



# The Official Newsletter from MSWG Observer

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## Returning Warning Signs

Fined for breaching listing requirements earlier, but has Fitters Diversified  
learn from the past lessons?

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## **FITTERS: GOVERNANCE UNDER FIRE**

Fitters Diversified Berhad (Fitters) has recently come under scrutiny over corporate governance lapses, raising serious concerns about board oversight, transparency and minority shareholder protection.

Regulatory fines, large related-party transactions, and questionable disclosure practices have exposed weaknesses in how the company is governed.

Fitters began operations in the 1970s as a fire protection and prevention solutions provider. It has built a reputation as a “one-stop” fire protection specialist.

Over the decades, Fitters expanded beyond its core business into property development and construction, renewable and waste-to-energy as well as green palm oil mill operations.

However, the Company’s governance practices recently came under scrutiny again following regulatory action by Bursa Malaysia.

### **Fine and Reprimand by Bursa Malaysia**

In September 2025, Bursa Malaysia Securities Berhad reprimanded Fitters and fined five current and former directors RM400,000 each. The penalties were imposed for breaches related to the acquisition and disposal of shares in Computer Forms (M) Berhad, a related party due to common major shareholders.

The regulator identified several failures:

- No immediate announcement was made.
- Shareholder approval was not obtained before the transactions.
- No appointment of independent adviser.
- The initial disclosure was inaccurate with shareholder ratification sought only afterward.

These are not minor technical errors. They involve breaching basic listing requirements designed to protect minority shareholders. Immediate disclosure ensures transparency. Independent advisers safeguard fairness and prior shareholder approval prevents conflicts of interest.

When these steps are ignored, minority shareholders are exposed to risk.

The fact that directors were fined RM400,000 each show that the regulator viewed the breaches as serious. Such actions damage the company’s reputation and signal weaknesses in internal controls and board oversight.

## **RM150 Million Related Party “Transaction”**

Another governance concern involves the RM150 million refundable deposit paid for a proposed property acquisition in Klebang, Melaka.

The deposit, paid to Sanichi Precision Mould Sdn Bhd (a wholly-owned subsidiary of Sanichi Technology Berhad) on 28 August 2025, is a related party transaction due to common directorships and/or substantial shareholding.

RM150 million is a large amount for Fitters, by any measure.

It represents 37.1% of the Company's net assets as of 31 August 2025. For a company with a market capitalisation of only RM59 million, this commitment is substantial.

Fitters placed this deposit under an Expression of Interest (EOI) to secure rights to purchase 196 SOHO units and 66 retail units in a mixed development project. No definitive or binding agreement has been entered into between the parties; hence no announcement or circular was required at that time.

That said, the scale of commitment raises governance concerns, notwithstanding that the deposit is fully refundable and that the acquisition can be terminated.

When a related-party transaction involves 37.1% of a Company's net assets, investors should receive clear and timely disclosure so they can properly assess the risks.

In the absence of announcement and adequate disclosure, shareholders are left to wonder the strategic rationale for acquiring these properties, especially given that they do not appear to align with the Group's core business operations. Besides, was an independent valuation conducted to ensure the transaction is undertaken at arm's length, given the related-party relationship?

## **Disclosure Buried Deep**

Perhaps the most troubling issue is the disclosure of the matter.

The RM150 million deposit was mentioned only on page 180 of the 2025 Annual Report under “refundable deposits”. While technically disclosed, placing such material information deep in the footnotes weakens transparency.

Material transactions should be prominently highlighted and explained in the Management Discussion & Analysis (MD&A). Burying critical details in lengthy reports creates an impression of concealment and undermines investor trust.

Investors should not have to search through 180 pages to find it.

## Can Fitters Extinguish Governance Concerns?

Taken together, Fitters' recent regulatory breaches, the large related-party deposit and weak disclosure practices reflect a pattern of governance weaknesses. These issues raise concerns about board oversight, internal controls and the protection of minority shareholders. When major transactions are not clearly disclosed or properly approved, investor trust is undermined.

Most importantly, the board must demonstrate a genuine commitment to protecting minority shareholders. It should ensure that related-party transactions are independently reviewed, material dealings are announced promptly, and disclosures are clear and transparent – the very areas that previously led to enforcement action by Bursa Malaysia.

Strong governance is essential to rebuild trust, protect minority shareholders and support the company's long-term sustainability. The question now is - has Fitters truly learned from its past lessons?

**[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
17.03.26 (Tue) 10.30 am	PNE PCB Berhad (AGM)	For FY 2025, the Company reported a revenue of RM86.8 million for 18-month FPE 30 September 2025. On an annualised basis, the revenue was RM57.8 million, a slight bump compared to RM51.8 million in FYE 31 March 2024. Gross profit margin improved to 10.7% from 5.0%, reflecting higher-margin contributions from its China operations following the discontinuation of Malaysian operations. Loss after tax narrowed to RM0.7 million, supported by improved gross profit and one-off gains from asset disposals and impairment reversals.

## POINTS OF INTEREST

Company	Points/Issues to Be Raised
PNE PCB Berhad (AGM)	<ol style="list-style-type: none"> <li>The auditors highlighted that certain raw materials have been held for extended periods, including items aged beyond 12 months due to, among others, changes in customer specifications and production planning considerations. (Page 82 of Annual Report 2025)  Please provide greater clarity on how production planning and material procurement are coordinated with customer demand forecasts, and whether the Company has implemented systems to minimise the risk of accumulating slow-moving raw materials.</li> <li>Many PCB manufacturers operate at a significantly larger scale, allowing them to benefit from procurement advantages and automation investments.</li> </ol>

Company	Points/Issues to Be Raised
	<ul style="list-style-type: none"> <li data-bbox="619 262 1412 365">a) Please clarify how the Company intends to remain competitive given the scale difference between the Group and larger PCB manufacturers in China?</li> <li data-bbox="619 412 1412 551">b) Please disclose the current production capacity and utilisation rate of the Dongguan PCB facility, and the utilisation level required for the plant to achieve sustainable profitability?</li> </ul>

**[END]**



**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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