BUSINESS & OPERATIONAL OVERVIEW

The Malaysian construction industry faced increasing regulatory and cost pressures during the period under review. Stricter enforcement by the Road Transport Department on heavy vehicle loading, coupled with diesel subsidy rationalisation, contributed to an estimated 10% to 20% increase in transportation costs for bulk materials such as cement, sand and aggregates. These developments had a direct impact on overall project cost structures, particularly for fixed-price contracts.

At the same time, the industry continued to operate within a framework shaped by government policies and regulatory requirements. The ongoing implementation of the 12th Malaysia Plan supported infrastructure and public facility development, while affordable housing initiatives remained a national priority. These programmes provide steady demand for contractors but require strict cost discipline and efficient execution due to regulated pricing structures and tighter margins.

Labour availability, particularly in specialised trades, remained constrained, and compliance requirements relating to ESG reporting, environmental standards, CIDB regulations and safety obligations continued to increase administrative complexity. Although Bank Negara Malaysia maintained the Overnight Policy Rate at approximately 2.75% during the latter part of the period, financing conditions for property development remained cautious. The expansion of Sales and Service Tax (SST) coverage also contributed to broader cost pressures across the supply chain.

In response, Vizione shifted its focus from scale-driven growth to execution certainty and capital preservation. Our priority was to safeguard cash flow, strengthen project oversight and ensure delivery of ongoing projects.

A key operational milestone during the period was the progress of the PERKESO project. Phase 1A was successfully completed in May 2025. The revised total contract value stands at RM735 million, inclusive of TCMC, with completion targeted in the first half of 2026. The PERKESO Rehabilitation Centre represents one of the most advanced medical rehabilitation facilities in Southeast Asia, integrating specialised structural engineering requirements with advanced neuro-robotics and cybernics infrastructure. The successful execution of this project reflects the Group's capability in delivering technically complex institutional developments.

For the national affordable housing initiative, Residensi Sentral project remained a key focus during the period





under review. In supporting the Government's objective to enhance home ownership accessibility, the Group strengthened site coordination and procurement planning to manage rising logistics and material costs, ensuring construction progress remained aligned with contractual timelines and delivery commitments.

In support of the Ministry of Housing and Local Government's (KPKT) initiative to address stalled housing projects ("projek sakit"), the Group commenced the revival of Residensi Hektar Gombak, a 2,400-unit affordable residential development previously affected by the developer's financial constraints. During the period, focus was placed on restructuring and preparatory works to restore project implementation, reflecting the Group's disciplined approach in rehabilitating challenged developments while upholding prudent risk management and operational discipline.

The Langkawi hotel project experienced a temporary termination in November 2024 and revocation in December 2024. Following the client's agreement to settle outstanding dues, the project resumed and is targeted for completion in 1H2026.

In safeguarding the Group's financial position, we also undertook mutual termination of non-executed development in Selayang and Sabah in the first half of 2025. Given funding uncertainties and market volatility, the decisions were made to exit the projects amicably. This allowed us to reallocate manpower and financial resources to projects with stronger execution visibility and funding certainty.

CORPORATE DEVELOPMENT

In line with the Group's corporate realignment strategy, several key corporate exercises were undertaken during 2025 to strengthen our financial position and enhance operational flexibility.

A significant milestone during the period was the completion of a RM500 million share capital reduction on 5 June 2025. This exercise streamlined the Group's capital structure by cancelling share capital not represented by available assets, resulting in a leaner balance sheet and a more prudent financial base moving forward.

To support ongoing construction activities and working capital requirements, the Group also completed a private placement of 143 million new shares, raising approximately RM12.05 million. The proceeds were primarily utilised to fund project-related working capital, thereby reducing reliance on short-term bank borrowings and strengthening liquidity management in a cost-sensitive environment.

In parallel, the Group continues to review its asset portfolio while strengthening internal reporting, project monitoring and governance processes, ensuring that resources remain aligned with its core construction and engineering activities. These initiatives support improved financial discipline, operational efficiency and clearer strategic focus as the Group advances into its next phase of development.

GOING FORWARD



As we move beyond a period of corporate realignment and balance sheet recalibration, the Group's focus shifts firmly toward rebuilding profitability, strengthening execution capabilities and pursuing sustainable growth.

The construction landscape is expected to remain competitive and cost-sensitive in the near term. Infrastructure development under the 12th Malaysia Plan, public facility upgrades and affordable housing initiatives are anticipated to continue providing opportunities within selected segments. However, tender margins are likely to remain disciplined amid regulatory requirements, labour cost adjustments and material price volatility.

Against this backdrop, Vizione will adopt a selective and disciplined growth strategy. We will prioritise projects with clearer funding visibility, manageable technical complexity and balanced risk allocation. Greater emphasis will be placed on contract structures that provide improved cost-sharing mechanisms and margin protection, particularly in an environment where logistics, fuel and labour costs remain fluid.

Operationally, our immediate priority is the timely and successful completion of ongoing key projects, including PERKESO, Langkawi and Residensi Sentral. The completion of these projects will not only contribute to revenue continuity but also reinforce the Group's track record in delivering complex institutional and hospitality developments.

We will continue to strengthen internal governance, project monitoring systems and cost control frameworks. Enhancing real-time reporting, tightening procurement oversight and reinforcing contract management discipline will remain core to improving operational predictability and margin stability.

In addressing industry-wide labour constraints, including the implementation of EPF contributions for foreign workers, the Group will focus on productivity enhancement, better workforce planning and closer collaboration with subcontractors to optimise manpower utilisation.

At the same time, management will continue to review strategic opportunities that complement our core construction capabilities, while maintaining prudent capital allocation principles. Growth will be measured and aligned with operational readiness rather than scale alone.

The strategic reset undertaken during FPE 2025 has established a clearer and more disciplined foundation for the Group's next phase. While the operating landscape may remain demanding, Vizione moves forward with sharpened focus, strengthened governance and a reinforced risk management framework.

In essence, 2025 was a year of consolidation and recalibration. By emphasising disciplined execution, prudent resource stewardship and selective project participation, the Group has reinforced its operational resilience and positioned itself on firmer and more sustainable footing for the years ahead.

Our commitment remains steadfast — to execute responsibly, manage risks prudently and deliver sustainable long-term value to our shareholders.

Dato' Ng Aun Hooi

Managing Director