

**VALUER'S CERTIFICATE**3rd March, 2005

The Board of Directors
Hovid Bhd
121, Jalan Kuala Kangsar
30010 Ipoh
Perak Darul Ridzuan

Dear Sirs

Re: **Market Valuation of:-**

1. Lot No. 8811N, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/844/2003).
2. Lot No. 117N, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/845/2003).
3. Lot No. 7238, Town of Ipoh (U), District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/846/2003).
4. Undivided Interest belonging to M/s Hovid Berhd in Lot No. 56442, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/847/2003).
5. Lot No. 2056S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/848/2003).
6. Lot No. P.T. 17980, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/849/2003).
7. Lot No. P.T. 143393, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/850/2003).
8. Lot 96, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur (Our Ref: JLJC/PK/851/2003).
9. Lot Nos. P.T. 160326 to P.T. 160399, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/852/2003).
10. Lot No. 8265, Mukim 13, North-East District, Pulau Pinang [Our Ref: VA03/PG/763(SC)].
11. Lot Nos. 312, 313 & 314, all within Prima Subang Industrial Park, Petaling Jaya, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan (Our Ref: PJ030367).
12. Lot No. P.T. 27742, Mukim of Sungai Buluh, District of Petaling, State of Selangor Darul Ehsan (Our Ref: PJ030368).
13. Lot No. PTD 17128, in the Mukim of Tebrau, District of Johor Bahru, Johor Darul Ta'zim (Our Ref: V03/JH/PK/SC/H189C721834/MS).

This letter has been prepared for inclusion in the Prospectus of HOVID BHD to be dated **15 MAR 2005**

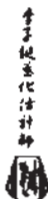
International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •

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Managing Director **P. TANGGA PERAGASAM**, Fism, Fics Chairman **CHIN LAI SITT**, Fism, Fics, LLB (Hons) CLP, Executive Directors **THOO SING CHOON**, Fics, Inv, Act/Arb, Fics
THING KIM KOK, Mism, Fics, Director / Advisor **JAAFAR ISMAIL**, Fism, Fics

LEE THIAM SING, Mism, **LIM CHANG MEE**, Fism, Fics, BA (Hons), B Sc. (Hons), **A. SUBRAMANIAM**, B Surv. (Hons), MSM, **JEROME HONG BOON PENG**, MIS(M), MRICS,
SIEW KOK KONG, B. Surv. (Hons), MSM

Headquarters : Kuala Lumpur, Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 Lines) Fax No: 03-20955843
Other Offices : N. Sembilan : 9A, Kompleks Negen, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638890 Fax No: 06-7637936
Petaling Jaya : 30A, Jalan Yong Shook Lin, 48200 Petaling Jaya, Selangor Darul Ehsan. Tel: 03-79555811 Fax No: 03-79555843
Selangor : 31, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan. Tel: 03-33420860 (3 Lines) Fax No: 03-33417888
Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5177588 Fax No: 09-5142146
Melaka : No. 258, Jalan Melaka Raya 2, Taman Melaka Raya, 75000 Melaka. Tel: 06-2835522 (4 Lines) Fax No: 06-2837635
Penang : No. 25, Lebuh Light, 10200 Pulau Pinang. Tel No: 04-2637749 & 04-2647750 Fax No: 04-2637644
Min : Lot 585, 1st Floor North Yu Seng Road, P.O. Box 988, 98008 Min, Sarawak. Tel: 065-428713 Facsimile: 065-428715



Other Colliers Offices: Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America



**COLLIERS, JORDAN LEE
& JAAFAR SDN. BHD.**
(59901-U)

Suites 1, 2 & 3, Tingkat Satu,
Labrooy House,
Jalan Dato Sagor,
30000 Ipoh,
Tel No. 05-2414826 (3 Lines)
Fax : 05-2556363
Email : cjljph@tm.net.my

11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- 2 -

In accordance with your instructions, we have valued the abovementioned properties vide our Valuation Reports bearing references No. JLJC/PK/844/2003 to JLJC/PK/847/2003, JLJC/PK/848/2003 to JLJC/PK/852/2003, VA03/PG/763(SC), PJ030367, PJ030368 and V03/JH/PK/SC/H189C721834/MS. It is to be noted that the interests belonging to M/s Hovid Berhad and M/s Carotech Berhad in Lot 56442, Mukim of Hulu Kinta, District of Kinta, Perak were jointly valued and reported under file No. JLJC/PK/847/2003. These Valuation Reports were prepared for the purpose of submission to the Securities Commission.

The valuation has been carried out in accordance to the Guidelines on Asset Valuations issued by the Securities Commission and also the Manual of Valuation Standards issued by the Board of Valuers, Appraisers and Estate agents and with the necessary professional responsibility and due diligence.

The basis of valuation is the Market Value as at 30th October, 2003 and we have used the Comparison Approach, Investment, Cost and Residual Methods of Valuation.

No.	Property	Market Value
1	Lot No. 8811N, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/844/2003).	RM7,260,000/-
2	Lot No. 117N, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/845/2003).	RM190,000/-
3	Lot No. 7238, Town of Ipoh (U), District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/846/2003).	RM270,000/-
4	Lot No. 56442, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/847/2003).	RM15,500,000/-
5	Lot No. 2056S, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/848/2003).	RM410,000/-
6	Lot No. P.T. 17980, Town of Ipoh, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/849/2003).	RM640,000/-
7	Lot No. P.T. 143393, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/850/2003).	RM190,000/-
8	Lot 96, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur (Our Ref: JLJC/PK/851/2003).	RM1,000,000/-
	C/F	RM25,460,000/-



11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- 3 -

No.	Property	Market Value
	B/F	RM25,460,000/-
9	Lot Nos. P.T. 160326 to P.T. 160399, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan (Our Ref: JLJC/PK/852/2003).	RM5,280,000/-
10	Lot No. 8265, Mukim 13, North-East District, Pulau Pinang [Our Ref: VA03/PG/763(SC)].	RM650,000/-
11	Lot Nos. 312, 313 & 314, all within Prima Subang Industrial Park, Petaling Jaya, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan (Our Ref: PJ030367).	RM1,065,000/-
12	Lot No. P.T. 27742, Mukim of Sungai Buluh, District of Petaling, State of Selangor Darul Ehsan (Our Ref: PJ030368).	RM850,000/-
13	Lot No. PTD 17128, in the Mukim of Tebrau, District of Johor Bahru, Johor Darul Ta'zim (Our Ref: V03/JH/PK/SC/H189C721834/MS).	RM430,000/-
	Total	RM33,735,000/-

In connection with the Prospectus, we are pleased to certify that the Market Value of the abovementioned properties are Ringgit Malaysia Thirty Three Million And Seven Hundred Thirty Five Thousand Only.

The details of the abovementioned properties are attached in a Schedule with this letter.

For and on behalf of
COLLIERS,
JORDAN LEE & JAAFAR SDN. BHD.



THOO SING CHOON F.R.I.C.S.,
A.R.V.A., A.C.I.Arb, F.P.C.S.,
Chartered Valuation Surveyor,
Registered Valuer V-132, Malaysia.
Executive Director

11. VALUATION CERTIFICATE (CONTINUED)

- A -

COLLIERS
 JORDAN LEE & JAAFAR

**SCHEDULE OF PROPERTIES BELONGING TO M/S HOVID BERHAD AND ITS
 SUBSIDIARIES**

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
1) Lot 8811N. Title Pajakan Negeri 68053. Town of Ipoh, District of Kinta, bearing address No. 121. Jalan Tunku Abdul Rahman (formerly Jalan Kuala Kangsar), 30010 Ipoh, Perak Darul Ridzuan. (File No. JIJC/PK/844 /2003).	Ho Yan Hor Holdings Sdn. Bhd.	The private search on the title revealed the following:- Category of Landuse: Bangunan Express Conditions: Kediaman – Sebuah Rumah Kediaman. It is pertinent to note that the current (Year 2003) land rent paid was RM9,216/- which according to the 1994 Land Rent under Warta Kerajaan Perak PK. PU. 15 dated 18 th August, 1994, the said land rent payable denoted landuse as "Industry" rated at RM8/- per 107.64 sq.ft. land area for industrial lands located in Town of Ipoh and within the jurisdiction of Dewan Bandaraya Ipoh. In addition, the category of landuse as stated in the Year 2003 land rent receipt is "Industry".	999 years leasehold interest expiring on 14 th Junc, 2895/Charged to Malayan Banking Berhad.	Comprising a parcel of industrial land encompassing a land area of 123,915 sq.ft. and erected upon with a pharmaceutical factory complex together with administrative office and ancillary buildings. These buildings valued were constructed in different phases spanning 1960's to 1990's with progressive interim renovation / upgrading works. The ages of the buildings are between 1 to 40 years old. The majority of the buildings are of permanent constructions. Brief details are as follows:- Gross Built-up Area (with approved plans only) State Ref. 1 – Built 9,696 sf. Good 2-sty Office in 1963 with subsequent renovation/ extension in 1988, 1990 & 1996 Ref. 2 – - - - Cycle Shed Ref. 3 – Built in 17,020 sf. Good Penicillin/ Injection Factory subsequent renovation/ extension in 1991. Ref. 4 – Built in 810 sf. Fair TNB Substation 1998 Ref. 5 – Built in 1,800 sf. Fair Maintenance Workshop 1991 Ref. 6 – Built in 625 sf. Fair Boiler house 1990 Ref. 7 – Built 7,357 sf. Good Warehouse/ Canteen in 1996	7,260,000/-	Combination of the Comparative and Depreciated Replacement Cost Method and with Investment Approach as at check.	Date of Inspection: 26/8/2003 and 30/10/2003 Date of Valuation: 30/10/2003



11. VALUATION CERTIFICATE (CONTINUED)

- B -

COLLIERS
 JORDAN LEE & JAAFAR

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
				<p style="text-align: right;">Gross Built-up Area (with approved plans only) <u>State</u></p> <p><u>Building</u> <u>Year</u> <u>Built</u> <u>in</u> <u>800 sf.</u> <u>Good</u></p> <p>Ref. 8 – Built in 2003 Cephalospore</p> <p>Store</p> <p>Ref. 9 – - - - - Store</p> <p>Ref. 10 – - - - - Pump House</p> <p>Ref. 11 – Built in 1975 & 2003. 9,554 sf. Good Herbal Tea Factory/ Machinery (Plant) Building The herbal tea factory underwent renovation/ upgrading works in 2003.</p> <p>Ref. 12 – Built in 1970's with subsequent extension / renovation in 2003. 8,014 sf. Good Syrup Factory/ Store</p> <p>Ref. 13 – Built in 1987. 10,800 sf. Good Celexin Factory</p> <p>Ref. 14 – Built in 1983. 9,216 sf. Good Pharmaceutical Laboratory/ Factory</p> <p>Ref. 15 – - - - - Guard's House</p> <p>Total - <u>75,692 sf.</u></p> <p>Date of Issuance of CF: 10 November 1983 (Pharmaceutical Laboratory/Office), 13 June, 19991 (Penicilin / Injectable Factory), 26 February 1999 (TNB Substation) and 1 March 1999 (Warehouse / Canteen)</p>			



11. VALUATION CERTIFICATE (CONTINUED)

- C -

COLLIERS
 JORDAN LEE & JAAFAR

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
				For the purpose of this valuation, we have disregarded those buildings/portion of buildings without approved building plans. (Note: Property held under owner occupation)			
2) Lot 117N, Title Geran 29785. Town of Ipoh, District of Kinta, bearing address No. 1, Jalan Bijeh Timah, Ipoh, Perak Darul Ridzuan. (File No. JLC/PK/845/2003)	Ho Yan Hor Holdings Sdn. Bhd.	Category of Landuse: Bangunan Express Conditions: Perniagaan - Bangunan Kedai. (In accordance with a private search conducted on 3/12/2003 at the Ipoh Registry of Titles)	Freehold/ Charged to Southern Bank Berhad	Comprising an end 2-storey pre-war shophouse. Land Area: 1,331 sq.ft. Gross Built-up Area: 2,331 sq.ft. Date of Issuance of CF: Not available (Note: Property held under investment)	190,000/-	Comparative Method with Investment Approach as a Check	Date of Inspection: 15/9/2003 and 13/10/2003 Date of Valuation: 30/10/2003
3) Lot 7238, Title H.S.(D) 829/83, Town of Ipoh, District of Kinta, bearing address No. 19, Laluan Kangsar 7, Vaiva Light Industrial Park, Jalan Tunku Abdul Rahman (formerly Jalan Kuala Kangsar), Ipoh, Perak Darul Ridzuan. (File No. JLC/PK/846/2003)	Hovid Sdn. Bhd. (In accordance with a private search conducted on 4/12/2003 at the Ipoh Registry of Titles)	Industry (In accordance with a private search conducted on 4/12/2003 at the Ipoh Registry of Titles)	Freehold/ Charged to OCBC Bank (Malaysia) Berhad	Comprising an end 1½ storey terrace factory. Land Area: 2,050 sq.ft. Gross Built-up Area: 2,974 sq.ft. Date of Issuance of CF: 8 September 1998 (Note: Property held under owner occupation)	270,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 15/9/2003 and 13/10/2003 Date of Valuation: 30/10/2003



11. VALUATION CERTIFICATE (CONTINUED)

- D -

COLLIERS
 JORDAN LEE & JAAFAR

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date																																
4) Lot 56442, Title Geran 6107, Mukim of Hulu Kinta, District of Kinta, bearing address Lot 56442, 7½ mile Jalan Ipoh / Chemor, 31200 Chemor, Perak Darul Ridzuan. (File No. JLJC/PK/ 847/2003)	Hovid Sdn. Bhd.	Perusahaan (Industry)	Freehold/ Charged to and Caveated by OCBC Bank (Malaysia) Berhad	<p><u>Hovid Portion</u> Comprising the western portion of Lot 56442 (Parcel 1), an industrial land covering a land area of about 286,350 sq.ft. (6.5737 acres) and erected upon with a modern specialized pharmaceutical plant and some ancillary buildings. These buildings were built in 2002 and 2003.</p> <p>These buildings are of permanent construction. Brief details are as follows:-</p> <table> <thead> <tr> <th><u>Building</u></th> <th><u>Year</u> <u>Built</u></th> <th><u>Gross</u> <u>Floor</u> <u>Area</u> <u>(with</u> <u>approved</u> <u>plans</u> <u>only)</u></th> <th><u>State</u></th> </tr> </thead> <tbody> <tr> <td>Ref. 1 – Factory (Plant B)</td> <td>Built in 2002</td> <td>39,844 sf.</td> <td>Good</td> </tr> <tr> <td>Ref. 2 – D.I. Building</td> <td>Built in 2003</td> <td>900 sf.</td> <td>Good</td> </tr> <tr> <td>Ref. 3 – Guard's House</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>-</td> <td>40,744 sf. =====</td> <td></td> </tr> </tbody> </table> <p>Date of Issuance of CF: 14 October 2002 (Factory – Plant B)</p> <p><u>Carotech Portion</u> Comprising the eastern portion of Lot 56442, an industrial land covering a land area of about 588,334 sq.ft. (13.5063 acres) erected upon with an existing pharmaceutical plant / ancillary buildings and also being constructed upon with new pharmaceutical plant (which is excluded in the valuation).</p> <p>The buildings are of permanent constructions. Brief details are as follows:-</p> <table> <thead> <tr> <th><u>Building</u></th> <th><u>Year</u> <u>Built</u></th> <th><u>Gross</u> <u>Floor</u> <u>Area</u></th> <th><u>State</u></th> </tr> </thead> <tbody> <tr> <td>Ref. A – Office / Store</td> <td>2002</td> <td>5,796 sf.</td> <td>Good</td> </tr> <tr> <td>Ref. B – Glycerine Plant Building</td> <td>1998</td> <td>1,320 sf.</td> <td>Fair</td> </tr> </tbody> </table>	<u>Building</u>	<u>Year</u> <u>Built</u>	<u>Gross</u> <u>Floor</u> <u>Area</u> <u>(with</u> <u>approved</u> <u>plans</u> <u>only)</u>	<u>State</u>	Ref. 1 – Factory (Plant B)	Built in 2002	39,844 sf.	Good	Ref. 2 – D.I. Building	Built in 2003	900 sf.	Good	Ref. 3 – Guard's House	-	-	-	Total	-	40,744 sf. =====		<u>Building</u>	<u>Year</u> <u>Built</u>	<u>Gross</u> <u>Floor</u> <u>Area</u>	<u>State</u>	Ref. A – Office / Store	2002	5,796 sf.	Good	Ref. B – Glycerine Plant Building	1998	1,320 sf.	Fair	15,500,000/-	Cost Method of Valuation with Investment Approach as a check	Date of Inspection: 26/8/2003 and 13/10/2003 Date of Valuation: 30/10/2003
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11. VALUATION CERTIFICATE (CONTINUED)

- E -

COLLIERS
 JORDAN LEE & JAAFAR

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date																																												
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5) Lot 2056S, Title Grant 120, Town of Ipoh, District of Kinta, bearing address No. 29, Jalan Yang Kalsom, Ipoh, Perak Darul Ridzuan. (File No. JLJC/PK/ 848/2003)	Hovid Pharmacy Sdn. Bhd.	Category of Landuse: Bangunan Express Conditions: Perdagangan - Bangunan Kedai. (In accordance with a private search conducted on 3/12/2003 at the Ipoh Registry of Titles)	Freehold/ Charged to United Malayan Banking Corporation Berhad (now RHB Bank Berhad)	<p>Comprising a mid 3-storey shopoffice being used as a pharmacy retail outlet at the ground floor and offices at the upper floors.</p> <p>Land Area: 1,740 sq.ft.</p> <p>Gross Built-up Area: 3,439 sq.ft. (based on approved building plan)</p> <p>For the purpose of this valuation, we have disregarded the extended portion of the building without approved building plan.</p> <p>Date of Issuance of CF: 10 May 1969</p> <p>(Note: Property held under owner occupation)</p>	410,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 15/9/2003 and 13/10/2003 Date of Valuation: 30/10/2003																																												



11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- F -

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
6) Lot P.T. 17980, Title H.S.(D)KA 67801, Town of Ipoh, District of Kinta, bearing address No. 64, 64A C, Jalan Long Sin Nam, Ipoh, Perak Darul Ridzuan. (File No. JLJC/PK/849 /2003)	Hovid Pharmacy Sdn.Bhd.	Category of Landuse: Bangunan Express Conditions: Perniagaan - Bangunan Kedai. (In accordance with a private search conducted on 3/12/2003 at the Ipoh Registry of Titles)	99 years leasehold interest expiring on 20 th December, 2078/Charged to Ban Hin Lee Bank Berhad (now Southern Bank Berhad)	Comprising a mid 4-storey shopoffice being used as a pharmacy retail outlet at the ground floor and offices at the upper floors. Land Area: 1,336 sq.ft. Gross Built-up Area: 4,361 sq.ft. (based on approved building plan) For the purpose of this valuation, we have disregarded the extended portion of the building without approved building plan. Date of Issuance of CF: Not available (Note: Property partly held under owner occupation/partly under investment)	640,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 15/9/2003 and 13/10/2003 Date of Valuation: 30/10/2003
7) Lot P.T. 143393, Title H.S.(D)KA 55668, Mukim of Hulu Kinta, District of Kinta, bearing address No. 71, Jalan Pengkalan Indah 2, Bandar Pengkalan Indah, Ipoh, Perak Darul Ridzuan. (File No. JLJC/PK/850 /2003)	Hovid Pharmacy Sdn.Bhd.	Commercial	99 years leasehold interest expiring on 19 th November, 2095/ Charged to OCBC Bank (Malaysia) Berhad	Comprising a mid 2-storey shopoffice being used as a store. Land Area: 1,400 sq.ft. Gross Built-up Area: 2,722 sq.ft. Date of Issuance of CF: 6 November 1998 (Note: Property held under owner occupation)	190,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 15/9/2003 and 13/10/2003 Date of Valuation: 30/10/2003



11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- G -

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
8) Lot 96, Title Pajakan Negeri 2988, Mukim of Ulu Telom, District of Cameron Highlands, bearing address No. 79, Jalan Sungai Palas, Cameron Highlands, Pahang Darul Makmur. (File No. JLJC/PK/851 /2003)	Ho Sue San @ David Ho Sue San	Residential	Leasehold interest expiring on 13 th September, 2039 / Charged to Southern Bank Berhad	Comprising a single storey detached holiday home. Land Area: 52,525 sq.ft. Gross Built-up Area: 3,364 sq.ft. Date of Issuance of CF: Not available (Note: Property held under owner occupation)	1,000,000/-	Comparative Method with Residual Approach as a Check.	Date of Inspection: 21/7/2003 and 4/9/2003 Date of Valuation: 30/10/2003
9) Lots P.T. 160326 to 160399 (inclusive), Titles H.S.(D) 81606 to 81675 (inclusive), Mukim of Hulu Kinta, District of Kinta, located at 8 th m.s. Jalan Tunku Abdul Rahman (formerly Jalan Kuala Kangsar), Ipoh, Perak Darul Ridzuan. (File No. JLJC/PK/852 /2003)	Javid Sdn. Bhd.	Industry	Freehold/Nil	Comprising a proposed SMI Industrial Scheme consisting 18 vacant terrace industrial lots, 55 vacant semi-detached industrial lots and 1 vacant TNB sub-station site. Total Land Area: 386,226 sq.ft. (Note: Property held under investment)	5,280,000/-	Comparative Method with Residual Approach as a Check.	Date of Inspection: 15/9/2003 and 15/10/2003 Date of Valuation: 30/10/2003



11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- H -

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
10) Lot 8265, Title Geran 57174, Mukim of 13, District of North-East, bearing address No. 52A, B & C, Lintang Angsana, Bandar Baru Ayer Itam, 11500 Pulau Pinang. (File No. VA03/PG/763 (SC))	Trustees of Leong San Toong Khoo Kongsi (Penang) (In accordance with a Sale and Purchase Agreement dated 23 rd March, 1992, Hovid Pharmacy Sdn. Bhd. is the beneficial owner of the property).	Commercial (based on planning check at the Majlis Perbandaran Pulau Pinang)	99 years sublease interest created by way of Agreement dated 23 rd March, 1992 between Registered Proprietors, Trustees of Leong San Toong Khoo Kongsi (Penang) and Vendor, Perumahan Farlim (Malaysia) Sdn. Bhd.	Comprising an end 3-storey shophouse being used as a pharmaceutical retail outlet at the ground floor and offices at the upper floor. Land Area: 1,776 sq.ft. Gross Built-up Area: 4,312 sq.ft. Date of Issuance of CF: 29 January 1992 (Note: Property held under owner occupation)	650,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 13/9/2003 Date of Valuation: 30/10/2003
11) Lots 312, 313 and 314, Prima Subang Industrial Park, Mukim of Damansara, District of Petaling, bearing address Nos. 38, 40 and 42, Jalan TPJ 10 (Jalan PJU 1A/11), Taman Perindustrian Jaya, 47200 Petaling Jaya, Selangor Darul Ehsan. (File No. PJ030367) (Note: Individual land titles to the respective lots are not issued yet).	C & H Piling Sdn. Bhd. (In accordance with 3 Sale and Purchase Agreements, all dated 8 th July, 1996, Hovid Pharmacy Sdn. Bhd. is the beneficial owner of the properties).	Industry (based on planning check at the Majlis Perbandaran Petaling Jaya)	Leasehold tenure (duration not stated)	Comprising 3 adjoining mid 1½ storey terrace factories being used as a factory/store. Total Land Area: 6,000 sq.ft. (or 2,000 sq.ft. per lot) Total Built-up Area: 8,625 sq.ft. (or 2,875 sq.ft. per unit) Date of Issuance of CF: 20 October 1998 (Note: Property held under owner occupation)	1,065,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 30/7/2003 Date of Valuation: 30/10/2003



11. VALUATION CERTIFICATE (CONTINUED)

COLLIERS
JORDAN LEE & JAAFAR

- I -

Property/ File No.	Registered Owner	Category of Landuse	Tenure/ Encumbrances	Description	Market Value (RM)	Method of Valuation	Date
12) Lot P.T. 27742, Title H.S.(M) 11828, Mukim of Sungai Buluh, District of Petaling, bearing address No. 16, Jalan SS4D/14, 47301 Petaling Jaya, Selangor Darul Ehsan. (File No. PJ030368)	Hovid Pharmacy Sdn. Bhd.	Category of Landuse: Bangunan Express Conditions: Bangunan Perniagaan.	Freehold/ Charged to United Malayan Banking Corporation Berhad (now RHB Bank Berhad)	Comprising an end 3-storey shopoffice being used as catering services office at the ground floor and other offices at the upper floors. Land Area: 1,750 sq.ft. Gross Built-up Area: 5,250 sq.ft. Date of Issuance of CF: Not available (Note: Property held under owner occupation)	850,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 31/7/2003 Date of Valuation: 30/10/2003
13) Lot PTD 17128, Title H.S.(D) 70280, Mukim of Tebrau, District of Johor Bharu, bearing address No. 25 & 25A, Jalan Sri Bahagia 5, Taman Sri Bahagia, 81200 Tampoi, Johor Darul Ta'zim.	Hovid Pharmacy Sdn.Bhd.	Category of Landuse: Bangunan Express Conditions: Rumah Kedai Biasa 2 Tingkat.	Freehold/ Charged to United Malayan Banking Corporation Berhad (now RHB Bank Berhad)	Comprising a mid 2-storey shopoffice being used as a pharmacy retail outlet at the ground floor and an office at the first floor. Land Area: 1,540 sq.ft. Gross Built-up Area: 3,016 sq.ft. Date of Issuance of CF: 27 August 1991 (Note: Property held under owner occupation)	430,000/-	Comparative Method with Investment Approach as a Check.	Date of Inspection: 30/9/2003 Date of Valuation: 30/10/2003
Total Market Value:					33,735,000/-		

(Ringgit Malaysia: Thirty Three Million And Seven Hundred Thirty Five Thousand Only)





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Board of Directors
Hovid Berhad
121, Jalan Tunku Abdul Rahman (formerly Jalan Kuala Kangsar)
30010 Ipoh
Perak Darul Ridzuan
Malaysia

**RE: EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET
CONSULTANT REPORT FOR HOVID BERHAD**

This Executive Summary has been prepared for inclusion in the Prospectus to be dated 15 March 2005 pursuant to the proposed listing of Hovid Berhad ("Hovid" or "Company") on the Second Board of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the pharmaceutical industry in Malaysia. The research methodology for the research includes both primary research, involving in-depth trade interviews and telephone interviews of pertinent companies, as well as secondary research such as reviewing press articles, periodicals, trade/government literatures, in-house corporate databases, Internet research as well as online databases.

Infocredit D&B (Malaysia) Sdn Bhd ("Infocredit D&B") has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, Infocredit D&B acknowledges that if there are significant changes affecting the content of the Infocredit D&B's Executive Summary after the issue of the Prospectus and before the issue of securities, then Infocredit D&B has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

For and on behalf
INFOCREDIT D&B (MALAYSIA) SDN BHD

A handwritten signature in black ink, appearing to read "Tan Sze Chong", is written over a horizontal line.

Tan Sze Chong
Managing Director



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INDUSTRY CLASSIFICATION & COVERAGE

Pharmaceuticals

The National Pharmaceutical Control Bureau ("NPCB") is the executive body which acts as the secretariat to the Drug Control Authority ("DCA") whose main responsibilities are to ensure that all products in the market are of quality, efficacious and safe. For the purposes of product registration, NPCB classifies pharmaceutical products into four main categories:

(i) Prescription drugs

Drugs that contain any substance specified in the Poisons List (listed in the First Schedule of the Poison Act 1952) which includes any preparation, solution, compound, mixture or natural substance. These are only available with a prescription from a registered medical practitioner or a registered dentist.

(ii) Over-the-counter ("OTC") products

Products that include drugs and dietary supplements that do not contain any substance listed in the First Schedule of the Poison Act 1952 and are sold over the counter to consumers.

(iii) Traditional medicines

Products that are employed in the practice of indigenous medicine whereby the drugs used consist of one or more naturally occurring substances of plant, animal or mineral or part thereof or in extracted form or non-extracted form and any homeopathic medicine.

(iv) Cosmetics

Products that are defined as any substance intended for application or capable or purported to be used or claimed to be used on various external parts of the human body.



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Phytonutrients

Phytonutrients, specifically tocotrienols and carotenoids, are shown to have tremendous application potential in the health and beauty industries as well as being a vital component in the reduction and prevention of selected illnesses. Tocotrienols are mostly found in cereal grains such as barley, rice, rye, wheat as well as the fruit of palm.

Carotenoids, or commonly known as beta-carotenes, are essentially naturally-occurring plant pigments which impart the orangey-red colour to most fruits, vegetables and plants. Carotenoids can also be produced by chemical synthesis. These pigments exhibit strong antioxidant powers and are present in most fruits, vegetables and numerous vegetable oils. Crude palm oil is one of the world's richest natural plant sources of carotenes.

LEGISLATIONS, POLICIES & INCENTIVES

The role and functions of pharmacy services in the development of the healthcare sector in Malaysia saw a remarkable change upon the establishment of the Pharmaceutical Services Division in January 1974, under the Ministry of Health Malaysia. Three major activities that are currently being undertaken by this division are (i) Quality Assurance of Pharmaceutical Products; (ii) Pharmacy Enforcement and Licensing and (iii) Pharmaceutical Care Management.

a. Quality Assurance of Pharmaceutical Products

The responsibility of ensuring quality assurance for public health purposes is carried out by NPCB. NPCB is a regulatory agency established by the Ministry of Health Malaysia in 1978, acting as an "industry watchdog" for the Ministry. Pharmaceutical products are to conform to an acceptable standard of quality, safety and efficacy prior to registration and all premises and practices in relation to the manufacturing, storage and distribution of pharmaceutical products are to comply with the required standards until delivery to end-users.

b. Enforcement & Licensing

The manufacturing and marketing of pharmaceutical products in Malaysia are as heavily regulated as in most developed countries. The objective of Enforcement and Licensing is to

**12. SUMMARY OF THE INDEPENDENT MARKET RESEARCH CONSULTANT'S REPORT
(CONTINUED)**

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ensure that the import, manufacture, sale, supply, management and use of pharmaceuticals, cosmetics and healthcare products are conducted in accordance to the existing national legislation. On enforcement, several legislations are formed to enable the division to control and regulate the pharmaceutical sector. Amongst them are:

- *Poison Act 1952*
- *Sales of Drug Act 1952 revised in 1989*
- *Registration of Pharmacist Act*
- *Control of Drugs and Cosmetics Regulations 1984*
- *Dangerous Drug Act 1952*
- *Medicines (Advertisement and Sale) Act 1956*
- *Patent Act 1983*
- *Trade Description Act 1972*
- *Pesticides Act 1974*

Meanwhile, under the current legislations, licensing ensures that the import, storage, sale and supply of pharmaceutical products are carried out by qualified or fit persons complying with the provisions of the laws. In addition, all manufacturers, importers and wholesalers are required to be registered with the Drug Control Authority. To be licensed, all manufacturers have to be in full compliance with the Current Code of Good Manufacturing Practice ("cGMP") under the Pharmaceutical Inspection Co-operation Scheme ("PIC/S"). According to the NPCB, a total of 1,425 licenses were issued in 2002, of which 231 are licensed manufacturers, 313 are licensed importers and 881 are licensed wholesalers.

c. Pharmaceutical Care Management

The concept of pharmaceutical care is aimed at ensuring patient-focused services, provision of optimum drug therapy, either in terms of preparation/manufacture, supply and control of medicines or in terms of provision of information and advice to those who prescribe or use pharmaceutical products.



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d. Government Incentives

Currently, in Malaysia, there are no specific direct government incentives for pharmaceutical companies. In general, pharmaceutical manufacturing companies enjoy the same government incentives in the area of manufacturing such as:

- i) pioneer status privilege
- ii) investment tax allowance
- iii) reinvestment allowance
- iv) export credit refinancing
- v) double deduction for promotion of exports
- vi) incentive for research and development ("R&D") in the form of double deduction
- vii) industrial building allowance
- viii) capital allowance

FACTORS AFFECTING THE INDUSTRY

The domestic pharmaceutical industry is currently being given a boost by the government based on the recent budget announcement for 2004. The government has allocated RM9 billion to upgrade the existing healthcare system. With many drugs patents expected to expire within the next couple of years, the domestic generic manufacturers are given the extra push to expand both the local and export markets.

a. Patents Expiration

The number of patents expiring in a year will affect the prospects and opportunities for generic pharmaceutical products penetration. Generic manufacturers have the opportunities to expand their market by producing and replenishing their product pipelines with new drugs as soon as the proprietary products go off patents.

b. Extent of R&D

Over the last decade, a significant development of the Malaysian pharmaceutical industry is the strong emphasis placed by some local manufacturers on R&D, particularly in the fields

**12. SUMMARY OF THE INDEPENDENT MARKET RESEARCH CONSULTANT'S REPORT
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of product innovation and improvement as well as in bio-pharmaceutical and natural resources in an attempt to stay ahead of competition.

c. Government/Regulatory Development

The level of a government's support to the domestic pharmaceutical industry will dictate the speed and direction of the industry's growth. The pricing reforms through the National Essential Drug List, government incentives and subsidies as well as international standards for clinical trial practice and pharmaceutical inspection will promote healthy growth in the industry.

d. Economic Development

Per capita GNP or income determines the purchasing power of the consumer, hence, dictates the healthcare and pharmaceutical expenditure of an individual. The lower the per capita income, the lower the purchasing power of consumers, hence the demand for less expensive generic drugs becomes higher as compared to the "branded" ones. In other words, the per capita income of a country determines the uptake and prospect of generic drugs in that particular country.

e. Social Development & Others

Changes in the buying behaviour of consumers also affect the pharmaceutical industry. One example of a change in the buying behaviour is that consumers are placing greater emphasis on self-medication. In addition, the increased awareness on healthcare and increased affluence affect lifestyle which in turn influence consumers' intake of dietary supplements. Increased consciousness on beauty and weight control are promoters of the uptake of dietary supplements.



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BARRIERS TO ENTRY

a. Highly Regulated Industry

The imposition of strict and strong regulation as well as restriction by the Government has helped shape the pharmaceutical industry landscape by ensuring quality, efficacy and safety of domestically produced generics in this country. A barrier to entry comes in the form of being cGMP-compliant. The process of being a cGMP-compliant factory is long and tedious, with many guidelines to follow and constant internal and external audits to be conducted to ensure conformity.

b. Long Gestation Period

The pharmaceutical industry is characterised as one with long gestational period of research, development and registration. The time frame for the R&D period for pharmaceutical products is usually lengthy due to the constant concerns over the safety of the products given its relativity to toxicity. Upon submission of full documentation to the DCA, the registration review and approval process may take up to 2 years. On top of that, pharmaceutical manufacturers, wholesalers or importers need to obtain license from the DCA to be able to manufacture or sell pharmaceutical products in Malaysia.

The tocotrienols industry takes a long gestational period, specifically in the field of R&D. In addition, the time taken to prove, educate and create awareness amongst consumers on its differences and benefits as opposed to tocopherols is another long process. It took Malaysian Palm Oil Board about 10 to 12 years and Carotech about 5 years in R&D before the successful commercialisation of producing palm tocotrienols. In addition, these players have already created the first movers advantage, building their own brand of tocotrienols in the process of creating product awareness

c. Capital Intensiveness

Companies involved in the entire value chain of R&D, manufacturing as well as marketing may find the pharmaceutical industry capital intensive. On plant, equipment and machinery alone, most players surveyed spent between a range of RM4 million to RM8 million for the smaller manufacturers, RM20 million to RM40 million for the medium-sized ones and one

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of the listed pharmaceutical companies spent about RM163 million. The high capital intensiveness is due to the need for imported machinery from overseas. The Ringgit devaluation has added additional burden to companies currently involved in this industry as future machinery replacement cost would surely be higher. The devalued Ringgit also increases the barrier to entry into this industry as capital intensiveness for new entrants is significantly higher.

In addition, these companies have to set aside sufficient long-term capital to sustain R&D, for conducting clinical trials and bio-equivalence tests, to prepare for long gestational period of authority approvals on product registration as well as of market acceptance of new products.

d. Patents & Technologies

The existence of patents on the integrated process of extracting tocotrienols effectively and efficiently will pose as a hindrance to new-comers into the industry. Carotech has patented its unique process of extracting tocotrienols. Any new-comers would need to spend more time and money to find alternatives to existing patents to extract tocotrienols. The technical uniqueness in extracting palm tocotrienols and palm carotene is one of its kind in the world currently. This, in itself, is already an entry barrier, limiting the chances for new entrants.

e. Market Acceptance

Most new entrants will find gaining market acceptance difficult given that the products are consumables and relates to health. Consumers are more stringent on their selection of products and are usually more prone to product loyalty or company loyalty. Switching cost of consumers may be low but most consumers are likely to stick to the products that they are used to and have confidence in. Pharmaceutical players have to demonstrate long-term commitment of responsibility and accountability to the community and the consuming public.



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INDUSTRY OUTLOOK

Pharmaceuticals

Global audited sales for pharmaceuticals grew by 9% in 2002 to reach RM1,772 billion. Asia, Africa and Australia accounted for 8% or RM141.7 billion of global audited sales. The prospects of the global pharmaceutical market remain promising with global sales of pharmaceutical products driven by the natural growth of the world population, the high usage of pharmaceutical medicines by the ageing population, the rising standards of living among less developed countries, more affordable pharmaceutical medicines due to patent expiries and the advances in drug delivery technology. Other driving factors include rising health awareness among consumers and the increasing use of dietary supplements for nutrition, health or disease prevention benefits.

The main drivers of global pharmaceutical sales are consistent with the forces which drive the Malaysian pharmaceutical market, namely a growing population, increasing health consciousness, an aging population, prescription drug patent expiry, tropical diseases and introduction of new special drug delivery systems. With over 16,000 pharmaceutical preparations registered, the present value of the Malaysian generic pharmaceutical market is approximately RM2.2 billion. The 15 major local pharmaceutical manufacturers surveyed contributed only 28.2% of the total market value, leaving the remaining 71.8% or RM1.6 billion characterised by imports.

Apart from local market, there are ample growth opportunities in the export markets. Detailed below are some of the industry growth factors, inter alia:

a. Growing Population

The pharmaceutical industry is driven by the natural growth of world population of over 79 million per year. The United Nations Population Division projected that the world population will reach 7 billion by as early as 2011. In 2002, less-developed countries (excluding China) made up of 60% of the world population and by 2050, the percentage is projected to increase to 71%, indicating the growing importance of these countries.



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b. Ageing Population

The high life expectancies and rising standards of living in Malaysia and Singapore, and a steady flow of new products and product line extensions are factors that are likely to help sustain global growth in the consumption of pharmaceutical products. The WHO has reported that the global ageing population (over 65 years) is the single-largest user group of prescription drugs and consumes three times as many pharmaceutical medicines as compared to younger patients. Ageing populations are expected to provide a strong market demand for pharmaceutical products as elderly people often suffer from chronic and degenerative diseases.

c. Relaxed patent protection

There has been much debate and discussions on the increasing concerns about the dependency of less-developed countries on private companies for critical health support and life saving patented pharmaceuticals that are often beyond reach due to the high price. In June 2002, the WIO council responsible for intellectual property approved a decision extending until 2016 for the transition period during which less-developed countries do not have to provide patent protection for pharmaceuticals. This spells good opportunities for generic pharmaceutical manufacturers in the less-developed countries.

d. Increasing health consciousness

In Malaysia, the dietary supplements market is and will continue to be driven by increasing health consciousness where consumers are increasingly informed and aware of the link between nutrition, health and disease prevention. Consumers are seeking convenience for themselves and those they care for, children and the elderly. In general, dietary supplements are positioned to have various benefits ranging from health enhancement, anti-ageing, cosmetics, weight control, even to a possible role in the treatment and prevention of diseases. In addition, positive attitudes of medical professionals toward dietary supplements and the availability of scientific evidence about specific benefits of some products are important driving factors for the dietary supplements market.



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Phytonutrients

Tocotrienols will ride on the strong demand growth of natural vitamin E that has been widely used in cosmetic products and in mainstream healthcare products, particularly in the US and Europe markets. Natural vitamin E is in high demand among consumers because of research linking it to reduced risk for coronary heart disease and cancer. Natural vitamin E is also promoted as being four times more effective than its synthetic counterpart and is therefore more adapted for use in health supplements.

The antioxidant and cardiovascular properties of tocotrienols are especially important in addressing the growing ageing population. Many studies confirm the antioxidant properties of carotenoids and their effects on the health status of elderly people. There are thus tremendous opportunities for tocotrienols and carotenoids in major markets namely the US, UK, France, Germany and Japan. With the exception of the US, more than 20% of the citizens in these countries are above 60 years old.

The potential for tocotrienols and carotenoids in the developed markets namely US, Japan and Europe, lies in the booming nutraceuticals market. The growth of the nutraceuticals market, that includes functional food and dietary supplements, has demonstrated strong trends over the years. In the US, it is currently estimated at some US\$19 billion compared to US\$8 billion in 1994. Inclusive of functional food and dietary supplements, the nutraceuticals market is forecasted to reach US\$35.4 billion by 2006 for the US market. For Japan, the market for nutraceuticals has been consistently expanding at about 10% per annum registering US\$21.2 billion in 2002 and is expected to reach US\$54 billion by 2012.

Further opportunities for tocotrienols complex will stem from cancer studies, cosmetics/skin nutrients, cholesterol studies, cataract and muscular degenerations as well as the nutraceuticals market that includes functional food and dietary supplements.

hovid

Continuous Innovation & Quality

何人可有限公司

03 MAR 2005

Registered Office:

121, Jalan Tunku Abdul Rahman
30010 Ipoh
Perak Darul Ridzuan
Malaysia

The Shareholders

Hovid Berhad

Dear Sir/Madam

On behalf of the board of directors of Hovid Berhad ("Company"), I report that after making due enquiries in relation to the interval between 31 October 2004, being the date to which the last audited financial statements of the Company and its subsidiaries ("Group") have been made up, and 3 March 2005, being a date not earlier than 14 days before the issue of this prospectus:

- (a) the business of the Group has, in the opinion of the board of directors of the Company, been satisfactorily maintained;
- (b) in the opinion of the board of directors of the Company, save as disclosed in this prospectus, no circumstances have arisen since the last audited financial statements of the Company and its subsidiaries which have adversely affected the trading or the value of the assets the Company or its subsidiaries;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed under **Section 9.2** of this prospectus, no contingent liability has arisen by reason of any guarantee or indemnity given by the Group;
- (e) the board of directors of the Company are not aware of any default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group since the last audited financial statements of the Group; and
- (f) save as disclosed in the Reporting Accountants' Report set forth in **Section 10** of this prospectus, there has been no material change to the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully

For and on behalf of the board of directors of

Hovid Berhad



Ho Sue San @ David Ho Sue San
Managing Director

HOVID Bhd. (58476-A)
(formerly known as Hovid Sdn. Bhd.)

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