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# Apex Healthcare unit's proposed Melaka land buy seen a positive

PublicInvest Research / The Edge Financial Daily  
October 18, 2019 11:19 am +08

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*This article first appeared in The Edge Financial Daily, on October 18, 2019.*



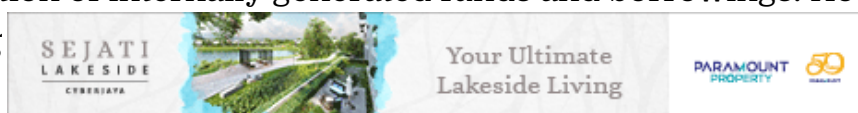
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## Apex Healthcare Bhd

(Oct 17, RM2.21)

**Maintain underperform with an unchanged target price of RM1.75:** Apex Healthcare Bhd's wholly-owned subsidiary Xepa-Soul Pattinson (Malaysia) Sdn Bhd has entered into a conditional sale and purchase agreement (SPA) to acquire a parcel of freehold land in Melaka. We understand that the piece of land will be used for Apex Healthcare's future expansion. While we are positive on this proposed acquisition, we maintain our earnings forecasts for now as we reckon that any possible earnings contribution arising from this transaction is only expected to come in in the longer term.

Apex Healthcare has proposed to purchase the piece of freehold land, measuring approximately 18.8 acres (7.61ha), from Hicom Indungan Sdn Bhd. The parcel of industrial land is in Alor Gajah, Melaka and will be transacted for a consideration of RM20.4 million. The price of the land works out to be approximately RM1.09 million per acre or RM25 per sq ft. The purchase consideration shall be satisfied by a combination of internally generated funds and borrowings. However, the exact funding



The SPA will be conditional upon the seller obtaining a development order from the relevant authority. Some civil works will be carried out in accordance with the requirements of Xepa.

We believe the acquisition consideration of RM20.4 million could be easily funded for without putting too much strain on Apex Healthcare's balance sheet given its sound financials. As of the second quarter (2Q) of financial year 2019, Apex Healthcare was reported to be a net cash company, sitting on a cash pile of RM104.9 million. Barring any unforeseen circumstances, the proposed acquisition is targeted to be concluded by 4Q of calendar year 2021. — *PublicInvest Research*, Oct 17

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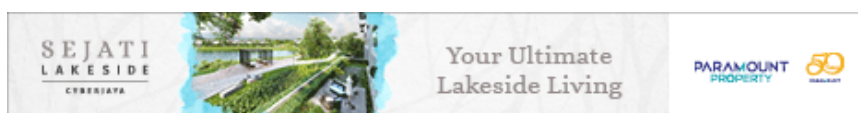
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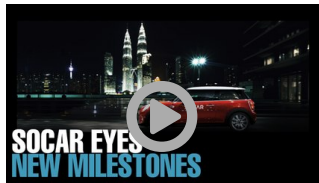
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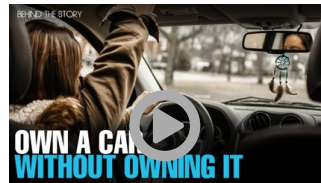




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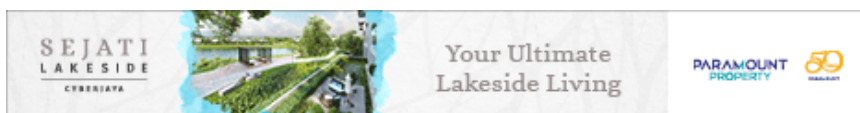
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