



GINSMS INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 15, 2017**

**AND**

**MANAGEMENT PROXY CIRCULAR**

**Dated: July 7, 2017**



**GINSMS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

TAKE NOTICE that the Annual and Special Meeting of Shareholders (the "**Meeting**") of GINSMS Inc. (the "**Corporation**") will be held at:

Place: Miller Thomson LLP  
1000, De La Gauchetière Street West, Suite 3700, Montreal (Quebec) H3B 4W5

Date: August 15, 2017

Time: 10:30 a.m.

The purposes of the Meeting are:

1. To receive and consider the financial statements of the Corporation for the financial year ended December 31, 2016 and the auditors' report thereon;
2. To elect directors;
3. To appoint auditors and authorize the directors to fix their remuneration;
4. To consider, and if deemed advisable, to adopt a resolution in the form annexed as Schedule "A" to the Management Proxy Circular, approving the 2009 Stock Option Plan of the Corporation; and
5. To transact such other business as may properly be brought before the Meeting.

The attached management proxy circular includes supplementary information on the matters to be dealt with at the Meeting and, as such, is an integral part of this Notice.

**Since it is desirable that as many shares as possible be represented and voted at the Meeting, we urge any shareholder who is unable to attend the Meeting in person to complete and return the enclosed proxy form in accordance with the instructions contained therein.**

DATED at Montreal, Quebec  
July 7, 2017

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Bruno Caron*  
Bruno Caron, Corporate Secretary

## MANAGEMENT PROXY CIRCULAR SOLICITATION OF PROXIES

This Management Proxy Circular is furnished in connection with the solicitation by the management of GINSMS Inc. (the "Corporation") of proxies to be used at the Annual and Special Meeting of shareholders (the "Meeting") of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy in accordance with the instructions contained therein.

### REQUIRED QUORUM

The by-laws of the Corporation provide that a quorum is reached at a shareholders' meeting of the Corporation if one or more shareholders representing no less than five percent (5%) of the votes that may be casted at the Meeting is or are present in person or represented by proxy.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint as his or her proxy a person, who need not be a shareholder, other than those whose names are printed on the accompanying form of proxy.** A shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by crossing out the person's name in the enclosed form of proxy and inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy or by completing and signing another proper form of proxy.

A shareholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be sent at the same address where the form of proxy was sent and within the delays mentioned therein, or two business days preceding the date the Meeting resumes if it is adjourned, or by delivering it to the chairman of such Meeting on the day of the Meeting or any adjournment thereof.

### EXERCISE OF DISCRETION BY PROXIES

**The persons named in the accompanying form of proxy will vote the shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the shareholder as indicated on the proxy. In the absence of such specification, such shares will be voted FOR the: (i) election of each director; (ii) appointment of the auditors; and (iii) resolution approving the 2009 Stock Option Plan of the Corporation, as set out under such headings in this Management Proxy Circular. Unless otherwise specified herein, all resolutions will be adopted by a simple majority of the votes represented at the Meeting.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting or any adjournment thereof. As of the date hereof, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the persons named in the proxy.

### VOTING SHARES

As at July 7, 2017, there were 149,793,861 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed July 7, 2017 as the record date (the "Record Date") for the purpose of determining shareholders entitled to receive notice of, and to vote at, the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for

inspection during usual business hours at the head office of the Corporation, 700 – 9<sup>th</sup> Avenue S.W., Suite 3000, Calgary, Alberta T2P 3V4 and at the Meeting.

**NON-REGISTERED SHAREHOLDERS**

**Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting.**

However, in many cases, shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the common shares, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans; or (ii) in the name of a clearing agency of which the Intermediary is a participant. In accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled "Communication with Beneficial Owners of Securities of a Reporting Issuer", the Corporation has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose.

Non-Registered Holders will typically be provided with a computerized form (often called a "voting instruction form") which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the Internet or through a toll-free telephone number. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. **Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it in accordance with the instructions contained therein.** A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

**In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form must be delivered.**

**PRINCIPAL HOLDERS**

As at July 7, 2017, to the best knowledge of the Corporation's directors and executive officers, the following are the only persons who beneficially owned or exercised control or direction over, directly or indirectly, more than 10% of the issued and outstanding common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
Inphosoft Pte. Limited..... Singapore	28,537,830	19.05%
Xinhua Mobile Limited..... Cayman Islands	97,841,852	65.32%

**INTEREST OF CERTAIN PERSONS IN MATTERS ON THE AGENDA**

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting, other than the election of directors:

- a) each person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year;
- b) each proposed nominee for election as a director of the Corporation; and
- c) each associate or affiliate of any of the foregoing.

### PRESENTATION OF FINANCIAL STATEMENTS

The annual audited financial statements for the financial year of the Corporation ended December 31, 2016 and the report of the auditors will be placed before the Meeting. The annual financial statements of the Corporation were mailed to shareholders who requested to receive them and are also available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional copies of the annual audited financial statements for the financial year ended December 31, 2016 may be obtained from the Corporation upon request and will be available at the Meeting.

### ELECTION OF DIRECTORS

The Board of Directors currently consists of four directors. Each director will hold office until the next annual meeting of shareholders or until the election of his/her successor, unless he/she resigns or his/her office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name, province or state of residence and position with the Corporation	Principal occupation	First year as director	Number of shares beneficially owned or over which control is exercised as at July 7, 2017
Kuen Kuen (Vivian) Lau ..... Hong Kong Director	Financial Controller of Xinhua Holdings Limited	September 30, 2015	-
Benedict Leung <sup>(1)(2)</sup> ..... Toronto, Ontario, Canada Director	Managing Partner of Leung & Company Chartered Accountants	May 16, 2009	-
Paul Fung Yuen Law <sup>(1)(2)</sup> ..... Kowloon, Hong Kong Director	Chief Financial Officer of Boyuan Construction Group Inc., a National Class – 1 general contracting company based in China	May 16, 2009	-
Siang Hui (Joel) Chin <sup>(1)(2)</sup> ..... Singapore Chief Executive Officer and director	Chief Executive Officer of the Corporation and Chief Executive Officer and director of Inphosoft Group Pte Ltd, a wholly-owned subsidiary of the Corporation	December 3, 2012	-

(1) Member of the Audit Committee.  
(2) Member of the Compensation Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually. The Corporation does not have an Executive Committee of the Board of Directors.

All nominees have been elected directors of the Corporation at the Annual and Special shareholders' meeting of the Corporation held on August 16, 2016 for which an Information Circular was issued.

To the knowledge of the Corporation, none of the foregoing nominees for election as a director:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:

- (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; 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 of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person 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 the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Also, to the knowledge of the Corporation, none of the foregoing nominees for election as director of the Corporation 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 that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**You can vote for the election of all the candidates described above, vote for the election of some of them and withhold from voting for others, or withhold from voting for all of them. Unless otherwise instructed, the persons named in the accompanying form of proxy will vote FOR the election of each of the candidates described above.**

## **COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation philosophy, objectives and process and to discuss compensation relating to each person who acted as Chief Executive Officer and as Chief Financial Officer and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), if any, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "**Named Executive Officer**" and collectively the "**Named Executive Officers**").

### **Compensation Committee**

The Compensation Committee of the Board of Directors (the "**Compensation Committee**") is currently comprised of three directors, namely Siang Hui (Joel) Chin, Benedict Leung and Paul Fung Yuen Law. Each of Messrs. Leung and Law, is an "independent" director within the meaning of National Instrument 52-110 — *Audit Committees*. The Board of Directors considers that Mr. Chin is not independent within the meaning of National Instrument 52-110 — *Audit Committees* in that he is the Chief Executive Officer of the Corporation and a senior officer of the principal operating subsidiary of the Corporation. The Board of Directors is of the view that the Compensation Committee collectively has the knowledge, experience and background to fulfill its mandate, and that each of the members of the Compensation Committee has direct experience relevant to his responsibilities regarding executive compensation. In particular, Mr. Leung is a Chartered Accountant, and has been the Chief Financial Officer of a number of public companies listed on the TSX Venture Exchange; and Mr. Law has extensive experience in the investment industry and has served

managerial roles in a number of banks in Hong Kong, he is also the Chief Financial Officer of Boyuan Construction Group, Inc., a company listed on the Toronto Stock Exchange. These collective skills and extensive experience enable the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

The mandate of the Compensation Committee is to annually review and make recommendations to the Board of Directors with respect to the Corporation's compensation and benefit programs for the Named Executive Officers and directors as well as other members of senior management of the Corporation, including base salaries, annual incentives (bonuses) and stock option grants. In the assessment of the annual compensation of the Named Executive Officers, the Compensation Committee consults with senior management to develop, recommend and implement compensation philosophy and policy. The Compensation Committee also takes into consideration the competitiveness of the compensation packages offered to the Named Executive Officers. Compensation decisions are usually made in the first half of a fiscal year, in respect of performance achieved in the prior fiscal year.

### **Compensation Philosophy and Objectives**

The Corporation is a small information technology company and, at present, does have limited financial resources. In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The Chief Executive Officer makes recommendations to the Compensation Committee as to the compensation of the Corporation's executive officers, other than himself. The Compensation Committee makes recommendations to the Board of Directors as to the compensation of the Chief Executive Officer and the other Named Executive Officers. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a small information technology company with limited financial resources.

### **Executive Compensation Policy and Process**

The Corporation's executive compensation program is comprised of three main components: (i) base salary and benefits; (ii) annual incentive (bonuses); and (iii) long-term incentives, including stock options granted pursuant to the Corporation's 2009 Stock Option Plan. The following describes the Corporation's executive compensation program by components of compensation and discusses how each component relates to the Corporation's overall executive compensation objectives.

The executive compensation program is administered by the Compensation Committee of the Board of Directors. The Corporation does not have a formal policy with respect to the remuneration of the Named Executive Officers. In determining the compensation of the Named Executive Officers, the Compensation Committee considers, among other things, the contribution of each such individual to the Corporation and the financial resources of the Corporation.

### **External Compensation Consultant**

To ensure the competitiveness of the compensation offered to the Named Executive Officers and other senior executives of the Corporation, the Compensation Committee may retain, from time to time, the services of executive compensation consultants to provide advice on executive compensation. All decisions with respect to executive compensation are made by the Board of Directors on recommendation of the Compensation Committee and may reflect factors and considerations that differ from information and recommendations provided by such consultants, such as merit and the need to retain high-performing executives. To date, the Corporation did not retain the services of a compensation consultant to provide advice on executive compensation to the Board of Directors or the Compensation Committee.

### **Compensation Process**

The Compensation Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation's shareholders;
- align executive compensation with corporate performance; and

- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

### **Elements of Executive Compensation**

The compensation paid to Named Executive Officers is comprised of three main components: base salary, annual incentives (bonuses) and long-term incentives, in the form of stock options granted pursuant to the 2009 Stock Option Plan. The following discussion describes the components of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. The Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation's Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent;
- annual incentive bonuses encourage and reward performance over the financial year compared to predefined goals and objectives and reflect prowess toward company-wide performance objectives and personal objectives; and
- stock options ensure that the Named Executive Officers are motivated to achieve long-term growth of the Corporation and increases in shareholder value, and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and stock options as short-term and long-term incentives, respectively.

#### *Base Salaries*

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions.

The base salaries of the Named Executive Officers are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each Named Executive Officer, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the Chief Executive Officer, are reviewed by the Compensation Committee on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the Chief Executive Officer to the Corporation's long-term growth and the knowledge of the members of the Compensation Committee with respect to remuneration practices in Canada but also in Hong Kong and Singapore.

#### *Variable Cash Incentive Awards — Bonuses*

The Compensation Committee's philosophy with respect to Named Executive Officer bonuses is to align the payment of bonuses with the performance of the Corporation, based on predefined goals and objectives established by the Compensation Committee and management and the relative contribution of each of the executive officers, including the Chief Executive Officer, to that performance. During the financial year ended December 31, 2016, the Corporation did not pay any bonuses to its Named Executive Officers.

#### *Long-Term Incentive Plans and Stock Option Plan*

The Corporation has no long-term incentive plans other than the 2009 Stock Option Plan. The Corporation provides long-term incentive compensation to its Named Executive Officers through the 2009 Stock Option Plan. For the material terms and conditions of the 2009 Stock Option Plan, see "Stock Option Plan" below.

#### **Group Benefits/Perquisites**

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefit from a retirement plan, other than the MPF scheme described below and applicable to officers resident of Hong Kong only.

The Corporation maintains a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of an employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Corporation in an independently administered fund. The Corporation's contributions as an employer vest fully with the employees when contributed into the MPF scheme.

### Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

### Summary of the Compensation of the Named Executive Officers

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, each Named Executive Officer during the fiscal year ended March 31, 2015, the 9-month financial year ended December 31, 2015 and the financial year ended December 31, 2016. Amounts reported in the table below are in Canadian dollars.

#### Summary Compensation Table

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value <sup>(3)(4)</sup> (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long Term Incentive Plans			
Chee Ming Shum interim CFO <sup>(6)</sup>	2016	-	-	-	-	-	-	76,492	76,492
	2015 <sup>(6)</sup>	-	-	-	-	-	-	22,894	22,894
Siang Hui (Joel) Chin CEO	2016	126,742	-	-	-	-	11,763	-	138,505
	2015 <sup>(6)</sup>	92,187	-	-	-	-	7,130	-	99,317
	2015	116,450	-	-	-	-	8,477	-	124,927

(1) This column discloses the actual salary earned during the fiscal year indicated.

(2) The Corporation does not have a share-based compensation plan.

(3) The Corporation does not have a retirement plan other than the MPF scheme.

(4) These amounts represent the contribution of the Corporation to the MPF scheme.

(5) On January 27, 2016, the Corporation announced that its financial year end would change from March 31 of each year to December 31 of each year. This information is provided for the 9-month transitional fiscal year ended December 31, 2015.

(6) Chee Ming Shum was appointed interim CFO of the Corporation on September 4, 2015.

### Incentive Plan Awards

The following table sets out the details of all stock options held by the Named Executive Officers as at December 31, 2016, the end of the Corporation's most recently-completed financial year.

Name	Option-Based Awards				Share-Based Awards <sup>(1)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in the money options (\$)	Number of performance shares that have not vested (#)	Market or payout value of performance shares that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kuen Kuen (Vivian) Lau	-	-	-	-	n/a	n/a	n/a
Siang Hui (Joel) Chin	-	-	-	-	n/a	n/a	n/a

(1) The Corporation does not have a share-based compensation plan.

### Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets out, for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the financial year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the financial year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-Equity incentive plan compensation – Value earned during the year (\$)
Kuen Kuen (Vivian) Lau	-	n/a	n/a
Siang Hui (Joel) Chin	-	n/a	n/a

(1) The Corporation does not have a share-based compensation plan.

### Director Compensation

During the financial year ended December 31, 2016, the Corporation did not grant any stock options to its directors. The following table sets out the compensation of the directors of the Corporation for their services as such during the financial year ended December 31, 2016.

Name	Fees earned (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation <sup>(3)</sup> (\$)	Pension value <sup>(4)</sup> (\$)	All other compensation <sup>(5)</sup> (\$)	Total (\$)
Kuen Kuen (Vivian) Lau <sup>(6)</sup>	-	n/a	-	n/a	n/a	-	-
Benedict Leung	20,000	n/a	-	n/a	n/a	-	20,000
Paul Fung Yuen Law	20,000	n/a	-	n/a	n/a	-	20,000
Siang Hui (Joel) Chin	-	n/a	-	n/a	n/a	-	-
<b>Total</b>	<b>40,000</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>	<b>-</b>	<b>40,000</b>

(1) The Corporation does not have a share-based compensation plan.

(2) In determining the fair value of the options granted, the Corporation used the Black-Scholes-Merton method, one of the most popular methods of calculating the fair value of options. The fair value calculation was based on the following assumptions: (i) risk free interest rate: 2.20% (based on five years Bank of Canada bond yield); (ii) expected volatility: 120%; (iii) dividend yield: 0%; (d) forfeiture rate: 0%; (iv) expected life of each option granted: 6.33 years; (v) market price of the common share underlying the options as at December 31, 2016 of \$0.18 (being the last trading day in the financial year ended December 31, 2016); and (vi) the exercise price of the option of \$0.10.

(3) The Corporation does not have any non-equity long-term incentive plan for its directors.

(4) The Corporation does not have a retirement plan for its directors.

(5) The Corporation does not provide directors with any other form of compensation.

(6) Kuen Kuen (Vivian) Lau was elected a director of the Corporation on September 30, 2015.

### Incentive Plan Awards

The following table sets out the details of all stock options held by the directors as at December 31, 2016, the end of the Corporation's most recently-completed financial year.

Option Based Awards					Share Based Awards <sup>(1)</sup>		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options <sup>(2)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kuen Kuen (Vivian) Lau	-	-	-	-	-	-	-
Benedict Leung	-	-	-	-	-	-	-
Paul Fung Yuen Law	-	-	-	-	-	-	-
Siang Hui (Joel) Chin	-	-	-	-	-	-	-

(1) The Corporation does not have a share-based compensation plan.

(2) This column sets on the aggregate value of in-the-money unexercised options as at December 31, 2016, calculated based on the difference between the market price of the shares underlying the options as at December 31, 2016 (\$0.18), the last trading day in the financial year ended December 31, 2016, and the exercise price of the options.

### Incentive Plan Awards — Value Vested or Earned During the Year

The following table sets out, for each director, the value of option-based awards and share-based awards which vested during the financial year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the financial year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Kuen Kuen (Vivian) Lau	-	n/a	-
Paul Fung Yuen Law	-	n/a	-
Siang Hui (Joel) Chin	-	n/a	-

(1) The Corporation does not have a share-based compensation plan.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2016, the end of the Corporations last financial year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under the equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans previously approved by shareholders	-	n/a	14,263,016
Equity compensation plans not previously approved by shareholders	n/a	n/a	n/a
<b>Total</b>	-	n/a	14,263,016

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No person who is, or who was at any time during the financial year ended December 31, 2016, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation and no associate of such persons, is, or was at any time since the beginning of the financial year ended December 31, 2016, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the financial year ended December 31, 2016 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

### **AUDIT COMMITTEE**

#### **Charter of the Audit Committee**

The Charter of the Audit Committee is annexed to this Management Proxy Circular as Schedule "B".

#### **Composition of the Audit Committee**

The Audit Committee is composed of Benedict Leung, Paul Fung Yuen Law and Siang Hui (Joel) Chin. Under National Instrument 52-110 *Audit Committees*, a member of an Audit Committee is "independent" if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment.

The Board of Directors has determined that Siang Hui (Joel) Chin is not an independent member of the Audit Committee as he is the Chief Executive Officer of the Corporation. The Board of Directors has further determined that Benedict Leung and Paul Fung Yuen Law are independent members of the Audit Committee.

The Board of Directors has determined that each of the three members of the Audit Committee is "financially literate" within the meaning of section 1.5 of National Instrument 52-110 — *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that presents a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

#### **Relevant Education and Experience**

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is described below.

**Siang Hui (Joel) Chin** has extensive experience in starting and managing technology companies. Mr. Chin is the Chief Executive Officer of the Corporation and is in charge of corporate strategy, planning and management of the Corporation. He is concurrently the Chief Executive Officer and co-founder of Inphosoft Group Pte Ltd., a wholly owned subsidiary of the Corporation with offices in Singapore, Malaysia and Indonesia. At the same time, Mr. Chin is an active seed investor in technology companies in Asia and has provided funding to several start-ups. Mr. Chin graduated from the Nanyang Technological University of Singapore in 1997 with a Bachelor in Applied Science with merits in Computer Engineering.

**Benedict Leung** is a Chartered Accountant, and has been the Chief Financial Officer of a number of public companies. Mr. Leung was a Director and Chief Financial Officer of iFuture.com Inc. between April 2003 and April 2005, and the Chief Financial Officer of MTW Solution Online Inc. from March 2000 to July 2000, which were both listed on the TSX Venture Exchange.

**Paul Fung Yuen Law** has extensive experience in the investment industry and has served managerial roles in a number of banks in Hong Kong. Mr. Law holds a Masters of Business Administrations degree in Finance from the University of British Columbia and is a Certified Public Accountant. Mr. Law is also the Chief Financial Officer of Boyuan Construction Group, Inc., a company listed on the Toronto Stock Exchange since June 2010.

#### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

#### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. However, the Charter of the Audit Committee provides that the provision of any non-audit services must first be considered by the Audit Committee.

#### **External Auditor Fees**

##### **(a) Audit Fees**

"Audit fees" consist of fees for professional services for the audit of the Corporation's annual financial statements, assistance with interim financial statements, and related matters. During the financial year ended December 31, 2016 and the nine-month financial year ended December 31, 2015, RSM, the current external auditor of the Corporation, billed the Corporation \$112,605 and \$116,076, respectively, in audit fees.

##### **(b) Audit-Related Fees**

"Audit-related fees" consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above. During the financial year ended December 31, 2016 and the nine-month financial year ended December 31, 2015, RSM, the current external auditor of the Corporation, did not billed the Corporation any audit-related fees.

##### **(c) Tax Fees**

"Tax fees" consist of fees for professional services for tax compliance, tax advice and tax planning. During the financial year ended December 31, 2016 and the nine-month financial year ended December 31, 2015, RSM, the current external auditor of the Corporation, did not billed the Corporation any tax fees.

##### **(d) All Other Fees**

"All Other Fees" consist of fees for services other than the audit fees, audit-related fees and tax fees described above. During the financial year ended December 31, 2016 and the nine-month financial year ended December 31, 2015, RSM, the current external auditor of the Corporation, did not billed the Corporation any other fees.

#### **Reliance on Certain Exemptions**

The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 — *Audit Committees*, with respect to the composition of the Audit Committee and certain reporting obligations.

## APPOINTMENT OF AUDITORS

Management intends to nominate RSM Hong Kong, 29<sup>th</sup> Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong, ("**RSM**") the current auditors of the Corporation for appointment as auditors of the Corporation at the Meeting to hold office until the next annual meeting of Shareholders, and to authorize the directors to fix their remuneration.

**Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote FOR the appointment of RSM, as the auditors of the Corporation until the next annual meeting of shareholders.**

## STOCK OPTION PLAN

The 2009 Stock Option Plan (the "**2009 Stock Option Plan**") of the Corporation was established by the Board of Directors of the Corporation on May 13, 2009 and approved by the shareholders of the Corporation at an annual and special meeting held on September 30, 2010 and subsequently ratified on December 3, 2012. Under the 2009 Plan, the number of shares reserved for issuance under the 2009 Stock Option Plan is equal to a maximum of 10% of the number of common shares issued and outstanding from time-to-time. This is known as a "rolling" stock option plan. Under a "rolling" stock option plan, the number of common shares which may be issued automatically increases as the number of issued and outstanding common shares increases

The following are the material terms and conditions of the 2009 Stock Option Plan:

- (i) the Board of Directors may grant options to employees, officers and directors of, and consultants to, the Corporation and its subsidiaries;
- (ii) the maximum number of common shares that may be issued under the 2009 Stock Option Plan is equal to 10% of the total number of issued and outstanding common shares of the Corporation from time to time,
- (iii) the total number of common shares reserved for issuance upon the exercise of options by any director, officer or employee cannot exceed, during any twelve-month period, 5% of the issued and outstanding common shares of the Corporation;
- (iv) the total number of common shares reserved for issuance upon the exercise of options by any consultant cannot exceed, during any twelve-month period, 2% of the issued and outstanding common shares of the Corporation;
- (v) the total number of common shares reserved for issuance upon the exercise of options by any employee performing investor-relation activities cannot exceed, during any twelve-month period, 2% of the issued and outstanding common shares of the Corporation;
- (vi) the exercise price of options is determined by the Board of Directors at the time options are granted, but cannot be less than the closing price of the common shares of the Corporation on the trading day immediately preceding the day on which an option is granted;
- (vii) the vesting period in respect of options is determined by the Board of Directors at the time options are granted, options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period;
- (viii) options expire on a date determined by the Board of Directors at the time options are granted, which cannot be more than ten years after the date of grant;
- (ix) if an optionee dies, any option held by the optionee may be exercised at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option is null and void;
- (x) if an optionee ceases to be eligible under the 2009 Stock Option Plan for any reason other than death, any vested option held by such optionee may be exercised by such optionee to the extent that the optionee was entitled to exercise it at the date of such cessation;
- (xi) options are not transferable, other than by the laws of succession; and
- (xii) the option price is payable in full at the time an option is exercised.

Under TSX Venture Exchange Policy 4.4 *Incentive Stock Options*, a "rolling" stock option plan, such as the 2009 Stock Option Plan, must receive shareholder approval yearly, at the annual meeting of shareholders. Accordingly, at the Meeting, shareholders will be asked to adopt a resolution in the form annexed to this Management Proxy Circular as Schedule "A", approving the 2009 Stock Option Plan. In order to be adopted, the resolution must be approved by a majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting.

**Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR the resolution.**

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Management Proxy Circular, "informed person" means: (i) a director or executive officer of the Corporation; (ii) a director or executive officer of a person or corporation that is itself an informed person or subsidiary of the Corporation; (iii) any person or corporation who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (iv) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation's knowledge, no informed person of the Corporation or nominees proposed for election as directors, and no associate or affiliate of the foregoing persons, at any time since the beginning of the Corporation's last completed financial year, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation's last completed financial year that has materially affected the Corporation, or in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting.

#### **OTHER MATTERS**

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

#### **SHAREHOLDER PROPOSALS**

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "**Proposal**") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

#### **CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 — *Corporate Governance Guidelines* and National Instrument 58-101 — *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

## 1. Board of Directors

*Disclose how the board of directors facilitates its exercise of independent supervision over management, including:*

- a. *the identity of directors who are independent; and*
- b. *the identity of directors who are not independent, and the basis for that determination.*

The Board of Directors considers that Paul Fung Yuen Law and Benedict Leung are independent within the meaning of National Instrument 52-110 — *Audit Committees*. The Board of Directors considers that Kuen Kuen (Vivian) Lau and Siang Hui (Joel) Chin are not independent within the meaning of National Instrument 52-110 — *Audit Committees* in that Mrs. Lau is the Financial Controller of the ultimate parent of the Corporation, Xinhua Holdings Limited and Mr. Chin is the Chief Executive Officer of the Corporation and a senior officer of the principal operating subsidiary of the Corporation.

Meetings of the Board of Directors are chaired by Siang Hui (Joel) Chin, a non-independent director. If necessary, the independent members of the Board of Directors can meet without non-independent directors and members of management present. Important matters are discussed within the committees of the Board of Directors, which are comprised for the most part of independent directors. These factors allow the Board of Directors to preserve its independence with respect to management of the Corporation and to exercise its independent supervision over management.

## 2. Directorships

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following director of the Corporation is currently a director of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Paul Fung Yuen Law	Boyuan Construction Group, Inc

## 3. Orientation and Continuing Education

*Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.*

The Corporation does not currently have a formal orientation program for new directors. However, the Corporation provides an overview of the business activities, systems and business plan of the Corporation to all new directors. New director candidates have free access to any employees or senior management of the Corporation in order to conduct their own due diligence and will be briefed on the strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies and the existing policies of the Corporation. The Board of Directors has not taken any measures to provide continuing education for the directors.

## 4. Ethical Business Conduct

*Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.*

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors and senior officers do not trade in the Corporation's shares at a time when disclosure of material information is pending.

Notwithstanding the absence of a formal code of conduct, the Board of Directors believes that the fiduciary duties placed on individual directors by the *Canada Business Corporations Act* and the common law, as well as the

restrictions placed by the *Canada Business Corporations Act* on an individual director's participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

## 5. Nomination of Directors

*Disclose what steps, if any, are taken to identify new candidates for board nomination, including:*

- (i) who identifies new candidates; and*
- (ii) the process of identifying new candidates.*

The Board of Directors will consider new candidates for nomination, if deemed necessary. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

## 6. Compensation

*Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:*

- (i) who determines compensation; and*

The compensation of the directors and Chief Executive Officer of the Corporation is determined by the Board of Directors upon the recommendation of the Compensation Committee. In determining the compensation of the directors and Chief Executive Officer the Board considers the size of the Corporation and its financial resources.

- (ii) the process of determining compensation.*

The process by which the Corporation currently determines the compensation of its executive officers and directors is described in the section entitled "Compensation of Executive Officers and Directors — Compensation Discussion and Analysis" above.

## 7. Other Board Committees

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

The Board of Directors does not have any standing committees other than the Audit Committee and the Compensation Committee.

## 8. Assessments

*Disclose what steps, if any, that the Board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.*

The Board of Directors is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board of Directors conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

## ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2016, and additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the website of the Corporation at [www.ginsms.com](http://www.ginsms.com).

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative financial statements of the Corporation for the financial year ended December 31, 2016, together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to December 31, 2016 and Management's Discussion and Analysis with respect thereto; and
- (b) the Management Proxy Circular,

please send your request to:

GINSMS INC.  
700 – 9<sup>th</sup> Avenue S.W.  
Suite 3000  
Calgary, Alberta  
T2P 3V4

Telephone: +65 6441-1029  
Telecopier: +65 6441-9620  
E-mail: [corporate@ginsms.com](mailto:corporate@ginsms.com)

**AUTHORIZATION**

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

(signed) *Bruno Caron*  
Bruno Caron  
Corporate Secretary

DATED at Montreal, Quebec  
July 7, 2017

**SCHEDULE "A"**

**SHAREHOLDERS' RESOLUTION**

**Approval of the 2009 Stock Option Plan**

**BE AND IT IS HEREBY RESOLVED:**

THAT the 2009 Stock Option Plan of the Corporation, as adopted by the Board of Directors on May 13, 2009 and as described in the Management Proxy Circular of the Corporation dated July 7, 2017, be and it is hereby approved.

## **SCHEDULE "B"**

### **GINSMS INC.**

#### **CHARTER OF THE AUDIT COMMITTEE**

##### **Mandate**

The primary function of the Audit Committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

##### **Composition**

The Committee shall be comprised of at least three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgments as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices within a reasonable period of time following his/her appointment to the Audit Committee. For the purposes of the Corporations Charter, the definition of "financially literate" is the ability to read and understand a balance sheet, an income statement and a cash flow statement. The definition of "accounting or related financial management expertise" is the ability to analyze and interpret of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

##### **Meetings**

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

##### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

##### **Documents/Reports Review**

- Review and update this Charter annually.
- Review the Corporation's financial statements, MD&A and any annual and interim earnings press releases before the Corporation publicly discloses this information and any reports or other financial information

(including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

### **External Auditors**

- Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
- Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors.
- Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and the compensation of the external auditors.
- At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.
- Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### **Financial Reporting Processes**

- In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

- Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- Review any complaints or concern about any questionable accounting, internal accounting controls or auditing matters.

**Review certification process**

- Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concern regarding questionable accounting or auditing matters and periodically assess the adequacy of these procedures.

**Other**

The Committee will review any related party transactions.

