
APPENDIX III

PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 July 2009 of the property interests of the Group.



Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

24 September 2009

The Board of Directors
Ausnutria Dairy Corporation Ltd
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties in which Ausnutria Dairy Corporation Ltd (the "Company") and its subsidiary (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 July 2009 (the "date of valuation").

Our valuation of the property interests represents 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".

Due to the nature of the buildings and structures of the property interest in Group I and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimisation." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interest in Group II, which is rented by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

APPENDIX III

PROPERTY VALUATION

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including a State-owned Land Use Rights Certificate, Building Ownership Certificates relating to the property interests and have made relevant enquiries in the PRC. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company’s PRC legal advisers — Jingtian & Gongcheng Attorneys at law, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained herein is incomplete and subject to change and it must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

APPENDIX III**PROPERTY VALUATION**

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

APPENDIX III

PROPERTY VALUATION

SUMMARY OF VALUES

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 July 2009
		RMB		RMB
1.	A parcel of land, 8 buildings and various structures No. 2 Wang Wang East Road Gaotangling Town Wangcheng County Hunan Province The PRC	54,098,000	100%	54,098,000
Sub-total:		<u>54,098,000</u>		<u>54,098,000</u>

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

No.	Property	Capital value in existing state as at 31 July 2009	Interest attributable to the Group	Capital value attributable to the Group as at 31 July 2009
		RMB		RMB
2.	Level 9 of Tower A, Xindaxin Mansion No. 168 Huangxing Middle Road Furong District Changsha City Hunan Province The PRC	No commercial value	100%	No commercial value
Sub-total:		<u>Nil</u>		<u>Nil</u>
Grand total:		<u>54,098,000</u>		<u>54,098,000</u>

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at 31 July 2009</u> RMB
1.	A parcel of land, 8 buildings and various structures No. 2 Wang Wang East Road Gaotangling Town Wangcheng County Hunan Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 44,334 sq.m. and eight buildings and various ancillary structures erected thereon which were completed in various stages between October 2001 and August 2006.</p> <p>The buildings have a total gross floor area of approximately 21,936.41 sq.m.</p> <p>The buildings mainly include an industrial building, two office buildings, three guardhouses, a boiler room and a bathroom.</p> <p>The structures mainly include sculptures, walls, roads and landscape gardening.</p> <p>The land use rights of the property have been granted for a term expiring on 31 July 2051 for industrial use.</p>	The property is currently occupied by the Group for production, ancillary and office purposes.	<p>54,098,000</p> <p>100% interest attributable to the Group: RMB54,098,000</p>

Notes:

- Ausnutria Dairy (Hunan) Company Limited (“Ausnutria Hunan”) is an indirect wholly-owned subsidiary of the Company.
- Pursuant to a State-owned Land Use Rights Certificate — Wang Bian Geng Guo Yong (2007) Di No. 620 (望變更國用(2007)第620號), the land use rights of a parcel of land with a site area of approximately 44,334 sq.m. have been granted to Ausnutria Hunan for a term expiring on [31 July 2051] for industrial use.
- Pursuant to eight Building Ownership Certificates — Wang Fang Quan Zheng Gao Zi Di Nos. 00030022 to 00030029 (望房權證高字第00030022號至00030029號), eight buildings with a total gross floor area of approximately 21,936.41 are owned by Ausnutria Hunan.
- Pursuant to a Real Estate Mortgage Contract — Wang Fang Ya Zi No. 2008-(1760–1767) (望房押字2008-(1760–1767)) dated 25 July 2008 entered into between Ausnutria Hunan and Dongtang Branch of Bank of Changsha (長沙市商業銀行東塘支行), the land use rights of a parcel of land with a site area of

APPENDIX III

PROPERTY VALUATION

approximately 44,334 sq.m. and eight buildings with a total gross floor area of approximately 21,936.41 sq.m. are subject to a mortgage for a term of 36 months commencing from 25 July 2008 and expiring on 25 July 2011 with the maximum loan amount of RMB30,000,000.

5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Ausnutria Hunan has legally obtained the land use rights and the building ownership rights of the property and has the legal rights to use, occupy, transfer, let, mortgage and otherwise dispose of the property;
 - b. Saved for the mortgage disclosed above, the property is not subject to mortgage, sequestration, guaranty or any other encumbrances; and
 - c. Ausnutria Hunan should obtain the written consent from the mortgagee in advance when transferring, letting, remortgaging or otherwise disposing of the property.

APPENDIX III

PROPERTY VALUATION

VALUATION CERTIFICATE

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

<u>No.</u>	<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Capital value in existing state as at [31 July 2009]</u> RMB
2.	Level 9 of Tower A, Xindaxin Mansion No. 168 Huangxing Middle Road Furong District Changsha City Hunan Province The PRC	<p>The property comprises the whole of Level 9 of a 24-storey commercial & residential building completed in about June 2001.</p> <p>The property has a total lettable area of approximately [1,200] sq.m.</p> <p>The property is rented to Ausnutria Dairy (Hunan) Company Limited for a term of two years commencing from 1 December 2008 and expiring on 30 November 2010 at a monthly rent of RMB35,000, inclusive of management fees, maintenance fees for elevator, drinking water, water and electricity charges.</p>	The property is currently occupied by the Group for office purpose.	[No commercial value]

Notes:

1. Ausnutria Dairy (Hunan) Company Limited (“Ausnutria Hunan”) is an indirect wholly-owned subsidiary of the Company.
2. Pursuant to a Tenancy Agreement, the property is rented to Ausnutria Hunan from Changsha Xin Da Xin Real Estate Management Co., Ltd. (“Xin Da Xin Real Estate”, a connected party to the Company), for a term of two years commencing from 1 December 2008 and expiring on 30 November 2010 at a monthly rent of RMB35,000, inclusive of management fees, maintenance fees for elevator, drinking water, water and electricity charges.
3. Pursuant to a Building Ownership Certificate — Chang Fang Quan Zheng Fu Rong Zi Di No. 00581490 (長房權証芙蓉字第00581490號), a portion of Xindaxin Mansion with a gross floor area of approximately 14,907.25 sq.m. (including the property) is owned by Changsha Xin Da Xin Real Estate Company (the “Owner”, 長沙新新大新置業有限公司).
4. Pursuant to an Asset Entrustment Management Agreement dated 1 January 2003 entered into among the Owner, Changsha Xin Da Xin Group Company (長沙新大新集團有限公司, the parent company of the Owner) and Xin Da Xin Real Estate, Xin Da Xin Real Estate has the rights to rent the portion mentioned in note 3 on behalf of the Owner and Changsha Xin Da Xin Group Co., Ltd.

APPENDIX III**PROPERTY VALUATION**

5. Pursuant to a Building Tenancy Certificate — Fu Rong Chang Fang Zu Zheng Zi Di No. 090157 (芙蓉長房租証字第090157號) dated 5 June 2009 issued by Changsha Real Estate Administration Bureau, the Tenancy Agreement has been registered with a term of one year commencing from 1 January 2009 and expiring on 31 December 2009.
6. We have been provided with a legal opinion on the legality of the tenancy agreement to the property issued by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
 - a. Xin Da Xin Real Estate has obtained a written letter of authority from the Owner of the property and hence has the legal rights to rent the property to Ausnutria Hunan; and
 - b. The Tenancy Agreement is consistent with the PRC laws and is valid, binding and enforceable on both signing parties.