

OTHERS GRANT FROM MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY ("MIDA") FOR DEVELOPMENT & MANUFACTURING OF VENTILATOR

K-ONE TECHNOLOGY BERHAD

Type	Announcement
Subject	OTHERS
Description	GRANT FROM MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY ("MIDA") FOR DEVELOPMENT & MANUFACTURING OF VENTILATOR

1. Introduction

We refer to the Company's announcements dated 1 and 3 June 2020 respectively pertaining to the manufacturing and supply of the NASA-JPL ventilator.

The Board of Directors of K-One Technology Berhad ("K-One Tech" or "Company" or "K-One Group") wishes to announce that the Company's wholly-owned subsidiary, K-One MediTech Sdn Bhd (fka K-One Resources Sdn Bhd) and the Malaysian Investment Development Authority ("MIDA") has on 6 September 2021 entered into an agreement ("Grant Agreement") to facilitate the latter to disburse matching grants ("Grant") not exceeding RM12,258,000 for the purpose of further developing and manufacturing the ventilator licensed by NASA-JPL ("Project").

2. Information On MIDA

MIDA was incorporated as a statutory body in 1967 under the Malaysian Industrial Development Act and was hailed by the World Bank as "the necessary impetus for purposeful, positive and coordinated promotional action" for Malaysia's industrial development. Today, MIDA which is a principal agency under the Ministry of International Trade & Industry ("MITI") is Malaysia's cutting-edge, dynamic and pioneering force in opening pathways to new frontiers around the globe.

3. Salient Features Of The Grant Agreement

3.1 MIDA's Grant is offered under the Domestic Investment Strategic Fund ("DISF"). It is a 1:1 matching grant not exceeding RM12,258,000 given by MIDA which covers mainly R&D expenses, training expenses, specialized equipment cum facilities upgrade expenditures and certification fees for the Project for a period of 3 years commencing 8 September 2020 to 7 September 2023 ("Grant Period").

3.2 The Grant is subject to the Company fulfilling the Project's deliverables and milestones during the Grant Period.

3.3 All deliverables and other materials originally developed by the Company for the Project shall be owned exclusively by the Company

3.4 MIDA is entitled to require the Company to immediately repay all monies or any part thereof disbursed to the Company in the event that the Company fails to execute the Project and/or comply with any of the

conditions under the Grant Agreement without reasonable cause. Otherwise, the Grant offered by MIDA not exceeding RM12,258,000 is not subject to repayment.

4. Rationale Of The Grant & MIDA's Support

The Grant is for the further development of the NASA-JPL ventilator to cater to broader requirements and specific objectives during and going beyond the COVID-19 pandemic period. The NASA-JPL ventilator has been approved by the Food & Drug Administration, US (FDA) under Emergency Use Authorization (EUA). Therefore, it is a product which meets stringent requirements stipulated by FDA and should not be mistaken otherwise.

However, the Company is looking ahead in the horizon, during and beyond the COVID-19 pandemic period. Using the NASA-JPL ventilator platform, it intends to further develop the said platform and adopt the enhanced product(s) as its own brand product line in the near future. The enhancements shall focus on widening the ventilator's scope of applications to include other acute respiratory diseases, add-ons such as IoT enabled features and other value-adds which are in line with technology advancements moving forward. The Company expects to benefit commercially from the enhanced NASA-JPL ventilator platform by local manufacturing the variation(s) for worldwide supply in the long term. Of utmost importance, the Company's local development and manufacturing of its enhanced ventilator(s) will enable Malaysia to be self-reliant in ventilator supply, be it during normal times or in the event that there is a recurrence of a similar COVID-19 pandemic in the future (which we hope not).

The Grant of RM12,258,000 will help to defray R&D expenses, training expenses, specialized equipment cum facilities upgrade expenditures and certification fees, in particular FDA and CE marking to meet US and European Union ("EU") standards respectively which are considered as gold standards. Ventilator technology is hi-tech which requires specialized competencies and testing and manufacturing equipment. The Company believes that the further development and manufacturing of the ventilator will make it the first locally produced ventilator in Malaysia with home-grown enhanced technology. The development and manufacturing processes involved will generate:- a) the spawning of specialized expertise in the local technical staff by collaboration with the local universities and/or university hospitals and training on specific medical protocols by medical device specialists and b) development of unique competencies in the supply chain to support the ventilator ecosystem.

The Company is appreciative of MIDA's support in offering the said Grant so that it can achieve its aspirations and milestones set. The Company views that the Grant is testimony to MIDA's strong support to nurture local companies like the K-One Group to develop indigenous technology, along which will consequently uplift local talents, enhance supply chain competencies and earn foreign exchange via export. This is besides making Malaysia self-sufficient in critical medical devices such as the ventilator by manufacturing it domestically which is crucial in times of crisis.

5. Financial Effects

The Grant Agreement will have immaterial impact on the net assets and gearing of K-One Tech for the financial year ending 31 December 2021. The execution of the Grant Agreement is expected to contribute positively to the future earnings of the Group once the enhanced ventilators are marketed and sold both overseas and locally in the near future.

The execution of the Grant 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 Grant Agreement other than the normal business, project and industry risks such as regulatory approvals of authorities concerned and operational risks. Nevertheless, K-One Tech has established a successful track record in project management, 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 Grant Agreement.

8. Approvals Required

The Grant 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 Grant Agreement, is of the opinion that it is in the best interest of the Company.

This announcement is dated 7 September 2021.



Announcement Info

Company Name	K-ONE TECHNOLOGY BERHAD
Stock Name	K1
Date Announced	07 Sep 2021
Category	General Announcement for PLC
Reference Number	GA1-07092021-00028