MSWG
MINORITY SHAREHOLDERS WATCH GROUP

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As the NexG saga continues to reverberate, minority shareholders are the biggest losers among all.

CORPORATE DYSFUNCTION AT NEXG: THE REAL VICTIMS ARE MINORITY SHAREHOLDERS

Security-based ICT solutions provider NexG Berhad (formerly Datasonic Group Berhad) has in recent months, hogged headlines for the wrong reasons – from the much-politicised "Corporate Mafia" allegation to significant financial losses and a high-stakes boardroom power struggle that peaked in March 2026.

Amid all the corporate brouhaha, one oft-overlooked predicament stands out – the erosion of the company's value amid the constant boardroom tussle/changes with monies spent to "invest" in non-core activities. Beyond the predicament, the reality is far simpler − minority shareholders are the ones bearing the real and lasting damage.

Boardroom turmoil, legal battles

2026 has been an eventful year – again for the wrong reason – for NexG.

At the outset, the Group shocked the market on 25 February 2026 with a massive fair value loss of RM145.6 million recorded in Q3FY2026 ended 31 December 2025. This led to an RM130.88 million net loss recorded for the quarter.

On 5 March, its executive chairman and CEO Datuk Abu Hanifah Noordin, was briefly suspended to facilitate an internal review of the massive investment losses.

On the same day, Hanifah, Siti Nur Aishah Ishak and Velocity Capital Sdn Bhd, with a combined shareholding of not less than 10% of the total issued share capital of the Company, propose to hold an extraordinary general meeting (EGM) on 3 April 2026 to remove seven directors and appoint eight candidates, including Datuk Ishak Ismail who controls Raya Aviation Holdings that emerged as NexG's largest shareholder on 4 March.

Following this, on 9 March, Hanifah and Siti Nur Aishah served a Writ of Summons and Statement of Claim to the Company and its directors. Swiftly after the notice was served, seven directors resigned en masse while the legal suit was lifted.

At the same time, Hanifah was reinstated. A new board lineup has since been formed with businessman Ishak emerging as the new executive chairman, and Hanifah re-designated as the deputy executive chairman.

It was at this juncture that the talk-of-the-town "Corporate Mafia" hype sprouted. On 10 March, Hanifah spilt the beans that he was targeted by "Corporate Mafia" figures attempting to force him out and hijack RM300 million in government contract components to be subcontracted to competitor HeiTech Padu Berhad.

Soon after, this became the talk of towns, dominating news headlines across the nation. As of now, a dozen parties were reportedly involved in the “Corporate Mafia” plot with everyone claiming innocence.

NexG’s constant boardroom changes were traced back to October 2025.

Tan Sri Mohd Khairul Adib Abd Rahman, the then executive deputy chairman, resigned from his duties on 14 October 2025. A day later, three directors, including an executive director, relinquished their roles from the Company.

A month later, eight new directors, whom Hanifah later claimed were not clear “whose interests these individuals ultimately represented”, joined the Board in November 2025.

Strategic vs speculative share investment

The centre of the saga revolves around write-down in quoted investments recognised in Q3FY2026, stemming from NexG’s investments in MMAG Holdings Berhad and NexG Bina Berhad (formerly lingerie manufacturer Classita Holdings Berhad).

NexG had spent RM88 million to buy 220 million shares or a 9.53% stake in MMAG at 40 sen each in March 2025, but the share price of the integrated supply chain management provider has since plunged 93.8% to close at 2.5 sen last Friday (March 27).

The Group next bought a 32.61% stake in the then Classita Holdings in August 2025 at 15 sen apiece, along with 414.31 million warrants at between 3.5 sen and 4 sen each for RM76.78 million. Similarly, the share price of the property developer has also plummeted to 2.5 sen apiece while its warrant price has skidded to one sen.

In response to the massive paper losses, a special board meeting was held on 11 March 2026 pursuant to its investments in MMAG and NexG Bina. Nonetheless, the Company has since declared such concerns as “a closed matter”.

“Following the resignations of seven directors…., the Board concluded that the fair value losses matter had been thoroughly ventilated, reviewed and accepted by the Audit and Risk Management Committee and the Board at the respective meetings to review the quarterly report for the financial period ended 31 December 2025,” the Group said in a Bursa Malaysia filing dated 18 March 2026.

With the scarce information it provided, it is little wonder that such a response did not sit well with shareholders, as the value of investments dissipated like hot air. Already, these acquisitions have drawn scepticism since day one as they appear to stray from NexG’s core activities, let alone the plummeting share prices now.

Operational, governance risks

The aforementioned boardroom power struggle in recent months has led shareholders to question the stability of NexG's business and operations, and to question the board as an effective governance mechanism.

Let us not forget that NexG also saw changes in its external auditors since early 2026 with Baker Tilly resigning and SBY Partners declining to take over, hence resulting in the appointment of PKF PLT.

Dependency and high concentration of government contracts with nearly all its revenue coming from government contracts (passports, national ID) is yet another concern. While this provides stability, it also means policy changes or failure to secure renewals could severely impact the Group.

Above all else, both NexG and subsidiaries under its umbrella, notably NexG Bina, have faced legal challenges, including legal challenges and freezing of their bank accounts by authorities.

No winner in this game

These ebb and flow of boardroom shuffles happened right after NexG secured major public contracts worth close to RM2.5 billion in August and early October. These contracts are expected to sustain NexG's earnings visibility over the next six years, after living off short-term extensions of contracts for the past few years.

Despite the good news, NexG is embroiled in an unprecedented crisis with things falling apart one after another. The counter is now closed at 27 sen (30 March), the lowest since April 2025.

Now the chronicle implicated not just corporate executives, but political figures and various authority bodies. As more parties are drawn into the saga, things become convoluted, with remarks and allegations flying back and forth. They all claimed they were wronged, but minority shareholders suffer the brunt.

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MSWG
AGM/EGM WEEKLY WATCH

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

QUICK-TAKE

Date & Time	Company	Quick-take
07.04.26 (Tue) 10.00 am	Saudigold Group Berhad (EGM)	Saudigold is proposing a 10-to-1 share consolidation to reduce the number of shares and potentially stabilise price volatility. It also plans a renounceable rights issue of up to 312.3 million shares with free warrants, on the basis of 2 rights shares for every 1 consolidated share, plus 1 warrant for every 2 rights shares subscribed. The exercise aims to raise at least RM8.9 million to RM29.7 million for expansion, capital expenditure, system upgrades, working capital and expenses, without incurring debt, while allowing shareholders to maintain their ownership if fully subscribed.
08.04.26 (Wed) 10.00 am	LPI Capital Bhd (AGM)	LPI's wholly-owned subsidiary Lonpac recorded a strong performance which saw total Gross Written Premiums (GWP) hit a record high of RM2.01 billion, a 7.8% y-o-y increase from the RM1.86 billion recorded a year ago. Higher claims for the year lowered LPI's PBT to RM457.2 million, a decrease of 3.6% from the RM474.1 million reported in 2024. The reduction stemmed from its general insurance segment, where its profit contribution decreased 4.1% to RM420.2 million in tandem with the lower insurance service result of RM347.7 million. The decrease in PBT was partly mitigated by a stronger return from investment holding segment which recorded an improved income of RM37.0 million from RM36.0 million in 2024.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Saudigold Group Berhad (EGM)	Over the past five years, SAUDIGOLD has undertaken multiple fundraising exercises, raising a substantial amount of capital (approximately RM114.25 million) from shareholders (page 30-36 of Circular dated 12 March 2026). While we acknowledge the Company's efforts to strengthen its balance sheet and fund expansion, we are concerned about the apparent mismatch between shareholder dilution and value creation. Based on the disclosures, earlier funds were partly used for debt repayment, delivering only modest financing cost savings. More importantly, the returns from subsequent fundraising exercises – particularly those undertaken in 2021 and for expansion initiatives – remain unclear and insufficiently quantified. From an investor's perspective, the key issue is whether these capital injections have generated returns above the Company's cost of equity. At present, there is little evidence to support this. Notably, gross profit has been on a declining trend since FY2022 while losses have widened (page 42 of the Circular), raising concerns that repeated fundraising may have been dilutive rather than value accretive. a) Can the Board quantify the incremental earnings generated from funds raised since 2020 relative to the dilution incurred by shareholders? b) What has been the Company's realised return on invested capital (ROIC) on funds raised over the past five years? Does this exceed the Company's cost of equity?


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