



# Boyuan Holdings Limited

Proposed ASX code: BHL

ACN 608 897 963

Company Presentation

September 2016

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## **FY 2016 Profits**

As each phase of construction of the Jiaxing Project is completed, the Company's source of income has transitioned from property development to rental income as a commercial landlord. The Directors believe that the Company's property development activities have generally been more profitable than its property rental activities. Accordingly, the Directors believe that based on the reviewed accounts as at May 31 2016, the profits of the Company in FY2016 will significantly decrease compared to FY2015 reflecting this transition. Investors should note that upon completion of the property development phase of the Jiaxing Project in the fourth quarter 2016, the Company expects to earn lower profits from its Jiaxing property development Project thereafter. The Company intends to focus on developing its Australian properties and on identifying other potentially suitable property development opportunities in Australia that conform to its business model.

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# Investment Highlights

First Chinese property developer to be listed on ASX and was part of the Zhejiang Jiayuan Real Estate Group with substantial development experience

FY2015 sales approx. A\$20 million with NAPT approx. A\$6.1 million. Also see the disclaimer.

Pre-IPO valuation of A\$50 million and P/E of 8.19x

Valuable real estate holding in China, with intention to become a large-scale property developer in Australia post-listing

Company intends to pay dividends in FY2016

Experienced board and management with local experience

Audited by Deloitte Shanghai and property valuation by JLL

# Zhejiang Jiayuan Real Estate Group



Eastern City,  
Jiaxing

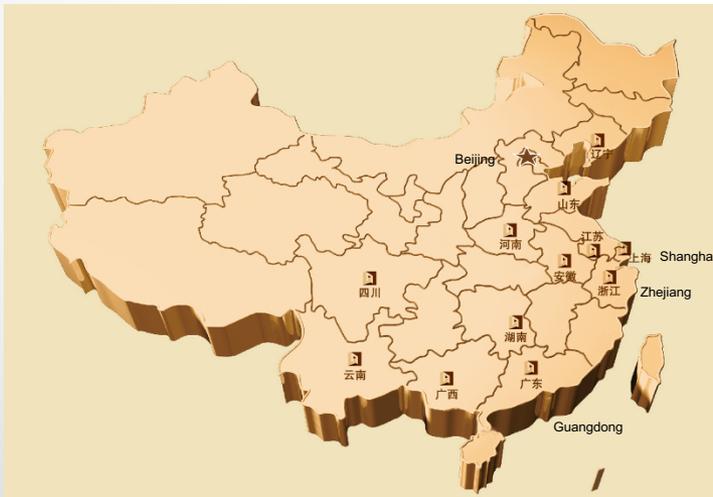


Central Plaza,  
Shaoxing



Famous City,  
Hangzhou

Zhejiang Jiayuan has since developed a total area of more than 20 million square meters covering 13 provinces and 44 cities as of March 2015



- Founded in 1995, Zhejiang Jiayuan Real Estate Group (Zhejiang Jiayuan) is engaged in property development, planning and design, construction, property management and hotel management in China, ranking as the 40<sup>th</sup> largest real estate company in China in 2016<sup>1</sup> through a number of subsidiaries, including Jiaxing Boyuan Real Estate Development Co., Ltd.
- As of March 2015, Zhejiang Jiayuan has developed in total 98 projects ranging from residential buildings and commercial complex to hotel and mixed-use architectures
- Zhejiang Jiayuan listed part of their real estate portfolio on the Hong Kong Stock Exchange in March 2016 which now has a market capitalisation around A\$800 million (HKSX: 2768)
- In June 2016, BHL acquired Jiaxing Boyuan Real Estate Development Co., Ltd. From Zhejiang Jiayuan

1. The ranking is composed annually by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal

# Company Overview

## Financials<sup>1</sup>

- Boyuan Holdings Limited (BHL or the Company) conducts property development and management through its operating subsidiary Jiaxing Boyuan Real Estate Development Co., Ltd. in Jiaxing City, Zhejiang Province, China
- BHL is constructing a mixed-use property project (the Jiaxing Project) in the heart of a fast developing local town Wangjiangjing in Jiaxing City
- Post-listing, BHL is committed to conducting property development in Australia as part of its internationalisation strategy

	31 Dec 2015	31 Dec 2014
Revenue	A\$20.1 m	A\$10.8 m
NPAT	A\$6.1 m	A\$3.3 m
NTA <sup>2</sup>	A\$37.8 m	A\$41.7 m

- Pre-IPO valuation – A\$50m @P/E of 8.19x and backed by net assets of A\$37.8 m as at 31 Dec 2015
- Average P/E of Australian property developers & REITs listed on the ASX is in excess of 10.05x
- BHL is raising up to A\$20 million and requires at least 400 new shareholders to satisfy ASX spread requirements
- BHL intends to pay dividends for FY2016

1. All financials in this presentation have been converted to AUD from RMB using average foreign exchange rates for relevant years

2. In Dec 2015 share capital of Jiaxing Boyuan Real Estate Development Co., Ltd. was reduced by approx. A\$12.7 m as part of the restructure plan

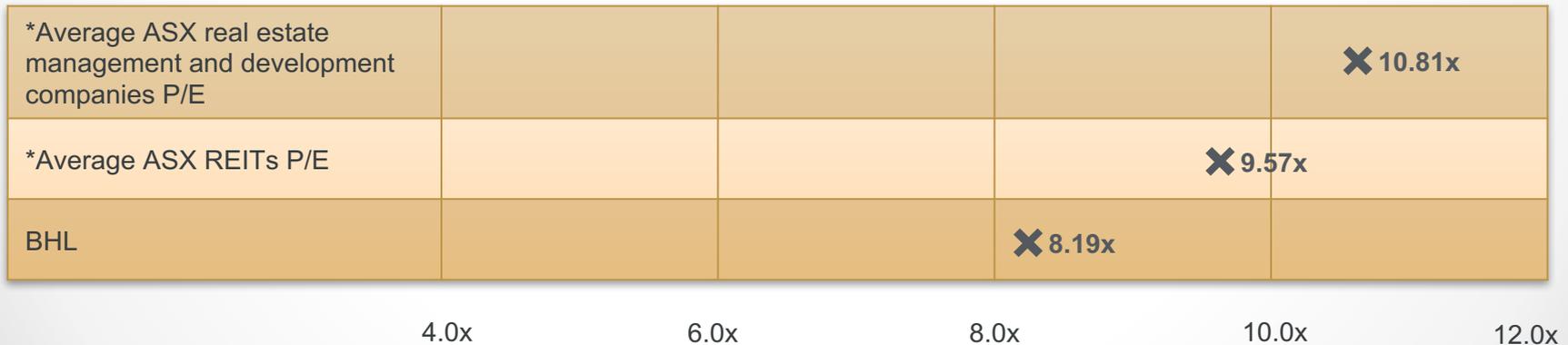
# Offer Details and Valuation

Pre-IPO Valuation **A\$50 million**

IPO Share Price **A\$0.20**

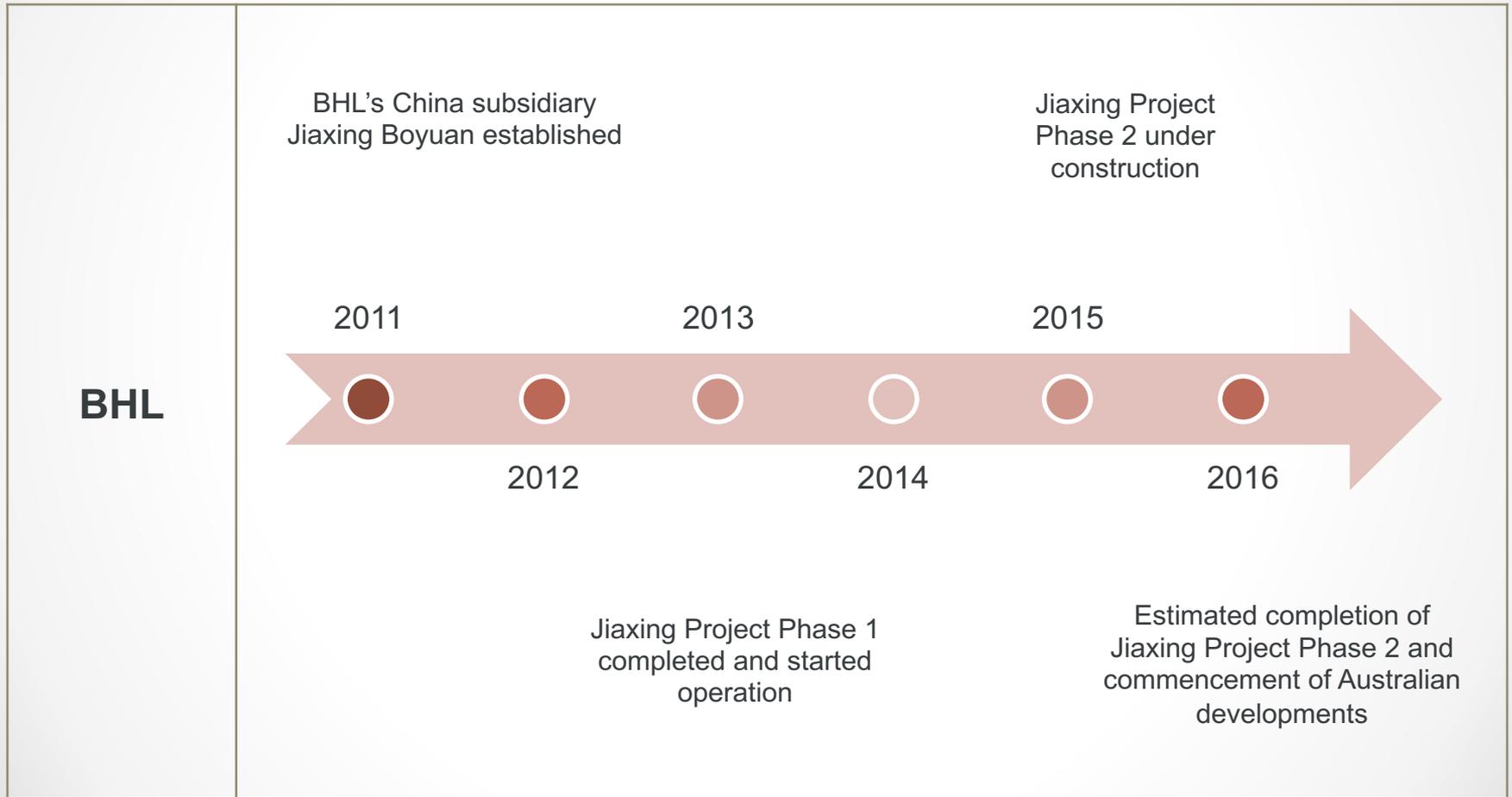
Capital Raising **A\$15 to 20 million**

Number of shares Offered **75 to 100 million**



\* The average P/E ratios exclude outliers and companies with negative earnings

# Major Milestones



# Business Overview - China

- BHL is currently developing a mixed-use property project, which aims to explore and leverage the ever-increasing demand among urban residents for better living standards and higher quality facilities
- Located on the south eastern coast of China, Zhejiang Province is an important economic and business hub in China
- Jiaxing is in the northeast of Zhejiang Province and Wangjiangjing Town is located in Jiaxing
- Wangjiangjing is a vibrant local town in Jiaxing, within 1.5 hours driving distance of major cities on the southeast coast of China like Shanghai, Hangzhou, Suzhou, Ningbo, etc.



# Jiaxing Project



- A mixed-use property project with 2 phases
- Total gross floor area of the Project on completion will be approx. 123,021 sqm
- Encompassing retail, residential, hotel and leisure uses in an integrated architectural complex, completed in early August, 2016

Phase 1: Completed	sqm
Retail for sale	14,286
Retail for company-owned	14,262
Underground retail and car spaces	14,302
Ancillary areas	1,846
Sub-total	44,696
Phase 2: Completed except Building 12	sqm
Residential for sale	12,556
Apartment for sale	12,314
Apartment for company-owned	9,213
Retail for sale	13,211
Retail for company-owned	16,771
Underground car spaces	7,711
Ancillary areas	6,548
Sub-total	78,324
<b>Total</b>	<b>123,021</b>

Data may not add up due to rounding errors

# Jiaxing Project

Group	Phase	Market value as at valuation date (RMB)	Market value as at valuation date (AUD)
Group I	Phase I & II	125,158,000	26,245,633
Group II	Phase I & II	143,334,000	30,057,140
Group III	Phase II (Building 12 only)	171,205,000	35,901,689
	<b>Total</b>	<b>439,697,000</b>	<b>92,204,462</b>

- The above table shows the valuation by JLL as at 31 May 2015 (valuation date). The valuation is approximately equal to A\$92.2 million at this point in time. (RMB:AUD = 4.7684)
- Group I: This category has been completed and is currently for sale. As at 31 May 2015, this category is valued at RMB125,158,000, or approx. A\$26.2 million at valuation date
- Group II: This category has been completed and is held by the Company as investment properties.
- Group III: This category is under construction and refers to Building 12 in Phase II only at the valuation date. As at the Prospectus date, the construction of Building 12 has been completed
- JLL has valued 64% of the total gross floor area constructed under the Project. The portion of the Project which is not valued includes: 1) sold properties 2) underground areas and 3) public facility and ancillary areas

# Jiaxing Project

## Phase 1

## Existing Tenants



### Jiangnan Supermarket

The largest supermarket chain in Jiaxing



### The Earth Cinema

A 3D modern cinema



### Xinzhou International Gymnasium



### Animation City



KTV, restaurant, wine bar, physiotherapy stores, etc.

- The Company has leased out all the investment properties in Group II, Phase 1 to a property management company Wanbohui for 10 years. The rents start at RMB4.1 million for 2015 with 5% increases each year thereafter
- As of Dec 2015, these properties have been subleased by Wanbohui

# Business Overview – Australia

- Upon completion of the Jiaxing Project, the Company plans to become a major property developer, and to conduct most of its future activities and business in Australia
- The Company has entered into multiple binding agreements with Cyan Stone Pty Ltd (Cyan Stone) and other parties in regard to the Lindfield Project, the Marsden Park Project, the Hunter Valley Project, and the Austral Project
- Located in Lindfield, NSW, the Lindfield Project is a residential property project, whereby the Company will promote the sales of properties in exchange for a service fee
- The Marsden Park Project has been undertaken for the purpose of subdividing the land into six parcels for development and sale of the property
- The Hunter Valley Project includes two parcels of land in Pokolbin, NSW on which the current vineyard will continue operating with future development plans yet to be decided
- The Austral Project encompasses a piece of land on which subdivision will be conducted and proposed residential homes will be built in Austral, NSW



# Business Overview – Australia

- The following agreements have been entered into by the Company:
  - Sales and Marketing Agreement with Cyan Stone Pty Ltd under which it will sell and market the properties in the Lindfield Project and the Marsden Park Project to the China market
  - Share Purchase Agreement and Transfer of Units Agreement through which the Company will become the owner and manager of a block of heritage land in the Marsden Park Project. The developments will include a shopping centre, serviced apartments, and other retail businesses
  - A land purchase contract with Cyan Stone Pty Ltd for the acquisition of two parcels of land in the Hunter Valley Project via the Company's wholly owned subsidiary Boyuan Investment Holding Pty Ltd
  - A land purchase contract with TCAP Partners Pty Ltd for the acquisition of a piece of land in Austral, NSW through the Company's wholly owned subsidiary Boyuan Real Estate Holding Pty Ltd

# Hunter Valley Project

- The Hunter Valley is one of Australia's oldest and most well known wine regions, with over 150 wineries, and remains one of the most popular destination for both domestic and international tourists
- The Lower Hunter region, which includes Pokolbin, is the busiest and most visited area of the region, and is where the majority of the wineries are based.



# Marsden Park Project

- Marsden Park is an emerging commercial growth centre, and forms part of the North West Priority Growth Area designated by the NSW Department of Planning and Environment, which will accommodate future development of an additional 70,000 dwellings and an additional population of 200,000 over the next 25 years.
- This North West Growth Area will be supported by new rail transport infrastructure such as the North West Rail Link and the upgraded Richmond rail line



# Lindfield Project

- Lindfield, located in the Upper North Shore of Sydney, is situated only 13 kilometres north-west of the Sydney CBD.
- Statistically one of Sydney's safest areas, with beautiful parks, large land sizes, and a convenient train commute to the city
- The prestigious suburbs of the Upper North Shore have seen a stable increase in pricing over the years, with wealthy families moving in to gain access to prestigious private education and excellent public schools.



Concept photo of the Lindfield Project

# Austral Project

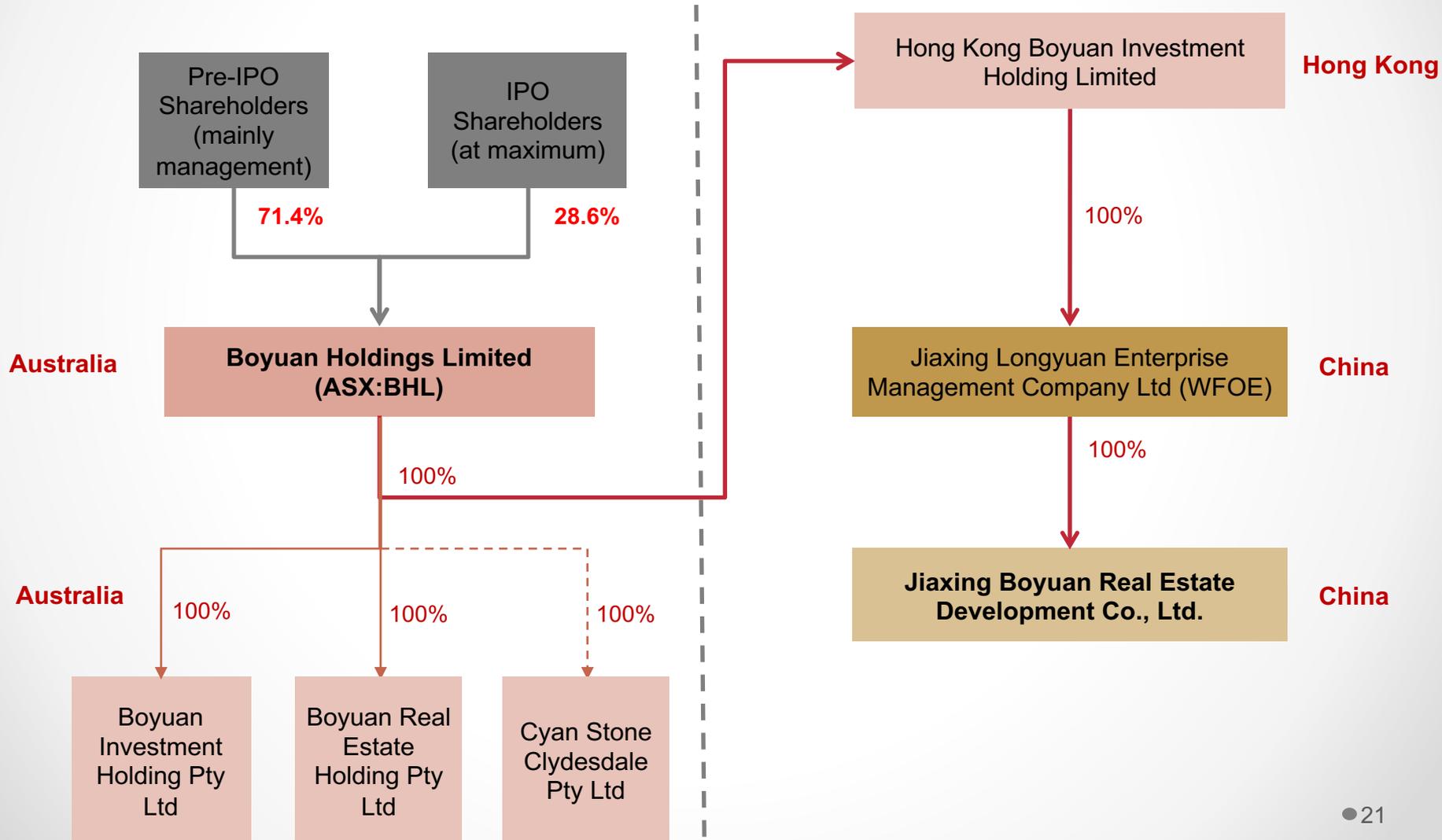
- Austral forms part of the South West Growth Centre, and is also within the Austral and Leppington North Precinct, where 17,350 new homes for over 54,000 residents is expected to be built
- The proposed Leppington Major Town Centre is expected to be situated 2 km south-east of the property, with a newly constructed Leppington Railway Station and the surrounding land being zoned for commercial and retail use



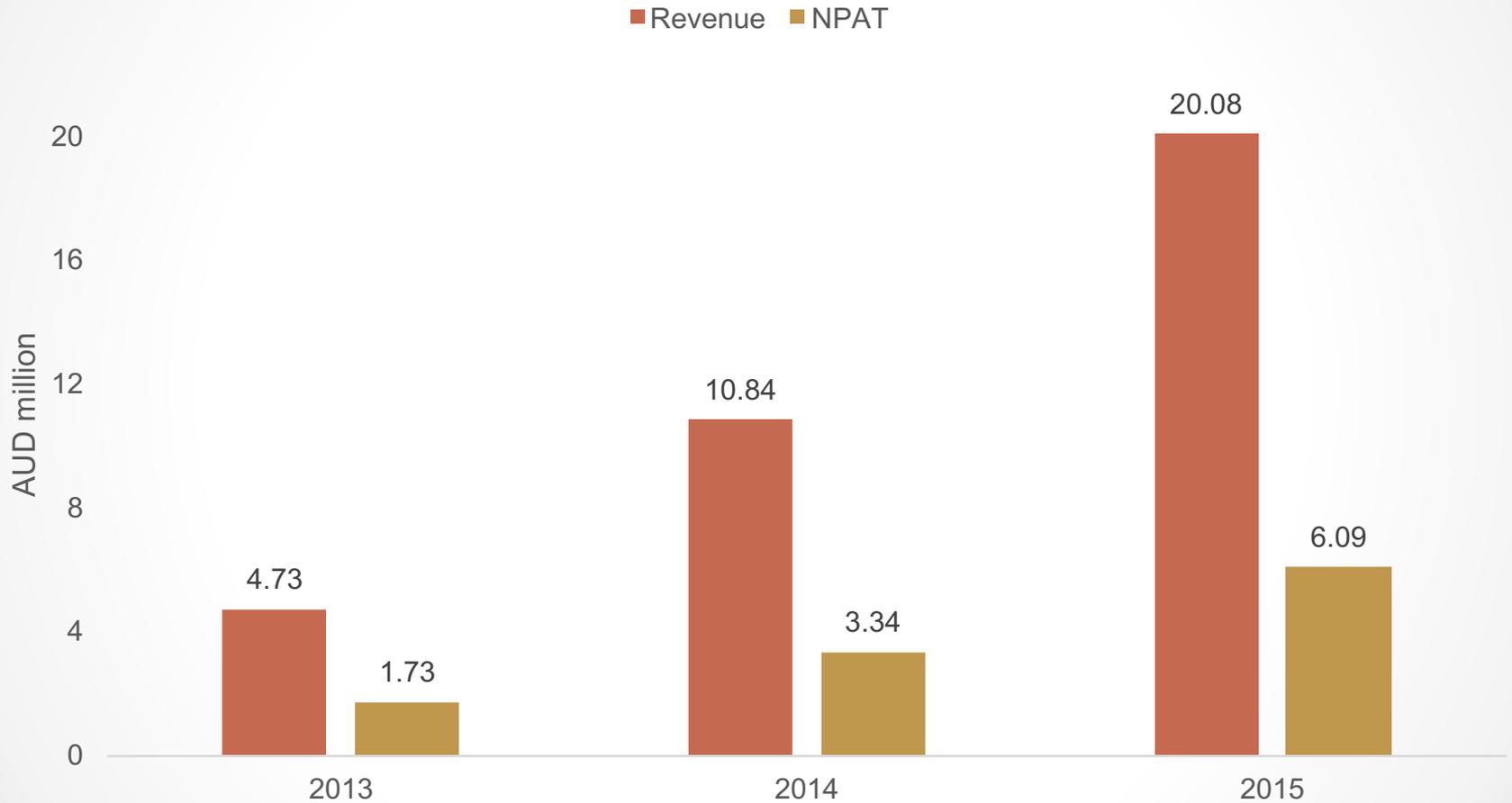
# Corporate Governance and Appointment

- The Company has implemented internal control mechanisms and corporate governance in conjunction with *ASX Corporate Governance Principles and Recommendations 3rd Edition*, especially:
  - Independent Chairman of the Board
  - Three independent directors out of five board members
- Independent Chairman Dr Saliba Sassine is an executive and a company director with experience in a wide range of industries. Having been appointed as director for numerous ASX listed companies, Dr Sassine is familiar with sound practices of corporate governance and post-listing compliance
- Director Mr. Wan is a dual resident of Australia and China, and has lived in Australia since 2009. He has over 25 years of experience in property development and management sector, and also serves as the CEO of BHL Group
- Deloitte Australia is appointed as the auditor of the Company, and Deloitte Shanghai was engaged to complete an audit of the historical financial statements of Jiaxing Boyuan Real Estate Development Co., Ltd.
- Deloitte Corporate Finance Pty Limited is appointed as the investigating accountant of the IPO
- HWL Ebsworth Lawyers is appointed as the Australian legal advisor of the IPO and Jingtian & Gongcheng is appointed as the PRC legal advisor to BHL
- JLL Corporate Appraisal and Advisory Ltd is appointed as the Independent Property Valuer for the Jiaxing Project

# ASX Listing Corporate Structure



# Financials



Financial year ended 31 December

NPAT includes change in fair value of investment property

# Financials – cont'd



\* In December 2015 share capital of BHL was reduced by approx. A\$12.7 m as part of the restructure plan for the proposed IPO

# Comparable Company Analysis

Market data as of 9 September 2016

ASX listed companies		Share price (A\$)	Market cap (A\$ m)	P/E
<b>Selected real estate management and development</b>				
CWP	Cedar Woods Properties	4.66	372	7.17x
FRI	Finbar Group	0.84	193	8.67x
PPC	Peet	0.95	461	11.47x
SDG	Sunland Group	1.45	238	8.61x
<b>BHL</b>	<b>Boyuan Holdings Limited</b>	<b>0.20</b>	<b>50</b>	<b>8.19x</b>
<b>Selected Real Estate Investment Trusts (REITs)</b>				
MGR	Mirvac	2.22	8,273	10.28x
SCG	Scentre Group	5.28	28,272	10.42x
SCP	SCA Property Group	2.39	1,775	11.9x
SGP	Stockland Group	5.05	12,223	10.62x

Source: Morningstar



## Expression of Interest

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