

**NEXG BERHAD (FORMERLY KNOWN AS DATASONIC GROUP BERHAD)
(REGISTRATION NO. 200801008472 (809759-X)) (“NEXG” OR “COMPANY”)
- ACQUISITION OF 175,000,000 ORDINARY SHARES IN MMAG HOLDINGS
BERHAD**

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of NEXG (“Board”) wishes to announce that the Company as the Purchaser has on 27 March 2025 entered into a Sale and Purchase Agreement (“SPA”) with Chan Swee Ying (“CSY” or the “Vendor”), for the acquisition of 175,000,000 ordinary shares in MMAG Holdings Berhad (Registration No. 200301007003 (609423-V)) (“MMAG”) (“MMAG Shares”), representing 7.58% equity interest in MMAG, for a total cash consideration of RM70.00 million via direct business transaction (“Purchase Consideration”) (“Investment”).

Purchaser and Vendor shall hereinafter be collectively referred to as the “Parties”.

2. DETAILS OF THE INVESTMENT

On 5 March 2025, the Company has acquired 45,000,000 ordinary shares in MMAG, representing 1.95% equity interest in MMAG for a total consideration of RM18.00 million via direct business transaction from a non-related party.

Pursuant to the SPA, the Company further acquired 175,000,000 MMAG Shares, representing 7.58% equity interest in MMAG.

The details of the investment by NEXG in MMAG Shares are set out as follows:-

Date of investment	Number of MMAG Shares	Cost of investment (RM)	Percentage of shareholding in MMAG	Percentage of Net Asset of NEXG
05.03.2025	45,000,000	18,000,000.00	1.95%	4.90%
27.03.2025	175,000,000	70,000,000.00	7.58%	19.08%
Total	220,000,000	88,000,000.00	9.53%	23.98%

Subsequent to the Investment, NEXG shall become a substantial shareholder of MMAG on the date of this announcement.

2.1 Information on MMAG

MMAG is a public company listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). MMAG and its subsidiaries (“MMAG Group”) are a full-fledged integrated supply chain service provider offering extensive services covering first, mid, and last mile delivery solutions in Malaysia and across Asia, with full connectivity by land and air supported by an in-house innovation and technology arm that continuously develops advanced solutions.

MMAG Group operates a nationwide courier and logistics network, focusing on B2B segments with customisable end-to-end delivery solutions, leveraging AI-driven automation to enhance efficiency. Its mobile and fulfilment division specialises in 3PL and 4PL services, including inventory management, warehousing, and distribution, primarily serving telecommunications companies, e-commerce, and high-growth industries. Its aviation arm, operating at Kuala Lumpur International Airport (KLIA), delivers integrated cargo airline solutions, encompassing commercial cargo operations, ground handling, an oceanic transshipment hub, and on-demand cargo depot services.

As at 26 March 2025, being the latest practicable date prior to this announcement (“LPD”), the issued ordinary share capital of MMAG is RM578,368,987.97 comprising 2,309,706,651 ordinary shares.

The directors of MMAG and their respective shareholdings in MMAG as at the LPD are as follows:-

Name	Direct Interest		Indirect Interest	
	Number of ordinary shares	(%)	Number of ordinary shares	(%)
Chong Koon Meng	440,000	0.02	-	-
Chin Boon Long	-	-	282,362,400 ⁽¹⁾	12.23
Ahmad Luqman Bin Mohd Azmi	3,000	⁽²⁾	-	-
Dato’ Sok One A/L Esen	-	-	-	-
Yeap Say Woi	-	-	-	-
Haji Noorzainy Bin Haji Mohd Noor	-	-	-	-
Dato’ Che Nazli Binti Jaapar	-	-	-	-
Azman Bin Mat Ali	-	-	-	-
Chan Swee Ying (Alternate Director to Chin Boon Long)	282,362,400	12.23	-	-

Notes:

- (1) Deemed interest by virtue of interest held by his spouse, Chan Swee Ying, in MMAG.
- (2) Negligible.

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

Name	Direct		Indirect	
	Number of ordinary shares	(%)	Number of ordinary shares	(%)
Chin Boon Long	-	-	282,362,400 ⁽¹⁾	12.23
Chan Swee Ying	282,362,400	12.23	-	-
Velocity Capital Partner Berhad	150,000,000	6.49	-	-
DB Atlantic Capital (M) Sdn Bhd	-	-	150,000,000 ⁽²⁾	6.49
Dato' Fam Chee Way	-	-	150,000,000 ⁽³⁾	6.49

Notes:

- (1) Deemed interest by virtue of interest held by his spouse, Chan Swee Ying, in MMAG.
- (2) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholding in Velocity Capital Partner Berhad.
- (3) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his shareholding in Velocity Capital Partner Berhad via DB Atlantic Capital (M) Sdn Bhd.

The financial information of MMAG Group for the financial year ended 31 March 2022 ("FYE 31 March 2022"), financial year ended 31 March 2023 ("FYE 31 March 2023") and 18-month financial period ended 30 September 2024 ("FPE 30 September 2024") are as set out below:-

	Audited	Audited	Audited
	FYE 31 March 2022	FYE 31 March 2023	FPE 30 September 2024⁽¹⁾
	(RM'000)	(RM'000)	(RM'000)
Revenue	385,878	422,096	824,371
Loss before tax ("LBT")	(33,654)	(89,864)	(103,328)
Loss after tax attributable to Owners of the company ("LAT")	(22,654)	(73,826)	(95,582)
Share capital	270,547	340,921	565,222
Shareholders' fund/Net assets	376,252	170,624	288,132

Note:

- (1) MMAG had changed its financial year end from 31 March to 30 September.

18-month FPE 30 September 2024 vs FYE 31 March 2023

MMAG Group recorded a higher revenue of RM824.37 million for 18-month FPE 30 September 2024, representing an increase of RM402.28 million or 95.30% (the annualised revenue for 18-month FPE 30 September 2024 was RM549.58 million, representing an increase of RM127.48 million or 30.20% on an annualised basis) (FYE 31 March 2023: RM422.10 million). The increase was mainly attributable to the increase in annualised revenue from the mobile and fulfilments segment and the air freight segment in 18-month FPE 30 September 2024 to RM238.61 million and RM220.09 million, respectively, representing an increase of RM42.92 million or 21.93% and RM71.04 million or 47.66%, respectively on an annualised basis (FYE 31 March 2023: RM195.69 million and RM149.05 million, respectively). The increase in revenue from mobile and fulfilments and air freight segments was due to the following:-

- new contracts secured for the air freight segment from its existing as well as new customers; and
- increase in promotional events (i.e., launching of new mobile phone models, etc) by telecommunications companies.

MMAG Group recorded a higher LBT of RM103.33 million for the 18-month FPE 30 September 2024, representing an increase of RM13.47 million or 14.99% (the annualised LBT for the 18-month FPE 30 September 2024 was RM68.89 million, representing a decrease by RM20.97 million or 23.34% on an annualised basis) (FYE 31 March 2023: LBT of RM89.86 million), in tandem with the increase in revenue as mentioned above. The decrease in LBT was mainly due to:-

- (a) higher other income of RM42.76 million in 18-month FPE 30 September 2024 (the annualised other income for the 18-month FPE 30 September 2024 was RM28.51 million) (FYE 31 March 2023: RM12.78 million) as MMAG Group recognised an unrealised gain on foreign exchange of RM18.68 million in 18-month FPE 30 September 2024 (the annualised unrealised gain on foreign exchange for the 18-month FPE 30 September 2024 was RM12.45 million) as a result of strengthening of the RM against the USD;
- (b) reversal of impairment loss on receivables of RM3.33 million in 18-month FPE 30 September 2024 (the annualised reversal on impairment loss on receivables for the 18month FPE 30 September 2024 was RM2.22 million) (FYE 31 March 2023: RM7.78 million) mainly derived from the collection of the long outstanding receivables of MMAG Group;
- (c) higher finance income of RM1.63 million in 18-month FPE 30 September 2024 (the annualised finance income for the 18-month FPE 30 September 2024 was RM1.08 million) (FYE 31 March 2023: RM0.21 million) due to interest income earned from financial institutions arising from proceeds arising from the rights issue exercise undertaken by MMAG which was completed on 23 January 2024 as well as the proceeds raised from the exercise of the warrants; and

- (d) lower other expenses of RM4.08 million in 18-month FPE 30 September 2024 (the annualised other expenses for the 18-month FPE 30 September 2024 were RM2.72 million) (FYE 31 March 2023: RM9.23 million) in view of the absence of unrealised loss on foreign exchange amounting to RM4.39 million considering the strengthening of the RM against the USD as mentioned in item (a) above.

MMAG Group recorded a higher LAT of RM95.58 million for the 18-month FPE 30 September 2024, representing an increase of RM21.75 million or 29.46% (the annualised LAT for the 18-month FPE 30 September 2024 was RM63.72 million, representing a decrease by RM10.11 million or 13.69% on an annualised basis) (FYE 31 March 2023: LAT of RM73.83 million). The decrease in annualised LAT is in line with the decrease in annualised LBT.

FYE 31 March 2023 vs FYE 31 March 2022

MMAG Group recorded a higher revenue of RM422.10 million for FYE 31 March 2023 (FYE 31 March 2022: RM385.88 million), representing an improvement of RM36.22 million or 9.39%. In FYE 31 March 2023, revenue derived from air freight segment and courier and logistics segment had increased by RM95.91 million or 180.47% and RM13.69 million or 21.57%, respectively due to higher demand for air freight, courier and logistic services from MMAG Group, while revenue from mobile and fulfilments segment reduced by RM73.36 million or 27.27% due to lower orders from customers. The increase in revenue from air freight, courier and logistics segments was due to the following:-

- the increase in e-commerce transactions arising from online shopping;
- air cargo logistics business, complements the courier and logistics business undertaken by MMAG Group, which enables MMAG Group to provide integrated courier and logistic services with wider coverage of end-to-end services and shorter timeframe of delivery services, allowing MMAG Group to further strengthen and expand its network and connectivity; and
- full year's operation of the air cargo logistics business in FYE 31 March 2023 since its commencement in June 2021.

Despite the increase in revenue, MMAG Group recorded a higher LBT of RM89.86 million in FYE 31 March 2023 (FYE 31 March 2022: LBT of RM33.65 million), representing an increase by RM56.21 million or 167.02%, mainly due to:-

- (a) lower other income of RM12.78 million in FYE 31 March 2023 (FYE 31 March 2022: RM34.31 million) as MMAG Group recognised a fair value loss on other investment of RM4.00 million in FYE 31 March 2023 whereas it was a fair value gain on other investment of RM23.35 million in FYE 31 March 2022. The other investments refer to investment in equity instruments of listed and non-listed companies;
- (b) higher depreciation and amortisation expenses of RM61.64 million in FYE 31 March 2023 (FYE 31 March 2022: RM32.33 million) due to depreciation on right-of-use assets of office and warehouses as well as aircraft;

- (c) higher impairment loss on receivables of RM7.78 million in FYE 31 March 2023 (FYE 31 March 2022: RM1.06 million) due to higher provision for impairment on long outstanding trade and other receivables;
- (d) recognition of impairment loss on property, plant and equipment of RM5.33 million in FYE 31 March 2023 (FYE 31 March 2022: nil) arising from impairment assessment performed on assets of courier and logistics segment;
- (e) higher finance cost of RM17.36 million in FYE 31 March 2023 (FYE 31 March 2022: RM6.96 million) due to interest on leasing of additional aircraft for the air freight segment; and
- (f) higher other expenses of RM9.23 million in FYE 31 March 2023 (FYE 31 March 2022: RM3.06 million) due to the increase in operating costs for the air freight segment, which is in line with the increase in revenue for such segment.

In line with higher LBT, MMAG Group recorded a higher LAT of RM73.83 million (FYE 31 March 2022: LAT of RM22.65 million), representing an increase of RM51.18 million or 225.96%.

(Source: Extracted from MMAG's circular dated 20 December 2024)

2.2 Salient terms of the SPA

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the SPA unless the context otherwise requires or defined herein.

The salient terms of the SPA, amongst others, are the following:-

2.2.1 Sale and Purchase of MMAG Shares

The Vendor agrees to sell and the Purchaser agrees to purchase the MMAG Shares free from all encumbrances together with all rights, dividends, entitlements and benefits attaching to them as at Completion Date (as defined in Section 2.2.3 of this announcement). The MMAG Shares shall be transacted with the Purchaser on the date of the SPA ("Transaction Date"), whereby the sale and purchase of the MMAG Shares shall be transacted via a Direct Business Transactions ("DBT") in accordance with the rules and directives issued by Bursa Malaysia.

2.2.2 Purchase Consideration

The Purchase Consideration for the sale and purchase of MMAG Shares shall be RM70.00 million and shall be payable in cash by the Purchaser to the Vendor. The MMAG Shares shall be transacted with the Purchaser through DBT on Bursa Malaysia, whereby the financial settlement for the sale and purchase of the MMAG Shares will be in accordance with the DBT rules of Bursa Malaysia.

2.2.3 Completion Date

Subject to the approval of all relevant authorities being obtained (if any), including but not limited to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”), and the payment of the Consideration, the sale and purchase of the MMAG Shares shall be completed within two (2) Business Days from the Transaction Date and shall be deemed completed upon crediting of the MMAG Shares free from any encumbrances to the securities account of the Purchaser and successful completion of the DBT in accordance with the rules and regulations of Bursa Malaysia and Bursa Depository.

2.3 Basis of and justification for the Purchase Consideration

The Purchase Consideration of RM70.00 million was agreed between the Vendor and the Purchaser on a “willing buyer-willing seller” basis after taking into consideration the following:-

- (a) The off market price of RM0.40 per share, represents a discount of approximately 23.05% to the 3-month average share price of RM0.5198 per share.
- (b) The discount reflects a pricing adjustment tailored for the substantial 7.58% equity stake in MMAG’s shares being offered. This investment is expected to provide estimated capital gain of approximately RM45.5 million to the Group, based on the closing market price of RM0.66 per share as per LPD, which represents a discount of approximately 39.39%.

2.4 Source of funding

The Purchase Consideration is funded via the Group’s internally generated funds.

2.5 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, in relation to the Investment to be assumed by NEXG Group.

3. RATIONALE AND BENEFITS FOR THE INVESTMENT

This Investment provides an opportunity for the Company to diversify into other segments such as investing in MMAG’s supply chain management business.

NexG could deliver a comprehensive security and ID solution with integrated logistics support by leveraging on MMAG’s logistics, warehousing and aviation services. In addition, the Investment may create opportunities for cross-sector synergies as follows:-

- Secure logistics for identity-related documents and smart card personalization;
- Enhanced security and fraud prevention. Integration of NexG’s eKYC solutions into MMAG’s delivery & verification processes; and
- Technology integration for enhanced logistics operations, leveraging NexG’s expertise in AI, biometrics, and digital security to enhance MMAG’s service offerings.

The substantial stake strengthens NexG's capacity to align with MMAG's growth strategies and leverage potential collaborations in logistics and technology-driven solutions sectors.

4. PROSPECTS

The continuous government initiatives, such as the National Policy on Industry 4.0, National ECommerce Strategic Roadmap 2.0, MyDIGITAL (which aims to transform Malaysia into a digitally driven economy), and Jalinan Digital Negara (JENDELA), are expected to accelerate digital adoption and strengthen the country's digital economy. The rollout of 5G is anticipated to drive demand for upgraded ICT products that are compatible with the new network standards. This, in turn, is likely to benefit MMAG's mobile and fulfilment segment, as it positions itself to meet the growing demand for ICT product distribution, fulfilment, and value-added services.

In the courier and logistics segment, the e-commerce boom continues to fuel demand for logistics services, with the Malaysia CEP market expected to grow at a 14.03% CAGR. MMAG is expanding its hub and depot networks to improve connectivity across Malaysia, enhancing its ability to handle growing shipment volumes. The division is also undergoing a digital transformation, incorporating automation and IT-driven logistics solutions to improve operational efficiency, shorten delivery times, and enhance customer experience.

Moreover, MMAG's diversification into the aviation business aims to strengthen its air freight and cargo handling operations by expanding into ground handling services for both cargo and passenger aircraft. This includes passenger handling, aircraft services, ramp handling, and cargo operations, alongside aircraft leasing services. Additionally, MMAG is enhancing its fleet operations by acquiring aircraft, which will reduce long-term leasing costs and improve flight scheduling efficiencies, reinforcing its position as a key industry player.

The aviation industry in Malaysia is on a steady growth trajectory, driven by rising trade activities, increasing e-commerce demand, and regional air freight expansion. Total air cargo handled in Malaysia is projected to recover by 6.96% in 2024 and grow by 4.92% in 2025, supported by a 9.09% rebound in Malaysia's external trade to RM2.88 trillion. The e-commerce sector, which grew at a 22.06% CAGR from RM14.13 billion in 2019 to RM31.36 billion in 2023, is expected to drive further demand for fast and reliable air freight services. Furthermore, international express delivery providers are increasingly partnering with local and regional cargo airlines, creating new growth opportunities for freighter operators in Malaysia. The air freight sector is set to benefit from growing demand for time sensitive, high-value, and cross-border shipments, particularly in electronics, pharmaceuticals, and perishable goods.

MMAG's strategic initiatives across mobile and fulfilment, courier and logistics and aviation, are expected to drive long-term growth, enhance financial performance, and solidify its market leadership. By leveraging technology, automation, and business diversification, MMAG Group is well-positioned to capitalise on digital transformation and expanding industry opportunities.

(Source: Extracted from MMAG's Bursa Announcement dated 13 February 2025 and MMAG's Annual Report 2024)

In view of the above prospects and positive outlook of MMAG Group, the Board opines that the value of MMAG Group is expected to grow and therefore, the Investment will generate positive returns to the Group. Additionally, the Investment is expected to complement and provide synergies to the Group's transportation and logistics business, further enhancing its competitive position and strengthening its operational capabilities.

5. RISK FACTORS

The Board does not expect material risks arising from the Investment other than the business risk MMAG Group is involved in, including but not limited to changes in conditions of competition, economic, business, political and legal framework environment, NEXG will undertake the necessary efforts to mitigate the various risks identified, as well as fluctuations in the share price of MMAG Shares.

6. EFFECTS OF THE INVESTMENT

The Investment will not have any effect on the Company's share capital and substantial shareholders' shareholdings in the Company as the Investment does not involve any issuance of new ordinary shares in NEXG.

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

Notwithstanding that, the Investment is expected to contribute positively to the overall future earnings of the Group as well as the earnings per share of the Group as and when all the potential gain and benefits as mentioned in Sections 2.3 and 3 of this announcement are materialised.

7. APPROVALS REQUIRED

Save as disclosed in Section 2, pursuant to the Main Market Listing Requirements of Bursa Malaysia, the highest individual percentage ratio applicable to the Investment is 23.98%, calculated based on the Aggregate Purchase Consideration of RM88.00 million within the preceding twelve (12) months against the audited consolidated net assets of NEXG Group of RM367.04 million as at 31 March 2024.

As such, the Investment does not require the approval of shareholders of NEXG.

8. INTER-CONDITIONALITY OF THE INVESTMENT

The Investment is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Save and except for the following Directors, none of the other directors, major shareholders and/or person connected to them have any interest, direct or indirect, in the Investment:-

- Tan Sri Dato' Seri Mohd Khairul Adib bin Abd Rahman ("Tan Sri Dato' Seri Adib"), an Independent Non-Executive Director of NEXG, who was an Independent Non-Executive Chairman of MMAG prior to his resignation in MMAG on 24 March 2025. As at the LPD, he holds 170,000,000 ordinary shares in NEXG (equivalent to a 6.11% equity interest in NEXG) and he does not have any direct or indirect interest in MMAG. As his cessation of being a Director of MMAG was within 6 months prior to the date of the Investment, he is still deemed as a Director of MMAG.
- Dato' Che Nazli binti Jaapar ("Dato' Che Nazli") who is the Independent Non-Executive Director of NEXG and MMAG.

For clarification, MMAG is not a transacting party to the Investment as the Investment is transacted by NEXG via direct business transaction. Therefore, the Investment is not a related party transaction and Tan Sri Dato' Seri Adib and Dato' Che Nazli are not deemed to be interested in the Investment.

Notwithstanding the above, Tan Sri Dato' Seri Adib and Dato' Che Nazli have voluntarily abstained and will continue to abstain from all Board deliberations and voting in relation to the Investment.

10. DIRECTORS' STATEMENT

The Board of Directors of NexG (save and except for Tan Sri Dato' Seri Adib, Dato' Che Nazli and Encik Azrul bin Yahaya), after having consider all aspects of the Investment, including but not limited to the terms and conditions of the SPA, rationale, benefits, prospects, risks and effects of the Investment, is of the opinion that the Investment is in the best interest of the Company, and that the terms and conditions of the SPA are fair and reasonable.

11. DOCUMENT AVAILABLE FOR INSPECTION

The SPA is available for inspection during normal business hours from 8:30 a.m. to 5:30 p.m. from Monday to Friday (excluding public holidays) at the registered office of NEXG located at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, for a period of 3 months from the date of this announcement.

This announcement is dated 27 March 2025.