

REVENUE GROUP BERHAD ("REVENUE" OR THE "COMPANY" OR THE "PURCHASER")

PROPOSED ACQUISITION OF 51.0% EQUITY INTEREST IN INNOV8TIF HOLDINGS SDN BHD ("INNOV8TIF HOLDINGS") FOR A TOTAL CASH PURCHASE CONSIDERATION OF RM36 MILLION ("PROPOSED ACQUISITION")

1. INTRODUCTION

The Board of Directors of REVENUE ("**Board**") wishes to announce that the Company had on 12 May 2023 entered into a conditional Share Sale Agreement ("**SSA**") with Hong Seng Consolidated Berhad ("**Hong Seng**" or the "**Vendor**") for the acquisition of 51.0% equity interest in Innov8tif Holdings, comprising 717,570 ordinary shares in Innov8tif Holdings ("**Sale Shares**"), for a total cash purchase consideration of RM36.00 million ("**Purchase Consideration**").

REVENUE and the Vendor shall hereinafter be collectively referred to as the "**Parties**" and individually referred to as a "**Party**".

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on Innov8tif Holdings

Innov8tif Holdings is a newly incorporated investment holding company in Malaysia on 18 January 2023 under the Companies Act 2016.

As at 11 May 2023, being the latest practicable date preceding the date of this announcement ("**LPD**"), the issued share capital of Innov8tif Holdings is RM60,500,000 comprising 1,407,000 ordinary shares.

The directors of Innov8tif Holdings are Lee Chin Seong, Law Tien Soon, Soh Peng Nam and Yong Kim Fui. The shareholders of Innov8tif Holdings are as follows:

Name	Place of incorporation	Number of ordinary shares held	%
Innov8tif Consortium Sdn Bhd (" ICSB ")	Malaysia	689,430	49.0
Hong Seng	Malaysia	717,570 ^{(1)&(2)}	51.0
		1,407,000	100

Notes:

(1) Represents the Sale Shares whereby Hong Seng holds the beneficial interest pursuant to the Agreement as detailed in Note 2 below, which to be acquired by REVENUE from Hong Seng pursuant to the SSA.

(2) Pursuant to a shares sale agreement dated 31 January 2023 ("**Agreement**") entered between ICSB and Hong Seng, Hong Seng has acquired the 51.0% of the entire issued share capital of Innov8tif Holdings from ICSB at a total cash purchase consideration of RM30,855,000.

As at the LPD, the Agreement has become unconditional and is currently pending the payment of balance consideration in the sum of RM24,414,500 by Hong Seng to ICSB. In view thereof, Hong Seng shall hold the beneficial interest of the 51.0% of the entire issued share capital of Innov8tif Holdings, notwithstanding that the balance consideration has yet to be paid to ICSB and the full legal title of these ordinary shares have yet to be fully vested unto and to Hong Seng.

Hong Seng shall take the necessary actions to cause or procure ICSB to effect the transfer of Sale Shares in favour of REVENUE upon completion of the SSA, in which ICSB has agreed to the disposal of the Sale Shares by Hong Seng to REVENUE.

Innov8tif Holdings currently holds the equity interest of the following companies:

No.	Name of subsidiaries and date of incorporation	Principal activities	Directors	Issued share capital	% of shareholdings
1.	Innov8tif Solutions Sdn Bhd (" Innov8tif Solutions ") <i>(Incorporated on 29 August 2011)</i>	Engaged in information communications technology (" ICT ") system development, development and maintenance service with software trading and services	Lee Chin Seong, Law Tien Soon, Soh Peng Nam and Yong Kim Fui	RM4,500,000 comprising 562,500 ordinary shares	100
2.	Xendity Sdn Bhd (" Xendity ") <i>(Incorporated on 1 November 2017)</i>	Engaged in software research and development (" R&D ")	Lee Chin Seong, Law Tien Soon and Soh Peng Nam	RM10,955,949 comprising 10,955,949 ordinary shares	100
Subsidiaries of Innov8tif Solutions					
1.	Innov8tif Technology Sdn Bhd (" InnoTech ") <i>(Incorporated on 5 May 2014)</i>	Engaged in information technology (" IT ") and event marketing business	Law Tien Soon, Lee Chin Seong and Soh Peng Nam	RM10,000 comprising 10,000 ordinary shares	100
2.	Innov8tif Solutions Pte Ltd (" InnoSG ") <i>(Incorporated in Singapore on 16 April 2014)</i>	Provide IT consultancy and computer services activities	Law Tien Soon, Lee Chin Seong, Soh Peng Nam and Yu Keng Ing	SGD10,000 comprising 10,000 ordinary shares	100

(Innov8tif Solutions, InnoTech and InnoSG are collectively be referred to as "Innov8tif Solutions Group")

(Innov8tif Holdings, Innov8tif Solutions Group and Xendity are collectively be referred to as "Innov8tif Group")

Innov8tif Group is an ISO27001:2013 certified Artificial Intelligence (“**AI**”) group of companies with its principal business in providing identity (“**ID**”) assurance solutions that helps digital businesses to prevent frauds by verifying and authenticating customers’ ID with AI-based ID assurance systems, Application Programming Interface (“**API**”) access and low-code platform since 2011. This includes ID proofing (e-Know Your Customers (“**e-KYC**”) and e-Know Your Business (“**e-KYB**”)), customer due diligence and ID authentication.

Innov8tif Group specialises in ID verification (“**IDV**”) technology to support e-KYC, e-KYB and anti-fraud processes, customer onboarding process automation and mobile biometric authentication. Innov8tif Group’s customer base comprises the telecommunication companies, institutions in the banking, financial services & insurance (“**BFSI**”), investment firms, multinational manufacturing companies and government which include those in the ASEAN region. Amongst, many are public listed companies.

As Innov8tif Holdings is a newly incorporated investment holding company with the purposes to hold Innov8tif Solutions Group and Xendity and therefore the consolidated financial information of Innov8tif Holdings Group is not available at this juncture. The respective financial information of Innov8tif Solutions Group and Xendity are set out below.

Innov8tif Solutions Group

The financial information of Innov8tif Solutions Group for the financial year ended 31 December 2020 (“**FYE Dec 2020**”), financial year ended 31 December 2021 (“**FYE Dec 2021**”) and financial year ended 31 December 2022 (“**FYE Dec 2022**”) are as set out below:

	Audited	Audited	Unaudited
	FYE Dec 2020	FYE Dec 2021	FYE Dec 2022
	RM	RM	RM
Revenue	8,585,049	10,830,793	12,502,153
Profit after taxation	509,876	537,733	469,809
Share capital	500,000	4,500,000	4,500,000
Net assets	1,790,555	5,731,643	6,215,779
Bank borrowings	535,663	574,794	436,947

The revenue for the FYE Dec 2022 had increased by approximately RM1.67 million or 15.4% as compared to the FYE Dec 2021 mainly contributed by the strategic expansion initiatives implemented by the management which include employment of new talents and increased manpower to improve product development and intensified marketing efforts to capture the wider regional markets and generate more sources of revenue for the group. As such, the group also incurred higher costs for the said initiatives resulting a decrease in profit after tax of approximately RM0.07 million or 12.6% to approximately RM0.05 million in the FYE Dec 2022. The costs incurred are vital for long term prospects of the group and thus, would also require a longer gestation period before the group is able to recoup the investment made to generate higher profits.

Xendity

The financial information of Xendity for the 12-months financial year ended 30 June 2021 (“**FYE Jun 2021**”), 6-months financial period ended 31 December 2021 (“**FPE Dec 2021**”) and 12-months financial year ended 31 December 2022 (“**FYE Dec 2022**”) are as set out below:

	Audited	Audited	Unaudited
	FYE Jun 2021	FPE Dec 2021⁽¹⁾	FYE Dec 2022
	RM	RM	RM
Revenue	2,746,891	1,152,888	3,080,432
Loss after taxation	(982,691)	(2,349,213)	(3,786,853)

Share capital ⁽²⁾	2,541,697	2,541,697	2,541,697
Net assets/(liabilities) ⁽²⁾	781,899	(1,567,314)	(5,354,167)
Bank borrowings	-	-	-

Notes:

- (1) The company had changed its financial year end from June to December.
- (2) On 16 January 2023, the company had increased its issued share capital from RM2,541,697 to RM10,955,949 and the net assets of the company has increased by the same amount.

The higher revenue recorded in the FYE Dec 2022 was mainly due to the change in financial year end which has resulted in the recognition of additional 6 months revenue, as well as new projects secured by the company. However, the company was still in loss position which mainly due to higher software development costs and licensing fees incurred as well as increase in staff costs and depreciation & amortisation expenses for the transfer of e-KYC and related software at a cost of RM4.37 million to the company during the FYE Dec 2022.

Upon completion of the Proposed Acquisition, Innov8tif Holdings will become a 51.0% owned subsidiary of REVENUE.

2.1.1 Information on the Vendor

Hong Seng is a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Hong Seng and its subsidiaries are principally engaged in the business of healthcare, financial services and glove manufacturing amongst others mainly through the provisioning of a digital healthcare platform; diagnostics and health screening laboratory services; healthcare logistics solutions; moneylending facilities; and nitrile glove manufacturing and trading.

As at the LPD, the issued ordinary share capital of Hong Seng is RM251,446,486 comprising 5,108,416,768 ordinary shares.

The directors of Hong Seng and their respective shareholdings in Hong Seng as at the LPD are as follows:

Name	Direct		Indirect	
	Number of ordinary shares	%	Number of ordinary shares	%
Dato' Seri Teoh Hai Hin	-	-	630,282,800 ⁽¹⁾	12.34
Christopher Chan Hooi Guan	-	-	412,000,000 ⁽²⁾	8.07
Lester Chin Kent Lake	-	-	592,227,600 ⁽³⁾	11.59
Lee Li Chain	-	-	-	-
Yap Kien Ming	-	-	-	-
Leong Kam Soon	-	-	-	-
Dato' Kang Chez Chiang	-	-	-	-
Teoh Soon Han (Alternate Director to Dato' Seri Teoh Hai Hin)	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his shareholdings in Dalphon Limited pursuant to Section 8 of Companies Act 2016.
- (2) Deemed interested by virtue of his shareholdings in Aurora Crest Sdn Bhd and Open Dynamics Sdn Bhd pursuant to Section 8 of Companies Act 2016.
- (3) Deemed interested by virtue of his shareholdings in Radiance Dynasty Sdn Bhd pursuant to Section 8 of Companies Act 2016 and his father's shareholdings in Hong Seng.

The substantial shareholders of Hong Seng and their respective shareholdings in Hong Seng as at the LPD are as follows:

Name	Direct		Indirect	
	Number of ordinary shares	%	Number of ordinary shares	%
Dalphon Limited	630,282,800	12.34	-	-
Dato' Seri Teoh Hai Hin	-	-	630,282,800 ⁽¹⁾	12.34
Aurora Crest Sdn Bhd	400,000,000	7.83		
Christopher Chan Hooi Guan	-	-	412,000,000 ⁽²⁾	8.07
Radiance Dynasty Sdn Bhd	584,723,600	11.45		
Lester Chin Kent Lake	-	-	592,227,600 ⁽³⁾	11.59

Notes:

- (1) Deemed interested by virtue of his shareholdings in Dalphon Limited pursuant to Section 8 of Companies Act 2016.
- (2) Deemed interested by virtue of his shareholdings in Aurora Crest Sdn Bhd and Open Dynamics Sdn Bhd pursuant to Section 8 of Companies Act 2016.
- (3) Deemed interested by virtue of his shareholdings in Radiance Dynasty Sdn Bhd pursuant to Section 8 of Companies Act 2016 and his father's shareholdings in Hong Seng.

2.2 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis taking into account the following:

- (i) Innov8tif Group's existing businesses and continuing operations with capabilities in its widely recognised and award-winning digital onboarding and IDV solutions which are designed to help revolutionise existing processes for businesses especially industries with higher compliance requirement. Innov8tif Group's digital ID technology and solutions will help to complement and enhance the existing businesses of REVENUE and its subsidiaries (the "**Group**") in providing extensive payment solutions and its related services with highly in-demand digital customers onboarding process automation and mobile biometric services;
- (ii) Indicative value of the Sale Shares (i.e., 51.0% equity interest in Innov8tif Holdings) ranges from approximately RM28.71 million to approximately RM34.56 million, as appraised by Strategic Capital Advisory Sdn Bhd ("**SCA**") (an independent valuer appointed by Hong Seng) on 13 January 2023 based on the valuation report dated 27 January 2023 ("**Valuation Report**"), which the said indicative value is derived based on the Discounted Free Cash Flow to Firm ("**FCFF**") Methodology method after taking into consideration the following key bases and assumptions:

Projected period	5 years from financial year ending 31 December ("FYE") 2023 to FYE 2027
Revenue growth rate per annum ⁽¹⁾	96.2% to 9.8% (during FYE 2023 to FYE 2027)
Cost of sales incremental rate per annum ⁽²⁾	80.2% to 12.4% (during FYE 2023 to FYE 2027)
Operating expenses incremental rate per annum ⁽³⁾	15.8% to 7.6% (during FYE 2023 to FYE 2027)
Net profit margin across the projected period	14.0% to 15.8%

Discount rate / Weighted average cost of capital ⁽⁴⁾	13.73% to 14.73%
Terminal growth rate	1.0%
Terminal value ⁽⁴⁾	RM15.54 million to RM19.75 million

Notes:

- (1) Innov8tif Group's main source of revenue is generated from the set-up and implementation, subscription, transaction and onboarding, technical support and development services in relation to the e-KYC technology. The growth percentage per annum above are projected based on the management's estimated overall growth rate of Innov8tif Group across the projected period.*
- (2) The cost of sales comprises licensing fees, web hosting services and purchases of e-KYC related products.*
- (3) The operating expenses comprises mainly staff cost, marketing expenses and office maintenance cost.*
- (4) SCA had performed the sensitivity analysis on 3 key parameters, namely the discount rate, FCFF and the terminal value as these assumptions have significant impact on the implied valuation of Innov8tif Holdings. SCA has stress tested the future financials by varying the values adopted in the discount rate, FCFF and terminal value on a 0.5% and 3.0% upward and downward variance respectively to arrive at a reasonable range of the equity value of Innov8tif Holdings.*

Discounted FCFF Methodology is a valuation method which considers both the time value of money and the projected net cash flow generated discounted at a specified discount rate to derive at the valuation of the subject matter. It is based on discounted cash flows, involving the application of an appropriately selected discount rate applied on the projected future cash flows to be earned by the capital contributors of a company, i.e., equity shareholders and debt capital providers. As the Discounted FCFF methodology entails the discounting of future cash flows to be generated from the business at a specified discount rate to arrive at the fair value of the investment, the risk involved in generating such cash flows will also be taken into consideration.

Based on the abovementioned range of values as appraised by SCA, the highest indicative value of the Sale Shares is approximately RM34.56 million and the Purchase Consideration of RM36.00 million represents a premium of 4.2% to the said value.

- (iii) Innov8tif Group's future growth potential in the R&D development of a complete global standard digital ID assurance and management solutions which help businesses to innovate their processes by leveraging on digital ID solutions to boost efficiency and improve customer experience. These will make the services more accessible to a wider group of users and capturing new target markets. Moreover, with the combined larger market shares of both Innov8tif Solutions Group and Xendity, Innov8tif Group will have a better appeal among its prospective customers due to the increased service and product efficiencies and potentially more cost-effective solutions offered. Innov8tif Group will also be in a position to tap into the global trend of digitalisation to expand its footprints to other markets in the ASEAN region; and
- (iv) The rationale and benefits of the Proposed Acquisition as set out in Section 3 of this announcement.

Premised on the above, the Board is of the view that the Purchase Consideration is justifiable.

2.3 Sources of funding

The Purchase Consideration will be satisfied wholly in cash based on the manner of payment as set out in Section 2.5(ii) of this announcement. The Purchase Consideration is expected to be funded via a combination of the Group's existing cash balance, internally-generated funds and/or borrowings. The breakdown of the funding sources has not been determined by the Group as at the LPD as it will depend on the payment terms under the SSA and the Group's internal cash requirements at the material time.

2.4 Liabilities to be assumed and estimated financial commitments pursuant to the Proposed Acquisition

REVENUE will not assume any additional liabilities (including contingent liabilities and guarantees (if any)) under the Proposed Acquisition. The existing liabilities of Innov8tif Group will be settled in the ordinary course of business. There are no additional financial commitments required from REVENUE in respect of the Proposed Acquisition.

2.5 Salient terms of the SSA

(i) Conditions Precedent

The SSA shall be conditional upon the following being fulfilled within 2 months from the date of the SSA or any other date as may be agreed upon between the Parties ("**Cut-Off Date**"):

- (a) the Purchaser, having reviewed and satisfied with the results of Hong Seng's due diligence investigation, the financial and legal due diligence as well as the independent valuation carried out in connection with its acquisition of the Sale Shares from ICSB pursuant to the Agreement, which includes the due diligence reports, documents and/or information deemed necessary and requested by the Purchaser. The Purchaser may engage independent parties to assist in conducting further due diligence on Innov8tif Group to address any identified deficiencies (if so required);
- (b) any approvals from the relevant authorities or parties as may be required by law or regulation or deemed necessary by the Parties to facilitate the sale of the Sale Shares; and
- (c) the execution of an agreement or undertaking letter by ICSB with/to the Purchaser, in which Hong Seng shall cause ICSB to undertake and covenant to procure the key management personnel ("**KMP**") to enter into an agreement and/or any other relevant employment letter with Innov8tif Group (collectively be referred to as the "**Service Agreement**") which the Service Agreement shall contain the terms and conditions as stipulated in the service agreement entered between Hong Seng and ICSB previously unless otherwise agreed by ICSB, for the purposes of ensuring the KMP to remain with Innov8tif Group for a period of at least 3 years from the Completion Date (as defined in Section 2.5(iii) below) and to accept any other terms stipulated in the Service Agreement to manage Innov8tif Group's operations and to drive Innov8tif Group's business growth.

If any of the Conditions Precedent are not satisfied by the Cut-Off Date (not due to a default of any party), any party will be entitled to issue a notice of termination to the other party whereupon such termination neither party shall have any further right or obligation under the SSA.

The SSA shall become unconditional on the day upon which the last of the Conditions Precedent are fulfilled in accordance with the provisions of the SSA ("**Unconditional Date**").

(ii) Manner of payment

The Purchase Consideration for the Sale Shares of RM36.00 million shall be satisfied by the Purchaser to the Vendor via cash in the following manner:

- (a) Upon execution of the SSA, the Purchaser shall pay the deposit in the sum of RM7,200,000 which is equivalent to 20.0% of the Purchase Consideration ("**Deposit**") to the solicitors as stakeholders, being the refundable deposit (in the event that the Conditions Precedent are not satisfied) towards the Purchase Consideration and the solicitors are authorised to release the Deposit to the Vendor within 3 business days upon execution of the SSA by the Parties;
- (b) On or before the Completion Date (as defined in Section 2.5(iii) below), the Purchaser shall pay the second payment in the sum of RM25,445,000 which is equivalent to approximately 71.0% of the Purchase Consideration ("**Balance Consideration**") to the solicitors as stakeholders and the solicitors are authorised to release the Balance Consideration to the Vendor on the Completion Date; and
- (c) Within 1 year from the Completion Date and upon fulfillment of 12 months of services by the KMP in Innov8tif Group in accordance with terms and conditions as stated in the Service Agreement, the Purchaser shall pay the third and final payment in the sum of RM3,355,000 which is equivalent to approximately 9.0% of the Purchase Consideration ("**Retention Sum**") to ICSB.

For clarification, pursuant to the Agreement entered between Hong Seng and ICSB previously, Hong Seng shall retain a sum of RM3,355,000 (being the Retention Sum as security for the performance of the 12 months' services by the KMP in Innov8tif Group) and Hong Seng shall pay the Retention Sum to ICSB on the 1-year anniversary of the completion of the Agreement and upon fulfillment of 12 months' service by the KMP in Innov8tif Group from the completion of the Agreement.

In view thereof, the Parties agree that the Purchaser shall undertake to perform the duties and liabilities on the payment of Retention Sum on behalf of Hong Seng to ICSB pursuant to the SSA in the manner as set out in Section 2.5(ii)(c) and Hong Seng shall be released from its obligations to pay ICSB upon completion of the SSA.

In the event of non-fulfillment of 12 months of services by the KMP due to voluntary resignation and/or resignation due to disciplinary action and/or breach of the KMP's employment contract with Innov8tif Group by such KMP from Innov8tif Group, the Purchaser shall not be obligated to pay the Retention Sum to ICSB.

Notwithstanding that on the Completion Date, the Retention Sum has not been paid by the Purchaser to ICSB, the Sale Shares shall be duly vested in the Purchaser upon settlement of the Balance Consideration by the Purchaser to the Vendor in accordance with the terms and conditions as set out in 2.5(ii) of this announcement and the Purchaser shall then be the legal and beneficial owner of the Sale Shares on the Completion Date.

(iii) Completion

The completion of the SSA shall be take place within 14 days from the Unconditional Date or such other date as may be agreed upon between the Parties ("**Completion Date**") and upon the full payment of the Balance Consideration to the Vendor in accordance with the manner payment as set out in Section 2.5(ii)(b) of this announcement.

Upon the Unconditional Date, the Vendor shall execute or cause ICSB to execute and deposit the completion documents with the solicitors to be held as stakeholder. On the Completion Date, the Purchaser shall authorise the solicitors to release the Balance Consideration to the Vendor and simultaneously the Vendor shall authorise the solicitors to immediately release the completion documents to the Purchaser and/or Innov8tif Holdings' company secretary to, amongst others, effect the transfer of the Sale Shares to the Purchaser.

Upon the Completion Date, the Purchaser shall be entitled, as the majority shareholder, to the dominant right to control or direct Innov8tif Group's management and operations as the Purchaser deems fit but shall endeavour to collaborate in good faith with ICSB and their nominee directors and/or the KMP to operate the management and operations of Innov8tif Group, and that the Purchaser shall be the holding company of Innov8tif Group upon the Completion Date.

(iv) Termination

The SSA shall continue and remain in full force and effect, unless terminated pursuant to the provisions of the SSA.

- (a) The Vendor may, at any time up to the Completion Date and while such default subsists, give a notice of termination to the Purchaser in the event that the Purchaser defaults in the satisfaction of the Deposit and the Balance Consideration in accordance with the provisions of the SSA or is otherwise in fundamental breach of its obligations under the SSA and the Vendor shall within 7 days of the notice of termination or such other period as agreed by the Parties refund to the Purchaser all monies paid by the Purchaser towards the Purchase Consideration and any other sum paid under the SSA free of interest in accordance with the SSA less the Deposit which shall be forfeited by the Vendor as agreed liquidated damages.
- (b) The Purchaser may, at any time up to the Completion Date and/or up to 12 months after the Completion Date and while such default subsists, give a notice of termination to the Vendor in the event that the Vendor fails, neglects or refuses to complete the sale of the Sale Shares in accordance with the provisions of the SSA or is otherwise in fundamental breach of its obligations and/or warranties under the SSA and the Vendor shall within 7 days of the notice of termination or such other period as agreed by the Parties refund to the Purchaser all monies paid by the Purchaser towards the Purchase Consideration and any other sum paid under the SSA free of interest in accordance with the SSA together with a cash payment of 20% of the Purchase Consideration which is equivalent to the Deposit to the Purchaser as agreed liquidated damages.
- (c) A party may, at any time prior to Completion Date, give a notice of termination to the other party if:

- (aa) the other party is or becomes, or is adjudicated or found to be, bankrupt or insolvent or suspends payment of its debts or is (or is deemed to be) unable to or admits inability to pay its debts as they fall due or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or proceedings are commenced in relation to that party under any law regulation or procedure relating to reconstruction or adjustment of debts; or
 - (bb) an administrator or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the other party.
- (d) If at any time within 12 months after the Completion Date, the Purchaser becomes aware that any of the Vendor's warranties in the SSA is untrue or incorrect in a material respect and which, if capable of rectification, has not been rectified by the Vendor within 30 days, or such longer period as may be mutually agreed between the Parties, of being so requested to do by the Purchaser then the Purchaser may rescind the SSA and termination clause as set out in Section 2.5(iv)(b) of this announcement shall apply and thereafter, neither party shall have any claims against the other; or the Purchaser to continue with the SSA and the Purchaser may seek appropriate legal action against the Vendor for any damages sustained by the Purchaser as a result of any breach of warranties by the Vendor as the appropriate remedy.

3. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition represents a strategic move by REVENUE to acquire the readily available digital ID assurance and digital onboarding businesses of Innov8tif Group to complement and enhance the Group's existing businesses in providing extensive payment solutions which includes electronic data capture terminals, electronic transaction processing and digital payment solutions.

REVENUE can leverage on Innov8tif Group's digital ID solutions instead of developing in-house to create a holistic B2B2C environment with the enhanced biometric security features through e-KYC and e-KYB technologies from Innov8tif Group for a faster, seamless and secured customers onboarding procedures, as well as expanding and creating a more comprehensive digitalised solution such as credit scoring, lending profiles and fraud prevention.

As such, the Board is of the view that the Proposed Acquisition will create good synergies between the businesses of the Group and Innov8tif Group whereby the Group can ride on Innov8tif Group's strong clientele base as well as its digital ID technologies and digital onboarding solutions to cross sell its products and services to the Group's existing and future customers.

The combined resources, expertise and capabilities of both companies will allow the Group to achieve greater efficiency and to reduce the operational costs which will eventually generate higher profits for the Group. These can be achieved by accelerating the research and development efforts to enhance the existing products and to roll out more products that are suitable for a wider target customers groups to reinforce the Group's leading position in Malaysia as well as the regional markets.

Hence, through the Proposed Acquisition, REVENUE will gain control in Innov8tif Group and enable the Group to reap benefits of future profits to be derived from Innov8tif Group. This will in turn increase REVENUE's future earnings and improve its financial position.

4. PROSPECT

According to a report by McKinsey Global Institute, digital ID holds the promise of enabling economic value creation for each of these three groups by fostering increased inclusion, which provides greater access to goods and services; by increasing formalisation, which helps reduce fraud, protects rights, and increases transparency; and by promoting digitisation, which drives efficiencies and ease of use. Countries implementing digital ID could unlock value equivalent to 3.0 to 13.0 percent of GDP by 2030.

(Source: Digital identification: A key to inclusive growth published by McKinsey Global Institute on 17 April 2019)

The global digital ID solutions market size was valued at USD 27.50 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 17.2% from 2023 to 2030. One of the major factors driving the growth of the market is the development of biometrics integration in smartphones. Also, there is a growing demand for digital ID-based authentication methods such as biometric expertise and multi-factor authentication, which are more secure and reliable than passwords.

(Source: Digital Identity Solutions Market Size, Share & Trends Analysis Report By Component, By Solution, By Identity Type, By Biometric, By Solution Type, By Authentication, By Deployment, By Vertical, And Segment Forecasts, 2023 – 2030 published by GrandView Research in 2023)

Meanwhile, another study conducted by Global Market Insights Inc highlighted that the ID verification market is anticipated to cross USD 55.00 Billion by 2032. As per the report, an increased emphasis on enhancing the customer's digital onboarding experience is likely to bolster the adoption of ID verification systems during 2023 to 2032.

(Source: Identity Verification Market size to reach \$55 Bn by 2032 published by Global Market Insights Inc in March 2023)

The global E-KYC market size was valued at USD 1.57 trillion in 2021 and is expected to surpass USD 2.79 trillion by 2030, registering a CAGR of 21.55% during the forecast period (2022-2030), as highlighted in a report published by Facts & Factors.

(Source: Global E-KYC Market Size/Share Worth USD 2792 Billion by 2030 at a 21.55% CAGR: Facts & Factor published on GlobeNewsWire in February 2023)

Besides that, the United Nation recognises the power and promise of digital ID, which is why it has set a goal of universal legal ID by 2030. The prospect of equity on a global level is astounding, and the latest estimates project that 6.5 billion people will be using digital IDs by 2026.

(Source: Digital Identity Verification Can Lead To A More Equitable Future published by Forbes.com on 28 October 2022)

On a national-level, Malaysia's digital economy is growing rapidly and has been identified by the government as a key growth area. The future of businesses and industries in Malaysia will be driven by digital technology as unveiled in Malaysian government's MyDIGITAL blueprint. The blueprint aims to transform the country into a digitally-driven, high-income nation and a regional leader in the digital economy by 2030.

In a report by AlphaBeta prepared for Google, it also stated that digital adoption is also crucial to boost economic recovery from the COVID-19 pandemic and build resilience in the post-pandemic future. By allowing businesses to engage customers digitally, resume business operations, and address logistical bottlenecks, technologies can help businesses manage the severe economic impacts of COVID-19. It is estimated that a substantial 72 percent of Malaysia's digital opportunity worth MYR184.00 billion (USD 43.90 billion) – could be derived from such technology applications.

(Source: Positioning Malaysia As A Regional Leader In The Digital Economy: The Economic Opportunities Of Digital Transformation And Google's Contribution published by AlphaBeta for Google in October 2021)

Furthermore, the BNM issued an electronic know-your-customer (e-KYC) policy document (e-KYC Policy Document) on June 30, 2020, that is applicable to all financial institutions and sets out the minimum requirements and standards that a financial institution must follow when implementing e-KYC for the identification and verification of individuals. The e-KYC Policy Document, outlines the requirements for FinTech services providers to obtain board approval on its overall risk appetite and internal mechanism governing the implementation of e-KYC which impose accountability on the board, to use an appropriate combination of authentication factors to verify a customer's ID through e-KYC, and to use artificial intelligence to automate the decision to verify a customer's ID through e-KYC.

(Source: Regulating Malaysia's Fintech And What To Expect In 2022 published online by The Legal 500 dated 12 January 2022)

In view of the above prospects and positive outlook of the digital IDV sector on both global and national levels driven by the pandemic and the correlated increase in online transactions and digital lifestyles resulting in the booming demand of IDV in a wide range of industries towards digitalisation, the Board opines that the Proposed Acquisition will contribute positively to the business prospects of the Group, which in turn is expected to improve the future financial performance and position of the Group.

5. RISK FACTORS

The risk related to the Proposed Acquisition is typical to any commercial contract and these include breaches or non-compliance of the obligations under the SSA.

The completion of the Proposed Acquisition is conditional upon fulfilment of the Conditions Precedent in the SSA. In the event that the Conditions Precedent are not fulfilled, the Proposed Acquisition may be delayed or terminated, and the Group will not be able to meet its objectives as stated in Section 3 of this announcement. Notwithstanding the above, the Group will use its best endeavour to ensure that every effort is made to comply with the terms of SSA so that the Proposed Acquisition will be completed in accordance with the terms and conditions of the SSA.

Risk factors affecting the Proposed Acquisition include but are not limited to changes in conditions of competition, economic, business, political and legal framework environment. the Group will undertake the necessary efforts to mitigate the various business risks identified.

The Proposed Acquisition is expected to contribute positively to the future earnings of the Group, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised. In mitigating such risks, the Group will work closely with ICSB (being the 49% shareholder of Innov8tif Holdings) to keep abreast of the changes in political, social, economic and regulatory conditions but there can be no assurance that it will not materially affect the business of Innov8tif Group.

The loss of the KMP without suitable and timely replacement, or the inability of Innov8tif Group to attract other qualified personnel, could adversely affect Innov8tif Group's digital business and consequently, its revenue and profitability. REVENUE will do its utmost best to retain the KMP by providing competitive remuneration packages and rewarding employees based on performance. In order to reduce the dependency on the KMP, REVENUE intends to tap on the competency and experience of Teh Chee Hoe, the Executive Director of REVENUE, who has more than 20 years of extensive experience in integrated IT solutions and security systems to oversee the operations and businesses of Innov8tif Group. In addition, REVENUE will also attract qualified and experienced employees in addressing succession planning by grooming junior employees to complement the management team. This will in turn help to ensure continuity and competency of Innov8tif Group's management team.

6. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will not have any effects on the share capital and substantial shareholders' shareholdings of REVENUE as the Proposed Acquisition does not involve any issuance of new ordinary shares in REVENUE.

The Proposed Acquisition is not expected to have any immediate material impact on the net assets, earnings and gearing of the Group.

Notwithstanding that, the Board envisages that the Proposed Acquisition is expected to contribute positively to the overall future earnings of the Group as well as the earnings per share of REVENUE as and when all the potential benefits from Innov8tif Group's business is materialised.

7. APPROVALS REQUIRED

The highest percentage ratio for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements, is 22.92%, being the Purchase Consideration over the latest audited consolidated net assets of REVENUE as at 30 June 2022. As such, the Proposed Acquisition does not require the approval of shareholders of REVENUE.

The Proposed Acquisition is not subject to the approval from any other relevant authorities.

8. INTER-CONDITIONALITY

The Proposed Acquisition is not inter-conditional nor conditional upon any other corporate proposals of REVENUE.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or chief executive of REVENUE, and/or persons connected to them have interest, direct or indirect, in the Proposed Acquisition.

10. STATEMENT BY DIRECTORS

After taking into consideration the rationale, benefits, prospects, terms and conditions as well as the risks and effects of the Proposed Acquisition, the Board is of the opinion that the Proposed Acquisition is in the best interest of REVENUE, and that the terms and conditions of the SSA are fair and reasonable.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed in the third ("3rd") quarter of year 2023.

12. DOCUMENTS FOR INSPECTION

A copy of the SSA will be available for inspection at the registered office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur during normal office hours from Mondays to Fridays (except for public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 12 May 2023.