

BOYUAN CONSTRUCTION GROUP, INC.



BOYUAN

NOTICE OF MEETING

AND

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO THE

**ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 20, 2018**

November 9, 2018

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**Meeting**") of the shareholders of Boyuan Construction Group, Inc. (the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, TD North Tower, Suite 3000, Toronto, Ontario, Canada on Thursday, December 20, 2018 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2018 together with the report of the auditors thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint Deloitte Touché Tohmatsu, Certified Public Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor's remuneration; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting, as well as further information with respect to voting by proxy, are set forth in the Circular which accompanies, and is deemed to form a part of, this Notice of Meeting.

The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 ("**Notice-and-Access Provisions**") for this Meeting. Notice-and-Access Provisions are a new set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to the shareholders by allowing the Corporation to post the Circular and any additional materials online. Shareholders will still receive this Notice of Meeting and a form of proxy and may choose to receive a hard copy of the Circular. The Corporation will not use procedures known as 'stratification' in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the information circular to some shareholders with the notice package. In relation to the Meeting, all shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

Registered shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope in accordance with the instructions set out in the form of proxy and in the Circular accompanying this Notice of Meeting.

Non-Registered shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

REGISTERED SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ENCLOSED INSTRUMENT OF PROXY, AND TO RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.

Proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, preceding the Meeting or any adjournment thereof.

By Order of the Board
"Shou Cailiang"
Shou Cailiang
Chairman and President

Jiaxing, China
November 9, 2018

BOYUAN CONSTRUCTION GROUP, INC.

MANAGEMENT INFORMATION CIRCULAR

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

This management information circular (this "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Boyuan Construction Group, Inc. (the "**Corporation**") for use at the annual general meeting (the "**Meeting**") of shareholders of the Corporation (the "**shareholders**") to be held on Thursday, December 20, 2018 at 10:00 a.m. (Toronto time), or any adjournment thereof, at Fogler, Rubinoff LLP, 77 King Street West, TD North Tower, Suite 3000, Toronto, Ontario, Canada, for the purposes set out in the accompanying notice of meeting (the "**Notice of Meeting**").

It is anticipated that the solicitations will be made primarily by mail, subject to the use of Notice and Access Provisions in relation to the delivery of the Circular. Proxies may also be solicited personally or by telephone by directors, officers and regular employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

This Circular, the Notice of Meeting and accompanying Proxy are being sent on or about November 14, 2018.

QUORUM

A quorum will be present at the Meeting if there is at least one person present in person, being a shareholder entitled to vote at the Meeting or the proxyholder of such shareholder, representing in the aggregate not less than 5% of the outstanding shares of the Corporation carrying voting rights at the Meeting.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of the Corporation consists of an unlimited number of common shares (the "**Common Shares**"), an unlimited number of common non-voting shares and an unlimited number of class A preferred shares issuable in series of which the class A preferred shares - series 1 (the "**Preferred Shares**") have been created.

As of November 5, 2018, 25,423,065 Common Shares were issued and outstanding. Each Common Share is entitled to one vote at the Meeting. The outstanding Common Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "BOY".

As of November 5, 2018, there were no Preferred Shares issued and outstanding.

As of November 5, 2018, to the knowledge of the directors and executive officers of the Corporation, no person beneficially owned or exercised control or direction over more than ten (10%) percent of the outstanding Common Shares except the following:

| Name and residence | Number of Common Shares owned or controlled as of November 5, 2018 | Percentage of outstanding Common Shares as of November 5, 2018 |
|---|--|--|
| Shou Cailiang ⁽¹⁾ Zhejiang, China | 15,735,269 Common Shares | 61.9% |

Note:

- (1) 15,735,269 Common Shares are owned by Mr. Shou Cailiang and his wife through their interest in Mainway Management Limited. In addition, Mr. Hong Yongxiang, brother of Mrs. Shou, owns 1,320,875 Common Shares through his interest in Mainway Management Limited.

As of November 5, 2018, the directors and executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, or exercised control or direction over, 15,735,269 Common Shares, representing approximately 61.9% of the outstanding Common Shares.

All information in this Circular is as November 9, 2018, unless otherwise indicated.

Q&A ON PROXY VOTING

Q: What am I voting on?

A: Shareholders are voting on: (i) the election of directors to the board of directors of the Corporation (the "**Board**") for the ensuing financial year; (ii) the appointment of an auditor for the Corporation for the ensuing financial year; and (iii) to transact such other business that may properly come before the Meeting.

Q: Who is entitled to vote?

A: Shareholders as of the close of business on November 5, 2018 (the "**Record Date**") holding Common Shares are entitled to vote as a single class. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting.

Q: How do I vote?

A: There are two ways you can vote your Common Shares if you are a registered shareholder. You may vote in person at the Meeting or **you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the Meeting.** If your shares are held in the name of a nominee, please refer to the answer to the question "If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Common Shares?" to determine how you may vote your Common Shares.

Q: What if I plan to attend the Meeting and vote in person?

A: If you are a registered shareholder and plan to attend the Meeting on December 20, 2018 (Toronto time) and wish to vote your Common Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), upon arrival at the Meeting. If your Common Shares are held in the name of a nominee and you wish to attend the Meeting, refer to the answer to the question "If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Common Shares?" for voting instructions.

Q: Who is soliciting my proxy?

A: **The enclosed form of proxy is being solicited by management of the Corporation** and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made by the telephone, in writing or in person by the employees of the Corporation.

Q: What happens if I sign the form of proxy enclosed with this Circular?

A: Signing the enclosed form of proxy gives authority to Shou Cailiang, Chairman of the Corporation, or failing him, Francis Leong, Lead Director of the Corporation, respectively, or to another person you have appointed, to vote your Common Shares at the Meeting.

Q: Can I appoint someone other than these representatives to vote my Common Shares?

A: **Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Common Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare.

Q: What do I do with my completed proxy?

A: Return it to Computershare in the envelope provided, at: Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or by fax to 1-866-249-7775, so that it arrives not less than 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, before the Meeting or any adjournment thereof.

Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by preparing a written statement to this effect, signed by you or your attorney authorized in writing (or if the shareholder is a corporation, by an authorized officer or attorney of the corporation authorized in writing). This written statement must then either be delivered to the Corporation's head office at any time up to and including the close of business on the last business day preceding the day of the Meeting, or any adjournment or postponement of the Meeting, at which such proxy is to be used, or deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment or postponement of the Meeting. Upon either of such deposits the proxy will be revoked. If the written statement of revocation is deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment of the Meeting, the written statement will not be effective with respect to any matter on which a vote has already been cast pursuant to such form of proxy.

Q: How will my Common Shares be voted if I give my proxy?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Common Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder must vote your Common Shares accordingly. If you have not specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder can vote your Common Shares as he or she sees fit. **IN THE ABSENCE OF SUCH DIRECTIONS, HOWEVER, YOUR COMMON SHARES WILL BE VOTED IN FAVOUR OF THE ELECTION OF DIRECTORS TO THE BOARD AND THE APPOINTMENT OF THE AUDITOR.**

Q: What if amendments are made to these matters or if other matters are brought before the Meeting?

A: **The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Corporation know of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q: How many Common Shares are entitled to vote?

A: As of the Record Date of November 5, 2018, there were 25,423,065 Common Shares outstanding. Each registered shareholder has one vote for each Common Share held at the close of business on November 5, 2018.

Q: How will the votes be counted?

A: Each question brought before the Meeting will be determined by a majority (50.1%) of votes cast on the question. In the case of equal votes, the Chairman of the Meeting is not entitled to a second or casting vote.

Q: Who counts the votes?

A: The Corporation will appoint a scrutineer to count and tabulate the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

Q: If I need to contact the transfer agent, how do I reach them?

A: You can contact the transfer agent as follows:

by mail:

Computershare Investor Services Inc.
Proxy Department
100 University Avenue, 9th Floor
Toronto, Ontario, M5J 2Y1

by telephone:

within Canada and the United States at 1-800-564-6253
- all other countries (416) 981-9633
or by email:
service@computershare.com

Q: If my Common Shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my Common Shares?

A: There are two ways you can vote your Common Shares held by your nominee. Unless you have previously informed your nominee that you do not wish to receive material relating to the Meeting, you will have received this Circular from your nominee, together with a request for voting instructions for the number of Common Shares you hold.

There are two kinds of beneficial owners – those who object to their name being made known to the issuer of securities which they own (called "OBOS" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

In accordance with the requirements as set out in National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has distributed copies (utilizing the Notice-and-Access Provisions) of the Notice of Meeting, this Circular, the form of Proxy and the supplemental mailing list return card (collectively, the "**Meeting Materials**") (i) directly to NOBOs, and (ii) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders who have advised their Intermediary that they object to the Intermediary providing their ownership information.

NOBOs can expect to receive a scannable voting instruction form ("**Voting Instruction Form**") from the Corporation's transfer agent, Computershare. These Voting Instruction Forms are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the Voting Instruction Form itself which contain

complete instructions. Computershare will tabulate the results of the Voting Instruction Forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the Voting Instruction Forms they receive.

These shareholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agents sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the Voting Instruction Form.

If you are an OBO, for your Common Shares to be voted for you, please follow the voting instructions provided by your nominee. If you are a non-registered shareholder who has voted and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

If you are a NOBO or an OBO and wish to attend and vote your shareholdings at the Meeting, the Corporation will have no record of your shareholdings as a registered shareholder or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the Voting Instruction Form sent to you by your nominee. Then sign and return the Voting Instruction Form by following the signing and returning instructions provided by your nominee. By doing so, you are instructing your nominee to appoint yourself as proxyholder. Do not otherwise complete the Voting Instruction Form as your vote will be taken at the Meeting. Please register with Computershare upon arrival at the Meeting.

Q: Will I receive paper copy of this Circular and the Corporation's annual report?

A: The Corporation will be utilizing the Notice-and-Access method with respect to the Meeting and will not be sending shareholders paper copies of this Circular or the Corporation's annual report, unless requested by shareholders in accordance with the Notice-and-Access Provisions.

The Notice-and-Access Provisions are a mechanism which allows reporting issuers other than investment funds to choose to deliver proxy-related materials to registered holders and beneficial owners of securities by posting such materials on a non-SEDAR website (usually the reporting issuer's website and sometimes the transfer agent's website) rather than delivering such materials by mail. The Notice-and-Access Provisions can be used to deliver materials for both special and general meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the information circular at the reporting issuer's expense.

The use of the Notice-and-Access Provisions would reduce paper waste and mailing costs to the issuer. In order for the Corporation to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting a Circular (and if applicable, other materials) electronically on website that is not SEDAR, the Corporation must send a notice to shareholders, including Non-Registered Holders, indicating that the proxy-related materials have been posted and explaining how a shareholder can access them or obtain from the Corporation, a paper copy of those materials. This Circular has been posted in full on the Corporation's website at www.boyuanguroup.com and under the Corporation's SEDAR profile at www.sedar.com.

In order to use Notice-and-Access Provisions, a reporting issuer must set the record date for notice of the meeting to be on a date that is at least 40 days prior to the meeting in order to ensure there is sufficient time for the materials to be posted on the applicable website and other materials to be delivered to shareholders. The requirements of that notice, which requires the Corporation to provide basic information about the Meeting and the matters to be voted on, explain how a shareholder can obtain a paper copy of the Circular and any related financial statements and MD&A, and explain the Notice-and-Access Provisions process, have been built into the Notice of Meeting. The Notice of Meeting has been delivered to shareholders by

the Corporation, along with the applicable voting document (a form of proxy in the case of registered shareholders or a voting instruction form in the case of Non-Registered Holders).

As the Corporation is a reporting issuer that is using the Notice-and-Access Provisions for the second time, it was not required to, but chose to, file a notification at least 25 days prior to the Record Date indicating its intent to use the Notice-and-Access Provisions. The Corporation will not rely upon the use of "stratification". Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the information circular with the notice to be provided to shareholders as described above. In relation to the Meeting, all shareholders will have received the required documentation under the Notice-and-Access Provisions and all documents required to vote in respect of all matters to be voted on at the Meeting. No shareholder will receive a paper copy of the Circular from the Corporation or any Intermediary unless such shareholder specifically requests same. The Corporation will be delivering proxy-related materials to NOBOs directly with the assistance of Broadridge. The Corporation will pay for delivery of materials to OBOs and as a result OBOs will receive the materials.

Any registered shareholder or NOBO who wishes to receive a paper copy of this Circular must make contact with the Corporation's transfer agent, Computershare Investor Services Inc., by phone at 1-866-962-0498 within North America or 1-514-982-8716 outside of North America, to obtain paper copies prior to the Meeting date, or by phone at 1-800-564-6253 to obtain paper copies after the Meeting date. Any OBO who wishes to receive a paper copy of this Circular must make contact with Broadridge Financial Solutions, Inc. at its fulfillment request line at 1-877-907-7643. In order to ensure that a paper copy of the Circular can be delivered to a requesting shareholder in time for such shareholder to review the Circular and return a proxy or voting instruction form prior to the Proxy Deadline, it is strongly suggested that a shareholder ensure their request is received no later than December 10, 2018.

All shareholders may call the Corporation's transfer agent, Computershare Investor Services Inc., at 1-888-964-0492 (toll-free) in order to obtain additional information regarding the Notice and Access Provisions.

CURRENCIES

In this Circular, unless otherwise indicated, all references to "US\$" or "U.S. dollars" refer to United States dollars, and all references to "Cdn\$" refer to Canadian dollars.

PARTICULARS OF MATTERS TO BE ACTED UPON

FINANCIAL STATEMENTS

The shareholders will receive and consider the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2018 together with the auditor's report thereon. The shareholders will also receive the management discussion and analysis of the Corporation (the "MD&A") for the financial year ended June 30, 2018 dated September 28, 2018.

ELECTION OF DIRECTORS

The Board is a variable board consisting of not fewer than one and not more than ten directors. The Board currently consists of seven directors. The Board has determined that the number of directors to be elected at the Meeting be seven. Accordingly, shareholders will be asked to elect seven directors at the Meeting. Each director elected will hold office until the next annual meeting or until his or her successor is appointed, unless his or her office is earlier vacated in accordance with the *Canada Business Corporations Act* (the "CBCA") and the by-laws of the Corporation.

All seven nominees (each of the seven nominees a "Nominee", and together the "Nominees") are currently members of the Board and have been since the dates indicated below. Management does not contemplate that any of the Nominees will be unable to serve as a director. **However, if a Nominee should be unable to so serve for any**

reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another Nominee in their discretion. The persons named in the enclosed form of proxy intend to vote for the election of all of the Nominees whose names are set forth below. In the absence of instructions to the contrary, Common Shares represented by proxies will be voted in favour of the election as directors of the Nominees whose names are set for the below.

The following table and the notes thereto state the names of all persons proposed to be nominated for election as directors, all other positions or offices with the Corporation and its subsidiaries now held by them, their principal occupations or employment, the year in which they became directors of the Corporation, the approximate number of Common Shares beneficially owned, directly or indirectly, by each of them, or over which they exert control or direction as of November 5, 2018, and the number of options to acquire Common Shares held as of November 5, 2018.

| Name, residence and position with the Corporation | Present principal occupation | When first became director | Common Shares beneficially owned, directly or indirectly, or controlled or directed ⁽¹⁾ | Number of options to acquire Common Shares held |
|---|---|----------------------------|--|---|
| Shou Cailiang Jiaxing Port, Zhejiang, China Chairman, President, Chief Executive Officer and Director | President of the Corporation since February 2009 | December 2008 | 15,735,269 Common Shares ⁽²⁾ | 450,000 |
| John (Jack) Duffy Thornbury, Ontario, Canada Director ⁽³⁾⁽⁴⁾⁽⁵⁾ | President and Chief Executive Officer of Financial & Estate Planning Inc., a private financial consulting firm | August 2012 | Nil | 100,000 |
| Liu Manhong Boise, Idaho, U.S.A. Director ⁽³⁾⁽⁴⁾ | Professor at Renmin University of China; Director at China Academy of Science, Center for Fictitious Economy and Data Research; Director of Chief Group (Hong Kong) | December 2008 | Nil | 80,000 |
| Francis Leong Calgary, Alberta, Canada Director ⁽³⁾⁽⁴⁾⁽⁵⁾ | Principal of Sungai River Inc., an international financial consulting company, since October 2003 | February 2009 | Nil | 120,000 |
| Dr. Fang Lixin Hangzhou, China Director ⁽³⁾⁽⁵⁾ | Professor at Guanghai Law School of Zhejiang University since December 2002. | September 2009 | Nil | 80,000 |

| Name, residence and position with the Corporation | Present principal occupation | When first became director | Common Shares beneficially owned, directly or indirectly, or controlled or directed ⁽¹⁾ | Number of options to acquire Common Shares held |
|---|--|----------------------------|--|---|
| Ren Shu Hangzhou China Director and Secretary | Director and Secretary of the Corporation since December 2008; and lawyer with Zhejiang Zeda Law Office since 2001 | December 2008 | Nil | 120,000 |
| Tang Wei Haining, Zhejiang, China Director and Vice President | Vice President of the Corporation since January, 2010 | November, 2009 | Nil | 120,000 |

Notes:

- (1) Information supplied by Nominees. Does not include shares issuable upon exercise of options.
- (2) 15,735,269 Common Shares are owned by Mr. Shou Cailiang and his wife through their interest in Mainway Management Limited. In addition, Mr. Hong Yongxiang, brother of Mrs. Shou, owns 1,320,875 Common Shares through his interest in Mainway Management Limited.
- (3) Independent.
- (4) Member of the Audit Committee.
- (5) Member of the Corporate Governance, Nomination and Compensation Committee.

Set forth below is a description of the educational experience and principal occupations of each Nominee during the past five years:

Mr. Shou Cailiang, Director, Chairman and President – Mr. Shou Cailiang graduated from Zhejiang University of Technology in 1983, specializing in Road and Bridges. In January 2004, Mr. Shou founded Zhejiang Boyuan Construction Co., Ltd. ("**Boyuan China**"), a company existing under the laws of China and an indirect wholly-owned subsidiary of the Corporation. He has been chairman of Boyuan China and worked on business management since September 2006. Effective February 27, 2009, Mr. Shou was appointed as the President of the Corporation.

Ms. Liu Manhong, Director – Ms. Manhong Liu is a director at the Venture Capital Research Group at the Chinese Academy of Science, Center for Fictitious Economy and Data Research. She is also a Professor and a mentor of Ph.D. students at Renmin University. Ms. Liu serves as a board member at the China Venture Capital Research Institute and the Editor in Chief of the "China Venture Capital" journal. Ms. Liu is a Vice Dean at the Beijing EDUI Technology Research Institute. In addition, Ms. Liu serves as a board director at the Chief Group Hong Kong. Ms. Liu obtained her Ph.D. from Cornell University (1994), and prior to her joining the faculty at Renmin University, she had worked as a research faculty member at Harvard University.

Mr. John (Jack) Duffy, Director – Mr. Duffy is a Chartered Professional Accountant (CPA) and a Chartered Accountant (CA) and is a Fellow Member of both the Chartered Professional Accountants of Ontario (FCPA) and the Institute of Chartered Accountants of Ontario (FCA). He is also a Certified Fraud Examiner (CFE), a Certified Financial Planner (CFP) and holds the designation ICD.D from the Institute of Corporate Directors. Mr. Duffy is a retired partner of a national accounting firm, a retired Senior Vice-President of a national insolvency firm and is presently President and CEO of the private financial consulting firm Financial & Estate Planning Inc., a role he began in 1998. Mr. Duffy is, or has been, a director and audit chair of a number of private and publicly listed companies in Canada.

Mr. Francis Leong, Director – Mr. Leong obtained a Bachelors in Commerce degree from the National Chengchi University in Taipei, Taiwan in 1968 and a Master of Public Administration from Brigham Young University in Provo, Utah, USA in 1975. Mr. Leong is and has been a principal of Sungai River Inc., an international financial consulting company, since October 2003. Prior to his retirement in August 2003, Mr. Leong was City Treasurer of the City of Calgary.

Dr. Fang Lixin, Director – Dr. Fang has a Master's Degree and Doctoral degree granted by East China University of Politics and Law. Dr. Fang acquired the title of arbitrator from Hangzhou Arbitration Committee in 1998 and was admitted as a lawyer in China in 1985. Dr. Fang currently serves as a professor at Zhejiang University, a position he has held since December 2002.

Ms. Ren Shu, Director and Secretary – Ms. Ren has a Bachelor's degree in English and Master's degree in Law granted by the Law School of Zhejiang University. She acquired the title of Junior Translator in 1997 and her Legal Qualification for lawyer in 2000. Ms. Ren joined the Zhejiang Zeda Law Office in 2001 and has worked on foreign-related legal service since then. She is currently a senior partner of Zhejiang Zeda Law Office. Ms. Ren has been the Secretary of the Corporation since July 2007.

Mr. Tang Wei, Director and Vice President – Mr. Tang Wei has a Bachelor's degree in Business Administration granted by the Beijing University of Aeronautics and Astronautics. He has acquired the title of engineer in China in July 2006 and assistant economist in China on May 2008. Mr. Tang joined the Corporation in 2004 as the sales manager. In January 2010, he was appointed Vice President of the Corporation.

Majority Voting Policy

The rules of the TSX were amended in February 2014 and now require all TSX-listed companies (other than majority controlled companies) to adopt a majority voting policy with respect to uncontested director elections. The policy generally requires that any nominee director of a corporation who receives more "withheld" votes than votes cast "for" his election tender his resignation for consideration by the board of directors.

On October 9, 2014, the Board adopted a majority voting policy (the "**Majority Voting Policy**") with immediate effect. A copy of the Majority Voting Policy is available on the Corporation's website at www.boyuanguroup.com.

The Majority Voting Policy requires that any nominee for director who receives a greater number of votes "withheld" than "for" his or her election, in an uncontested election, shall immediately tender his or her resignation to the Chairman of the Board for consideration by the Nominating and Corporate Governance Committee (the "NCGC"). The NCGC shall consider the resignation in accordance with the Majority Voting Policy and shall recommend to the Board whether or not it should be accepted. The Board shall act on the recommendations of the NCGC within 90 days following the shareholders' meeting and disclose its decision by way of press release. No director who, in accordance with the Majority Voting Policy, is required to tender his or her resignation, shall participate in the NCGC's deliberations or recommendation. However, such director shall remain active and engaged in all other Board and committee activities, deliberations and decisions during the NCGC process. If a majority of the members of the NCGC received votes "withheld" in the same election, or the number of NCGC members who received a vote "withheld" in the same election is greater than quorum of the NCGC, the independent directors then serving on the Board who received a greater number of votes "for" their election than votes "withheld" will appoint an ad hoc Board committee from amongst themselves to consider the resignations. If a resignation is accepted, the Board may, in accordance with the provisions of the CBCA, (i) leave the vacancy in the Board unfilled until the next annual meeting of shareholders, (ii) reduce the size of the Board, (iii) fill the vacancy created by the resignation by appointing a new director whom the Board considers to merit the confidence of shareholders, or (iv) call a special meeting of shareholders to consider new board nominee(s) to fill the vacant position(s).

Each of the current directors has agreed to abide by the provisions of the Majority Voting Policy, and any subsequent candidate nominated by management will, as a condition of such nomination, be required to abide by the Majority Voting Policy. In the event that any director who received a majority of votes "withheld" does not tender his or her resignation in accordance with the Majority Voting Policy, he or she will not be re-nominated by the Board.

Advance Notice By-Law Notification Deadline

The Corporation has adopted an advance notice by law, which requires shareholders to notify the Corporation in advance for any shareholder's director nominations to the Corporation and sets forth the information that a shareholder must include in the notice to the Corporation. For a shareholder to propose any director nominee to be considered for election to the Board at the Meeting, the notice in the required form must be submitted to the Corporate Secretary of the Corporation by November 20, 2018.

Orders, Penalties and Bankruptcies

Other than as described below, to the knowledge of the Corporation, as of the date hereof, no Nominee:

- (a) is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such Nominee was acting in that capacity, or within a year of such Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Nominee.

For the purposes of the above section, the term "order" means:

- (a) a cease trade order, including a management cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Other than as described below, to the knowledge of the Corporation, as of the date hereof, no Nominee has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body.

On October 15, 2012, the Ontario Securities Commission (the "OSC") as principal regulator issued a management cease trade order (the "MCTO") prohibiting trading of the Corporation's securities by the CEO and CFO of the Corporation for failure of the Corporation to file the annual audited financial statements, MD&A and related CEO and CFO certification for the year ended June 30, 2012 and the annual information form for the year ended June 30, 2012, by the prescribed filing deadline of September 28, 2012. The MCTO is also applicable to the failure of the Corporation to file the interim financials, MD&A and related CEO and CFO certification for the quarter ended September 30, 2012, by the prescribed filing deadline of November 15, 2012. The MCTO was allowed to lapse/expire as of December 20, 2012 due to the filing defaults having been remedied.

On May 30, 2013, the OSC issued a hearing notice regarding a related party transaction and loan agreement entered into by the CEO on behalf of Boyuan in November, 2010 in the absence of adequate internal controls and procedures and without consultation with the CFO, other senior officers or the Board of Directors. On June 4, 2013, a settlement agreement was approved by the OSC requiring Boyuan to retain a consultant to conduct a comprehensive examination and review of its internal controls over financial reporting, policies and procedures, training, ethics and compliance with financial and other reporting requirements of Ontario securities law. Boyuan agreed to pay the OSC the sum of \$200,000 for the use of the OSC, and also agreed to pay the OSC Staff's investigation costs in the amount of \$100,000. The settlement terms also included the Corporation engaging independent control consultant to review the Corporation's control procedures and policies and to make recommendations for improvement, the Corporation implementing the recommendations, the consulting testing the improved procedures and the Corporation submitting a final report to the OSC following such testing.

On October 16, 2015, the OSC, as principal regulator, issued a MCTO imposing restrictions on trading of the Corporation's securities by the CEO and the CFO of the Corporation for failure of the Corporation to file the annual audited financial statements, MD&A and related CEO and CFO certification for the year ended June 30, 2015 and the annual information form for the year ended June 30, 2015 by the prescribed filing deadline. The MCTO was also due to the failure of the Corporation to file the interim financials, MD&A and related CEO and CFO certification for the quarter ended September 30, 2015 by the prescribed filing deadline of November 14, 2015. Subsequently, following completion of the following required annual and interim filings, the MCTO was revoked:

- On November 27, 2015, Boyuan completed its restatements of the annual audited financial statements for the fiscal year ended June 30, 2014, and filed an amended annual MD&A for the same fiscal year. The restated revenue and net income were \$275.4 million and \$6.1 million respectively.
- On December 11, 2015, Boyuan completed its restatements of the interim unaudited financial statements for the quarters ended September 30, 2014, December 31, 2014 and March 31, 2015, and filed an amended interim MD&A for each of these quarters. On December 18, 2015, Boyuan completed the filing of the annual audited financial statements, the annual MD&A and related CEO and CFO certification for the year ended June 30, 2015 and its 2015 AIF on the same date.

APPOINTMENT OF AUDITORS

Management recommends the re-appointment of Deloitte Touché Tohmatsu, Certified Public Accountants of Hong Kong, as the auditor of the Corporation to hold office until the close of the next annual meeting of shareholders. Deloitte Touché Tohmatsu was appointed as auditors of the Corporation on June 16, 2015.

Common Shares represented by proxies in favour of management nominees will be voted for the appointment of Deloitte Touché Tohmatsu, Certified Public Accountants as auditor of the Corporation and authorizing the directors of the Corporation to fix the auditor's remuneration, unless a shareholder has specified in his proxy that his Common Shares are to be withheld from voting on the appointment of the auditor.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance practices to be an important factor in the overall success of the Corporation. Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National

Policy 58-201 – *Corporate Governance Guidelines Practices* (collectively, the "**Corporate Governance Rules**"), the Corporation is required to disclose information relating to its corporate governance practices as set out below. The Corporation is committed to adopting and adhering to corporate governance practices that either meet or exceed applicable corporate governance standards. The Corporation believes that its corporate governance practices should be compared to the highest standards currently in force and applicable to it as well as to best market practices.

BOARD AND ITS COMPOSITION

The Board has adopted a written mandate, entitled "Terms of Reference for the Board of Directors", which can be found at the Corporation's website at www.boyuanguroup.com.

The Board currently is comprised of seven members. A majority of the Board is comprised of independent directors. Ms. Liu Manhong and Messrs. Francis Leong, John (Jack) Duffy and Fang Lixin are considered by the Board to be independent directors within the meaning of the Corporate Governance Rules as each has "no direct or indirect material relationship" with the Corporation. The other three Board members are not independent directors within the meaning of the Corporate Governance Rules: Mr. Shou Cailiang, President, Ms. Ren Shu, Corporate Secretary, and Mr. Tang Wei, Vice President, are members of management of the Corporation. In deciding whether a particular director is or is not an independent director, the Board examined the factual circumstances of each director and considered them in the context of many factors. All seven of the nominees for election to the Board at the Meeting are the current seven members of the Board, and accordingly, following the Meeting, four of the seven members of the Board will be independent. See "Particulars of Matters to be Acted Upon – Election of Directors".

Mr. Shou Cailiang, President of the Corporation, is also the Chairman of the Board. The Chair of the Board is responsible for taking all reasonable measures to ensure that the Board fully executes its responsibilities. The Board has developed a formal position description for the Chair of the Board, which can be found at the Corporation's website at www.boyuanguroup.com. The position description for the Chair of the Board provides, among other things, that the Chair will: (i) ensure that all business required to come before the Board is brought before the Board such that the Board is able to carry out all of its duties to manage or supervise the management of the business and affairs of the Corporation; (ii) ensure the Board has the opportunity, at each regularly scheduled meeting, to meet separately without non-independent directors and management personnel present; and (iii) in conjunction with the relevant committee of the Board (and its Chair), review and assess the directors' meeting attendance records and the effectiveness and performance of the Board, its committees (and their Chairs) and individual directors.

The Board recognizes the importance of independent leadership on the Board, as evidenced by its designation of Francis Leong, an independent director, as Lead Director in September 2010. As Lead Director of the Board, Mr. Leong provides leadership to independent directors of the Board. The Board has developed a formal position description for the Lead Director of the Board, which can be found at the Corporation's website at www.boyuanguroup.com. The position description for the Lead Director of the Board provides, among other things, that the Lead Director will (i) provide input to the Chairman of the Board on preparation of agendas for meetings of the Board; (ii) assist the Chairman to endeavour to ensure Board leadership responsibilities are conducted in a manner that will ensure that the Board is able to function independently of management; (iii) consider, and allow for, when appropriate, a meeting of all independent directors, so that Board meetings can take place without management being present, (iv) endeavour to ensure reasonable procedures are in place for directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to his prior approval.

BOARD COMMITTEES

The Board has two standing committees: the Audit Committee (the "**Audit Committee**") and the Corporate Governance, Nomination and Compensation Committee (the "**CGNC Committee**"). The roles of these committees are outlined below. Each committee reviews and assesses its mandate at least annually and has the authority to retain special legal, accounting or other advisors. From time to time ad hoc committees of the Board may be appointed. As the Board has plenary power, any responsibility which is not delegated to Management or a Board committee remains with the Board. The Board has developed a formal position description for the Chair of its committees, which can be found at the Corporation's website at www.boyuanguroup.com.

Audit Committee

The Audit Committee is comprised of three members who are each independent and financially literate as required by National Instrument 52-110 – *Audit Committees* (the "**Audit Committee Rule**"). The members of the Audit Committee during the financial year ended June 30, 2018 were Ms. Liu Manhong, Mr. Francis Leong and Mr. John (Jack) Duffy with Mr. Duffy being the chair. The Audit Committee is appointed by, and assists, the Board in fulfilling its oversight responsibilities in the following principal areas: (i) accounting policies and practices, (ii) the financial reporting process, (iii) financial statements provided by the Corporation to the public, (iv) risk management including systems of internal accounting and financial controls, (v) appointing, overseeing and evaluating the work and independence of the external auditors, (vi) compliance with applicable legal and regulatory requirements, and (vii) overseeing and evaluating the operations of the internal audit department. The Audit Committee has the resources and the authority to discharge its responsibilities, including the authority to engage, at the expense of the Corporation, outside consultants, independent legal counsel and other advisors as it determines necessary to carry out its duties, without seeking approval of the Board or Management. The Audit Committee also has the authority to conduct any investigation necessary and appropriate to fulfilling its responsibilities, and has direct access and authority to communicate directly with the external auditors, legal counsel and officers and employees of the Corporation. The Audit Committee meets at least four times annually, or more frequently as circumstances dictate. There were seven (7) meetings of the Audit Committee held during the financial year ended June 30, 2018.

The Audit Committee reviews the annual and interim financial statements intended for circulation among shareholders and reports upon these to the Board prior to their approval by the full Board. The Audit Committee is also responsible for the integrity of the Corporation's internal accounting and control systems. The Audit Committee communicates directly with the Corporation's external auditors in order to discuss audit and related matters whenever appropriate. In addition, the Board may defer to the Audit Committee on other matters and questions relating to the financial position of the Corporation and its affiliates. All reports made to the Corporation's ethics hotline are reviewed by the Audit Committee at its next meeting. The Board has adopted an Audit Committee mandate, a copy of which is annexed to the annual information form (the "**Annual Information Form**") of the Corporation for the year ended June 30, 2018 available on SEDAR at www.sedar.com and is also published on the Corporation's website at www.boyuanguroup.com.

The Audit Committee mandate provides that the Audit Committee must pre-approve all audit engagements and the provision by the external auditors of all non-audit services, including fees and terms for all audit and non-audit engagements. The Audit Committee may delegate the responsibility to pre-approve non-audit services to one of its members and any such delegated pre-approvals must be presented to the Audit Committee at its next scheduled meeting. The Audit Committee mandate further provides that the Audit Committee consider, assess and report to the Board with regard to the independence and performance of the external auditors. The Audit Committee has adopted a pre-approval policy pursuant to which the Corporation may not engage the Corporation's external auditor to carry out certain non-audit services that are deemed inconsistent with the independence of auditors under U.S. and Canadian applicable laws. The Audit Committee is also responsible for reviewing hiring policies for current and former partners or employees of the external auditors.

Additional information regarding Audit Committee matters, including audit fees paid and the education and related experience of each of the members of the Audit Committee that is relevant to the performance by such members of their responsibilities on such committee, has been included in the Annual Information Form in accordance with the Audit Committee Rule and is described in the Annual Information Form under the heading "Item 9.3 - Audit Committee Disclosure". A copy of the Annual Information Form is available on SEDAR at www.sedar.com.

CGNC Committee

The CGNC Committee during the financial year ended June 30, 2018 was comprised of three members, all of whom were independent directors within the meaning of the Corporate Governance Rules. The CGNC Committee has the following main functions: corporate governance and nomination of new directors, and compensation of management. The members of the CGNC Committee during the financial year ended June 30, 2018 were Mr. Francis Leong, Dr. Fang Lixin and Mr. John (Jack) Duffy, with Mr. Leong as the Chair, each of whom is an independent director within the meaning of the Corporate Governance Rules.

The Board has adopted a CGNC Committee mandate, a copy of which is published on the Corporation's website at www.boyuanguroup.com.

The purposes of the CGNC Committee are:

- (i) to propose new members to the Board, establish criteria for Board membership recommend composition of the Board and its committees and assess directors' performance on an ongoing basis;
- (ii) to provide a focus on corporate governance that will enhance corporate performance and to ensure on behalf of the Board and shareholders that the Corporation's corporate governance system is effective in the discharge of its obligations to its stakeholders; and
- (iii) assist the Board in fulfilling its oversight responsibilities with respect to (a) key compensation and human resources policies; (b) compensation for senior executives, including the CEO.

Compensation

The CGNC Committee, among other things, reviews and approves the compensation of the President and CEO and reviews the compensation of the other executive officers of the Corporation. The Compensation Committee also reviews any compensation programs applicable to senior management of the Corporation, such as the Stock Option Plan (as hereinafter defined). In the case of grants of options under the Corporation's Stock Option Plan, all proposed option grants are submitted to the CGNC Committee for review and a recommendation is made to the full Board. The CGNC Committee has not engaged any independent compensation consultant, but may do so in the future. See "Executive Compensation – Compensation Discussion and Analysis" below.

Corporate Governance and Nomination of Directors

The CGNC Committee, among other things, is responsible for identifying and recommending to the Board appropriate director nominee candidates. In addition, the CGNC Committee is responsible for advising the Board with respect to the Board's composition, procedures and committees and developing, recommending and monitoring the Corporation's corporate governance and other policies, assisting the Board and the committees in their annual review of their performance and their charters, reviewing and making recommendations to the Board with respect to the compensation of directors, succession plans and undertaking such other initiatives that may be necessary or desirable to enable the Board to provide effective corporate governance. The CGNC Committee conducts annual surveys of the Board's effectiveness and a peer review of the individual members of the Board.

The CGNC Committee is mandated to assess at least annually the optimum Board size and beneficial skill sets and makes recommendations to the Board on any changes. The number of directors proposed for election to the Board at the Meeting is seven. The Board considers that the ideal number of directors for the Corporation is approximately five to eight. The CGNC Committee and the Board have considered the matter of Board size and the skill sets of the current and nominee directors and are of the view that the proposed Board membership has the necessary breadth and diversity of experience and is of an adequate size to provide for effective decision-making and staffing of Board committees.

The CGNC Committee is responsible for determining the appropriate criteria for selecting and assessing potential directors and selects candidates for nomination to the Board accordingly. At such time as it is determined that a new director is desirable, the CGNC Committee will engage in various activities to ensure an effective process for selecting candidates for nomination, including developing criteria for the selection of a new director, developing and maintaining a director skills matrix (identifying the desired competencies, independence, expertise, skills, background and personal qualities that are being sought in potential candidates), identifying and recommending individuals qualified and suitable to become directors, the Chair of the Board and/or the CEO will meet with potential new candidates prior to nomination to discuss the time commitments and performance expectations of the position and formal approval will be sought and obtained from the Board in respect of candidates for nomination.

Making Recommendations under Majority Voting Policy

The CGNC Committee is responsible for considering and making recommendations to the Board on whether to

accept resignations made by directors under the Corporation's majority voting policy. The CGNC Committee would only recommend that the Board decline to accept the resignations under exceptional circumstances.

Disclosure Committee

The Board adopted a Disclosure Policy on June 12, 2012, the objective of which is to ensure that communication to the investing public about the Corporation is timely, factual, accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements. The Disclosure Policy extends to all employees of the Corporation, the Board and those authorized to speak on behalf of the Corporation. The Board has also established a Disclosure Committee responsible for overseeing the Corporation's disclosure practices. The Disclosure Committee consists of the Chief Financial Officer, the Secretary and Vice President-Administration. Other senior executives and board members are also consulted as required. The Disclosure Committee sets benchmarks for preliminary assessment of materiality and determines when developments justify public disclosure. The Disclosure Committee meets as conditions dictate. The Disclosure Committee also reviews and updates disclosure policies as needed to ensure compliance with changing regulatory requirements and is required to report to the Board as requested. The Board of Directors has overall responsibility for approving the Corporation's major communications, including annual and quarterly reports, annual information forms and proxy related materials.

ETHICAL BUSINESS CONDUCT

The Corporation believes that director, officer and employee honesty and integrity are important factors in ensuring good corporate governance, which in turn improves corporate performance and benefits all shareholders. To that end, the Board has adopted a Code of Ethics and Conduct, which code applies to all directors, officers and employees of the Corporation and its subsidiaries. On September 28, 2013, the Code of Business Conduct and Ethics was revised to add policies against harassment policies to promote a discrimination/harassment-free workplace. The revised Code of Ethics and Conduct can be viewed on the Corporation's website at www.boyuanguroup.com. Any deviations from the Code of Ethics and Conduct are required to be reported to an employee's supervisor and, if appropriate, the Chief Financial Officer of the Corporation and the Board.

Also on September 28, 2013, the Corporation adopted a whistle blower policy, which sets out the Corporation's policy to company personnel to promptly advise either a supervisor, or the Chair of the Audit Committee or his/her appointee, if he/she believes that he or she has observed a violation of the Code of Ethics and Conduct by any company individual, or by anyone purporting to be acting on the Corporation's behalf. Such reports may be made anonymously. Confidentiality will be maintained, to the extent permitted by law. A company individual may report any violation of the Code of Ethics and Conduct to the Corporation's external legal counsel. The Corporation will not take or allow any reprisal against anyone who, in good faith, reports a suspected violation of the Policy. The whistle blower policy can be viewed on the Corporation's website at www.boyuanguroup.com.

RELATED PARTY TRANSACTION GUIDANCE NOTE

On September 10, 2014, the Board adopted guidance notes on related party transactions (the "**Guidance Notes**"). The Guidance Notes aim to standardize related-party transactions between the Corporation and its SPV entities and all the related parties, and to ensure the legitimacy, fairness and rationality of related-party transactions. Under the Guidance Notes, all related party transactions must be evidenced by written agreements. Related party transactions must be fully disclosed to the Board on a timely basis, and are subject to approval of the Board. When related party transactions are reviewed by the Board, the related director must abstain from voting. The Board will establish a special committee comprised of disinterested directors to review all material related party transactions to determine as to fairness of the transactions and to make recommendations to the Board and the shareholders regarding the transactions. The Corporation will obtain minority shareholder approval and formal valuation if required under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Corporation must file a material change report for a related-party transaction in accordance with MI 61-101. In order to fully identify and disclose all related party transactions, the directors and senior management must report any related party transactions at the end of each fiscal quarter.

The full copy of the Guidance Notes is available on the Corporation's website at www.boyuanguroup.com.

BOARD EVALUATION AND PEER REVIEW

Beginning during the financial year ended June 30, 2012 and ended in September 2013, an evaluation of the Board, as a whole, and a peer review of the individual members of the Board was conducted by the Chair of the CGNC Committee. The Chair of the CGNC Committee discussed the results with each of the directors, as appropriate, and engaged in a full and frank two-way discussion on any and all issues which either wished to raise, including how the directors, both individually and collectively, could operate more effectively. Responses were reviewed by the Chair of the CGNC Committee with the Chair of the Board and the CEO and then reported to the full Board which report was adopted by the Board on September 25, 2013.

In assessing the responses, the focus was on continuous improvement. Each director was encouraged to view the feedback of the peer review as constructive advice to enhance both their individual contribution and overall Board effectiveness. At the conclusion of the evaluation and review, as necessary, matters requiring follow-up are identified, actions plans are developed and there is ongoing monitoring by the Chair of the CGNC Committee to ensure satisfactory results.

A modified evaluation and peer review process is expected to occur annually. Subsequent to the fiscal 2014 year end, the Board adopted a recommendation from the CGNC Committee to effect the current formal Board Evaluation Process requiring forms to be filled out to be carried out every second year. In alternate years, the Chair of the CGNC would solicit comments, recommendations and feedback from all Board members without having forms to be filled out and present a verbal report to the Committee and to the Board. This modified approach takes effect in 2014 and the results of the review was reported to the full Board which report was adopted by the Board on September 21, 2014.

The Board held enterprise risk management discussion in 2018, and the Board evaluation for 2018 was focused on five points that were key to Boyuan handling risk and seizing strategic opportunities. The five points of focus are:

1. right structure and mix of talents;
2. board/management dynamic;
3. understanding the operating/regulatory environments;
4. fiduciary duties, meetings: attendance and participation; and
5. growing company management's capacities and capabilities to face the changing business and regulatory circumstances.

In September 2018, the CGNC Committee directed the Corporate Secretary of the Corporation to distribute a questionnaire to each member of the Board and the CFO for their completion after the CGNC Committee had reviewed the revised annual Board evaluation questionnaire. The Chair of the CGNC Committee will in turn present a verbal report to the CGNC Committee and to the Board in due course.

DIRECTORSHIPS

None of the directors of the Corporation currently holds directorships in other reporting issuers.

ATTENDANCE

The following table sets forth the record of attendance of the members of the Board (either in person or by phone) at meetings of the Board and its committees and the number of meetings of the Board and such committees held during the period of July 1, 2017 to June 30, 2018.

| Director | Board: 1 Meeting Held | | Board Committees | | | | Overall Attendance | |
|-------------------|--------------------------|-----|-------------------------------------|-----|--------------------------|-----|--------------------|-----|
| | | | Audit Committee: 7 Meetings Held | | CGNC: 2 Meetings Held | | | |
| | No. | % | No. | % | No. | % | No. | % |
| Shou Cailiang | 1 | 100 | - | - | - | - | 1 | 100 |
| Liu Manhong | 1 | 100 | 7 | 100 | - | - | 8 | 100 |
| Francis Leong | 1 | 100 | 7 | 100 | 2 | 100 | 10 | 100 |
| Dr. Fang Lixin | 1 | 100 | - | - | 2 | 100 | 3 | 100 |
| Ren Shu | 1 | 100 | - | - | | | 1 | 100 |
| Tang Wei | 1 | 100 | - | - | - | - | 1 | 100 |
| John (Jack) Duffy | 1 | 100 | 7 | 100 | 2 | 100 | 10 | 100 |

STATEMENT OF EXECUTIVE COMPENSATION

Form 51-102F6 - *Statement of Executive Compensation (in respect of financial years ending on or after December 31, 2008) ("51-102F6")*, defines "Named Executive Officers" as: (a) the Chief Executive Officer, (b) the Chief Financial Officer, and (c) each of the Corporation's three most highly compensated executive officers (or other employees who would otherwise qualify as Named Executive Officers if they were executive officers) other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was, individually, more than \$150,000, as determined in accordance with 51-102F6 for the financial year ended June 30, 2018.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Discussion and Analysis

The CGNC Committee of the Board is composed of Dr. Fang Lixin, Mr. Francis Leong and Mr. John (Jack) Duffy. Mr. Francis Leong is the Chair of the CGNC Committee. One of the functions of the CGNC Committee is to assist the Board in carrying out its responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Corporation's base compensation structure and equity-based compensation programs, recommending compensation of the Corporation's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation although the CGNC Committee guides it in this role.

The CGNC Committee determines the compensation of the President. The President makes salary recommendations for all other executive officers and senior employees of the Corporation to the CGNC Committee.

Philosophy and Objectives

The compensation program for the senior management of the Corporation is designed to ensure that the level and form of compensation achieves certain objectives, including:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management;
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results; and
- to encourage retention of key executives for leadership succession.

During the financial year ended June 30, 2018, the Corporation's executive compensation program was comprised of base salary and equity participation. The Corporation did not award any bonus incentive compensation to its executive officers during the financial year ended June 30, 2018, although the Corporation may choose to do so in the future. The Corporation reviews industry compensation information and compares its level of overall compensation with those of comparable sized companies.

Base Salary

In the Board's view, paying base salaries which are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Base salary is compensation for discharging job responsibilities and reflect the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Bonus Incentive Compensation

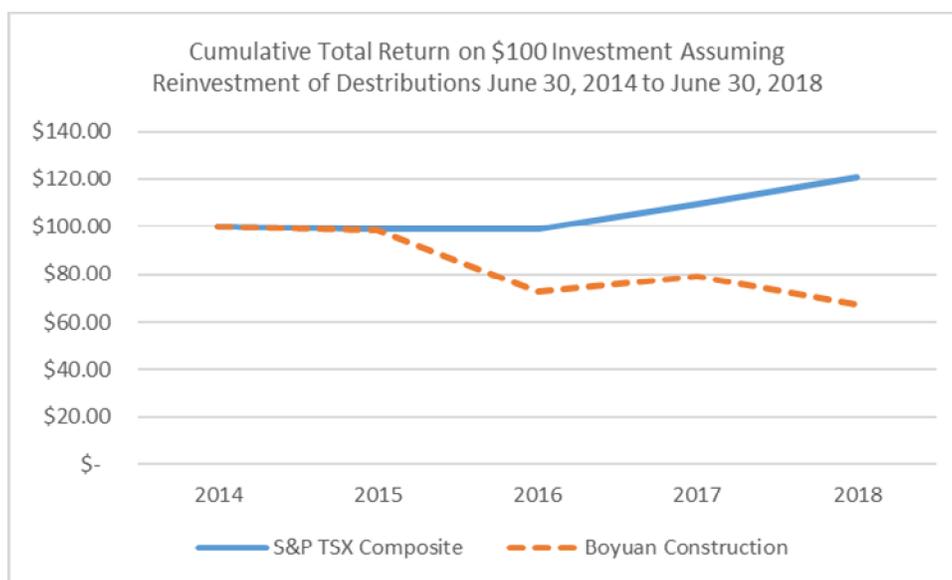
No bonus was paid in fiscal 2018 to any executive officer. In the future, the Corporation may award executive officers with bonus incentive compensation. The Corporation's objective would be to reward achievement of certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the executive and the Corporation meeting those strategic objectives and milestones, the executive's individual performance and sufficient cash resources being available for the granting of bonuses.

Equity Participation

The Corporation believes in aligning the interests of its executive officers with those of the shareholders by encouraging its executives and employees to become shareholders. Equity participation may be accomplished through the awarding of stock options under the Corporation's Stock Option Plan. Stock options may be granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted, if any, are determined by the Board. No stock options were granted in the fiscal year ended June 30, 2018.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in Common Shares in June 30, 2014 for the period ending June 30, 2018 with the total return of the S&P/TSX Composite Index over the same period (assuming reinvestment of dividends).



| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|----------|----------|----------|----------|-----------|
| S&P TSX Composite | \$100.00 | \$ 98.84 | \$ 98.64 | \$109.54 | \$ 120.94 |
| Boyuan Construction | \$100.00 | \$ 98.39 | \$ 72.58 | \$ 79.03 | \$66.94 |

In fiscal 2017 and 2018, compensation of the Named Executive Officers as detailed in this Circular were based on the Corporation's financial performance and not linked to Common Share price on the TSX. Therefore, no comparison can be done in respect of how the trend in the graph shown above compares to the trend in company compensation for the Named Executive Officers.

SUMMARY COMPENSATION TABLE

Summary Compensation Table

The following table summarizes the compensation paid to the Named Executive Officers during the financial year ended June 30, 2018:

| Name and Principal Position | Financial Year Ended June 30 | Salary (US\$) ⁽¹⁾ | Share-Based Awards (US\$) | Option-Based Awards (US\$) ⁽²⁾ | Non-Equity Incentive Plan Compensation (US\$) | | Pension Value (US\$) | All Other Compensation (US\$) | Total Compensation (US\$) |
|---|------------------------------|------------------------------|---------------------------|---|---|---------------------------|----------------------|-------------------------------|---------------------------|
| | | | | | Annual Incentive Plans | Long-Term Incentive Plans | | | |
| Shou Cailiang Chairman and President | 2018 | 77,800 | Nil | Nil | Nil | Nil | Nil | Nil | 77,800 |
| | 2017 | 72,966 | Nil | Nil | Nil | Nil | Nil | Nil | 72,966 |
| | 2016 | 79,191 | Nil | 35,901 | Nil | Nil | Nil | Nil | 115,092 |
| Paul Law Chief Financial Officer | 2018 | 121,060 | Nil | Nil | Nil | Nil | Nil | Nil | 121,060 |
| | 2017 | 120,836 | Nil | Nil | Nil | Nil | Nil | Nil | 120,836 |
| | 2016 | 32,072 | Nil | 17,552 | Nil | Nil | Nil | Nil | 149,624 |

Notes:

- (1) The Corporation reports in US dollars in its financial statements and, accordingly, the table above is shown in US dollars. Compensation for Mr. Shou and Mr. Law is made in Canadian dollars but has been converted for the table above at the Bank of Canada average annual exchange rate of 1.2698, 1.3267 and 1.3262 for the 2018, 2017 and 2016 years, respectively.
- (2) The values reported represent an estimate of the grant date fair value of the options calculated in accordance with the Black-Scholes pricing model. The Black-Scholes model is a pricing model which may or may not reflect the actual value of the options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise. The value of option-based awards shown in the table is calculated by multiplying the number of options by the Black-Scholes value of the option at the time of grant. The following assumptions were used for the Black-Scholes calculation: (a) expected life of 5 years; (b) expected volatility of 119% for 2018; (c) risk free interest rate of 1.53% for 2018. Assumptions used in the calculation of these compensation costs are discussed in Note 18 to the Corporation's audited consolidated financial statements for the financial year ended June 30, 2018. For a description of the material terms of each option grant to Named Executive Officers, see "Incentive Plans Awards" below and for a description of the material terms of the Stock Option Plan of the Corporation, see "Securities Authorized for Issuance Under Equity Compensation Plan."

Narrative Description

During the financial year ended June 30, 2018, salary based awards were paid as compensation to the Named Executive Officers, and there was no bonus incentive compensation awarded.

During the financial year ended June 30, 2018, the Corporation did not grant any stock options. See "Incentive Plan Awards" below.

INCENTIVE PLAN AWARDS**Outstanding Share-Based and Option-Based Awards**

The only incentive award plan of the Corporation during the financial year ended June 30, 2018 was the Stock Option Plan.

The following table sets out all option-based awards outstanding as at June 30, 2018 for each Named Executive Officer:

| Name and Principal Position | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (Cdn\$) | Option Expiration Date | Value of Unexercised In-The-Money Options (Cdn\$)⁽¹⁾ |
|---|--|--------------------------------------|-------------------------------|--|
| Shou Cailiang Chairman and President | 450,000 ⁽²⁾ | 0.61 | June 30, 2019 | Nil |
| Paul Law Chief Financial Officer | 220,000 ⁽²⁾ | 0.61 | June 30, 2019 | Nil |

Notes:

- (1) The value is calculated based on the difference between the closing price of Common Shares on the TSX on June 30, 2018 (Cdn\$0.42) and the exercise price of the options, multiplied by the number of options.
- (2) Such options vest one-third (1/3) on the grant date, one-third (1/3) on the first anniversary of the grant date and one-third (1/3) on the second anniversary of the grant date.

Incentive-Plan Awards - Value Vested or Earned During The Year

The only incentive award plan of the Corporation during the financial year ended June 30, 2018 was the Stock Option Plan. The following table sets out the value vested or earned under incentive plans during the financial year ended June 30, 2018 for each Named Executive Officer:

| Name and Principal Position | Option-based Awards – Value vested during the year (Cdn\$) ⁽¹⁾ | Share-based Awards – Value vested during the year (Cdn\$) | Non-equity incentive plan compensation – Value earned during the year (Cdn\$) |
|---|---|---|---|
| Shou Cailiang Chairman and President | Nil | Nil | Nil |
| Paul Law Chief Financial Officer | Nil | Nil | Nil |

Note:

- (1) The value is calculated based on the difference between the closing price of Common Shares on the TSX at the applicable vesting date (or the next trading day if the vesting date falls on a date that is not a trading day) and the exercise price of the options, multiplied by the number of options.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There is no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

DIRECTOR COMPENSATION

Director Compensation Table

The following table summarizes the compensation paid to the directors during the financial year ended June 30, 2018. The Corporation reports in US dollars in its financial statements and, accordingly, the table above is shown in US dollars. Compensation to directors is made in Canadian dollars but has been converted for the table below at the Bank of Canada exchange rate of 1.2698 for 2018.

| Name ⁽¹⁾ | Fees Earned (US\$) ⁽²⁾ | Share-Based Awards (US\$) | Option-Based Awards (US\$) | Non-Equity Incentive Plan Compensation (US\$) | Pension Value (US\$) | All Other Compensation (US\$) | Total (US\$) |
|---------------------|-----------------------------------|---------------------------|----------------------------|---|----------------------|-------------------------------|--------------|
| Liu Manhong | 22,237 | Nil | Nil | Nil | Nil | Nil | 22,237 |
| Francis Leong | 27,141 | Nil | Nil | Nil | Nil | Nil | 27,141 |
| Ren Shu | Nil | Nil | Nil | Nil | Nil | 31,270 ⁽³⁾ | 31,270 |
| Dr. Fang Lixin | 21,018 | Nil | Nil | Nil | Nil | Nil | 21,018 |
| Tang Wei | Nil | Nil | Nil | Nil | Nil | 22,785 ⁽³⁾ | 22,785 |
| John (Jack) Duffy | 27,975 | Nil | Nil | Nil | Nil | Nil | 27,975 |

Notes:

- (1) Shou Cailiang does not appear on this table as he is a Named Executive Officer. See "Summary Compensation Table" above.
- (2) All fees in such column represent cash fees paid to directors for their services as directors (see "Narrative Discussion" below).
- (3) Ms. Ren Shu received such compensation for her role as Secretary of the Corporation and Mr. Tang Wei received such compensation for his role as Vice President and employee of the Corporation.

Narrative Discussion

During the financial year ended June 30, 2018, the Corporation paid each non-executive director a cash fee of US\$20,000 per year. Each of the Audit Committee Chair and Lead Director was entitled to an additional US\$5,000 fee per year. Non-executive directors also received fees for attending board meetings in person at a rate of US\$300 per meeting.

All directors were reimbursed by the Corporation for their expenses incurred for serving as directors. In addition, Ms. Ren Shu received compensation for her role as Secretary of the Corporation and Mr. Tang Wei received compensation for his role as Vice President and employee of the Corporation.

Directors are entitled to participate in the Stock Option Plan. During the financial year ended June 30, 2018, the Corporation did not grant any options.

Share-based Awards, Option-based Awards and Incentive Plan Compensation

The only incentive award plan of the Corporation during the financial year ended June 30, 2018 was the Stock Option Plan. The following table sets out all option-based awards outstanding as at June 30, 2018, for each director of the Corporation:

| Name ⁽¹⁾ | Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (Cdn\$) | Option Expiration Date | Value of Unexercised In-The-Money Options (Cdn\$) ⁽²⁾ |
|---------------------|---|-------------------------------|------------------------|--|
| Liu Manhong | 80,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |
| Francis Leong | 120,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |
| Ren Shu | 120,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |
| Dr. Fang Lixin | 80,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |
| Tang Wei | 120,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |
| John (Jack) Duffy | 100,000 ⁽³⁾ | \$0.61 | June 30, 2019 | Nil |

Notes:

- (1) Shou Caijiang does not appear on this table as he is a Named Executive Officer. See "Incentive Plan Awards" above.
- (2) The value is calculated based on the difference between the closing price of Common Shares on the TSX on June 30, 2018 (Cdn\$0.42) and the exercise price of the options, multiplied by the number of options.
- (3) Such options vest one-third (1/3) on the grant date, one-third (1/3) on the first anniversary and one-third (1/3) on the second anniversary of the grant date.

Incentive Plan Awards – Value Vested or Earned During The Year

The only incentive award plan of the Corporation during the financial year ended June 30, 2018 was the Stock Option Plan. The following table sets out the value vested or earned under incentive plans during the year ended June 30, 2018, for each director of the Corporation:

| Name ⁽¹⁾ | Option-based Awards – Value vested during the year (Cdn\$) | Non-equity incentive plan compensation – Value earned during the year (Cdn\$) |
|---------------------|--|---|
| Liu Manhong | Nil | Nil |
| Francis Leong | Nil | Nil |

| Name ⁽¹⁾ | Option-based Awards – Value vested during the year (Cdn\$) | Non-equity incentive plan compensation – Value earned during the year (Cdn\$) |
|---------------------|--|---|
| Ren Shu | Nil | Nil |
| Dr. Fang Lixin | Nil | Nil |
| Tang Wei | Nil | Nil |
| John (Jack) Duffy | Nil | Nil |

Note:

- (1) Shou Cailiang does not appear on this table as he is a Named Executive Officer. See "Incentive Plan Awards" above.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The table below sets out the outstanding options under the Corporation's Stock Option Plan under which Common Shares were authorized for issuance as of the end of the financial year ended June 30, 2018. The only incentive award plan of the Corporation during the financial year ended June 30, 2018 was the Stock Option Plan.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights as at June 30, 2018 (a) | Weighted-average exercise price of outstanding options, warrants and rights as at June 30, 2018 (b) | Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a)) as at June 30, 2018 (c) |
|--|--|--|--|
| Equity compensation plans approved by security holders | 1,755,000 | Cdn\$0.61 | 787,306 |
| Equity compensation plans not approved by security holders | Nil | Nil | Nil |
| TOTAL | 1,755,000 | Cdn\$0.61 | 787,306 |

The Stock Option Plan

In connection with the graduation of the Corporation from the TSXV to the TSX in June 2010, the Corporation adopted an amended and restated Stock Option Plan which was approved by the shareholders on November 12, 2010, which was further amended following shareholder approval on November 20, 2013 and December 12, 2016 (referred to herein as the "**Stock Option Plan**"). The Stock Option Plan requires re-approval by directors and shareholders every three years in accordance with the policies of the TSX and was last approved at the 2016 annual meeting of shareholders held on December 12, 2016. The summary of the principal terms of the Stock Option Plan is set forth below. The full text of the amended Stock Option Plan was set out as Appendix "A" to the Corporation's management information circular dated October 19, 2013 in connection with the Corporation's annual and special meeting of shareholders held on November 20, 2013, available for download on SEDAR at www.sedar.com.

The Stock Option Plan provides that directors, consultants and employees of the Corporation or any of its subsidiaries and employees of a person or company which provides management services to the Corporation or any of its subsidiaries shall be eligible for selection to participate in the Stock Option Plan (collectively, "**Eligible Persons**"). The Stock Option Plan is administered by the Board (or a special committee appointed by the Board, if applicable).

The Stock Option Plan is a rolling stock option plan. The maximum number of Common Shares issuable pursuant to the Stock Option Plan (and any other security based compensation arrangement) may not exceed 10% of the issued and outstanding Common Shares from time to time. As at November 5, 2018, the total number of Common Shares available for issuance under the Stock Option Plan was 2,542,306, and there were 1,755,000 options outstanding to purchase Common Shares, representing approximately 6.9% of the total Common Shares issued and outstanding. Accordingly, 787,306 Common Shares remain available for future stock option awards under the Stock Option Plan, representing 3.1% of the total Common Shares issued and outstanding. The number of Common Shares that may be reserved for issuance to any one person under options granted in any 12 month period shall not exceed 5% of the outstanding Common Shares determined at the date of grant (or 2% of the issued and outstanding Common Shares in the case of an optionee who is a consultant or an employee who performs investor relations activities for the Corporation). As at November 5, 2018, the highest number of Common Shares of the Corporation reserved for issuance to any one person pursuant to options granted represents approximately 1.8% of the issued and outstanding Common Shares.

The number of Common Shares that may be issuable to insiders pursuant to the Stock Option Plan, together with the Common Shares issuable to insiders pursuant to all other security based compensation arrangements, in aggregate, is subject to a maximum of 10% of the total number of issued and outstanding Common Shares. The number of Common Shares that may be issued to insiders within any 12-month period pursuant to the Stock Option Plan, together with the Common Shares issuable to insiders pursuant to all other security based compensation arrangements, in aggregate, is subject to a maximum of 10% of the total number of issued and outstanding Common Shares. The number of Options grantable to each non-employee director under the Stock Option Plan and all other security based compensation arrangements of the Corporation, at any time, cannot exceed 1% of the issued and outstanding Common Shares.

The exercise price of the options is determined by the Board at the time of grant, and in no event shall such exercise price be lower than the market price (as such term is defined in the TSX Company Manual) of the Common Shares at the time the option is granted or any other exercise price permitted by the TSX. Once an option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of Options held by insiders of the Corporation, the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

Subject to any vesting restrictions imposed by the TSX, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist. The Stock Option Plan specifically requires vesting provisions for options granted to optionees performing investor relations activities which require such options to vest over at least 12 months with no more than 1/4 of the options vesting in any 3-month period.

The option period shall be a period of time fixed by the Board not to exceed 10 years. The Stock Option Plan provides for a limited extension for options expiring during or shortly after a blackout period. A blackout period is imposed by the Corporation for good corporate governance reasons during which trading by certain persons in the Corporation's securities (including exercising options) is prohibited. The Stock Option Plan allows the exercise period of options expiring during or within 10 business days after the expiry of a blackout period to be extended to the day that is the 10th business day after the expiry of the blackout period.

If an optionee ceases to be an Eligible Person as a result of having been dismissed from any such position for cause, all unexercised option rights of that optionee under the Stock Option Plan shall immediately become terminated. In the event of the retirement, voluntary resignation or termination without cause of an optionee, the options held by that optionee would be exercisable to acquire unissued Common Shares that have vested at the time of such retirement, resignation or termination until the earlier of (i) the expiry date of the options; or (ii) 90 days after the optionee ceases active employment or service as an Eligible Person (except that, in the case of optionees providing investor relations activities to the Corporation, such 90 day period is reduced to 30 days after ceasing to provide such investor relations activities). Upon death of an optionee, the options held by such optionee may be exercised until the earlier of (i) the expiry date of the options; or (ii) one year after the optionee's death.

All benefits, rights and options accruing to any optionee in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable unless specifically provided or to the extent, if any, permitted by the TSX.

The Stock Option Plan expressly specifies the amendments that the Board is permitted to make without shareholder approval, and the amendments that require shareholder approval. The Stock Option Plan allows the Board to make the certain amendments to the Stock Option Plan without having to obtain shareholder approval including the following: (i) a change in classes of eligible persons (subject to certain exceptions); (ii) a change made to ensure regulatory compliance; (iii) amendments of a "housekeeping" nature; (iv) a change to the method of determining the option price provided such price is not lower than the "market price" required under the rules of the TSX; (v) changing the following terms governing options under the Stock Option Plan: (A) change to vesting provisions (B) exercise and payment method and frequency; (C) transferability or assignability, other than as provided for in the Stock Option Plan; (D) to fairly or properly take into account a sale, arrangement or take-over bid; (E) adjustments required in the circumstances of certain events such as consolidations and reorganizations; and (F) the effect of termination (for whatever reason) of the optionee's employment or service; (vi) determining any of the termination provisions of the Stock Option Plan would not apply; (vii) a change in terms and conditions of any financial assistance which may be provided by the Corporation to any optionee, or adding or removing any provisions providing for such financial assistance; (viii) adding of or amending any cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve; (ix) providing for any non-equity based awards under the Stock Option Plan including stock appreciation rights; (x) a change necessary to qualify for favourable tax treatment to optionees and/or the Corporation; (xi) changing any terms relating to the administration of the Stock Option Plan; and (xii) other changes not requiring securityholder approval under applicable law including rules of the TSX.

The Stock Option Plan expressly states that shareholder approval is required for the following changes to the Stock Option Plan or options granted under it: (i) increasing the number of Common Shares that can be issued under the Stock Option Plan or any change from a fixed maximum number of Common Shares issuable to a fixed maximum percentage; (ii) reducing the exercise price of an outstanding option (including a cancellation and re-grant of an option to the same optionee at a lower price which would constitute a reduction of the exercise price of an option) other than for the purpose of maintaining option value in connection with an adjustment; (iii) extending the expiry date of an outstanding option or amending the Stock Option Plan to permit the grant of an option with an expiry date of more than 10 years from the grant date; (iv) any extension of eligibility to participate in the Stock Option Plan to non-employee directors of the Corporation; (v) permitting an option to be transferable except if the transfer is for estate planning or normal estate settlement purposes; (vi) amending the Stock Option Plan to provide for other types of compensation through equity issuance; and (vii) any other amendment requiring securityholder approval under applicable law including rules of the TSX.

The Stock Option Plan contains a cashless exercise feature which allows a holder of options to dispose of his or her vested, unexercised options or any of them to the Corporation in exchange for the issuance of Common Shares equal to the number determined by dividing the closing market price of the Common Shares on the TSX prior to the date of surrender of such option, into the difference between the aggregate closing market price for all Common Shares underlying the options and the aggregate exercise price of such options.

The Stock Option Plan allows all unvested options to vest in case of a change of control, amalgamation, merger or sale of the assets of the Corporation. Where there is a take-over bid to acquire the outstanding shares or the Corporation enters into an agreement providing for the sale of all or substantially all of the assets of the Corporation such that, following completion of such sale, the Corporation will cease to carry on, directly or indirectly, an active business, the Board may advise optionees that all options will expire (subject to certain limitations) on the date determined by the Board and each optionee shall have the right to exercise their options in whole or in part, regardless of vesting. In addition, the Stock Option Plan provides that the Corporation shall have the right, in certain circumstances and in lieu of delivering Common Shares, to pay to an optionee the "in the money" amount of the stock options held by such optionee, at its election, in the event of a formal take-over bid for all of the shares of the Corporation, a sale of all or substantially all of the assets of the Corporation (under circumstances such that, following the completion of such sale, the Corporation will cease to carry on an active business) or any merger,

arrangement, amalgamation or other similar form of transaction involving the Corporation under circumstances such that, following the completion of such transaction, there is a change in control of the Corporation.

The Stock Option Plan provides that appropriate adjustments in the number of Common Shares and in the exercise price per Common Share, relating to options granted or to be granted, shall be made by the Board to give effect to adjustments in the number of Common Shares resulting from any subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital structure of the Corporation.

The Stock Option Plan specifies that any changes to the Stock Options Plan or options granted under it may be made by the Board and, if the effect is to impair, derogate from or otherwise materially and adversely affect any option previously granted, such change can only be made with the prior written consent of the applicable optionee.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than (i) for ordinary travel and expense advances where repayment arrangements are in accord with usual commercial practice, (ii) indebtedness that has been fully repaid as of the date of this Circular, and (iii) other than disclosed below, no directors, Nominees, executive officers or their respective associates or affiliates, or other management of the Corporation are indebted to the Corporation as of the date hereof or were indebted to the Corporation at any time during the financial year ended June 30, 2018, and no indebtedness of such individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

Aggregate Indebtedness

| AGGREGATE INDEBTEDNESS AS AT JUNE 30, 2018 | | |
|--|---|-------------------|
| Purpose | To the Corporation or its Controlled Entities | To Another Entity |
| (a) | (b) | (c) |
| Share purchases | Nil | Nil |
| Other | RMB¥1,000,000 (US\$151,046) | Nil |

Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

| INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER (1) SECURITIES PURCHASE AND (2) OTHER PROGRAMS | | | | | | |
|---|---|--|--|--|---------------------------|---|
| Name and Principal Position | Involvement of Corporation or its Controlled Entities | Largest Amount Outstanding During Fiscal year Ended June 30, 2018 (\$) | Amount Outstanding as at October 31, 2018 (\$) | Financially Assisted Securities Purchases During Fiscal year Ended June 30, 2018 (#) | Security for Indebtedness | Amount Forgiven During Fiscal year Ended June 30, 2018 (\$) |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| Securities Purchase Programs | | | | | | |
| Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Other Programs | | | | | | |
| Mr. Shou Cailiang and his wife Ms. Hong Yong Zhen, | Mr. Shou is President and Chairman of the Corporation | RMB¥1,000,000 (US\$151,046) | RMB¥ 1,800,000 (US\$271,883) | Nil | Nil | Nil |

The indebtedness was incurred by Mr. and Mrs. Shou Cailiang in connection with a bank loan obtained by Zhejiang Boyuan Construction Co., Ltd. ("**Boyuan China**"), the operating company controlled by the Corporation, from a local bank. The bank required as part of the collateral for the loan to Boyuan China that Mr. and Mrs. Shou maintain a cash collateral by depositing to an account at the bank in Mr. and Mrs. Shou's names at the amount of RMB¥200,000 (US\$30,209) per month during the term of the bank loan from February 2018 to January 2019. The monthly cash deposits were made by Boyuan China to the bank account in Mr. and Mrs. Shou's name and the Corporation has accounted for the cash deposited as a loan to Mr. and Mrs. Shou. As at June 30, 2018, the balance of the cash collateral was RMB¥1,000,000 (US\$151,046). As at October 31, 2018, the balance of the cash collateral was RMB¥1,800,000 (US\$271,883). The bank loan to Boyuan China matures in January 2019 and the balance of the cash collateral at the loan maturity will be RMB¥2,400,000 (US\$362,510) all of which including any interest earned on the deposit are expected to be returned to Boyuan China, unless the bank loan is extended and the bank continues to require the cash collateral to be maintained. The cash deposited in Mr. and Mrs. Shou's bank account acts solely as cash collateral for the bank loan to Boyuan China and not for Mr. and Mrs. Shou's personal use. Boyuan China does not charge any interest to Mr. and Mrs. Shou for the cash collateral nor is there any security provided for the cash collateral.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below or in this Circular, no informed person of the Corporation, Nominee, or any associate or affiliate of any informed person or Nominee has any material interest, direct or indirect, in any transaction which has occurred within the financial year ended June 30, 2018, or in any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

The Corporation's indirect wholly-owned subsidiary, Zhejiang Boyuan Trading Co., Limited ("**WFOE**"), consolidates the accounts of Boyuan China and Boyuan China's wholly-owned subsidiary, Jiaying Ziyuan Labour Service Co., Ltd. ("**Ziyuan**") and Hainan Boxiang Construction Co., Ltd. ("**Boxiang**"), through the variable interest entity relationship between WFOE and Boyuan China, WFOE is the primary beneficiary of Boyuan China, Ziyuan and Boxiang. Mr. Shou Cailiang, the President and Chairman of the Corporation, owns 90% of the issued shares of Boyuan China.

Please refer to the Corporation's Annual Information Form for the financial year ended June 30, 2018, available on SEDAR at www.sedar.com, for more information in respect of variable interest entity relationship between WFOE, Boyuan China, Ziyuan and Boxiang.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No Nominee or person who has been a director or executive officer of the Corporation at any time since the beginning of the last completed fiscal year or any associate or affiliate of any such Nominee, director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

MANAGEMENT CONTRACTS

No management functions of the Corporation or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Corporation.

OTHER BUSINESS

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

SHAREHOLDER PROPOSALS

Pursuant to Section 137(5)(a) of the CBCA, registered or beneficial shareholders have until September 21, 2019 being 90 days before the anniversary of the Meeting to submit a shareholder proposal to the Corporation to be included in the management information circular for the Corporation's next annual meeting of shareholders.

INSURANCE

The Corporation holds a directors' and officers' liability insurance policy (the "**Policy**") which is designed to protect the Corporation and its directors and officers against any legal action which may arise as a result of wrongful acts on the part of directors and/or officers of the Corporation. In respect of the financial year ended June 30, 2018, the Corporation renewed its policy on February 24, 2018 with a premium of US\$35,000 for a policy limit of US\$2,500,000.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is being provided in the Corporation's comparative financial statements for the financial year ended June 30, 2018 and the related management's discussion and analysis. A copy of the following documents may be obtained, without charge, upon request to the Corporate Secretary of the Corporation at Boyuan Construction Group, Inc., Jin Hui Plaza, No. 500 Matang Road, Jiaxing City, Zhejiang, P.R.C. 314000, Phone +86-573-85583126, Fax:+86-573-85520288: (a) the latest Annual Information Form of the Corporation together with any document, or the pertinent pages of any document, incorporated by reference therein; (b) the comparative financial statements of the Corporation for the financial year ended June 30, 2018 together with the accompanying report of the auditors thereon, any interim financial statements of the Corporation for periods subsequent to June 30, 2018 and the related management's discussion and analysis therefor; and (c) this Circular.

CONTACTING THE BOARD

Shareholders, employees and other interested parties may communicate directly with the Board through the Chair of the Board by writing to:

Chair of the Board
Boyuan Construction Group, Inc.
Jin Hui Plaza, No. 500 Matang Road,
Jiaxing City, Zhejiang, P.R.C. 314000

APPROVAL

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Board.

DATED November 9, 2018.

BY ORDER OF THE BOARD

/s/ "*Shou Cailiang*"

Shou Cailiang
Chairman and President