakeholder;
- (b) Upon execution of SPA 1 / SPA 2, 8% of the Land 1 Consideration / Land 2 Consideration ("**Balance Deposit**") was paid by Next Revenue to Starplus on 26 July 2021 as a deposit in the following manner:
  - (aa) a sum equivalent to 3% of Land 1 Consideration / Land 2 Consideration ("**Retention Sum**") to Next Revenue's solicitors as stakeholders to be dealt with as the real property gains tax retention sum to the Director General of Inland Revenue; and
  - (bb) the balance thereof to Starplus' solicitors as stakeholders; and

The Earnest Deposit and Balance Deposit shall be referred to as the "**Deposit**" and shall form part payment towards the Purchase Price.

- (c) the balance 90% of Land 1 Consideration / Land 2 Consideration ("**Balance Purchase Price**") shall be paid to Starplus' solicitor as stakeholder, on or before the expiry of 3 months from the Unconditional Date ("**Completion Period**").

In the event that Next Revenue fails to pay and/or cause to be paid the Balance Purchase Price within the Completion Period, an extension of 1 month from the expiry of the Completion Period shall automatically be granted by Starplus to Next Revenue ("**Extended Completion Period**") subject to interest on the Balance Purchase Price remaining unpaid at the rate of 8.0% per annum calculated on the number of days elapsed in the Extended Completion Period, up to and inclusive of the day of actual payment.

**(iv) Tenancy on Land 2**

Land 2 is currently tenanted to a tenant ("**Tenant**") at a monthly rental of RM47,000 for a duration of 3 years up to 31 October 2021, with an option to renew for a further term of 2 years up to 31 October 2023 ("**Tenancy**"). Subsequently, the Tenant had on 8 October 2021 exercised the option to renew the Tenancy for another 2 years up to 31 October 2023 at a monthly rental of RM51,700. Land 2 is sold to Next Revenue with vacant possession and the existing Tenancy.

Simultaneously with the execution of SPA 2, a Deed of Novation Cum Assignment of Tenancy in favour of the Purchaser in respect of Land 2 wherein Starplus shall assign all their rights, title, interest and benefits whatsoever under the Tenancy Agreement to Next Revenue, shall be duly executed and delivered by Starplus and the Tenant to Next Revenue's solicitors to be held as stakeholders.

Upon the date of Completion of SPA 2, if applicable, Starplus' Solicitor shall serve notice in writing to the Tenant with regards to the assignment of Starplus' rights, title, interest and benefits whatsoever in relation to the Tenancy Agreement, to Next Revenue.

In the event the Tenancy Agreement is terminated before the completion of SPA 2, Starplus is not under any obligation to procure new Tenant for Land 2, and any new tenancy agreement for Land 2 intended to be procured by Starplus shall be subject to Next Revenue's prior approval of the terms of the tenancy.

**(v) Default of Next Revenue**

Subject to Starplus not being in material breach of any of Starplus' warranties, representations, covenants and obligations, in the event that Next Revenue shall fail or is unable to pay the Balance Purchase Price together with late payment interest of 8% thereon (if any), Starplus shall be entitled to seek specific performance of SPA 1 / SPA 2 or to elect to terminate SPA 1 / SPA 2 and forfeit the Deposit as agreed liquidated damages.

**(vi) Default of Starplus**

Subject to Next Revenue not being in material breach of any of Next Revenue's warranties, representations, covenants and obligations, in the event Starplus shall fail or is unable to complete the sale and purchase of Land 1 / Land 2 in accordance with the provisions of SPA 1 / SPA 2, Next Revenue shall be entitled to seek specific performance of SPA 1 / SPA 2 or to elect to terminate SPA 1 / SPA 2.

Following such termination, Starplus shall forthwith and not later than 7 days:

- (a) refund or cause to be refunded free of interest to Next Revenue all monies received; and
- (b) pay to Next Revenue a further sum equivalent to the Deposit as agreed liquidated damages.

**2.3 Basis and justification of Land 1 Consideration and Land 2 Consideration**

The Land 1 Consideration and Land 2 Consideration were arrived at on a willing-buyer willing-seller basis after taking into consideration the total market value of Land 1 and Land 2 of RM24.50 million and RM19.50 million respectively, as appraised by Raine & Horne based on its valuation report dated 26 August 2021 using the cost approach method of valuation and supported by the income approach (investment method).

The Board is of the opinion that the consideration is fair as it is transacted at the market value of Land 1 and Land 2 as appraised by Raine & Horne.

**2.4 Source of funding**

The Land 1 Consideration and Land 2 Consideration shall be funded via a combination of internally-generated funds and bank borrowings, the proportions of which will be determined later after taking into consideration REVENUE Group's gearing level, funding costs and cash reserves. The Group estimates that 90.0% of the total considerations (approximately RM39.60 million) will be funded via bank borrowings and the remaining 10.0% (RM4.40 million) will be funded via internally-generated funds. As at LPD, the Group had total bank borrowings of RM5.17 million.

**2.5 Assumption of liabilities**

Save for any potential bank borrowings that may arise from funding Land 1 Consideration and Land 2 Consideration, there are no other liabilities, including contingent liabilities and guarantees to be assumed by REVENUE pursuant to the Proposed Acquisitions.

## 2.6 Additional financial commitment

Save for the future development cost and construction cost arising from the conversion of Land 1 and Land 2 (further described in Section 3), subject to the relevant authorities' approval, there is no additional financial commitment expected to be incurred by REVENUE in relation to the Proposed Acquisitions. As at LPD, the quantum of the development cost and construction cost is yet to be determined as the development plan is still in preliminary stages.

## 3. RATIONALE FOR THE PROPOSED ACQUISITIONS

The Group currently operates from 6 locations in Klang Valley as follows:

- (i) A headquarters owned by the Group located at Kepong Business Park, Kuala Lumpur with a total gross floor area of 1,122 sq m;
- (ii) 4 rented offices in Klang Valley with a total gross floor area of approximately 1,107 sq m; and
- (iii) 1 warehouse / storage space in Klang Valley with a total gross floor area of approximately 1,672 sq m.

All its headquarters, offices and warehouse / storage space are currently fully occupied.

The Proposed Acquisitions represent an opportunity for REVENUE to acquire strategic properties, which will enable the Group to expand, consolidate and house its subsidiaries' administrative, operations and technical team under one roof to improve operational efficiency. The Company takes note that collectively, Land 1 and Land 2 has a combined land area of approximately 8,899 sq m and a combined gross floor area of approximately 5,102 sq m. The large land area and gross floor area will not only provide enough space for the Group's current operations but also for its future expansion.

Subject to the relevant authorities' approval, the Group intends to convert Land 1 and Land 2 into a mixture of offices and warehouses with a focus on providing the facilities and services pertaining to the e-commerce eco-systems, such as storage and warehouse facilities, logistics hub, offices and operation hubs for small and medium enterprises ("**SMEs**") and Micro SMEs ("**MSMEs**").

The details of the conversion and/or development of Land 1 and Land 2 are as set out below:

	<b>Land 1 and Land 2</b>
(i) Details of the conversion and/or development	<p>The building plans are not finalised at this juncture. The Group will engage architect and consultant for submission of the building plans for Land 1 to relevant authorities after obtaining shareholders' approval for the Proposed Acquisitions. Nonetheless, the Group's preliminary intention is to build a 3-storey office building cum warehouse and 2 level car park on Land 1.</p> <p>The Group intends to convert Land 2 into similar concept and structure as Land 1 (i.e. 3-storey office building cum warehouse and 2-storey car park) upon the expiry of the Tenancy on Land 2 on 31 October 2023. The Group will engage architect and consultant for submission of the building plans for Land 2 to relevant authorities within 3 months from the expiry of the Tenancy.</p>

## **Land 1 and Land 2**

- |  |  |
|--|--|
| (ii) Expected commencement/ completion date  | The construction is expected to commence within 3 months after obtaining approval which is expected to be at the third quarter of 2022 from all authorities for the building plans and permits / The completion date is expected to be 12 months from construction date. |
| (iii) Estimated gross development value/ Estimated gross development cost (RM'000) | As the building plans are not finalised yet, the gross development value and gross development cost cannot be determined at this juncture.   |
| (iv) Sources of funds and its breakdowns   | Combination of internally generated funds, fund raising exercise and/ or bank borrowings, the proportions to be determined at a later stage, taking into consideration REVENUE group's gearing level, interest costs and cash reserves.                                  |

The offices and warehouse after conversion will be primarily used by the Group for its own business operations and business expansion. Any excess space may be rented out. The rental rate will be determined based on the then market rate and as such cannot be determined at this juncture.

Within 6 months of the completion of the development of Land 1 and/or Land 2, the Group will cease the rental of other offices in Klang Valley and relocate to this new premise(s). The Group intends to convert the existing headquarter into a Disaster Recovery Centre as part of its Business Continuity Plan which will serve as a back-up centre for its technology infrastructure and data centre.

## **4. RISK FACTORS**

The risk factors for the Proposed Acquisitions are as follows:

### **4.1 Completion risks**

The completion of the Proposed Acquisitions is conditional upon the fulfilment of the conditions precedent in the SPA 1 and SPA 2. If any of the conditions precedent is not met or waived, SPA 1 and SPA 2 may be terminated and REVENUE will not be able to complete the Proposed Acquisitions. However, REVENUE shall use its best endeavours to ensure every effort is made to obtain all necessary approvals, including from REVENUE shareholders for the Proposed Acquisitions.

### **4.2 Financing risks**

The Proposed Acquisitions may be financed through combination of internally generated funds and bank borrowings, which will increase the borrowings and gearing level of the Group. It will expose the Group to interest rate and debt servicing risks whilst any utilisation of internal funds is expected to result in a reduction of funds available for working capital purposes, which may have an adverse effect on the Group's cash flow position. Nevertheless, the Group will endeavour to manage its cash flow position and funding requirements prudently, to address the risk. The Group will actively review its debt portfolio taking into account the level and nature of borrowings and seek to adopt cost effective financing options.

### 4.3 Acquisition risk

The Proposed Acquisitions are expected to contribute positively to REVENUE. However, there can be no assurance that the anticipated benefits arising from the development of Land 1 and Land 2 will fully materialise in the future. Although the Group intends to convert Land 1 and Land 2 into a mixture of offices and warehouses with a focus on providing the facilities and services pertaining to the e-commerce eco-systems, such as storage and warehouse facilities, logistics hub, offices and operation hubs for SMEs and MSMEs, such plans are still in preliminary stage and subject to approval of relevant authorities, economic conditions as well as market demand for such facilities in the future. As such, the anticipated benefits of the Proposed Acquisitions to be realised may be insufficient to offset the cost associated with the Proposed Acquisitions.

The Group will take measures to mitigate the above risks such as conducting market intelligence surveys, monitoring and adjusting development and marketing strategies in response to changing economic conditions and market demand, and closely monitoring the progress of the developments.

## 5. OUTLOOK AND PROSPECTS

### 5.1 Overview and prospects of the Malaysian Economy

Bank Negara Malaysia ("**BNM**") has revised its full-year gross domestic product ("**GDP**") growth forecast for Malaysia to between 3% and 4%, from the previous forecast of between 6% and 7.5% for 2021 as compared to a -5.6% in 2020. During the quarterly GDP briefing today, the central bank said that Malaysia's GDP grew 16.1% year-on-year in the second quarter, although it contracted 2% on a quarter-on-quarter (q-o-q) basis.

BNM governor Datuk Nor Shamsiah Yunus said the revision in the annual growth forecast was made after taking into account the reimposition of nationwide containment measures. She said that several developments have emerged throughout the course of the COVID-19 pandemic since BNM announced its previous growth forecast in March, noting that the government then decided to adopt targeted and localised containment measures in dealing with resurgences.

However, a nationwide Full Movement Control Order ("**FMCO**") was undertaken in June amid the high transmission rate of the virus. "The FMCO is expected to have a cumulative impact of five percentage points to the 2021 growth, or an average of RM400 million to RM500 million in daily real output losses.

"With 7.1% growth recorded in the first half of the year, and given the COVID-19-related developments since June onwards, we are looking at a more moderate growth in the second half of the year, especially in the third quarter," she said.

On the other hand, she also highlighted factors that would continue to support growth in the second half of the year, namely the allowance for essential economic sectors to operate under Phase 1 of the National Recovery Plan, improving external demand, rapid vaccination progress, the continuous policy support via the various stimulus programmes, as well as the continued investment in large infrastructure projects.

The governor also outlined two different scenarios covering a faster or slower economic recovery during her presentation. The faster recovery scenario, which could result in GDP growth of above 4% this year, assumes that the majority of the population to be vaccinated by the end of October 2021 and that the vaccines are effective against prevailing variants, a quicker transition to Phase 4 by September 2021, coupled with faster improvement in the labour market and higher pent-up demand among households.

Meanwhile, the slower recovery scenario assumes a delayed opening of the economy on account of delayed resolution of the pandemic, taking into account a majority of the population getting vaccinated by the first quarter of 2022, a strained healthcare system due to new variants, prolonged tight containment measures with Phase 4 starting in 2022, policy uncertainty, and slower recovery in the labour market.

The central bank expects growth to accelerate 5.5% to 6.5% in 2022, supported by the reopening of most economic sectors, as well as positive spillovers from continued improvement in external demand.

*(Source: BNM revises down Malaysia GDP forecast range to between 3% and 4% for 2021, The Edge Markets, 13 August 2021)*

## **5.2 Overview and outlook of the e-commerce industry in Malaysia**

The Malaysian e-commerce market, one of the fastest growing in the Southeast Asia, is expected to register a strong growth of 10.6% in 2021 due to an accelerated shift towards online shopping among consumers caused by the COVID-19 pandemic, forecasts GlobalData, a leading data and analytics company.

Nikhil Reddy, Payments Senior Analyst at GlobalData, comments: "Malaysia's e-commerce market registered a robust growth for the last few years supported by rising Internet and smartphone penetration, growing middle class population and tech-savvy millennials. The social distancing measures as well as closure of physical stores due to lockdown made online shopping more convenient for consumers."

According to GlobalData's E-Commerce Analytics, e-commerce payments in Malaysia is estimated to increase at a CAGR of 18.3% from RM28.50 billion in 2021 to reach RM55.70 billion in 2025.

Mr Reddy continues: "While e-commerce market registered a robust growth in 2020, the growth was comparatively slower than pre-COVID-19 period. This was mainly due to reduced consumer spending on services such as travel and accommodation due to travel restrictions. However, higher demand for day-to-day essentials products such as food and groceries is pushing e-commerce growth. 2021 is expected to be a stronger year for e-commerce providers, with gradual easing of travel and lockdown restrictions as well as rise in consumer spending."

The government is also taking various initiatives to boost e-commerce sales. Under its 'Go-eCommerce Onboarding campaign' running between July to December 2021, the government is encouraging SMEs to go online by providing them with financial aid/subsidies. The focus is to help small businesses widen their reach via e-commerce.

Mr Reddy concludes: "The shift in consumer buying behavior caused by the COVID-19 pandemic, coupled with the availability of various online payment options and government support will further drive e-commerce market in Malaysia."

*(Source: <https://www.globaldata.com/malaysia-e-commerce-market-grow-10-6-2021-reveals-globaldata/>, GlobalData, 12 November 2021)*

Malaysia ranks first among the Regional Comprehensive Economic Partnership ("RCEP") member states in terms of growth rate for the e-commerce market, having developed rapidly over recent years. In a report titled "Technology-empowered Digital Trade in Asia Pacific" released on 14 December 2021, Deloitte said that in 2021, the total size of Malaysia's e-commerce market stood at RM26.65 billion, representing 61.4% of the e-commerce market size in China and ranking among developing markets after Indonesia and Thailand.

The report said payments and sales are the two trade functions with the highest level of digitalisation. It said Malaysia also has the highest penetration rate for sales digitalisation for cross-border e-commerce, standing at 65.7%. However, it said overall cross-border e-commerce in the country has been limited by factors such as cross-border logistics infrastructure and technical operations, impacting its development significantly.

Deloitte said that at present, cross-border consumption only accounts for 42% of the market size of the internet economy in Malaysia, which is much lower compared to mature markets among RCEP members.

Commenting on the region, Deloitte said that digital trade is expected to further accelerate in the region, on the back of vibrant cross-border e-commerce activities, rapid consumer adoption of a digital lifestyle, further development of digital infrastructure and strengthened regional cooperation led by RCEP.

Deloitte China vice chair and Technology, Media & Telecommunications industry leader Taylor Lam said the COVID-19, the development of digital technologies and enhanced regional cooperation are accelerating the formation of digital trade in the Asia Pacific region.

Deloitte Global lead client service partner Gary Wu said digital technologies enable global sellers to participate in global trade without any entry barriers.

"The continuous improvement of digital infrastructure will effectively resolve the two major constraints affecting cross-border trade: logistics and payments. Blockchain technology is also creating a new space of imagination for digital trade," he said.

*(Source: Malaysia ranks first among RCEP states in e-commerce market growth rate, says Deloitte, The Edge Markets, 15 December 2021)*

Malaysia's e-commerce market is characterised by rapid growth and all the challenges that can represent. As with other developing e-commerce markets, growth is outpacing established markets: the nation's business-to-consumer e-commerce value increased 39% percent in 2019 alone. Malaysia is now playing catch-up to bring its e-commerce infrastructure, including product availability, payments, delivery and regulatory requirements, in line with more established online shopping markets.

At the moment, large seller platforms dominate the market. Malaysia's top-three e-commerce sites by traffic are marketplaces Shopee, Lazada and PG Mall. Western brands eBay and Sephora also make the top 10. Malaysia has three major annual national shopping events—Malaysia Super Sale (March 1–31), Malaysia Mega Sale Carnival (June 15–August 31) and Malaysia Year-End Sale (November 1–December 31). International discount shopping events Singles' Day and Black Friday in November are also rising in popularity.

Post-COVID-19, the Malaysian government is prioritizing e-commerce development. Increasing e-commerce is named as a part of the government's national economic recovery plan, and two separate state investment campaigns totalling US\$33 million launched in 2020, to develop domestic e-commerce sites.

*(Source: 2020 E-commerce Payments Trends Report: Malaysia, J.P. Morgan)*

### **5.3 Prospects of REVENUE**

The outbreak of the COVID-19 virus in early January 2020 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and regionally. As a preventive measure to counter the spread of COVID-19 in Malaysia, the Malaysian Government had imposed movement control order ("MCO") commencing on 18 March 2020 and has since extended numerous times.

The Government had gradually and progressively eased the restriction and businesses were allowed to operate under strict Standard Operating Procedures and the economy is showing a sign of recovery and the outlook seems brighter with the implementation of National Immunisation Programme which is aimed to bring the COVID-19 virus under control and BNM is projecting the GDP to expand between 3% to 4% in 2021.

The COVID-19 pandemic has hastened the digital adoption and cashless payment in Malaysia and the Government is taking the lead by setting the target to create cashless transactions for all government services by 2022 and has tasked BNM to take the lead to promote cashless and boost easy and secure digital transactions under the Malaysia Digital Economy Blueprint ("**MyDigital**") and the electronic payment ("**e-payment**") is projected to increase to 400 e-payment transactions per capita by 2022.

However, due to the recent surge in the COVID-19 infections, the Government had on 28 May 2021 announced a full lockdown from 1 June 2021 onwards, which then gradually moved into the various phases of the National Recovery Plan. Whilst the increasing level of vaccination rate, as well as the implementation of the third "booster" vaccine dose will support the return to normal social behaviours and activities, however, the risk of COVID-19 virus infection is still lurking around and will continue to threaten the lives and the economy.

The Group's business is categorised under essential services (under Banking and Finance services) and is allowed to operate throughout the various MCO period, however, with the current uncertainty in the global and local economy constantly lingering in uncertainty due to the on-going battle to bring the COVID-19 pandemic under control, the performance of the Group for the remaining period of the FYE 2022 will remain challenging.

Premised on the above, the Group has embarked on a series of business strategies and future plans. According to the outlook of the e-commerce industry in Malaysia, the e-commerce market had tripled in size since 2015 by exceeding US\$3 billion in 2019 and is projected to reach US\$11 billion in 2025. Malaysia also remains an attractive market for e-commerce in Southeast Asia. In the first quarter 2021, income for e-commerce recorded RM254.6 billion with an increase of 30.0 % year-on-year. Looking at the positive growth in the e-commerce industry and the digital adoption arising from COVID-19, the Group believes that its prospects and future plans in this industry will remain favourable. However, the Board is cautious on the potential impact of the COVID-19 pandemic and will continue to manage the Group's business with vigilance during this uncertain period.

As the Government is prioritising the development of e-commerce and with the rise in the digital adoption arising from the COVID-19 pandemic, the ancillary facilities and services surrounding the e-commerce eco-systems will be crucial to support the growth, and therefore the Group envisage the Proposed Acquisitions will allow the Group to be an enabler to support the SMEs and MSMEs embarking on the e-commerce industry.

Land 1 and Land 2 is located in the locality of Kepong and within an industrial scheme known as Taman Bukit Maluri Industrial Area, which is sited off left side of Lebuhraya Lingkar Tengah II (MRR II), travelling from Batu Caves towards Bandar Sri Damansara and Sungai Buloh. Kuala Lumpur city centre is located approximately 13 kilometers due south-east of Land 1 and Land 2.

Taman Bukit Maluri consists of a mixed-development, from residential to commercial and industrial properties. Shopping, marketing, educational, recreational amenities and public facilities are also available in this neighbourhood.

Both Land 1 and Land 2 are also within approximately 5 kilometers to REVENUE's current headquarters, which will ease the relocation to the new premises. Given the strategic location of both Land 1 and Land 2 and barring any unforeseen circumstances, the Board is confident that the relocation of REVENUE headquarters to Land 1 and Land 2 will not materially adversely affect REVENUE Group's business.

*(Source: Management of REVENUE)*

## 6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

### 6.1 Issued share capital

The Proposed Acquisitions will not have any effects on the issued share capital of REVENUE.

### 6.2 NA and gearing

As set out in Section 2.4, the Proposed Acquisitions will be funded through a combination of internally-generated funds and bank borrowings, of which the final composition of the funding will be determined at a later stage.

For illustrative purposes, assuming that 90.0% of the total consideration which amounts to approximately RM39.60 million is funded by bank borrowings with the balance funded via internally-generated funds, the pro forma effects of the Proposed Acquisitions on the consolidated NA and gearing of REVENUE assuming that the Proposed Acquisitions had been completed as at 30 June 2021 is as follows:

	(I)	(II)	(III)
	Audited as at 30 June 2021	<sup>(1)</sup> Adjusted for subsequent events	After the Proposed Acquisitions
	RM'000		
Share capital	121,143	130,255	130,255
Reserves	(22,218)	(22,218)	(22,218)
Retained profits	49,863	49,863	<sup>(3)</sup> 49,663
<b>Equity attributable to owners' of the parent</b>	<b>148,788</b>	<b>157,900</b>	<b>157,700</b>
Non-controlling interests	2,511	2,511	2,511
<b>Total equity</b>	<b>151,299</b>	<b>160,411</b>	<b>160,211</b>
No. of shares ('000)	452,971	<sup>(2)</sup> 465,118	465,118
NA per ordinary share (RM)	0.33	0.34	0.34
Borrowings (RM'000)	5,366	5,366	<sup>(4)</sup> 44,966
Gearing (times)	0.04	0.03	0.28

#### Notes:

- (1) Adjusted for the issuance of 1,632,027 Shares at an issue price of RM0.7506 pursuant to the acquisition of Anypay Sdn Bhd and issuance of 10,514,900 Shares pursuant to the conversion of Warrants at the exercise price of RM0.75 each from 1 July 2021 up till LPD. The acquisition of the remaining 70% equity interest in Anypay Sdn Bhd was for a purchase consideration of RM4.90 million, which was payable in the form of issuance of 4,569,677 new Revenue Shares. The acquisition was completed on 9 July 2021.

- (2) Number of shares as at LPD.
- (3) After deducting estimated expenses of RM200,000 (exclude stamp duty) for the Proposed Acquisitions.
- (4) Assuming 90% of the total consideration (approximately RM39.60 million) is funded by the bank borrowings and the balance is by cash (approximately RM4.40 million). As at 30 June 2021 and LPD, the Group has cash and bank balances of RM97.32 million and RM95.65 million respectively.

### 6.3 Earnings and EPS

The Proposed Acquisitions is not expected to have a material effect on the earnings and EPS of REVENUE for the FYE 30 June 2022. The Proposed Acquisitions is expected to contribute positively to the future earnings of the enlarged REVENUE Group.

### 6.4 Substantial shareholders' shareholdings

The Proposed Acquisitions will not have any effect on the substantial shareholders' shareholdings in the Company.

### 6.5 Convertible securities

The Proposed Acquisitions will not have any effect on the outstanding Warrants of REVENUE.

## 7. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the approvals and/or consents being obtained from the following:

- (i) shareholders of REVENUE at the forthcoming EGM; and
- (ii) any other relevant authorities and/or parties, if required.

The Proposed Acquisitions are not conditional on any other proposals undertaken or to be undertaken by the Company. The Proposed Acquisition of Land 1 and Proposed Acquisition of Land 2 are not inter-conditional with each other.

## 8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of REVENUE Shares as traded on Bursa Securities for the past 12 months are as follows:

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b><u>2020</u></b>		
December	1.31	1.23
<b><u>2021</u></b>		
January	1.52	1.23
February	2.14	1.29
March	2.02	1.66
April	2.42	1.84
May	2.31	1.71
June	2.15	1.86

	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
July	1.95	1.82
August	2.05	1.85
September	2.00	1.86
October	1.92	1.78
November	1.83	1.40

*(Source: Bloomberg)*

The last transacted price of REVENUE Shares on 13 August 2021, being the market day immediately preceding the date of the announcement of the Proposed Acquisition is RM1.90 per Share. The last transacted price of REVENUE Shares as at LPD was RM1.50 per Share.

#### **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors and major shareholders of REVENUE and person connected with them has any interests, direct or indirect in the Proposed Acquisitions.

#### **10. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITIONS**

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Rule 10.02(g) of the Listing Requirements is 65.4%, calculated based on the total of Land 1 Consideration and Land 2 Consideration of RM44.00 million against the audited consolidated NA of REVENUE Group as at 30 June 2020.

Separately, the highest percentage ratio applicable to the Proposed Acquisition of Land 1 and Proposed Acquisition of Land 2 pursuant to Rule 10.02(g) of the Listing Requirements are 36.4% and 29.0% respectively, calculated based on the total of Land 1 Consideration and Land 2 Consideration of RM24.50 million and RM19.50 million respectively against the audited consolidated NA of REVENUE Group as at 30 June 2020.

#### **11. TENTATIVE TIMETABLE**

Barring any unforeseen circumstances, the Board expects the Proposed Acquisitions to be completed by the first quarter of 2022.

The tentative timetable for the implementation of the Proposed Acquisitions are as follows:

<u>Events</u>	<u>Tentative timeline</u>
EGM to approve the Proposed Acquisitions	January 2022
Fulfilment of the conditions precedent for the Proposed Acquisitions	January 2022
Completion of the Proposed Acquisitions	February 2022

## **12. DIRECTORS' STATEMENT AND RECOMMENDATION**

After considering all aspects of the Proposed Acquisitions, including the rationale and benefits and basis and justification of arriving at the Land Consideration 1 and Land Consideration 2, the Board is of the opinion that the Proposed Acquisitions are in the best interest of the Group and its shareholders.

Accordingly, the Board recommends that you vote in favour of the resolutions for the Proposed Acquisitions to be tabled at the forthcoming EGM.

## **13. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

As at LPD, save for the following, there are no other corporate proposals that have been announced but have yet to be completed:

- (a) Proposed extension of the combined profit guarantee period up till 31 December 2020 in relation to the acquisition of 51.0% equity interest in Buymall Services Sdn Bhd by Revenue Harvest Sdn Bhd, a wholly-owned subsidiary of REVENUE, for a purchase consideration of RM3,315,000, which was announced on 3 November 2021, which is pending approval from the shareholders of REVENUE; and
- (b) Proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities ("**Proposed Transfer**") and the proposed amendment to the Constitution of the Company to facilitate the implementation of the Proposed Transfer, which was announced on 5 November 2020. The Proposed Transfer is pending approval from the relevant authorities.

## **14. EGM**

The EGM, the notice of which is enclosed in this Circular, will be held and conducted by way of virtual meeting entirely through live streaming via RPV facilities from the broadcast venue at Conference Room, 32, Jalan 8/62A, Bandar Menjalara, Kepong, 52200 Kuala Lumpur, on Thursday, 20 January 2022 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposed Acquisitions.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Form of Proxy in accordance with the instructions contained, to be deposited at the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd ("**Tricor**") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or lodge electronically via Tricor's TIIH Online website at <https://tjih.online>, not less than 48 hours before the time appointed for holding the EGM or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. Please refer to the Administrative Guide for the procedures on electronic lodgement of Form of Proxy. The lodging of the Form of Proxy will not preclude you from attending the EGM and voting in person should you subsequently wish to do so.

## **15. FURTHER INFORMATION**

Please refer to the appendices of this Circular for further information.

Yours faithfully,  
For and on behalf of the Board of Directors of,  
**REVENUE GROUP BERHAD**

**Datuk Ng Chee Siong**  
Managing Director and Group Chief Executive Officer

**APPENDIX I – INFORMATION ON LAND 1 AND LAND 2**

Land 1 and Land 2 are contiguous to each other. The details of Land 1 and Land 2 are as follows:

	<b>Land 1</b>		<b>Land 2</b>	
Lot No	37629	37630	37631	37632
Title No.	Pajakan Negeri 38021	Pajakan Negeri 38022	HSD 34672	HSD 34763
Mukim / District / State	Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur			
Postal address	No. 19 & No. 21, Jalan 6/37A, Taman Bukit Maluri Industrial Area, Kepong, 52100 Kuala Lumpur		Lot 37361 & Lot 37632, Jalan 6/37A, Taman Bukit Maluri Industrial Area, Kepong, 52100 Kuala Lumpur	
Description of property	<p>Comprise two adjoining parcels of industrial land having a total title land area of 4,872.00 square metres (52,441.72 square feet).</p> <p>The subject sites accommodate the following buildings:- i) Single storey detached warehouse ii) Guard house iii) Refuse chamber</p>		<p>Comprise two adjoining parcels of industrial land having a total title land area of 4,026.937 square metres (43,345.55 square feet).</p> <p>Based on the Certified Plan (PA) No. 14-101393 dated 21 October 1986 issued by Jabatan Ukur Dan Pemetaan, Wilayah Persekutuan Kuala Lumpur, noted that final survey of the subject property has been carried out and having a total surveyed land area of 4,028 sq m (43,356.99 square feet).</p> <p>There is a TNB-substation occupying the north-western portion of the subject property measuring approximately 275.64 sq m (2,966.96 square feet). In arriving at the Market Value of the subject property, the valuer adopted the net title area of 3,751.297 sq m (40,378.59 square feet).</p> <p>The subject sites accommodate the following buildings:- i) Single storey detached factory ii) Loading bay iii) Annexed double storey office building</p>	
Tenure	Leasehold interest for a term of 99 years, expiring on 27 November 2079, in respect of all titles			
Age of building (approximate)	Approximately 26 years		Approximately 25 years	
Land area (sq m)	2,695	2,177	2,108.366	1,918.571
Gross floor area (sq m)	2,883.36		2,218.63	

**APPENDIX I – INFORMATION ON LAND 1 AND LAND 2**

	<b>Land 1</b>	<b>Land 2</b>
Gross built up area (sq m) / Net useable area (sq m)	2,883.36 / 2,869.68	2,218.63 / 2,218.63
Existing usage	Warehouse consisting of corporate office and sports facility for own use.	Rented out to third party, a Malaysian private limited company, principally involved in the manufacturing of construction materials. It will be vacated by 31 October 2023 upon expiry of the rental agreement.
Lettable area (sq m)	N/A. The subject property is owner occupied.	2,218.63
Lettable area available (sq m)	N/A. The subject property is owner occupied.	Nil
Occupancy rate (%)	N/A. The subject property is owner occupied.	100.0%
Annual rental (based on existing tenancies)	N/A. The subject property is owner occupied.	RM564,000.00 (RM47,000.00 per month)
Category of land use	Industrial	
Encumbrances	Nil	
Expressed condition	i) the land is for industrial use only; and ii) building on this land shall comply with the Development Order issued by Datuk Bandar Kuala Lumpur	i) the land is for industrial use only; and ii) building on this land shall comply with the Development Order issued by Datuk Bandar Kuala Lumpur
Proposed use	Please refer to Section 3 of this circular.	
Restriction in interest	Nil	
Valuer	Raine & Horne	
Date of valuation	26 August 2021	
Method of valuation	Cost Approach and Income Approach (Investment Method)	
Net book value	RM631,381.00	RM19,500,000.00
Market value	RM24,500,000.00	RM19,500,000.00
Registered owner	Starplus	

**Raine&Horne.**

**Raine & Horne International  
Zaki + Partners Sdn. Bhd.**

(Co No. 99440-T)

W-08-3, West Wing, Subang Square

Jalan SS 15/4G

47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Telephone : +603-5631 9668

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Email : cc@rhizp.com.my

Our Reference : VSJ21.682.06(A-B)

15 October 2021

The Board of Directors  
**NEXT REVENUE SDN BHD**  
Wisma Revenue  
No. 12, Jalan Udang Harimau 2  
Kepong Business Park  
51200 Kuala Lumpur

Dear Sirs,

**VALUATION CERTIFICATE OF:**

- 1) **A SINGLE STOREY DETACHED FACTORY WITH AN ANNEXED DOUBLE STOREY OFFICE BEARING ADDRESS LOTS 37631 & 37632, JALAN 6/37A, TAMAN BUKIT MALURI INDUSTRIAL AREA, 52100 KUALA LUMPUR**
- 2) **A SINGLE STOREY DETACHED WAREHOUSE BEARING ADDRESS LOTS 37629 & 37630, JALAN 6/37A, TAMAN BUKIT MALURI INDUSTRIAL AREA, 52100 KUALA LUMPUR**

This Valuation Certificate has been prepared for inclusion in the Circular to Shareholders ("Circular") of Revenue Group Berhad in relation to a proposed acquisition of the subject properties by Next Revenue Sdn Bhd, a wholly-owned subsidiary of Revenue Harvest Sdn Bhd and an indirect wholly-owned subsidiary of Revenue Group Berhad ("**Proposed Acquisition**").

In accordance with your instructions to value the subject properties for the purpose of submission to Bursa Malaysia Securities Berhad and inclusion in the Circular, we have inspected the subject properties on 31 May 2021 and 26 August 2021 and the material date of valuation is as at 26 August 2021.

The valuation has been prepared in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and with the necessary professional responsibility and due diligence.

Our basis of valuation is the "Market Value" which is defined in the Malaysian Valuation Standards as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

**Perunding Harta Tanah Antarabangsa • International Property Consultants**

KUALA LUMPUR PENANG IPOH KLANG PETALING JAYA SUBANG JAYA SEREMBAN MELAKA KUANTAN JOHOR BAHRU KUCHING KOTA KINABALU



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PENILAI  
VE (1) 0067/11



In arriving at the Market Value of the subject properties, we have used the following approaches of valuation:-

**i) Cost Approach**

The **Cost Approach** of Valuation seeks to determine the value of the property through the summation of the value components of the land and building(s). In determining the value of the land, the analysed apportionment value attributable to the land is adopted as described in the Comparison Method, whilst making do allowances to factors of location, plot size, accessibility and other relevant factors. In determining the value of the building(s), current estimates on construction costs to erect equivalent buildings are adopted. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building(s).

**ii) Income Approach (Investment Method)**

The **Income Approach (Investment Method)** is used to determine the Market Value which is derived from the capitalisation of net rent from a property. Net rent is the residue of gross annual rent less annual expenses (outgoings) required to sustain the rent with allowance for voids and management fees.

**Valuation**

The summary of the Market Value of the subject properties is as follows:

Reference Nos.	Properties	Market Value
VSJ21.682.06(A)	A single storey detached factory with an annexed double storey office bearing address Lots 37631 & 37632, Jalan 6/37A, Taman Bukit Maluri Industrial Area, 52100 Kuala Lumpur	RM19,500,000.00
VSJ21.682.06(B)	A single storey detached warehouse bearing address Lots 37629 & 37630, Jalan 6/37A, Taman Bukit Maluri Industrial Area, 52100 Kuala Lumpur	RM24,500,000.00
<b>Total</b>		<b>RM44,000,000.00</b>

The attached Schedules A and B incorporate the summary of the valuation of the properties as extracted from the respective Valuation Reports.

Yours faithfully  
**RAINE & HORNE INTERNATIONAL**  
**ZAKI + PARTNERS SDN BHD**

**HO SEK CHUEN, MRICS FRISM**  
**REGISTERED VALUER, V373**

**SCHEDULE A**

**1.0 IDENTIFICATION OF PROPERTY**

**1.1 Property Address**

Lots 37631 & 37632, Jalan 6/37A, Taman Bukit Maluri Industrial Area, 52100 Kuala Lumpur.

**1.2 Type of Property**

A single storey detached factory with an annexed double storey office.

**1.3 Title Particulars**

We have conducted official title checks at the Wilayah Persekutuan Kuala Lumpur Land Registry on 13 September 2021, confirming the title particulars of the subject property as follows:-

Title Nos.	Lot Nos.	Title Area (Square Metres)	Quit Rent
HSD 34672	Lot 37631	2,108.366	RM3,881.00
HSD 34673	Lot 37632	1,918.571	RM3,531.00

All the above titles are held under Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

- Tenure : Leasehold interest for a term of 99 years, expiring on 27 November 2079, in respect of both titles.
- Category of Land Use : Perusahaan/Perindustrian, in respect of both titles.
- Registered Owner : **STARPLUS CORPORATION SDN BHD**, in respect of both titles.
- Express Condition : i) Tanah ini hendaklah digunakan hanya untuk tapak perusahaan sahaja.  
ii) Pembangunan di atas tanah ini hendaklah mematuhi Perintah Pembangunan yang dikeluarkan oleh Datuk Bandar Kuala Lumpur.
- Restriction-In-Interest : Nil, in respect of both titles.
- Encumbrance : Nil, in respect of both titles.
- Endorsement : Lot 37631  
Nil  
Lot 37632  
Nombor Peralihan PDSC17218/1983 No. Jilid 6 No. Folio 104 Pajakan Seluruh Tanah kepada LEMBAGA LETRIK NEGARA TANAH MELAYU, JALAN BANGSAR KL bagi tempoh masa selama 30 tahun mulai dari 1 Ogos 1982 dan berakhir pada 31 Julai 2012, registered on 26 October 1983.

**Note:**

We note that the lease to TNB (formerly Lembaga Letrik Negara) had expired on 31 July 2012 and the renewal of the lease has not been endorsed as yet. Notwithstanding the above, we note that the TNB-substation is still sited within Lot 37632, and as such, our valuation of the subject property is subject to the lease to TNB.

**2.0 PROPERTY DESCRIPTION**

**2.1 Location**

The subject property is situated in the locality of Kepong and within an industrial scheme known as Taman Bukit Maluri Industrial Area, which is sited off left (eastern) side of Lebuhraya Lingkar Tengah II (MRR II), travelling from Batu Caves towards Bandar Sri Damansara and Sungai Buloh localities. It is also located off the right (northern) side of Sri Damansara Link (DUKE 2) of Lebuhraya Duta-Ulu Kelang. Access to the subject property from Lebuhraya Lingkar Tengah II (MRR II) is via Jalan Taman Bukit Maluri, Jalan Burung Hantu, Jalan 3/37A and Jalan 6/37A which leads to the subject property.

Jalan 6/37A is a service road that is built with a row of detached factories on one side and a buffer land for parking on the other side. Roadside parking is easily available to the occupants of the detached factories.

Properties in the immediate vicinity of the subject property are predominantly industrial, residential and commercial in character comprising detached factories, terraced houses, semi-detached and detached houses as well as terraced shophouses and shopoffices.

**2.2 Site**

The subject sites comprise two (2) adjoining parcels of industrial land which is almost rectangular in shape and having a total title land area of 4,026.937 square metres (43,345.55 square feet).

The component title land areas of the subject property are as follows:-

Lot Nos.	Title Land Area	
	Square Metres	Square Feet
37631	2,108.366	22,694.24
37632	1,918.571	20,651.31
<b>Total</b>	<b>4,026.937</b>	<b>43,345.55</b>

Table 1 : Title Land Area

Based on the Certified Plan (PA) No. 14-101393 issued by Jabatan Ukur Dan Pemetaan, Wilayah Persekutuan Kuala Lumpur, we note that final survey of the subject property has been carried out and the total net surveyed land areas of the subject property are as follows:-

Lot Nos.	Surveyed Area	
	Square Metres	Square Feet
37631	2,108.00	22,690.30
37632	1,920.00	20,666.69
<b>Total</b>	<b>4,028.00</b>	<b>43,356.99</b>

Table 2 : Surveyed Land Area



We also note that there is a TNB-substation (leased by Tenaga Nasional Berhad)[TNB] occupying the north-western portion of the subject property (Lot 37632) measuring approximately 275.64 square metres (2,966.96 square feet) which has been fenced off. In arriving at the Market Value of the subject property, we have deducted the area occupied by TNB-substation from the total title area and adopted the net title area of 3,751.297 square metres (40,378.59 square feet).

The subject sites have a combined frontage of about 50.908 metres (167 feet) onto Jalan 6/37A along the north-western boundary and an average depth of about 53.649 metres (176 feet). The rear and side boundaries adjoin neighbouring lots. The sites are generally flat in terrain and lies slightly above the level of the frontage metalled road. The site boundaries are generally demarcated by plastered brickwalls, metal hoarding and retaining walls surmounted with metal hoarding. We also note that part of the south boundary is not demarcated by any fencing as there is a lateral access to Lot 37633 (which is also tenanted by Tremco CPG Malaysia Sdn. Bhd). The entrance to the sites are secured by two metal gates mounted onto plastered brickpillars. Internal circulation areas of the sites are paved with bitumen.

**2.3 Buildings**

The subject sites are erected with a single storey detached factory with a loading bay and an annexed double storey office building. The construction of the buildings were completed in the year 1996 and in a good state of decorative repair.

At the date of our inspection, we note that the factory areas have also been renovated to include two (2) partitioned integral double storey office blocks, pigment paste, pot cleaning, decanting area and filler area.

The construction and built-up area of the buildings are as follows:-

Buildings	Gross Built-up Area (sf)	Construction
Single Storey Detached Factory	18,761	The building is constructed of reinforced concrete and steel portal frames with pitched steel frames and purlins laid over with aluminium foil sisalation roofed over with metal deck roofing sheets and concealed behind metal deck fascia. The walls are partly of plastered brickwalls and partly clad with metal deck sheets. The flooring is generally heavy duty reinforced concrete floor slab generally finished with cement render except for the toilets which are finished with ceramic tiles
Loading Bay	678	The building is an open-sided steel frame supporting metal deck roofing sheets. The flooring is generally of cement render
Annexed Double Storey Office Building	4,442	The building is constructed of reinforced concrete with plastered brickwalls supporting partly metal deck roofing sheets on steel trusses and partly reinforced concrete flat roof concealed behind parapet walls. The walls are plastered brickwalls. The flooring is generally finished with mosaic tiles, wall-to-wall carpet, marble slabs, pebble wash, ceramic tiles and cement render
<b>Total</b>	<b>23,881</b>	

We have been informed by the Client that the Registered Owner is currently not in possession of the approved building plans as this is an old building. However, we have been provided with the architect plans in relation to the subject property prepared by Jurureka Perunding vide Reference Plan No. J 438/91/2 and the Certificate of Fitness For Occupation (CFO). The architect plans show a single storey detached factory with an annexed double storey office building.

We have made verbal enquiries with Unit Pemantauan Permohonan Jabatan Kawalan Bangunan, Dewan Bandaraya Kuala Lumpur (DBKL) and were informed that the approved building plans are not available for inspection or sighting as the plans are too old from the date of the CFO issued for the subject property.

We have made further queries with the Jabatan Penilaian Dan Pengurusan Harta of DBKL whereby we were informed that the architect plans provided by the Client are similar with their assessment floor plans of the subject property and can be relied upon as the CFO has been issued. Therefore, we are of the opinion that the architect plans can be relied on for the purpose of this valuation.

The CFO in respect of the subject property was issued by Dewan Bandaraya Kuala Lumpur vide Certificate No. 23346 dated 21 August 1996.

We note that the following buildings do not form part of the architect plans and are excluded from the valuation:

- a) Guard house sited at the main entrance.
- b) Shed sited at the left boundary.
- c) Terrace sited at the right boundary.
- d) Shed sited at the right boundary.
- e) Terrace extension of the loading bay.

#### **2.4 Occupancy Status**

The subject property is tenanted for a period of 3 years commencing on 1 November 2018 and expiring on 31 October 2021 at a monthly rental of RM47,000.00. We note that there is an option to renew for a further term of two (2) years commencing from 1 November 2021 to 31 October 2023 at an increment of monthly rental rate of not more than 10% of the current monthly rental. We understand from the landlord that they are in the process of granting the option to renew to the tenant.

#### **2.5 Planning Details**

The subject property is located within an area designated for industrial use.

**3.0 VALUATION**

**3.1 Valuation Approach**

In arriving at the Market Value of the subject property, we have used the **Cost Approach** of valuation and as a check, the **Income Approach (Investment Method)** of valuation.

**3.1.1 Cost Approach**

In analysing the apportionment of value attributable to the land, we have adopted the Comparison Approach to arrive at the adjusted improved land value of the subject property. The summary analysis of the sales evidence is as follows:-

Item	Comparable 1	Comparable 2	Comparable 3
Property Identification	PT 23990, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan	Lot 37643, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	PT 24230, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan
Property Address	No 2, Persiaran Industri, Bandar Baru Sri Damansara, Kuala Lumpur	No 10, Jalan 5/37A, Taman Bukit Maluri Industrial Park, Kuala Lumpur	No 32, Persiaran Industri, Bandar Baru Sri Damansara, Kuala Lumpur
Property Type	An Industrial Premises	An Industrial Premises	An Industrial Premises
Tenure	Freehold	(99 years leasehold interest with unexpired term of 59 years)	Freehold
Date of Sale	27 October 2020	12 May 2020	17 March 2020
Land Area (sf)	14,949	21,841	15,300
Estimated Gross Floor Area (sf)	14,934	14,396	12,000
Vendor	Atlas Cetak (M) Sdn Bhd	Chip Loong Sharks Fin Seafood Sdn Bhd	Li Meng Furniture Sdn Bhd
Purchaser	House of Ingredients Sdn Bhd	Sin Ter May Sdn Bhd	Audio Phonar Electronics Sdn Bhd
Adopted Building Value (psf)	RM110.00	RM110.00	RM110.00
Consideration	RM8,000,00	RM9,500,000	RM9,000,000
Analysed Building Value	RM 1,642,740	RM 1,583,560	RM 1,320,000
Analysed Land Value	RM6,357,260	RM7,916,440	RM7,680,000
Analysis on Land (psf)	RM425.26	RM362.46	RM501.96
Adjustment Factors	Factors considered include time movement, location, size, tenure and position/visibility		
<b>Adjusted Improved Land Value (psf)</b>	<b>RM340.21</b>	<b>RM416.83</b>	<b>RM401.57</b>

(Source of Transactions: Valuation and Property Services Department [JPPH])

Item	Comparable 4	Comparable 5	Comparable 6
Property Identification	Lot 37645, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot 37661, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Lot 70210, Bandar Selayang, District of Gombak, Selangor Darul Ehsan
Property Address	No 14, Jalan 5/37A, Taman Bukit Maluri Industrial Park, Kuala Lumpur	Lot 37661, Jalan 4/37A, Taman Bukit Maluri Industrial Area, Kuala Lumpur	Lot 70210, Jalan DBP, Dolomite Business Park, Batu Caves
Property Type	An Industrial Premises	An Industrial Premises	A vacant parcel of industrial land
Tenure	(99 years leasehold interest with unexpired term of 60 years)	(99 years leasehold interest with unexpired term of 60 years)	Freehold
Date of Sale	27 December 2019	5 December 2019	22 January 2020
Land Area (sf)	22,626	22,616	15,300
Estimated Gross Floor Area (sf)	14,396	11,280	-
Vendor	K Lee Holdings Sdn Bhd	Prestafas Sdn Bhd	Mega Palette Sdn Bhd
Purchaser	TOA Paint (Malaysia) Sdn Bhd	Advance Century Auto Parts Sdn Bhd	PLS Property Sdn Bhd
Adopted Building Value (psf)	RM110.00	RM110.00	-
Consideration	RM10,000,000	RM8,500,000	RM7,819,025
Analysed Building Value	RM 1,583,560	RM 1,240,800	-
Analysed Land Value	RM8,416,440	RM7,259,200	-
Analysis on Land (psf)	RM371.98	RM320.98	RM395
Adjustment Factors	Factors considered include time movement, location, size, tenure, position/visibility and site improvements		
<b>Adjusted Improved Land Value (psf)</b>	<b>RM409.18</b>	<b>RM353.07</b>	<b>RM400.00</b>

(Source of Transactions: JPPH)

We note that the industrial premises in Taman Bukit Maluri Industrial Area and Bandar Baru Sri Damansara are approximately 25 to 26 years old. Using a construction cost new of RM190 psf and less depreciation at 1.5% per annum, the depreciated value is RM115.90 psf and RM118.75 psf. We have adopted a rounded building value of RM110 psf for the comparables.

The adjusted improved land values of transacted properties are in the range of RM340.21 psf to RM416.83 psf. In reconciling our opinion of Market Value, we have placed a greater emphasis on Comparable 2 as it is one of the latest transaction and located nearest to the subject property. After considering all factors of the above, we have adopted the adjusted improved land value at RM415.00 psf.

The building component is based on the Construction Cost Handbook Malaysia 2021 published by JUBM Sdn Bhd and Arcadis Projekts Sdn Bhd which is shown below.

Type of Construction	Construction Cost New
Owner operated factories, low rise	RM165 - RM203 psf

We have adopted the upper range of the construction cost new of RM200 psf and adjusted downwards 5% for building design and function to arrive at RM190 psf for the main building. For the ancillary buildings, we have adopted 50% of the construction cost of the main building.

Depreciation for buildings is adopted based on the economic lifespan of 60 years which is 1.66% per annum. We have rounded the depreciation rate to 1.5% per annum in view of the buildings which were generally in a state of good decorative repair and well maintained.

### **3.1.2 Income Approach (Investment Method)**

We have used the Income Approach (Investment Method) as a check. The parameters adopted are as follows:

<b>Term Gross Rental</b>	We have adopted current passing rent.
<b>Reversionary Gross Rental</b>	The current tenancy is expiring on 31 October 2021. The option to renew is up to 10% of the current rental which is RM2.16 psf per month. We have noted rental evidence of industrial premises in the larger vicinity of the subject property. From our analysed rental evidence, the rental ranged from RM1.50 psf to RM2.50 psf/month. We have adopted a rental rate of RM2.16 psf per month for the subject property as this is the maximum rental for the option to renew and it falls within the range of the rental evidences and asking rentals
<b>Outgoings &amp; Voids</b>	The outgoings for quit rent, assessment and insurance are based on actual cost. For building repair and maintenance, we have adopted 5% of the gross rental. The voids is adopted to reflect rental for vacancy periods between rent reviews which include incentive for rent free periods, fitting out periods and possibility of bad debts. We also noted that there is a high occupancy rate of industrial premises in Taman Bukit Maluri and the nearby industrial schemes. We have adopted a long term voids of 5%.
<b>Yield</b>	The analysis revealed that yields for industrial properties in Taman Bukit Maluri shows a range of 2.93% to 3.34%. The most important factor affecting yield is the degree of risk inherent in the investment and comparable yields from other forms of investments. We also note that the interest rate is on a downward trend due to the cut in the base lending rate which is the result of the current slowdown in the economy caused by COVID-19 pandemic. Therefore, we are of the opinion that the achievable net yield for the subject property is 3% for the term period. For the reversionary period, we have adopted a higher net yield of 3.4% to reflect risk due to uncertainty in the future income streams.

### **3.2 Impact Of Covid-19 Pandemic**

The Covid-19 pandemic has badly affected almost all sectors of the economy and has forced companies to limit or halt physical operations and work activities and dampen consumption and investment activities.

The country has implemented various forms of Movement Control Orders due to the sharp rise in number of COVID-19 cases. With the high vaccination rate of the adult population, Malaysia is now undergoing the National Recovery Plan, whereby restrictions are eased and majority sectors of the economy are allowed to operate.

In our valuation, we have considered the impact of Covid-19 pandemic in the Cost Approach by adopting the best comparable that was transacted in May 2020 and analysing the land value thereof. During this time, the property market was already affected by the Covid-19 pandemic. We have also derived the building value based on the Construction Cost Handbook 2021. The parameters to the Income Approach are also based on the latest market derived data that are impacted by Covid-19 pandemic.

Despite the challenging market condition, we note there is a strong demand for vacant industrial land and industrial premises in the Kuala Lumpur district particularly within Taman Bukit Maluri and Kepong locality despite the COVID-19 pandemic. The location of the subject property is much in demand and as it is strategically located near to Kuala Lumpur city centre and coupled with well-developed infrastructure and easy access to labour market, consumers and suppliers. There is also a scarcity of vacant industrial land in the Kuala Lumpur district.

We are of the opinion the values of industrial properties in Taman Bukit Maluri Industrial Area will sustain in the long term as industrial activities continue to be focused in established industrial areas such as the Jalan Sungai Buloh and MRR II corridor that starts from Kepong towards Sungai Buloh.

### **3.3 Reconciliation of Values**

Considering our analysis based on the abovesaid approaches to valuation, we have derived the following results for reconciliation:

<b>Valuation Approach</b>	<b>Derivation of Values</b>
Cost Approach	RM19,500,000.00
Income Approach	RM15,600,000.00

We have adopted the Market Value of RM19,500,000.00 derived from the Cost Approach as the main approach in the valuation of the subject property. There are sufficient sale evidences to arrive at the Market Value of the subject property using this approach.

The Income Approach (Investment Method) is the secondary approach and used as a check on the Market Value. The subject property is tenanted and as such, the Income Approach (Investment Method) is sensitive to the estimated yield.

In light of the above, we are of the opinion the Cost Approach would provide a fair representation of the Market Value.

### **3.4 Market Value**

Our opinion of the Market Value of the unexpired leasehold interests of about 58 years in Lots 37631 & 37632, Mukim of Batu, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, a single storey detached factory with an annexed double storey office bearing address Lots 37631 & 37632, Jalan 6/37A, Taman Bukit Maluri Industrial Area, 52100 Kuala Lumpur, on the basis the titles are free of all encumbrances and subject to the existing tenancy is **Ringgit Malaysia Nineteen Million And Five Hundred Thousand Only (RM19,500,000.00)**.