INFOLINE TEC GROUP BERHAD ("INFOLINE TEC" OR THE "COMPANY")

PROPOSED DIVERSIFICATION

1. INTRODUCTION

On behalf of the Board of Directors of Infoline Tec ("**Board**"), M & A Securities Sdn Bhd ("**M&A Securities**") wishes to announce that Infoline Tec proposes to diversify its existing businesses to include mechanical and electrical services ("**M&E Business**") ("**Proposed Diversification**").

Further details of the Proposed Diversification are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DIVERSIFICATION

2.1 Proposed Diversification

Presently, Infoline Tec and its subsidiaries ("**Infoline Tec Group**" or the "**Group**") are principally involved in the following business segments:

(a) **Information technology ("IT") infrastructure solutions**: design and implementation of IT infrastructure solutions, including the assessment and evaluation of customers' business environments to consult and recommend a suitable IT infrastructure that meets their business needs, requirements and budget. The infrastructure solutions comprise network connectivity, data storage, and efficient processing of applications that facilitate and automate enterprises' business or operational processes;

(b) **Cybersecurity solutions**: a combination of hardware and software solutions to prevent cyber threats and attacks as well as services to install and implement these solutions;

(c) **Managed IT services and other IT services:** includes but not limited to (i) provides managed IT services that allow enterprises to monitor and manage their IT infrastructure and cybersecurity solutions; (ii) offers managed network services, which include outsourced monitoring and management of customer's network infrastructure; and (iii) ad-hoc professional services for customers who do not purchase any hardware or software with the Group; and

(d) **Trading of ancillary hardware and software**: supply of hardware products, including computers, notebooks, printers, accessories and peripherals as well as software products such as operating systems and computing applications.

(Collectively, referred to as the "**Existing Businesses**")

The key financial performance of the Existing Businesses based on the audited consolidated financial statements from the financial year ended ("**FYE'**) 31 December 2022 to 15-month financial period ended ("**FPE**") 31 March 2025 as well as the unaudited consolidated financial statements for the FYE 31 March 2026 are as follows:

	Audited			Unaudited
	FYE 31 December 2022	**FYE 31 December 2023**	**15-month FPE 31 March 2025**	**FYE 31 March 2026**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue				
Business segments				
IT infrastructure solutions	45,901	43,145	65,480	40,913
Cybersecurity solutions	16,560	2,990	17,345	26,084
Managed IT services and other IT services	9,106	20,563	27,490	15,708
Trading of ancillary hardware and software	1,274	5,231	4,207	3,739
Total	**72,841**	**71,929**	**114,522**	**86,444**

M&E Business

A well-designed IT infrastructure lays a foundation for introducing software to facilitate and automate customers' business or operational processes. Accordingly, the implementation of reliable IT infrastructure solutions is essential to provide network connectivity, data storage capabilities and efficient application processing, enabling customers to communicate, access information and carry out their day-to-day operations effectively and efficiently.

In the past, the Group has engaged third-party subcontractors to undertake non-IT related works such as M&E works in connection with its existing services and projects, including electrical wiring, building structural works and complex cabling installation works. Such works are required in the design, implementation, configuration, installation, and maintenance of IT infrastructure solutions. Through its involvement in overseeing and coordinating such works, the Group has accumulated operational experience and industry exposure relevant to the M&E sector.

As at 10 June 2026, being the latest practicable date ("**LPD**") of this announcement, one of the wholly owned subsidiary companies of the Group, Infoline IT Solutions Sdn Bhd ("**Infoline Solutions**") holds the following requisite licences in undertaking the M&E works:

(i) Grade 7 certificate of registration issued under the Construction Industry Development Board of Malaysia ("**CIDB**") for building construction, civil engineering construction and M&E engineering. This certification enables the Group to tender for contracts with no limits on the value; and

(ii) Class A certificate of registration as an electrical contractor, issued by Energy Commission (Suruhanjaya Tenaga) under the Electricity Regulations 1994. This certification enables the Group to undertake electrical works above RM1,000,000.00 in value as an electrical contractor.

By undertaking M&E engineering works, the Group would be able to broaden its service offerings in enabling the provision of a more comprehensive solution encompassing both electrical infrastructure layer and IT systems layer. This is expected to enhance project integration capabilities and improve coordination across project implementation phases, where this in turn would enable us to secure larger and complex projects in the future.

Letter of Award

Given the technical capabilities and industry exposure in M&E sector, Infoline Solutions had on 5 January 2026 received a letter of award from Niaga Sari Sdn Bhd, for the supply, delivery, installation, testing and commissioning of electrical works with a contract sum of RM9.65 million ("**Letter of Award**"). The project involves the electrical works for a 30-storey service apartment development in Terengganu, Malaysia. The Letter of Award provides an opportunity for the Group to expand its Existing Businesses beyond its IT infrastructure and cybersecurity solutions.

Moving forward, and in the Group intends to expand its participation in the M&E sector by pursuing larger-scale M&E engineering projects. As such, the Proposed Diversification will enable the Group to formalise its expansion into the M&E Business and pursue opportunities within a broader segment of the infrastructure and technology value chain.

Pursuant to the Proposed Diversification, the Group's business activities will include the M&E Business, which includes but not limited to the following:

(i) Electrical, extra low voltage and M&E infrastructure works; and

(ii) Supply, delivery, installation, testing and commissioning of electrical works.

The Board anticipates that the contribution from the M&E Business may potentially contribute or account for 25% or more of the net profits and/or net assets ("**NA**") of the Group moving forward. As such, the Board proposes to seek approval from the shareholders of the Group in an extraordinary general meeting ("**EGM**") pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, where a listed corporation must obtain its shareholder approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

(a) the diversion of 25% or more of the NA of the listed corporation to an operation which differs widely from those operations previously carried on by the listed corporation; or

(b) the contribution from such an operation of 25% or more of the net profits of the listed corporation.

Notwithstanding the Proposed Diversification, the Board will continue to undertake its Existing Businesses in the same manner. The Board will continue to review the Group's business operations and growth strategies from time to time with the intention to further improve the Group's financial performance and position.

2.2 Key management personnel

The Group has identified Too Yit Meng to lead the M&E Business.

Too Yit Meng, a Malaysian, male aged 41, is the Non-Independent Executive Director and Chief Marketing Officer of the Group. He is primarily responsible for formulating sales plan and strategies for Malaysian market, supervising account managers, setting sales target and managing relationships with principals, business partners and key customers.

He graduated with a Bachelor of Science Network Computing from Napier University, Edinburgh, United Kingdom in December 2005.

He began his career as a System Engineer with NH2 System Sdn Bhd in January 2006 where he was responsible for implementing network solutions, maintaining operating systems, application systems, application software and system management tools, and technical support. He left NH2 System Sdn Bhd and joined Ingram Micro (M) Sdn Bhd as a Business Development Executive in September 2009 where he was responsible for business development and sales strategy.

In February 2012, he left Ingram Micro (M) Sdn Bhd and joined Infoline Technology Sdn Bhd as an Account Manager where he was responsible for developing sales and networking strategies. In May 2013, he left Infoline Technology Sdn Bhd and joined the Group as Business Development Manager in June 2013 where he was responsible for formulating sales strategy, keeping abreast with market developments and managing relationships with principals, business partners, suppliers and customers.

In March 2020, he was promoted to the position of Head of Sales and was subsequently redesignated as Chief Marketing Officer in June 2021 where he assumes his current responsibilities. In November 2021, he was appointed to the Board as Non-Independent Executive Director, a position he continues to hold until-to-date.

The Board is of the view that the Group has the necessary capability to diversify into the M&E Business. Prior to undertaking any projects, the Board will assess, amongst others, the Group's available resources, working capital and financing to ensure that the Group is adequately positioned to undertake such projects. Additionally, the Group may recruit relevant experienced personnel to support the new business as and when the need arises.

3. RATIONALE OF THE PROPOSED DIVERSIFICATION

The Proposed Diversification is sought as the Group expects the M&E Business to contribute 25% or more of the Group's net profit and/or result in a diversion of 25% or more of the Group's net assets in the future.

The Proposed Diversification will enable the Group to diversify its revenue stream, thereby reducing its reliance on its Existing Businesses. Considering the outlook and prospects of M&E Business as set out in Section 5.2 of this announcement, the Board is of the view that the Proposed Diversification will add value and contribute positively to the future growth of the Group, thereby enhancing shareholders' value moving forward.

4. RISK FACTORS

The Proposed Diversification may expose the Group to certain risk factors which include the following:

4.1 Business and diversification risk

The Proposed Diversification may expose the Group to risks inherent in the M&E Business, in which the Group has limited prior experience. These risks include changes in economic and political conditions, prevailing market conditions as well as changes in government policy, law and regulations, which may affect the performance of M&E Business. Nonetheless, the Group will conduct periodic review of its businesses and operations as well as ensure prudent financial management and efficient operating produces to limit the impact of the abovementioned risks. There can be no assurance that the Group will be able to successfully mitigate the various risks inherent in the M&E Business, which may adversely affect the Group's operation and financial performance.

4.2 Dependency on key management personnel

The M&E Business is currently not a core business segment of the Group and represents a relatively new area of expansion. As the Group continues to develop its capabilities and presence in the M&E sector, the successful execution of M&E projects will depend significantly on the competency, experience and expertise of its key management personnel and project teams. Any loss of key management personnel without suitable and timely replacements and/or inability to attract and retain other qualified and suitable personnel may adversely affect the business operation and financial performance of the Group.

Notwithstanding the above, the Group will continue to implement appropriate measures to attract and retain the key management personnel. The Group will also identify suitable talents to facilitate knowledge transfer, strengthen operational capabilities and build sustainable talent pipelines to support the continuity of the M&E Business while reducing reliance on key management personnel.

4.3 Competition risk

The Group is expected to face competition from the existing and new market players in M&E Business. The competitors may possess greater financial strength, technical expertise, operational resources, longer operating track record, established market reputation and more integrated business operations than the Group. However, the Group will take proactive measures to remain competitive in the M&E Business, including, amongst others, constantly monitoring market developments and maintaining a competitive edge in terms of cost efficiency, service quality and reliability. There can be no assurance that the Group will be able to compete effectively or withstand competitive pressure in the industry, which may result in loss of business opportunities and could adversely affect the Group's business operations and financial performance.

5. OUTLOOK AND PROSPECTS

5.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 5.4% in the first quarter of 2026 (4Q 2025: 6.2%), driven mainly by domestic demand. Household spending remained supported by positive labour market conditions, with the unemployment rate staying low, alongside targeted policy measures. Investment growth was underpinned by continued implementation of multi-year projects by both the private and public sectors, a high realisation rate of approved investments, and the ongoing rollout of national master plans. On the external front, export growth remained strong, driven mainly by continued expansion in electrical and electronics ("**E&E**") exports. Meanwhile, gross import growth moderated amid slower growth in capital, intermediate and consumer goods imports.

On the supply side, growth in services sector moderated, reflecting a moderation in motor vehicle sales following the front-loading of purchases in the fourth-quarter ahead of the expiration of import duty waivers for electric vehicles. Meanwhile, manufacturing sector performance remained supported by stronger E&E performance, in line with continued demand for artificial intelligence and data centre-related components. Growth in the agriculture sector was lower amid normalisation in palm oil production following high output previously and ongoing replanting activities. The mining and quarrying sector contracted, mainly due to weaker oil and gas production. In addition, growth in the construction sector normalised from a double-digit growth amid a moderation in residential construction and civil engineering activities. On a quarter-on-quarter, seasonally-adjusted basis, the economy contracted by -0.01% (4Q 2025: 1.4%) given last quarter's very strong performance.

(Source: Economic and Financial Developments in Malaysia Economy in the First Quarter of 2026, Bank Negara Malaysia)

The growth projection in 2026 is expected to be within the range of 4% to 5%, supported primarily by continued domestic demand and exports. Household spending will be driven by positive labour market conditions and policy support. Investment activity will be driven by the progress of multi-year projects in both the private and public sectors, continued high realisation of approved investments as well as the ongoing implementation of national master plans. The exports growth will be supported by the global expansion, particularly demand for E&E products, reflecting Malaysia's role in global value chains.

(Source: Quarterly Bulletin for the First Quarter of 2026, Bank Negara Malaysia)

5.2 Overview and prospects of the power distribution systems industry in Malaysia

Power distribution systems for end-user premises are largely driven by the performance and investment in the user industries they serve. Growth and new investment in the semiconductor, electronics, data centre and related high-technology industries are expected to increase the demand for power distribution systems. As such, the prospects of power distribution systems are closely associated with the outlook of the E&E and construction sectors, particularly the specialised construction subsector, which encompasses M&E installation works.

The E&E segment remains the principal engine of the manufacturing sector in Malaysia. Growth in the manufacturing sector is projected to remain steady at 3% in 2026, supported by both export- and domestic-oriented industries. The E&E cluster is expected to remain the key driver, with sustained growth across semiconductor products, particularly in the chips segment, following robust demand for AI applications and digitalisation. These developments will further elevate growth prospects and strengthen Malaysia's position in the global E&E supply chain. *(Source: Economic Outlook 2026, Ministry of Finance Malaysia)*

The construction sector is expected to remain stable in 2026 by recording a growth of 6.1%, underpinned by positive performance across all subsectors. The realisation of approved strategic investments under national policies and commencement of projects under the Thirteenth Plan, will further support the sector's performance. Within the subsectors, the non-residential buildings subsector is anticipated to be driven by sustained demand for industrial facilities, logistics hubs and data centres, in line with the expansion of high technologies as well as digitalisation. On the other hand, the specialised construction activities subsector is projected to grow in tandem with other subsectors' performance supported by sustained demand for site preparation, mechanical and electricals, as well as finishing works. *(Source: Economic Outlook 2026, Ministry of Finance Malaysia)*

5.3 Prospects of Infoline Tec Group

The global IT services market, estimated at approximately USD1.5 trillion, continues to evolve rapidly, driven by accelerating adoption of artificial intelligence ("**AI**"), intelligent automation, cloud computing and advanced data analytics. These technologies are expected to underpin sustained industry expansion over the coming years, while the global cybersecurity market is forecast to record strong double-digit growth as organisations intensify investments in digital resilience, regulatory compliance and cyber threat mitigation. In line with these market developments, the Group is strengthening its strategic focus on higher-value IT infrastructure, managed services and cybersecurity solutions, while progressively integrating AI-enabled capabilities and automation into its service offerings to improve operational efficiency, scalability and customer experience.

In tandem with the industry's shift toward sustainable digital transformation, demand for energy-efficient infrastructure, green data centres, secure cloud environments and environmental, social and governance (ESG) aligned technology solutions continues to rise. The Group remains committed to embedding sustainable business practices across its operations and service delivery, while enhancing governance oversight and strengthening long-term stakeholder value creation through responsible and resilient business strategies. As part of its long-term growth and operational expansion plans, the Group had on 8 April 2026 entered into the following sale and purchase agreements:

(i) sale and purchase agreement with Huayi (SEA) Sdn Bhd for the acquisition of a 3 storey semi-detached factory building built on the leasehold land, H.S.(D) 296779, PT No. 12703, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor for a cash consideration of RM9,288,888; and

(ii) sale and purchase agreement with Orionis Technology (M) Sdn Bhd for the acquisition of a 3 storey semi-detached factory building built on the leasehold land, H.S.(D) 296780, PT No. 12704, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor for a cash consideration of RM9,288,888.

to acquire the aforesaid buildings in supporting future business expansion and enhancing service delivery capabilities.

Regionally, the Group is well-positioned to capitalise on growing digitalisation trends across Malaysia, Singapore, China, India and other Asia Pacific markets, supported by government-led digital initiatives and increasing enterprise demand for secure and scalable IT infrastructure. Leveraging its established regional presence, expanding technology partnerships and dedicated Network Operations Centre and Security Operations Centre capabilities, the Group continues to enhance its cross border service delivery and managed cybersecurity offerings. Despite ongoing macroeconomic uncertainties and geopolitical challenges, the Group's diversified customer base, expanding regional footprint and strategic emphasis on cybersecurity, managed services and next-generation digital solutions provide a solid foundation to strengthen resilience, improve operational performance and support sustainable long-term growth. Further, pursuant to the Proposed Diversification, the Group will be involved in the M&E Business which is expected to enhance the value proposition of the Existing Businesses.

Premised on the above and the outlook as set out in Section 5.2 of this Announcement, the Board is of the view that the Proposed Diversification may enhance the Group's future prospects as it represents an opportunity for the Group to generate additional stream of income for the Group in the future.

(Source: Management of Infoline Tec)

6. EFFECTS OF THE PROPOSED DIVERSIFICATION

6.1 Issued share capital and shareholdings of substantial shareholders

The Proposed Diversification will not have any effect on the issued share capital and shareholdings of substantial shareholders of the Company as it does not entail any issuance of new ordinary shares in the Company.

6.2 NA, NA per Share and gearing

As the Proposed Diversification is neither a transaction nor a fund-raising exercise, it will not have any pro forma effects on the NA, NA per share and gearing of Infoline Tec.

6.3 Earnings and Earnings per Share ("EPS")

The Proposed Diversification is not expected to have any immediate material effect on earnings and EPS of Infoline Tec for FYE 31 March 2027. However, the Board believes that the Proposed Diversification will contribute positively to future earnings and EPS of the Group.

6.4 Convertible securities

As at LPD, the Company does not have any convertible securities.

7. APPROVALS REQUIRED

The Proposed Diversification is subject to the approvals being obtained from the following:

(i) the shareholders of Infoline Tec for the Proposed Diversification at an EGM to be convened; and

(ii) any other relevant authorities and/or parties, if required.

8. INTER-CONDITIONALITY

The Proposed Diversification is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders, chief executive of Infoline Tec and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Diversification including the rationale, prospects and risk factors, is of the opinion that Proposed Diversification is in the best interest of the Company.

11. ADVISER

M&A Securities has been appointed as the Principal Adviser for the Proposed Diversification.

12. ESTIMATED TIMEFRAME FOR COMPLETION

The Proposed Diversification will take immediate effect upon obtaining the shareholders' approval of Infoline Tec at the EGM.

This announcement is dated 25 June 2026.