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NexG Says Govt Exploring Potential Buyout Of Its MyKad, Passport Unit



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KUALA LUMPUR (Aug 20): The government is exploring a potential buyout of Datasonic Technologies Sdn Bhd, the sole supplier of the country's international passports and MyKad, in a deal preliminarily valued at about RM7.5 billion.

Datasonic Technologies is a wholly-owned unit of Main Market-listed NexG Bhd (KL:NEXG).

In a statement on Thursday, NexG said it had been asked by the government to provide an indicative price for a possible acquisition of Datasonic Technologies. The company stressed that no decision has been made to proceed with a transaction and that no agreement has been reached with the government.

Datasonic Technologies reportedly holds about RM2.74 billion worth of active contracts with the Home Ministry.

The contracts cover the maintenance of the National Registration Department's (JPN) card production centre, supply of blank MyKad, MyTentera and MyPOCA cards, printing and delivery of security documents, supply of Malaysian international passports (PMA) for the Immigration Department, and foreign worker identity cards (i-KAD), Home Minister Datuk Seri Saifuddin Nasution Ismail was quoted as saying last month.

Preliminary RM7.5 bil valuation

NexG said the RM7.5 billion figure for Datasonic Technologies was based on a preliminary internal sum-of-the-parts assessment and was neither an independent valuation nor an agreed price or firm offer.

The valuation is more than six times NexG's current market capitalisation of about RM1.23 billion, based on its share price of 33 sen at Thursday's close.

Datasonic Technologies is NexG's core operating business and its main contributor of revenue and earnings. A disposal would therefore leave the listed group without its principal business.

NexG said Datasonic Technologies has invested about RM1.9 billion in people, equipment, system upgrades and two manufacturing plants in Petaling Jaya and Meru, Selangor.

The unit also owns intellectual property related to biometric identity verification, including a patent-pending biometric QR citizen verification system incorporating liveness detection, as well as technology covering e-passports, multi-modal biometrics and facial recognition, it said.

Datasonic Technologies is also developing a digital ecosystem that includes a biometric QR identity verification platform and Salur, a government digital wallet and payment ecosystem for targeted subsidies, assistance programmes and other benefits.

NexG said any potential transaction would need to be at a fair value that properly reflects Datasonic Technologies' assessed value, treat all shareholders equally and on the same terms, and preserve the security and continuity of the national identity capability operated by the subsidiary.

NexG added that it intends to allocate part of any proceeds from a potential sale toward a dividend, with the amount to be determined based on the final transaction value, if a deal proceeds.

"There is no certainty that any transaction will proceed," NexG said, adding that its structure, timing, terms and value remain subject to discussion.

"We will engage constructively and responsibly to reach an outcome that is right for the country and fair to all who have helped build the company," NexG group executive chairman Datuk Ishak Ismail said in the statement.

The company added that it will provide the indicative assessment requested by the government and make further announcements when there are material developments.

NexG shares have gained 17.86% so far this year.

The potential buyout comes after a boardroom dispute at NexG earlier this year, when a group of shareholders challenged the company's leadership. NexG alleged at the time that the move was linked to an attempted takeover by parties it described as a "corporate mafia." The dispute resulted in Ishak emerging as a substantial shareholder, with an indirect stake of 23.7% through his interests in Raya Aviations Holdings Sdn Bhd and his daughter Siti Nur Aishah Ishak.