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NexG Puts Preliminary Value Of Datasonic At RM7.5 Billion



DTSB's identity technology spans ICAO-compliant e-passports and biometric systems using multimodal biometrics and facial recognition. - SunBiz pix

KUALA LUMPUR: NexG Bhd informed its shareholders that it has been requested by the government to provide an indicative price for the possible acquisition of its wholly owned subsidiary Datasonic Technologies Sdn Bhd (DTSB).

On a sum-of-parts basis, the board of NexG has made a preliminary internal assessment of the value of DTSB at approximately RM7.5 billion.

For context, DTSB constitutes the core operating business of NexG and is the group's main revenue and earnings contributor. The disposal of this business would effectively leave NexG without a core business. Losing DTSB would mean losing our "Crown Jewel", upon which the group's future regional and international expansion is highly dependent. DTSB is a core and growing business that NexG has built over many years and which, in the ordinary course of business, would have been retained and continued to be developed for the benefit of its shareholders.

The board said it acknowledges the government's request for an indicative price in relation to a possible acquisition of DTSB and will give the request due and proper consideration. At this stage, no decision has been made by the board to proceed with any transaction, nor has any agreement been reached with the government.

The board stated that the RM7.5 billion sum-of-parts valuation for DTSB is a preliminary internal assessment not an independent valuation, an agreed price or a firm offer.

The board is cognisant that this assessed value of DTSB, its subsidiary, is significantly above the current market capitalisation of NexG Bhd, the listed holding company, of about RM1.04 billion.

DTSB owns valuable intellectual property, including its patent-pending biometric QR citizen verification flow, with a liveness check that guards against impersonation, forged documents, spoofing, and copyright applications for the MyKad and passport designs. Its identity technology also spans ICAO-compliant e-passports and biometric systems using multimodal biometrics and facial recognition.

This proprietary technology is a core driver of value and a barrier to imitation.

DTSB's solutions are independently security-audited and certified, and built to national security and cryptographic standards. Credentials of trust of this kind, together with the clearances and track record achieved in the past, cannot be assembled quickly, and are central to why the business commands its value.

For the current national identity programme, DTSB has committed investments of approximately RM1.9 billion in people, equipment, system upgrades and two manufacturing plants in Petaling Jaya and Meru. Millions of new-generation cards have already been produced and secured. Printing and support infrastructure have been installed and tested at national registration offices across the country. User acceptance testing has now been completed.

DTSB is developing a modular digital ecosystem or a "SuperApp" that brings together a ready-for-commercialisation biometric QR identity verification platform for banks, merchants and other institutions, alongside a purpose-built government e-wallet for targeted subsidies and assistance programmes.

The next-generation MyKad extends beyond a physical identity card through a proprietary encrypted QR identity function, enabling the cardholder's identity to be securely verified using biometric facial verification and liveness detection. This creates a trusted link between the physical MyKad, the genuine citizen and thus creates a secure space for digital transactions to be approved.

Under the Main Market Listing Requirements of Bursa Malaysia, a disposal of NexG's core business would, among other things, require the approval of shareholders at an extraordinary general meeting, and the appointment of an independent adviser to advise shareholders.

NexG Bhd group executive chairman Datuk Ishak Ismail said: “Our duty remains to our shareholders and to the nation. Any transaction must reflect the fair value of the business, keep the capability whole, treat every shareholder equally, and safeguard national security. On that basis, 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.”