



# The Official Newsletter from MSWG Observer

FRIDAY | 13 FEBRUARY 2026

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When a company operates without a CEO, it resembles a vessel without a steady hand at the helm. Operations may continue, but without clear authority to set direction, strategy weakens and risks emerge.

## **CAPTAIN MISSING AT THE HELM**

A company without a Chief Executive Officer (CEO) is like a ship sailing without a captain. It may stay afloat for a while, guided by experienced officers, but without a clear command, direction becomes uncertain, and risks multiply.

In corporate practice, temporary leadership gaps can occur during transitions. However, such arrangements are meant to be short-term and tightly managed. When they become prolonged, they point to deeper weaknesses in governance, succession planning and board oversight.

While company law does not always require the formal title of “CEO”, it does require effective executive leadership. Boards are expected to ensure that strategic direction, accountability, and operational authority are clearly anchored.

Anything less is a compromise, and compromises in leadership often come at shareholders’ expense.

### **Business As Usual**

The above scenario aptly describes the predicament faced by low-profile Concrete Engineering Bhd (CEPCO), which has been without a head honcho since the departure of its managing director, Leong Kway Wah, on 15 January 2025. Leong, 71, who had helmed the top executive role for over two decades since 2003, left the Group to pursue other interests.

CEPCO is a manufacturer of prestressed spun concrete piles and poles, the use of which is widely applied in infrastructure, building, and utility projects, both domestically and internationally.

Following the resignation of Leong, who boasted vast experience in investment banking and corporate finance, CEPCO’s executive functions are led by the Group’s senior management team, spearheaded by Fadhlina Muhammad Farsi, COO, who was appointed in January 2025, and overseen by its four-member BOD comprises entirely comprised of independent non-executive directors (INEDs). Datin Sabrina Ainie is the Chairman of the Board, assuming the position on 19 June 2025.

### **But No Captain in Sight**

To-date, CEPCO has yet to name a direct successor for the CEO role following Leong’s departure. More than a year later, the leadership vacuum remains unresolved.

In the absence of a CEO or executive director on board, the obvious question is who is actually calling the shots?

In any business, especially one that relies on securing projects and forging commercial relationships, the presence of a CEO is critical. Someone must lead, make final calls and be the face of the company. That role can't be left in limbo indefinitely.

What makes this more challenging is that CEPCO operates in a sector that should continue to secure steady new contracts. Without the presence of an "official" face, how do potential clients place their confidence in CEPCO and thus entrust contracts to it?

As it is, MSWG raised this directly at CEPCO's recent AGM on 28 January, to which the response was underwhelming.

The board's position was that *"the current management structure comprising the COO and an experienced senior management team is adequate"*.

As such, the very fact *"the appointment of a CEO remains under consideration with the board to make an announcement in due course"* is certainly not very reassuring.

"Adequate" is not the same as "effective", and "under consideration" offers little comfort after more than a year without a permanent leader. For shareholders, this suggests hesitation rather than decisive governance.

### **Not All Profits Are Created Equal**

For FY2025, CEPCO's revenue plunged almost 43% to RM59.42 million (FY2024: RM103.97 million) even though the Group successfully returned to the black with a significant increase in net profit to RM19.48 million (FY2024: net loss of RM4.61 million), much thanks to a fair value gain on investment properties (RM11.11 million) and a waiver of debts from trade payables (RM5.56 million).

CEPCO's performance has been fluctuating over the past few years. It recorded two losses across five reporting periods, with revenue ranging from RM59.42 million to RM148.277 million.

Shareholders' return is lacklustre. The Company has not paid dividends for over a decade. It last paid dividends in 2010 and 2013 but has not maintained a regular dividend policy in recent years.

For the first quarter ended 30 November 2025, CEPCO managed to narrow its net loss to RM2.88 million, from RM6 million in the previous corresponding quarter. Meanwhile, operating cash outflow widened to RM4.48 million, from RM1.02 million previously.

What is clear for CEPCO is that the Group has faced challenging market conditions, including rising raw material prices, minimum wages, and inbound international charges, which have, in turn, potentially offset its performance and profitability.

## Drifting Is Not a Strategy

Companies may survive brief periods without a CEO. But prolonged leadership gaps are rarely accidental. They reflect indecision, weak succession planning, and a reluctance to confront hard choices.

Without a clearly accountable executive leader, strategy drifts toward comfort rather than ambition, and responsibility becomes so spread thin that it is almost invisible.

For minority shareholders, this is deeply unsatisfactory. It becomes difficult to assess performance, assign accountability, or engage meaningfully with management.

At some point, “temporary” stops being temporary.

And when that happens, shareholders are entitled to ask, not politely, but firmly, who is in charge, who is accountable, and who will answer for the results.

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