

OTHERS Business Collaboration Agreement Between K-One MediTech Sdn Bhd ("K-One MediTech") (formerly known as K-One Resources Sdn Bhd) And Selia-Tek Medical Sdn Bhd ("Selia-Tek Medical")

K-ONE TECHNOLOGY BERHAD

Type	Announcement
Subject	OTHERS
Description	Business Collaboration Agreement Between K-One MediTech Sdn Bhd ("K-One MediTech") (formerly known as K-One Resources Sdn Bhd) And Selia-Tek Medical Sdn Bhd ("Selia-Tek Medical")

1. Introduction

The Board of Directors of K-One Technology Berhad ("K-One Tech" or "the Company" or "the Group") wishes to announce that on 12 November 2020, K-One MediTech Sdn Bhd ("K-One MediTech") (formerly known as K-One Resources Sdn Bhd), a wholly owned subsidiary of the Company has entered into a Business Collaboration Agreement ("Agreement") with Selia-Tek Medical Sdn Bhd ("Selia-Tek Medical").

Under this Agreement, K-One MediTech will market Selia-Tek Medical's syringes manufactured in Malaysia worldwide on a non-exclusive basis. On the other hand, Selia-Tek Medical will market K-One Meditech's nasal swabs, ventilators and other medical consumable products on a non-exclusive basis to its customers locally in Malaysia. The nasal swab has been approved by the Medical Device Authority ("MDA") of Malaysia while the ventilator is pending its approval.

2. Information On K-One MediTech & Selia-Tek Medical

2.1 K-One MediTech

K-One MediTech is a wholly owned subsidiary of K-One Tech. It was incorporated in 2001. Its principal business and focus are in the development and manufacturing of medical and healthcare products which includes medical devices, healthcare consumables, oral care gadgets and hospital equipment.

2.2 Selia-Tek Medical

Selia-Tek Medical was established in 2002 when the founders realized that there was a gap in the market for medical disposable products. With strong support from the Ministry of Health, Malaysia, Selia-Tek Medical set up its manufacturing facilities to support the growing demands for locally manufactured medical disposable products. As an ISO 13485 compliant manufacturing company, its products are made in a strict quality control environment to ensure all products are professionally manufactured, packed and distributed to local hospitals across Malaysia.

3. Business Collaboration Agreement ("Agreement")

The salient points of the Agreement include:

K-One MediTech will market Selia-Tek Medical's syringes through both OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer) or private label arrangement for the global markets. Both K-One MediTech and Selia-Tek Medical mutually agree to grow the OEM, ODM and private label businesses worldwide with K-One MediTech marketing Selia-Tek Medical's made in Malaysia's syringes on a non-exclusive basis.

b) Marketing of K-One MediTech's Nasal Swabs, Ventilators & Other Medical Consumables in the Local Market (Malaysia)

Selia-Tek Medical will market K-One Meditech's nasal swabs, ventilators and other medical consumable products to its customers locally in Malaysia on a non-exclusive basis.

c) Duration of Agreement

This Agreement will expire two (2) years after the effective date of this Agreement, except for the obligations of the parties hereto with respect to proprietary information received prior to such termination which shall survive such termination. It is automatically renewable on a yearly basis upon the preceding expiry unless there is a breach of the terms of the Agreement.

4. Rationale Of The Agreement

The Agreement will spur the Group's on-going expansion in its own product portfolio in the medical/healthcare business. The said business collaboration is two prong and a win-win situation for both K-One MediTech and Selia-Tek Medical.

This business collaboration will provide an opportunity for the Group to sell syringes to the world market which is expected to go on an overdrive with the impending launch of the COVID-19 vaccine in the coming months. It will also allow the Group to bundle its syringe safety needle cap (K4) which is licensed to manufacture from Star Syringe, UK together with the syringe to meet customer requirements, if required in specific cases. Otherwise, the syringe safety needle cap (K4) can be sold independently. It will also be beneficial for Selia-Tek Medical to expand further its syringe sales into the overseas markets through this collaboration.

On the other hand, Selia-Tek Medical which is an established supplier of syringes and medical disposable products to the local hospitals and Ministry of Health, Malaysia is expected to provide a good platform to distribute K-One MediTech's nasal swabs and ventilators. This collaboration will enhance the on-going sales and marketing activities.

5. Financial Effects

The Agreement will have immaterial impact on the net assets and gearing of K-One Tech for the financial year ending 31 December 2020. The execution of the Agreement is expected to contribute positively to the future earnings of the Group once the above named products have been marketed and sold by both parties.

The execution of the Agreement will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholding in K-One Tech.

6. Risk Factors

K-One Tech does not expect any material risk arising from the Agreement other than the normal business and industry risks such as regulatory approvals of authorities concerned and operational risks. K-One Tech has established a successful track record in manufacturing and doing business locally and overseas which will help to mitigate such risks

7. Interest Of Directors, Major Shareholders And/Or Persons Connected With Them

None of the Directors and/or major shareholders of K-One Tech and/or persons connected with them have any interests, direct or indirect in the Agreement.

8. Approvals Required

The Agreement does not require approval from the shareholders of K-One Tech or the relevant authorities.

9. Directors' Statement

The Board of Directors of the Company, having reviewed and considered the terms and conditions of the Agreement, is of the opinion that the Agreement is in the best interest of the Company.

This announcement is dated 12 November 2020.

Announcement Info	
Company Name	K-ONE TECHNOLOGY BERHAD
Stock Name	K1
Date Announced	12 Nov 2020
Category	General Announcement for PLC
Reference Number	GA1-12112020-00032