

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 Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 July 2015 of the properties held by the Group.



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[[●] 2015]

The Board of Directors
Genscript Biotech Corporation
No. 28 Yongxi Road
Jiangning Science Park
Nanjing City
Jiangsu Province
The PRC

Dear Sirs,

In accordance with your instructions to value the properties held by Genscript Biotech Corporation (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) 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 market values of the property interests as at 31 July 2015 (the “valuation date”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interest in Group I, due to the nature of the buildings and structures of the property 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 by Cost Approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” 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 optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

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We have attributed no commercial value to the property interest in Group II, which has not been assigned to the Group as at the valuation date, thus the title of the property is not vested in the Group.

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 outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the [REDACTED] of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

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 other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title 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 — Fangda Partners, 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 and that no unexpected cost and delay will be incurred during construction. 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.

Inspection of the properties was carried out in May 2015 by Ms. Winnie Xu and Ms. Wody Ding. Ms. Winnie Xu is a China Public Valuer and has 4 years' experience in the valuation of properties in the PRC. Ms. Wody Ding has 4 years' experience in the valuation of properties in the PRC.

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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 Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at 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).

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

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

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SUMMARY OF VALUES

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

No.	Property	Market value in existing state as at 31 July 2015
		<i>RMB</i>
1.	Two parcels of land, various buildings and structures No. 28 Yongxi Road Nanjing City Jiangsu Province The PRC	208,762,000

Group II — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Market value in existing state as at 31 July 2015
		<i>RMB</i>
2.	A parcel of land No. 28 Yongxi Road Nanjing City Jiangsu Province The PRC	No commercial value
Total:		208,762,000

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VALUATION CERTIFICATE

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

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2015 RMB
1.	Two parcels of land, various buildings and structures No. 28 Yongxi Road Nanjing City Jiangsu Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 71,838.18 sq.m. and 7 buildings and various structures erected thereon which were completed in various stages between 2010 and 2012.</p> <p>The buildings mainly include laboratory buildings, industrial buildings and warehouses and have a total gross floor area of approximately 31,187.33 sq.m.</p> <p>The structures mainly include fire pool, sewage treatment tank and landscape facilities.</p> <p>The land use rights of the property have been granted for terms expiring on 17 November 2060 and 10 November 2061 for industrial use.</p>	As at the valuation date, the property was occupied by the Group for office, industrial and ancillary purposes.	208,762,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Ning Jiang Guo Yong (2011) Di No. 29448 and Ning Jiang Guo Yong (2014) Di No. 04287, the land use rights of the property with a total site area of approximately 71,838.18 sq.m. have been granted to Nanjing Jinsirui Biotechnology Co., Ltd. ("GS China"), an indirect wholly owned subsidiary of the Company, for terms expiring on 17 November 2060 and 10 November 2061 for industrial use.
2. Pursuant to 6 Building Ownership Certificates – Ning Fang Quan Zheng Jiang Chu Zi Di Nos. JN00424557, JN00424558, JN00424559, JN00424563, JN00424566 and JN00424562, 6 buildings of the property with a total gross floor area of approximately 29,744.03 sq.m. are owned by GS China.
3. In the valuation of the property, we have attributed no commercial value to the warehouse No. 1 with a gross floor of approximately 1,443.3 sq.m. which has not obtained Building Ownership Certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of this building (excluding the land) as at the valuation date would be RMB2,937,000 assuming all relevant title certificates have been obtained and the building could be freely transferred.
4. 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. GS China has obtained the land use rights and ownership of the buildings mentioned in notes 1 and 2. Under the terms specified in the Land Use Rights Certificates, and subject to the terms and conditions under the land use right grant contracts in relation to these parcels of land, GS China is entitled to transfer, lease, mortgage or otherwise dispose of these land use rights and buildings;
 - b. According to the confirmation by the Group, the property is not subject to any mortgage or court seizure; and

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- c. For the building mentioned in note 3, GS China has not obtained Construction Work Commencement Permit and Construction Work Completion and Inspection Acceptance Certificate or completed the fire safety completion inspection filling. According to the relevant laws and regulations, GS China may be subject to mandatory rectification and relevant fines.
5. As the property is the major asset held by the Group, we are of the view that the property is a material property.

Details of the material property

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|----|----------------------------------------------------------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) | General description of location of the property | : | The property is located at the western and eastern side of Yongxi Road and the southern side of Jingyou Road of Jiangning District of Nanjing City. The site of the property is in regular shape and neighbouring Xingqiao Y-Tec company. |
| | | | It is about 15 minutes’ drive by shuttle bus from Nanjing Medical University & Jiangsu Institute of Commerce Station of Metro Line 1. |
| b) | Details of encumbrances, liens, pledges, mortgages against the property | : | Nil. |
| c) | Environmental Issue | : | No environmental study has been carried out. |
| d) | Details of investigations, notices, pending litigation, breaches of law or title defects | : | The Building Ownership Certificate of warehouse No. 1 has not been obtained yet. |
| e) | Future plans for construction, renovation, improvement or development of the property and estimated associated costs | : | As advised by the Group, there is no plan for new major development or renovation in the next 12 months from the date of this document. |

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Group II — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2015	
				RMB	
2.	A parcel of land No. 28 Yongxi Road Nanjing City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 60,762.40 sq.m. The property is located at the northern side of Yuehua Road and the eastern side of Qiande Road, Jiangning Science Park, Nanjing City.	The property is currently vacant.	No commercial value	R.5.06(1)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract – No. 3201212014CR0070 dated 15 July 2014, the land use rights of the property were contracted to be granted to Nanjing Jinsirui Biotechnology Co., Ltd. (“GS China”), an indirect wholly owned subsidiary of the Company, with the particulars as follows:

Site Area	:	60,762.40 sq.m.
Land Use	:	Industrial
Land Term	:	50 years
Plot Ratio	:	1.0-1.5
Land Premium	:	RMB23,700,000
- As at the valuation date, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB36,579,000, on condition that the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.
- 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:
 - GS China will obtain the land use rights of the property after fulfilling the registration process of the land use rights and obtaining the relevant Land Use Rights Certificate.