

K-One Technology proposes to diversify into healthcare business

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KUALA LUMPUR (April 1): K-One Technology Bhd, whose share price soared severalfold back in 2020 when it announced the licence granted by Nasa JPL to make ventilators during the Covid-19 pandemic, is proposing a diversification into the healthcare industry to reduce its reliance on existing business segments.

K-One noted that the company has started developing and manufacturing medical and healthcare products for customers under its electronic manufacturing services (EMS) business. It added that it is currently pursuing development of its own brand manufacturing (OBM) products such as mechanical ventilators.

However, it flagged several risks arising from the proposed diversification, including global economic downturns, limited experience in the healthcare

product business and dependency on distribution agreements.

The company's current core businesses comprise EMS, which contributed about 55% of its total revenue for the past three financial years, and cloud computing (contributing about 45% of total revenue).

In a bourse filing on Monday, K-One said that it expects the healthcare products business to contribute 25% or more to its future net profit.

K-One attributed its losses in the financial year ended Dec 31, 2021 (FY2021) and FY2022 to its core EMS business.

It said its EMS business was impacted by weak consumer demand amid the Covid-19 pandemic, as well as higher logistics and electronic chip costs due to supply chain disruptions amid the Russia-Ukraine conflict.

Nevertheless, it managed to turn a net profit of RM351,000 in FY2023, thanks to its cloud business, compared to a net loss of RM100,000 in FY2022.

Moving forward, K-One has proposed to scale up its healthcare product business as an alternative source of revenue and income stream.

Since 2021, the group said it has progressively obtained appointments from foreign manufacturers to distribute healthcare products in Malaysia, including Covid-19 test kits, oximeters and supplements.

K-One's share price rocketed to a high of 63 sen in August 2020 from a low of 9.5 sen in March the same year. Since then, the stock has lost its footing, dropping below 20 sen. It closed at 14.5 sen on Monday, valuing the group at RM120.6 million.

Edited By Kathy Fong