



# The Official Newsletter from MSWG Observer

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STILL  
KEEP ON  
SWINGING

Repeated audit warnings raise serious questions: Are minority shareholders adequately protected when “going concern” risks persist year after year?

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## **DO AUDITORS' GOING CONCERN WARNINGS REALLY MATTER?**

In baseball, three strikes and you're out. No debate. No appeal. No "monitoring the situation." You walk back to the dugout, quietly questioning your life choices.

In corporate Malaysia, however, three strikes do not always mean you're out. Sometimes, you just... stay at the plate and keep swinging.

Over the past three financial years, PLB Engineering Berhad has received the same uncomfortable message from its external auditors: Material Uncertainty Related to Going Concern. In plain English, this means the auditors are saying, "We are not convinced this company can comfortably survive the next 12 months without things going right."

The auditors consistently highlighted losses, tight liquidity, and dependence on completing projects, selling assets, and obtaining continued bank support to remain viable. The message did not change much across the three years.

And yet, the Company survives.

So the question for minority shareholders is simple: Does this warning actually matter? Or is it just another paragraph buried in the annual report that everyone skips?

### **Winning by Inches, Not Home Runs**

To be fair, PLB is not a dormant company. It generates revenue. In FY2024, revenue rose significantly following land disposals and construction activities. In FY2025, revenue remained substantial, albeit lower than the previous year.

Gearing improved markedly after asset disposals. Borrowings were reduced. Projects such as The Dew and The Skyline provided visibility into revenue. Management emphasised the ongoing completion of projects and land monetisation as key liquidity drivers.

In its written response to shareholder queries, the Company reiterated that completion of construction projects, disposal of land, and progressive billings from development projects would strengthen cash flow over the next 12 months.

In other words, PLB is not collapsing. It is managing.

But managing is not the same as thriving. Repeated reliance on asset disposals and project completions signals that the business remains sensitive to execution risk. If projects are delayed, if property sales slow, or if land disposals do not materialise as planned, liquidity pressure returns quickly. This is not insolvency, but it is fragility. And fragility matters.

## When Family Control Changes the Equation

PLB is a family-controlled company, with controlling shareholders holding more than 60% of the shares, directly and indirectly. This changes the dynamic significantly.

For controlling shareholders, a going concern warning is uncomfortable but manageable. They may provide support. They may negotiate with banks. They may decide on asset disposals or strategic shifts.

For minority shareholders, the experience is different. They cannot inject capital. They cannot influence financing arrangements. They cannot dictate strategy. They can only observe.

Meanwhile, the number of individual shareholders has gradually declined over the past three financial years, a quiet erosion rather than a dramatic exit.

The share price hovered around RM1 for several years before recently declining to about 78 sen. The market appears neither panicked nor enthusiastic; merely cautious.

This is often what repeated uncertainty produces: not chaos, but fatigue. And fatigue leads to silent exits.

## Does Material Uncertainty Really Matter?

Here is the uncomfortable truth.

For asset-backed, family-controlled companies, three years of going-concern warnings may not trigger immediate collapse. There is often enough land to sell, projects to complete, and relationships to sustain banking support. When cash runs low, something can usually be monetised. When pressure builds, a refinancing can often be arranged. Survival, in this sense, becomes a skill.

So the Company continues.

In another instance, Sarawak-based shipping and aviation services operator Hubline Berhad has received what amounts to “six strikes” on going concern from its external auditor since the financial year ended 30 September 2020.

Over the years, what began as an audit opinion highlighting a “material uncertainty related to going concern” - signalling auditors’ concern over Hubline’s ability to sustain operations for the ensuing 12 months - appears to have moderated over time.

Since FY2022, the issue has no longer been flagged as a “material uncertainty” but has instead been presented as a key audit matter concerning management’s use of the going concern assumption in preparing the financial statements.

Notwithstanding the auditors' remarks, management has consistently expressed confidence that the Group possesses sufficient resources to continue as a going concern in the foreseeable future, supported by a range of contingency measures.

But for minority shareholders, survival comes with a hidden price. It shows up in muted valuations, elevated risk perceptions, the absence of dividends, limited upside visibility, and years of opportunity quietly slipping away. Over the past few years, no dividends have been declared. The business stays alive, but shareholders are left waiting for rewards that never quite arrive. They carry the risk, while returns remain elusive.

Going concern uncertainty, therefore, is not merely an accounting phrase buried in fine print. It is a warning sign that the company's future depends on many moving parts aligning perfectly, timely project completions, successful asset disposals, supportive lenders, and cooperative markets. And when something goes wrong, minority shareholders are rarely first in line.

Banks are paid first.  
Creditors are next.  
Controlling shareholders negotiate.  
Minorities wait.

### **Playing on Borrowed Innings**

Three consecutive warnings raise a fundamental governance question: Is the company merely surviving year to year, or is it transitioning toward structural stability?

So far, the evidence suggests stabilisation efforts, improved gearing, asset monetisation, and tighter monitoring, but not yet a decisive exit from survival mode.

In baseball, three strikes mean you are out.

In corporate life, three strikes may simply mean you are still playing, but on borrowed innings.

The real issue is not whether PLB stays afloat in the short term. The real issue is whether repeated uncertainty slowly erodes long-term value for minority shareholders.

That is the pitch that truly matters.

And shareholders would be wise to keep their eyes on it.

**[END]**

# 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](http://www.mswg.org.my).

## QUICK-TAKE

| Date & Time                 | Company                     | Quick-take   |
|-----------------------------|-----------------------------|--|
| 05.03.26 (Thur)<br>09.30 am | Notion VTec Berhad<br>(AGM) | <p>FY2025 revenue remained flat at RM487.6 million, but profitability weakened significantly, with PBT falling about 55% and PAT down nearly 60%, indicating margin compression due to forex and cost pressures.</p> <p>Segment-wise, HDD/SSD improved and now contributes 32%, benefiting from AI-driven storage demand and offering the strongest growth outlook.</p> <p>The Automotive segment declined amid ICE slowdown and EV transition risk, while EMS remains the largest segment but faces competitive and demand challenges.</p> <p>The Group is repositioning toward higher-value HDD opportunities but highly depending on the successful execution of its growth strategy.</p> |

## POINTS OF INTEREST

| Company                     | Points/Issues to Be Raised  |
|-----------------------------|---|
| Notion VTec Berhad<br>(AGM) | 1. The Hard Disk Drive (HDD) / Solid-State Drive (SSD) 's revenue increased from RM133.3 million in FY2024 to RM156.0 million in FY2025, representing approximately 17% year-on-year growth. (Source: Page 9 of Annual Report 2025) |

| Company                  | Points/Issues to Be Raised  |                                |                             |                                |                   |                          |       |     |                            |                          |       |     |                            |
|--------------------------|---|--------------------------------|-----------------------------|--------------------------------|-------------------|--------------------------|-------|-----|----------------------------|--------------------------|-------|-----|----------------------------|
|                          | <p>a) Is the HDD/SSD growth momentum expected to continue into FY2026, and is this segment margin-accretive relative to the Group's average?</p> <p>b) What proportion of the Group's capital expenditure (CAPEX) in FY2025 and FY2026 is allocated to HDD/SSD expansion?</p> <p>2. The report shows Non-Methane Volatile Organic Compound (NMVOC) exceedances in hydrocarbon washing for certain stacks in Plant 1 and Plant 3. (Source: Page 47 of Annual Report 2025)</p> <table border="1" data-bbox="600 775 1401 925"> <thead> <tr> <th>Stack ID / Process</th> <th>Result (mg/m<sup>3</sup>)</th> <th>DOE Limit (mg/m<sup>3</sup>)</th> <th>Compliance Status</th> </tr> </thead> <tbody> <tr> <td>Hydrocarbon Washing SW-1</td> <td>258.4</td> <td>150</td> <td>Above limit, non-compliant</td> </tr> <tr> <td>Hydrocarbon Washing SW-3</td> <td>215.5</td> <td>150</td> <td>Above limit, non-compliant</td> </tr> </tbody> </table> <p>a) What was the root cause of the NMVOC exceedance, and what corrective actions have been implemented to ensure compliance going forward?</p> <p>b) Please clarify whether these exceedances have resulted in any penalties, fines, or enforcement actions from the Department of Environment (DOE), and whether any notices or directives have been issued in relation to this matter?</p> | Stack ID / Process             | Result (mg/m <sup>3</sup> ) | DOE Limit (mg/m <sup>3</sup> ) | Compliance Status | Hydrocarbon Washing SW-1 | 258.4 | 150 | Above limit, non-compliant | Hydrocarbon Washing SW-3 | 215.5 | 150 | Above limit, non-compliant |
| Stack ID / Process       | Result (mg/m <sup>3</sup> )   | DOE Limit (mg/m <sup>3</sup> ) | Compliance Status           |                                |                   |                          |       |     |                            |                          |       |     |                            |
| Hydrocarbon Washing SW-1 | 258.4   | 150                            | Above limit, non-compliant  |                                |                   |                          |       |     |                            |                          |       |     |                            |
| Hydrocarbon Washing SW-3 | 215.5   | 150                            | Above limit, non-compliant  |                                |                   |                          |       |     |                            |                          |       |     |                            |



**DISCLOSURE OF INTERESTS**

With regard to the companies mentioned, MSWG holds a minimum number of shares in all the companies covered in this newsletter.

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