

Edge Weekly

Kee family could be exiting Apex Healthcare

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THE Kee family, which controls as much as 42.61% of Apex Healthcare Bhd (KL:**AHEALTH** **ASK** **EDGE**), could be selling out of the pharmaceutical group, three sources familiar with the matter tell The Edge.

It is understood that the family has been talking to a few parties and found a suitable buyer, said to be foreign, for the block of shares.

It is not clear if the Kee family is looking at disposing of the entire 42.61% stake, or if it will divest less than 33% to avoid triggering a mandatory general offer for the rest of the shares in the company.

“The price tag being bandied about is on the high side. No Malaysian company could afford such a price tag. The buyer is understood to be foreign, a Chinese party,” one source says.

Another source at a local private equity firm says he heard a couple of months ago that the family was looking to exit and that the asking price was high.

Dr Kee Kirk Chin, chairman and CEO of Apex Healthcare, did not respond to an email from The Edge seeking confirmation that the Kee family wanted to sell its shares.

When asked specifically in a separate email if they were looking to sell their interest in the company to venture capital outfit Hong Shan Capital Group (HSG), formerly known as Sequoia Capital China, Kirk Chin responded, “I can confirm that there is no truth that we are a takeover target by HSG Capital from China.”

His denial of a takeover by HSG raises an interesting question: Is there another suitor for the family’s stake?

Another name that has popped up as a potential suitor is Shanghai Pharmaceuticals Holding Co Ltd, a Fortune 500 company and Apex Healthcare’s partner in Zynexis Healthcare Private Ltd, which develops and registers pharmaceutical and healthcare products.

Apex Healthcare has a 40% stake in Zynexis, while Shanghai Pharmaceuticals controls the remaining 60%.

While details are not readily available, a source says that the Kee family wants to exit Apex Healthcare as there are issues with succession planning. Kirk Chin, 64, was the managing director from 2000, and was appointed chairman and CEO in May 2010.

His brother Kee Kirk Chuen is 61 years old and has been a non-independent non-executive director of Apex Healthcare since May 2016.

Apex Healthcare was established in 1962 by Kee Tah Peng @ Hee Teck Peng, Kirk Chin and Kirk Chuen's father. In early June this year, Tah Peng and his wife Yang Liew Fang ceased to be substantial shareholders of Apex Healthcare after they transferred 296.95 million shares, or 41.23% of the company — held under Apex Holdings (Pte) Ltd, Xepa Holdings Sdn Bhd and Apex Pharmacy Holdings Sdn Bhd — to Kirk Chin, Dr Kee Loo and Kirk Chuen.

Could this transfer have been done to facilitate a pending corporate exercise?

Apex Healthcare has performed well over the years. Net profit reached a record RM398 million in its financial year ended Dec 31, 2023 (FY2023), largely due to the sale of an associate company. Stripping out the gain, net profit rose at an average of 10% from FY2020 to FY2024.

For its first financial quarter ended March 2025 (1QFY2025), Apex Healthcare's revenue and net profit slipped 3.9% and 20.65% year on year to RM238.87 million and RM17.58 million respectively.

While revenue in 1QFY2025 was adversely impacted by lower sales due to the timing and mix of tender contracts secured, net profit was impacted by depreciation and amortisation charges.

Nevertheless, Apex Healthcare has a strong balance sheet.

As at end-March, the company had deposits and bank and cash balances of RM226.63 million, while its short-term borrowings were at RM7.14 million and long-term debt commitments amounted to RM7.12 million. It had RM651.5 million in retained earnings.

Net cash flows generated from operating activities for the three months ended March 2025 were RM18.92 million.

Other than the Kee family, Apex Healthcare has another substantial shareholder — Washington H Soul Pattinson and Co Ltd, which has 29.54% equity interest in the pharmaceutical company. The Australian investment firm has been a substantial shareholder since Apex Healthcare's initial public offering in June 2000.

With the two largest shareholders controlling 72.15% of its share base, the company's shares are generally illiquid and thinly traded.

Apex Healthcare's stock hit a multiple-year low of RM1.90 on April 9. Since then, its shares have gained more than 22% to close at RM2.36 last Thursday, giving it a market capitalisation of RM1.7 billion.

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