Boyuan Construction Builds Revenue and Profitability to New Heights in Fiscal 2019

Toronto, Ontario – September 30, 2019 – Boyuan Construction Group, Inc. ("Boyuan" or the "Company") (TSX: BOY), an established China-based construction and engineering company, today reported its financial results for the three-month and twelve-month periods ended June 30, 2019. All figures are in U.S. dollars unless otherwise stated.

Fiscal Year 2019 Highlights

- Revenue grew 21.3% to $395.2 million;
- Gross profit increased 8.0% to $26.3 million;
- Net income increased 118.4% to $19.2 million;
- In fiscal 2019, the Company commenced construction on seven material new projects with an aggregate contract value of $136 million.

Highlights Subsequent to Year End

- On August 20, 2019, the Company announced six new construction projects with combined contract values of US$186.1 million, including five residential and one commercial development project.

"Our strong growth and record financial results in fiscal 2019 again demonstrate the effectiveness of our time-tested strategy to focus on robust real estate markets in smaller centres, including Jiaxing, Zhejiang province and surrounding areas," said Mr. Cai Liang Shou. "Our annual revenue of $395.2 million was the highest in Boyuan's history and was approximately twice the revenue we achieved two years ago. Despite the decreasing trend in gross margins in the past few years, and which continued throughout this past year, we achieved record profitability in fiscal 2019, with net income more than doubling to $19.1 million from $8.7 million the year before."

Selected Fiscal Year Financial Results

In thousands except share and % data	**FY 2019**	**FY 2018**	**Change**
Revenue	$395,172	$325,926	+21.3%
Gross profit	$26,349	$24,401	+8.0%
Gross profit margin	6.7%	7.5%	-10.7%
EBITDA[1]	$31,756	$19,913	+59.5%
Net income	$19,185	$8,721	+119.9%
Earnings per share – diluted	$0.75	$0.30	+150.0%

[1] EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. EBITDA is not a defined performance measure under IFRS.

In thousands except % data	**June 30, 2019**	**June 30, 2018**	**Change**
Total Assets	$310,168	$272,617	+13.8%
Cash, cash equivalents & restricted cash	$25,686	$15,783	+62.7%

Review of fiscal year 2019 Financial Results

Revenue for the year was $395.2 million, representing an increase of 21.3% from $325.9 million in the prior year. The increase was a reflection of the significant number of new construction projects taken up in the past two years, particularly in fiscal 2018. While Boyuan commenced construction on seven material new projects with an aggregate contract value of $136 million in fiscal 2019, in the prior year the Company commenced projects representing a combined $315 million. Most of the Company's projects have durations between one to three years.

Construction costs in fiscal 2019 increased to $368.8 million, compared to $301.5 million in fiscal 2018. Construction costs include all direct material, labour, subcontract and other related costs, such as equipment repairs. The two major components of the costs of construction are direct material and labour costs. For fiscal 2019, direct material costs were $256.6 million and labour cost was $95.5 million. In comparison, direct material costs and labour costs were $213.5 million and $75.9 million in fiscal 2018.

Gross profit for the year was $26.3 million, or 6.7% of revenue. This compares to gross profit of $24.4 million, or 7.5% of revenue, in fiscal 2018. Margin pressures experienced over the past few years continued in fiscal 2019 due to the current real estate market environment in China.

G&A expenses in fiscal 2019 amounted to $5.6 million, representing a decrease of $0.5 million from the prior year. The decrease was mainly attributable to certain local government administrative payments were no longer needed in the year thus reducing the G&A expenses.

The Company collected certain amount from accounts previously impaired, resulting in the reversal of net impairment losses totaling $5.1 million in fiscal 2019. By contrast, net impairment losses amounted to $6.8 million in fiscal 2018.

Interest expense was $5.5 million in FY2019, a decrease of $1.3 million from FY2018. The lower interest expense for the year was primarily due to the repayment of the convertible debentures during the year.

In fiscal 2019, the Company achieved record high net income of $19.2 million, or $0.75 per share (basic and diluted), compared to net income $8.7 million, or $0.34 basic earnings per share ($0.30 diluted), in fiscal 2018. The increase was principally due to higher revenue recorded and impairment loss recovered in fiscal 2019.

Boyuan had working capital of $55.3 million, including cash, cash equivalents, and restricted cash totalling $25.7 million as at June 30, 2019. This compares to $53.3 million and $15.8 million, respectively, at June 30, 2018.

Boyuan's consolidated statements for the three-month and twelve-month periods ended June 30, 2019 and related management's discussion and analysis (MD&A) will be filed with securities regulatory authorities within applicable timelines and will be available via SEDAR at www.sedar.com.

About Boyuan Construction Group, Inc.

Backed by a longstanding track record, Boyuan Construction Group, Inc. ("Boyuan" or the "Company") has the knowledge and expertise to design and build a wide range of commercial and residential developments, as well as municipal infrastructure and engineering projects. Based in Jiaxing City and with a growing presence in both Zhejiang Province and Hainan Province, Boyuan focuses on construction projects in China's fast-growing regions of the Yangtze River Delta and the Hainan Province. The Company's current project backlog includes residential, commercial, industrial and mixed-use developments. For more information visit www.boyuangroup.cn.

Caution Regarding Forward-Looking Information:

Certain information contained in this press release constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this press release includes, but is not limited to, management's expectation to comply with the Alternative Information Guidelines. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this press release. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this press release include, but are not limited to: risk of a general cease trade order bing issued, risk of risk of macro-economy cycle, risk from competition, risk from insufficient marketing to secure new projects, risk in obtaining additional financing, risk involving permits and licences, reliance on key management member, risk from supply of raw materials, risk of financial leverage, risk of bad debts in accounts receivables, risk involved in real estate development, foreign exchange fluctuations, political and economic conditions in China and other risks included in the Company's AIF for the fiscal year ended June 30, 2019 and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available at www.sedar.com. The forward-looking information contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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