

*The following is the text of a letter, summary of values and valuation certificates, prepared for inclusion in this prospectus, received from A A Property Services Limited, an independent valuer, in connection with their valuations as of February 15, 2010 of the property interests of our Group.*

March 19, 2010

The Directors  
Fook Woo Group Holdings Limited  
Fook Woo Group Building  
No.3 Kui Sik Street  
On Lok Tsuen  
Fanling  
New Territories

Room 602, 6/F., Mirror Tower  
61 Mody Road  
Tsimshatsui East  
Kowloon

Dear Sirs,

In accordance with your instruction for us to value the property interests held by Fook Woo Group Holdings Limited and/or its subsidiaries (together known as “the Group”) in the People’s Republic of China (“the PRC”) and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as of February 15, 2010.

Our valuation is our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been made on the assumption that the owners sell the property interests in the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase the value of the property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no allowance has been made for the property interests to be sold in one lot or to a single purchaser.

We have adopted two valuation approaches in arriving at the values of the property interests. The Market Approach whereby sales evidence of land of character similar to the lands under consideration as available in the market is collated and analyzed to arrive at the values appropriate to the lands is adopted for the valuation of the land use rights in respect of the lands owned by the Group. Comparisons are made in respect of the locations, sizes and characters between the lands and the comparable lands in order to arrive at a value appropriate to the lands under consideration.

Since there is no established market for the buildings and structures erected on the lands, we have adopted the Cost Approach in ascertaining the values of the buildings and structures. In our opinion, the Cost Approach would furnish the most reliable indication of values for property interests where it is not practicable to establish existing use value by means of the market approach. The Cost Approach entails

the estimation of the gross replacement costs of the buildings from which deductions may be made to allow for age, condition, economic or functional obsolescence, environmental and other relevant factors to arrive at the values of the buildings and structures under consideration.

In valuing the property interests located in the PRC, we have assumed that the land use rights under which the property interests are held are transferable for the residue of the term as granted. We have further assumed that the property interests are freely disposable and transferable in their existing conditions in the open market to both local and overseas purchasers unless otherwise stated. The owners have the right to transfer the land use rights to any third parties at nominal land use fees and no premium or any fee of substantial amount has to be made to the relevant government authority.

We have been provided with copies of agreements or title documents regarding the title of the property interests located in the PRC. We have not, however, scrutinized the original documents nor conducted searches at the relevant title registration offices in the PRC to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. We have relied upon the advice given by the legal adviser on the law of the PRC, Jun He Law Offices, as regards the title of the property interests to the Group and other relevant legal matters. In arriving at the values of the property interests, we have relied upon the legal opinion of the legal adviser on the law of the PRC. All documents and title deeds have been used as reference only. All dimensions, measurements and areas are approximate.

We have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, tenancy details, site and floor areas, age of buildings and all other relevant matters which can affect the values of the property interests.

We have not carried out on-site measurement to verify the site and floor areas of the property under consideration. We have assumed that the site and floor areas supplied to us or as shown on the documents handed to us are correct. We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

The property interests in Group II and III, which are leased by the Group in the PRC and Hong Kong respectively, have no commercial values due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

We have conducted an inspection of the property and where possible, the interior of the property included in the attached Valuation Certificate in respect of which we have been provided with such information as we have required for the purpose of our valuation.

No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In this valuation, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the rules governing the listing of securities issued by the Stock Exchange of Hong Kong Limited; and the HKIS Valuation Standards on Properties (1<sup>st</sup> Edition) published by the Hong Kong Institute of Surveyors and effective from January 1, 2005.

Our Summary of Valuation and Valuation Certificate are attached.

Yours faithfully,  
For and on behalf of  
A A PROPERTY SERVICES LIMITED

PATRICK W.C. LAI,  
MRICS, MHKIS, MCI Arb., RPS  
Executive Director

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*Note: Mr. Patrick W. C. Lai, Chartered Valuation Surveyor, has been a qualified valuer with A A Property Services Ltd. since 1991 and has over 15 years of experience in the valuation of property located in Hong Kong and the People's Republic of China. Mr. Lai is on the List of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in connection with Takeovers and Mergers issued by the Hong Kong Institute of Surveyors under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.*

SUMMARY OF VALUATION

Property	Capital value in existing state as of February 15, 2010
Group I — Property interests owned and occupied by the Group in the PRC	
1. Lot Nos. 19130000118 and 19130000119 and an adjoining piece of land together with the buildings and structures erected thereon at Liang Wu Gao Tou Cun Yuan Zhou Town Boluo County Hui Zhou Guangdong Province The People’s Republic of China	RMB59,000,000 (HK\$67,100,000)
2. Lot Nos. 26, 27, 28 & 29 together with the buildings and structures erected thereon at Liang Wu Gao Tou Cun Yuan Zhou Town Boluo County Hui Zhou Guangdong Province The People’s Republic of China	RMB130,400,000 (HK\$148,400,000)
Group II — Property interest leased and occupied by the Group in the PRC	
3. Lot No. 19190001525 at Yuan Zhou Town Boluo County Hui Zhou Guangdong Province The People’s Republic of China	No commercial Value

Property		Capital value in existing state as of February 15, 2010
Group III — Property interests leased and occupied by the Group in Hong Kong		
4.	Fook Woo Group Building No.3 Kui Sik Street Lot No.5344 in Demarcation District No.51 Fanling New Territories	No commercial value
5.	Simplex 1 (also known as Simplex A) on 32 <sup>nd</sup> Floor of Block 2, Parc Palais, No.18 Wylie Road, Kowloon	No commercial value
6.	A piece of land under Short Term Tenancy No.KX2389 at Sung Wong Toi Road, Kowloon, Hong Kong	No commercial value

VALUATION CERTIFICATE

Group I — Property interests owned and occupied by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as of February 15, 2010
1. Lot Nos. 19130000118 and 19130000119 and an adjoining piece of land together with the buildings and structures erected thereon at Liang Wu Gao Tou Cun, Yuan Zhou Town, Boluo County, Hui Zhou, Guangdong Province, The People’s Republic of China	<p>The property comprises three parcels of land together with the buildings and structures erected thereon and contains a total site area of about 64,781 sq.m..</p> <p>The major buildings contain a total gross floor area of 33,047 sq.m. with the following accommodations:</p> <p>Factory/office buildings: 25,764 sq.m. Dormitory: 7,283.4 sq.m.</p> <p>The major buildings were completed in various stages between 1994 and 2003.</p> <p>In addition, there are other structures erected on the land. They include guard houses, water tanks, switch rooms, workshops, pump rooms, filtration plant room, boiler room, etc.</p> <p>The property is held under the land use rights granted for a term expiring on November 10, 2052 and December 27, 2048 respectively.</p>	<p>The property is at present occupied by the Group for industrial purposes with ancillary office.</p> <p>The dormitory buildings are occupied as staff quarters.</p>	RMB59,000,000 (HK\$67,100,000)

Notes:

1. Pursuant to the Certificate for the State-owned Land Use Right Bo Fu Guo Yong (2002) Di 1322190449 Hao (博府國用(2002)第1322190449號) dated December 13, 2002 issued by the People’s Government of Boluo County, the land use right of a piece of land comprising a site area of 60,000 sq.m. was granted to Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for a term expiring on November 10, 2052 for industrial uses. The existing uses on the property comply with the permitted use of the property.
2. Pursuant to the Certificate for the State-owned Land Use Right Bo Fu Guo Yong (2008) Di 190010 Hao (博府國用(2008)第190010號) dated January 16, 2008 issued by the People’s Government of Boluo County, the land use right of a piece of land comprising a site area of 2,736 sq.m. was granted to Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for a term expiring on December 27, 2048 for industrial uses. The existing uses on the property comply with the permitted use of the property.

3. Pursuant to the Certificate for the State-owned Land Use Right Bo Fu Guo Yong (2008) Di 190009 Hao (博府國用(2008)第190009號) dated January 15, 2008 issued by the People’s Government of Boluo County, the land use right of a piece of land comprising a site area of 2,044.5 sq.m. was granted to Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for a term expiring on December 27, 2048 for industrial uses. The existing uses on the property comply with the permitted uses of the property.
4. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221484 Hao (粵房地証字第C2221484號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building 4, containing 1 storey and a gross floor area of 3,157.1 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

5. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221483 Hao (粵房地証字第C2221483號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building 5, containing 3 storeys and a gross floor area of 9,767.53 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

6. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221449 Hao (粵房地証字第C2221449號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building 9, containing 1 storey and a gross floor area of 2,718.75 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

7. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221446 Hao (粵房地証字第C2221446號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the dormitory, containing 4 storeys and a gross floor area of 1,907.7 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1998.

The building was permitted for dormitory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

8. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221445 Hao (粵房地証字第C2221445號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the dormitory, containing 4 storeys and a gross floor area of 1,907.7 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1998.

The building was permitted for dormitory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

9. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C4360633 Hao (粵房地証字第C4360633號) dated August 15, 2006 issued by the People’s Government of Boluo County, the ownership of the dormitory, containing 4 storeys and a gross floor area of 3,468 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 2003.

The building was permitted for dormitory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

10. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221450 Hao (粵房地証字第C2221450號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building 10, containing 1 storey and a gross floor area of 3,240 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

11. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C4360632 Hao (粵房地証字第C4360632號) dated August 15, 2006 issued by the people's Government of Boluo County, the ownership of the factory building, containing 3 storeys and a gross floor area of 6,880.95 square meters, was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 2003.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

12. Pursuant to the Construction Works Planning Permit No. Yuan Zhou Jian Xi Di 4413222009-0098 (園洲建字第4413222009-0098號) dated July 30, 2009 issued by the Planning Bureau of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for boiler room purpose.
13. Pursuant to the Business Licence No. 441300400009399 issued by the Huizhou Industrial and Commercial Administrative and Management Bureau on February 10, 2009, Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) was established with a registered capital of HK\$100,000,000 and is authorized to carry on business for a term commencing on March 26, 1996 and expiring on March 25, 2016. The company is permitted to carry out the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.
14. Pursuant to the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hongkong, Macao and overseas Chinese in the People's Republic of China — Shang Wai Zi Yue Hui Wai Zi Zheng Zi (2007) 0035 Hao (商外資粵惠外資証字(2007)0035號) issued by the People's Government of Guangdong Province on August 28, 2008, Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) was permitted to be established by Golddoor Co. Ltd. (金益多有限公司) with the registered capital of HK\$100,000,000 for 20 years. The total investment was HK\$130,000,000. The scope of business is the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.
15. According to the legal advice furnished by the Group's legal adviser on the laws of the People's Republic of China, Jun He Law Offices, the following opinion is noted:-
  - a) Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) has been incorporated in accordance with the law of the People's Republic of China and the business licence of the company is valid and has full force and is an indirect wholly-owned subsidiary of Fook Woo Group Holdings Limited;
  - b) Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) has obtained the Certificates for the State-owned Land Use Right and the Building Ownership Certificates as mentioned in Notes 1 to 11 above and legally owns the land use rights and the building ownership of the property;
  - c) Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) is entitled to use the land and the buildings of the property within the land use rights terms;
  - d) The property subject to Certificates for the State-owned Land Use Right Bo Fu Guo Yong (2002) Di 1322190449 Hao, Bo Fu Guo Yong (2008) Di 190010 Hao and Bo Fu Guo Yong (2008) Di 190009 Hao and Building Ownership Certificates Yue Fang Di Zheng Zi Di C2221483 to C2221484 Hao, Yue Fang Di Zheng Zi Di C2221445 to C2221446 Hao, Di C2221449 to C2221450 Hao and Yue Fang Di Zheng Zi Di C4360632 to C4360633 Hao are mortgaged. During the effective period of the mortgages, Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) can lease, transfer or by other legal means dispose of the property if the prior written consent of the mortgagee is obtained;
  - e) The property is not subject to any mortgage or other third party's encumbrance save as referred to in Note d) above; and
  - f) Upon obtaining the Construction Works Commencement Permit(s) for other structures being erected on the land of the property and completing the construction works completion examination procedure and/or application as well as fire protection design revision and completion examination procedure, obtaining the construction planning design confirmation or completing the examination procedure and/or application from the planning department,



Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) will have no major practical legal impediment to obtain the relevant Building Ownership Certificates for such structures.

16. The status of title and major approvals in accordance with the information provided to us and the opinion of the legal adviser on the laws of the People’s Republic of China are as follows :-

<u>Type of Document</u>	<u>Status</u>
State-Owned Land Use Right Certificates	Obtained
Building Ownership Certificates	Obtained
Business Licence	Obtained
Certificate of Approval for Establishment of Enterprises with Foreign Investment	Obtained

		Capital value in existing state as at February 15, 2010		
Property	Description and Tenure	Particulars of Occupancy		
2.	<p>Lot Nos. 26, 27, 28 &amp; 29 together with the buildings and structures erected thereon at Liang Wu Gao Tou Cun, Yuan Zhou Town, Boluo County, Hui Zhou, Guangdong Province, The People’s Republic of China</p> <p>The property comprises four parcels of land together with the buildings and structures erected thereon and contains a total site area of about 57,042 sq.m..</p> <p>The major buildings contain a total gross floor area of about 44,823 sq.m. with the following accommodations:</p> <p>Factory buildings: 41,890 sq.m. Generator building: 2,468 sq.m. Plant room: 465 sq.m.</p> <p>The major buildings were completed in various stages between 1994 and 2009.</p> <p>In addition, there are other buildings and structures erected on the land. They include guard house, workshops, water tanks, canteens and storage shed.</p> <p>The property is held under the land use rights granted for a term of 50 years commencing on the date possession of the property was given.</p>	<p>The property is at present occupied by the Group for industrial purposes with ancillary office</p>	<p>RMB130,400,000 (HK\$148,400,000)</p>	

Notes:

1.
- Pursuant to the State-owned Land Use Right Grant Contract No.441322-2010-000014 dated February 8, 2010 made between the Land Resources Administration Bureau of Buluo County (“the Grantor”) and Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) (“the Grantee”), the land use right in respect of a piece of land was granted by the Grantor to the Grantee for a term of 50 years for industrial uses at a consideration of RMB1,680,000. The land contained a site area of 6,774 sq.m..
2.
- Pursuant to the State-owned Land Use Right Grant Contract No.441322-2010-000013 dated February 8, 2010 made between the Land Resources Administration Bureau of Buluo County (“the Grantor”) and Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) (“the Grantee”), the land use right in respect of a piece of land was granted by the Grantor to the Grantee for a term of 50 years for industrial uses at a consideration of RMB8,700,000. The land contained a site area of 36,943 sq.m..
3.
- Pursuant to the State-owned Land Use Right Grant Contract No.441322-2010-000016 dated February 8, 2010 made between the Land Resources Administration Bureau of Buluo County (“the Grantor”) and Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) (“the Grantee”), the land use right in respect of a piece of land was granted by

the Grantor to the Grantee for a term of 50 years for industrial uses at a consideration of RMB1,230,000. The land contained a site area of 5,215 sq.m..

4. Pursuant to the State-owned Land Use Right Grant Contract No.441322-2010-000015 dated February 8, 2010 made between the Land Resources Administration Bureau of Buluo County (“the Grantor”) and Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) (“the Grantee”), the land use right in respect of a piece of land was granted by the Grantor to the Grantee for a term of 50 years for industrial uses at a consideration of RMB1,910,000. The land contained a site area of 8,110 sq.m..
5. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221487 Hao (粵房地証字第C2221487號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building, containing 1 storey and a gross floor area of 3,275 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994. The factory building has been modified to provide a reduced gross floor area of about 1,350 sq.m.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

6. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221485 Hao (粵房地証字第C2221485號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building, containing 1 storey and a gross floor area of 3,091.6 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994. The factory building has been modified to provide a reduced gross floor area of about 1,000 sq.m.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

7. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221482 Hao (粵房地証字第C2221482號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building, containing 1 storey and a gross floor area of 1,530.65 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

8. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221431 Hao (粵房地証字第C2221431號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building 7, containing 3 storeys and a gross floor area of 9,767.53 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd., (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

9. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221447 Hao (粵房地証字第C2221447號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the generator building, containing 2 storey and a gross floor area of 2,467.9 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for generator room use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

10. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221448 Hao (粵房地証字第C2221448號) dated July 19, 2004 issued by the People’s Government of Boluo County, the ownership of the factory building, containing 1 storey and a gross floor area of 3,097.86 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

11. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221486 Hao (粵房地証字第C2221486號) dated July 19, 2004 issued by the People's Government of Boluo County, the ownership of the plant room, containing 1 storey and a gross floor area of 465.34 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for plant room use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

12. Pursuant to the Building Ownership Certificate Yue Fang Di Zheng Zi Di C2221488 Hao (粵房地証字第C2221488號) dated July 19, 2004 issued by the People's Government of Boluo County, the ownership of the factory building, containing 1 storey and a gross floor area of 4,372.04 sq.m., was vested in Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) and the building was completed in 1994.

The building was permitted for factory use under the said Building Ownership Certificate and the existing use on the building complies with the permitted use of the building.

13. Pursuant to the Construction Works Planning Permit No. Yuan Zhou Jian Zi Di 4413232008-0124 Hao (圓洲建字第4413232008-0124號) dated December 22, 2008 issued by the Planning Bureau of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司). The factory building contained a gross floor area of 12,026.44 sq.m..

14. Pursuant to the Construction Works Planning Permit No. Yuan Zhou Jian Zi Di 4413232008-0125 Hao (圓洲建字第4413232008-0125號) dated December 22, 2008 issued by the Planning Bureau of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. “惠州福和紙業有限公司”. The factory building contained a gross floor area of 8,745.86 sq.m..

15. The total gross floor area of the factory buildings under the Building Ownership Certificates in Notes 5-8, 10 and 12 and the Construction Works Planning Permits in Notes 13 and 14 is 41,890 sq.m..

16. Pursuant to the Construction Works Planning Permit No. Yuan Zhou Jian Xi Di 4413222009-0100 (園洲建字第4413222009-0100號) dated July 30, 2009 issued by the Planning Bureau of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for factory building purpose.

17. Pursuant to the Construction Works Planning Permit No. Bian Hao Yuan Cun Jian 2063 (編號園村建2063號) dated December 20, 2002 issued by the Village Construction Management Office of Yuan Zhou Town of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for dormitory building purpose.

18. Pursuant to the Construction Works Planning Permit No. Bian Hao Yuan Cun Jian 2061 (編號園村建2061號) dated December 20, 2002 issued by the Village Construction Management Office of Yuan Zhou Town of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for factory building purpose.

19. Pursuant to the Construction Works Planning Permit No. Bian Hao Yuan Cun Jian 2062 (編號園村建2062號) dated December 20, 2002 issued by the Village Construction Management Office of Yuan Zhou Town of Boluo County, the land was permitted to be developed by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for canteen purpose.

20. Pursuant to the Construction Works Commencement Permit No.442526200907010101 dated July 1, 2009 issued by the Planning Bureau of Boluo County, the construction works of factory building on the land containing a gross floor area of 20,772.3 sq.m. was permitted to commence by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司).

21. Pursuant to the Construction Works Commencement Permit No.442526200301050102 dated January 5, 2003 issued by the Construction Bureau of Boluo County, the construction works of dormitory building, factory building and canteen was permitted to commence by Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司).

22. Pursuant to the Business Licence No.441300400009399 issued by the Huizhou County Industrial and Commercial Administrative and Management Bureau on February 10, 2009, Hui Zhou Fook Woo Paper Co., Ltd.

(惠州福和紙業有限公司) was established with a registered capital of HK\$100,000,000 and is authorized to carry on business for a term commencing on March 26, 1996 and expiring on March 25, 2016. The company is permitted to carry out the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.

23. Pursuant to the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hongkong, Macao and overseas Chinese in the People's Republic of China-Shang Wai Zi Yue Hui Wai Zi Zheng Zi (2007) 0035 Hao (商外資粵惠外資証字(2007)0035號) issued by the People's Government of Guangdong Province on August 28, 2008, Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) was permitted to be established by Golddoor Co. Ltd. (金益多有限公司) with the registered capital of HK\$100,000,000 for 20 years. The total investment was HK\$130,000,000. The scope of business is the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.
24. According to the legal advice furnished by the Group's legal adviser on the laws of the People's Republic of China, Jun He Law Offices, the following opinion is noted:-
  - a) Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) has obtained the land use right of the land under four Grant Contracts. The four Grant Contracts have been issued by the appropriate government authority and are valid and legally binding. Since Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) has entered into the four Grant Contracts and has paid all the land premium in accordance with the four Grant Contracts, Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) will have no major practical legal impediment to obtain the Certificates for the State-owned Land Use Right for the land of the property.
  - b) Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) is entitled to use the land and the buildings of the property;
  - c) The land and the buildings under the above Building Ownership Certificates are mortgaged. However, the mortgages are not yet effective until Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) has obtained the Certificates for the State-Owned Land Use Right of the land. During the effective period of the mortgages, Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) can lease, transfer or by other legal means dispose of the buildings if the prior written consent of the mortgagee is obtained;
  - d) The land and the buildings are not subject to any mortgage or other third party's encumbrance save as referred to in Note c) above;
  - e) The Building Ownership Certificates in respect of the buildings erected on the land had been registered under another piece of land adjoining the property. Upon the grant of the Certificates for the State-owned Land Use Right for the property, the Building Ownership Certificates have to be rectified. Upon rectification, the owner will have proper legal title to the buildings under the Building Ownership Certificates.
  - f) As advised by the Group, the two buildings under Building Ownership Certificates Yue Fang Di Zheng Zi Di C2221487 Hao (粵房地証字第C2221487號) dated July 19, 2004 and Yue Fang Di Zheng Zi Di C2221485 Hao (粵房地証字第C2221485號) dated July 19, 2004 have been modified to reduce the gross floor areas of the two buildings to 1,350 sq.m. and 1,000 sq.m. respectively. As advised by the Group, upon the grant of the Certificates for the State-owned Land Use Right for the property, the two Building Ownership Certificates have to be rectified.
  - g) Upon obtaining the Certificates for State-owned Land Use Right of the property, the Construction Land Planning Permit(s), the Construction Works Planning Permit(s) and the Construction Works Commencement Permit(s) for other structures being erected on the land of the property and completing the construction works completion examination procedure and/or application as well as fire protection design revision and completion examination procedure, obtaining the construction planning design confirmation or completing the examination procedure and/or application from the planning department, Hui Zhou Fook Woo Paper Co. Ltd. (惠州福和紙業有限公司) will have no major practical legal impediment to obtain the relevant Building Ownership Certificates for such structures.
  - h) Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) has been incorporated in accordance with the law of the People's Republic of China and the business licence of the company is valid and has full force and is an indirect wholly-owned subsidiary of the Fook Woo Group Holdings Limited.
25. The market values of the buildings under the eight Building Ownership Certificates have been assessed on the basis that the eight Building Ownership Certificates can be rectified. Upon rectification, the owner has proper legal title to the buildings under the eight Building Ownership Certificates.

26. The status of title and major approvals in accordance with the information provided to us and the opinion of the legal adviser on the laws of the People’s Republic of China are as follows:-

<u>Type of Document</u>	<u>Status</u>
State-owned Land Use Right Grant Contracts	Obtained
Building Ownership Certificates	Obtained
Business Licence	Obtained
Certificate of Approval for Establishment of Enterprises with Foreign Investment	Obtained

Group II — Property interest leased and occupied by the Group in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Capital value in existing state as of February 15, 2010
3.	Lot No. 19190001525 at Yuan Zhou Town, Boluo County, Hui Zhou, Guangdong Province, The People's Republic of China	<p>The property comprises a piece of land containing a site area of about 27,179 sq.m..</p> <p>The property is permitted for the operation as a pier.</p>	The property is, at present, leased by the Group as a pier.	No commercial Value

Notes:

- Pursuant to a tenancy agreement made between Hui Zhou Boluo County Yuan Zhou Town Water Works Office (惠州市博羅縣園洲鎮水利所) as the lessor, which is unrelated to the Group and Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) as the lessee on November 4, 2009, the property was let to Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) for a term of twenty years commencing on November 1, 2009 and expiring on October 31, 2029 at a monthly rent of RMB1 per square meter per month, which is subject to the revision of scale of charges issued by the People's Government of Hui Zhou. The tenancy agreement has been registered with the relevant authority. The property was leased for bund uses and the existing uses on the property comply with the permitted use of the property.
- Pursuant to the Business Licence No. 441300400009399 issued by the Huizhou Industrial and Commercial Administrative and Management Bureau on February 10, 2009, Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) was established with a registered capital of HK\$100,000,000 and is authorized to carry on business for a term commencing on March 26, 1996 and expiring on March 25, 2016. The company is permitted to carry out the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.
- Pursuant to the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hongkong, Macao and overseas Chinese in the People's Republic of China -Shang Wai Zi Yue Hui Wai Zi Zheng Zi (2007) 0035 Hao (商外資粵惠外資証字(2007)0035號) issued by the People's Government of Guangdong Province on August 28, 2008, Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) was permitted to be established by Golddoor Co. Ltd. (金益多有限公司) with the registered capital of HK\$100,000,000 for 20 years. The total investment was HK\$130,000,000. The scope of business is the manufacturing of toilet paper and processed paper, excluding products in relation to Export Licence Administration. The products can be sold in local and overseas markets.
- According to the legal advice furnished by the Group's legal adviser on the laws of the People's Republic of China, Jun He Law Offices, the following opinion is noted :-
  - Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) has obtained the right to use the land on the terms and conditions as provided in the abovementioned tenancy agreement as approved by the People's Government of Boluo County (博羅縣人民政府);
  - Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) have obtained all requisite permits, approvals and certificates for the construction of the pier on the land; and
  - Hui Zhou Fook Woo Paper Co., Ltd. (惠州福和紙業有限公司) has been incorporated in accordance with the law of the People's Republic of China and the business licence of the company is valid and has full force and is an indirect wholly-owned subsidiary of Fook Woo Group Holdings Limited.
- We have further been instructed to assess the market value of the improvement works done on the land for pier. Based on the Cost Approach, we are of the opinion that the market value of the improvement works done on the land for pier under the above tenancy is RMB16,500,000 (HK\$18,800,000) as at February 15, 2010.

Group III — Property interests leased and occupied by the Group in Hong Kong

				Capital value in existing state as of February 15, 2010
No.	Property	Description	Particulars of Occupancy	
4.	Fook Woo Group Building, No.3 Kui Sik Street, Lot No.5344 in Demarcation District No.51, Fanling, New Territories	<p>The property comprises a 6-storeyed industrial building.</p> <p>The building was completed in about 1991.</p> <p>The property contains a total gross floor area of about 4,368.515 sq.m. (or about 47,022.7 sq.ft.).</p> <p>The property is held under New Grant No.12273.</p> <p>By virtue of section 6 of the New Territories Leases (Extension) Ordinance Chapter 150 the lease term of the property is extended until the expiry of June 30, 2047. The annual government rent for the property is equal to 3% of the rateable value of the property.</p>	The property is, at present, leased by the Group for industrial and ancillary accommodation purposes.	No commercial value

Notes:

1. The registered owner of the property is E & I Development Ltd. (“E & I”) vide memorial no.N410060 dated December, 9, 1997. E & I is held as to 50% by Astoria Group Ltd. (“Astoria”) and 50% by Inter-Oriental Investments Ltd. (“Inter-Oriental”), both of which hold the issued shares in E & I in trust for Mr. Leung Ting Yu in the case of Astoria and for Ms. Leung Hoi Ying in the case of Inter-Oriental, respectively. Mr. Leung Ting Yu and Ms. Leung Hoi Ying are the children of Mr. Leung Kai Kuen, an Executive Director and a Controlling Shareholder of Fook Woo Group Holdings Limited. Therefore, E & I is a related company of Fook Woo Group Holdings Limited.
2. Pursuant to a tenancy agreement made between E & I as the lessor and Fook Woo Waste Paper Company Limited as the lessee dated March 18, 2009, the property was let to Fook Woo Waste Paper Company Limited for a term commencing on April 1, 2009 and expiring on March 31, 2012 at a monthly rent of HK\$250,000 exclusive of management fee, Government rates and Government rent. The tenancy agreement has not been registered at the Hong Kong Land Registry.
3. Fook Woo Waste Paper Company Limited is an indirect wholly-owned subsidiary of Fook Woo Group Holdings Limited.
4. In accordance with the occupation permit no. NT177/91 dated December 18, 1991, the property was permitted for workshop, ancillary accommodation and carparking uses. The existing uses on the property comply with the permitted use of the property.
5. According to the legal opinion furnished by the legal adviser to the Group, the lessor has the right to let the property to the Group.



No.	Property	Description	Particulars of Occupancy	Capital value in existing state as of February 15, 2010
5.	Simplex 1 (also known as Simplex A) on 32 <sup>nd</sup> Floor of Block 2, Parc Palais, No. 18 Wylie Road, Kowloon 376/341, 874 <sup>th</sup> share of and in Kowloon Inland Lot No. 11118	<p>The property is a residential unit on 32<sup>nd</sup> floor of a 25-storeyed apartment building over a multi-storeyed garden and carport podium.</p> <p>The building was completed in about 2004.</p> <p>The property contains a saleable area of approximately 178.4 sq.m. (or approximately 1,920 sq.ft.).</p> <p>The property is held under Conditions of Sale No. 12575 for a term of 50 years from June 29, 2000.</p> <p>The annual government rent of the whole lot is equal to 3% of the rateable value from time to time of the lot and is subject to General Condition No. 4 of the Conditions of Sale.</p>	The property is, at present, leased by the Group for staff quarters purposes.	No commercial value

Notes:

1. The registered owner of the property is China Gold Industries Ltd. (“China Gold”) vide memorial no.UB9320276 dated August, 13, 2004. China Gold is held as to 99.99% by Ms. Tam Ming Luen and 0.0001% by Mr. Leung Ting Yu. Ms. Tam Ming Luen is a Controlling Shareholder of Fook Woo Group Holdings Limited. Therefore, China Gold is a related company of Fook Woo Group Holdings Limited.

2. The property is subject to an equitable mortgage and a mortgage deed both in favor of Bank of China (Hong Kong) Limited vide memorial nos. UB9144450 and UB9320277 dated February 9, 2004 and August 13, 2004, respectively.

3. Pursuant to a tenancy agreement made between China Gold as the lessor and Fook Woo Waste Paper Company Limited as the lessee, the property was let to Fook Woo Waste Paper Company Limited for a term of two years commencing on September 1, 2009 and expiring on August 31, 2011 at a monthly rent of HK\$82,000, exclusive of management fee, Government rates and Government rent. The tenancy agreement has not been registered at the Hong Kong Land Registry.

4. Fook Woo Waste Paper Company Limited is an indirect wholly-owned subsidiary of Fook Woo Group Holdings Limited.

5. In accordance with the occupation permit no. KN6/2004 dated February 13, 2004, the property was permitted for domestic use. The existing use on the property complies with the permitted use of the property.

6. According to the legal opinion furnished by the legal adviser to the Group, the lessor has the right to let the property to the Group.

7. In accordance with General Condition No. 4 of the Conditions of Sale, it was provided that: Rent as specified in the Particulars of the Lot shall commence and be payable from the date of this Agreement until the expiry of the term hereby granted, and shall be governed by the provisions of the Government Rent (Assessment and Collection) Ordinance, any regulations made thereunder and any amending legislation and also subject to a minimum rent of \$1 per annum (if demanded).

No.	Property	Description	Particulars of Occupancy	Capital value in existing state as of February 15, 2010
6.	A piece of land under Short Term Tenancy No.KX2389 at Sung Wong Toi Road, Kowloon, Hong Kong	<p>The property comprises a piece of land containing a site area of about 4,630 sq.m..</p> <p>The property is permitted for the operation of a business in connection with reprocessing of plastics or glass found in municipal solid waste purposes.</p>	The property is, at present, leased by the Group as waste material collection center.	No commercial value

Notes:

- Pursuant to Tenancy Agreement No.KX2389 dated July 11, 2006 made between the Government of the Hong Kong Special Administrative Region as the lessor, which is unrelated to the Group, and Fook Woo Environmental Technologies Limited as the lessee, letters dated August 27, 2009, October 9, 2009 and November 30, 2009, the property was let to Fook Woo Environmental Technologies Limited for a term commencing on June 26, 2006 up to May 2, 2010. The current monthly rent payable for the property is HK\$92,600 exclusive of Government rates for the period from December 1, 2009 to May 2, 2010. The Tenancy Agreement and the letters have not been registered at the Hong Kong Land Registry.
- Fook Woo Environmental Technologies Limited is an indirect wholly-owned subsidiary of Fook Woo Group Holdings Limited.
- The existing uses on the property comply with the permitted use of the property.
- According to the legal opinion furnished by the legal adviser to the Group, the lessor has the right to let the property to the Group.