

## Earnings from China interest to go up

# Apex: Earnings from China interest to go up

Picture by Lee Lay Kin

### By Ashwin Raman

APEX Healthcare Bhd expects its earnings and profit to grow this year as a result of higher contribution from the China-based Luyan (Fujian) Group, in which it holds a 25% stake.

Its managing director Dr Kee Kirk Chin (*pic*) said the company's entry into the Chinese pharmaceutical market through Luyan would enable the former to distribute its pharmaceutical products in China.

For the financial year ended Dec 31, 2005, Luyan recorded a turnover of RMB649 million (RM299.66 million), of which 80% was from its pharmaceutical distribution business.

Luyan currently holds a 10% share in the pharmaceutical market in the Fujian province, which is estimated to be worth RMB9 billion.

"This investment comes with a guaranteed dividend base of 12% on what we invested (RMB20 million)," Kee said, adding that it would work



out to RMB2.4 million (RM1.1 million) a year.

He said Apex has an option to increase its 25% stake in Luyan to 50% by June this year, although this would depend on the latter's audited results.

In addition, he said, Apex's acquisition of Singapore-based Grafton Pharmasia Pte Ltd (GPPL) last November gave Apex ownership of the Agnesia trademark, which it plans to market in China through Luyan.

Kee told *FinancialDaily* that the annual sales of Agnesia — an

antiseptic dusting powder — in Malaysia, Singapore and Africa amounted to RM3.5 million and the company intends to increase sales by bringing the product to China.

"This is our first consumer over-the-counter brand and we plan to grow sales and apply the Agnesia brand to other products," he said, adding that Apex has allocated RM300,000 to advertise and promote the Agnesia brand locally.

For the financial year ended Dec 31, 2005 (FY05), Apex's net profit surged 63.3% to RM16 million from RM9.8 million a year earlier.

The disposal of loss-making retail subsidiary Apex Pharmacy Sdn Bhd to Hong Kong's Watson group contributed to the jump in Apex's net profit in FY05.

Meanwhile, its investments in Luyan contributed RM500,000 to net profit last year. Kee said Luyan's contributions to Apex's net profit would double in the current financial year and that it expects a return on investment within seven years.