



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
BOYUAN CONSTRUCTION GROUP, INC.**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the “Commission”) make the following allegations:

1. Boyuan Construction Group, Inc. (the “Respondent” or the “Company”), is a reporting issuer whose common shares have been publicly traded on the TSX Venture Exchange and subsequently, the Toronto Stock Exchange under the symbol “BOY”. The Respondent’s operations and management are located in Jiaxing Port, Zhejiang, China and its primary business is the construction of residential and commercial buildings in China.
2. The Company meets the characteristics of an “emerging market issuer” as referenced in OSC Staff Notice 51-719 *Emerging Markets Issuer Review*.
3. This proceeding relates to a related party transaction and a loan agreement (the “Transaction”) which was entered into by the CEO on behalf of the Respondent 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. This resulted in the Company misleading Staff and the Company’s auditors about the Transaction. In particular, the Company provided Staff and the auditors with inaccurate responses and a false document respecting the Transaction.

4. By engaging in the conduct described above, Boyuan has engaged in conduct contrary to the public interest by:

(a) making statements and providing documents to Staff and its auditor which, at the time and in the light of the circumstances under which the statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading; and

(b) failing to establish and maintain adequate internal controls respecting the approval and recording of related party transactions and the provision of information respecting such transactions to its auditor and regulator.

5. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 30th day of May, 2013.