

# **RECO INTERNATIONAL GROUP INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF THE SHAREHOLDERS OF  
RECO INTERNATIONAL GROUP INC.  
FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2016**

- and -

**MANAGEMENT INFORMATION CIRCULAR and PROXY STATEMENT**

Meeting to be held on March 22, 2018

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Circular dated February 16, 2018

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**RECO INTERNATIONAL GROUP INC.**

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

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of the holders of common shares (the “**Shareholders**”) of Reco International Group Inc. (“**Reco**” or the “**Corporation**”) will be held at #100 – 2051 Viceroy Place, Richmond, British Columbia, V6V 1Y9 on Thursday, March 22, 2018 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended September 30, 2016, together with the auditors' report thereon;
2. to fix the size of the Board of Directors of the Corporation at four (4) members;
3. to elect the board of directors to serve until the next annual meeting of the Shareholders or until their successors are duly elected or appointed;
4. to appoint Collins Barrow Edmonton LLP, Chartered Accountants, as auditors and to authorize the directors to fix the auditors' remuneration;
5. to consider and, if thought advisable, to pass, with or without amendment, a special resolution authorizing the board of directors to effect a share consolidation of up to five (5) old for one (1) new common share of the issued and outstanding common shares of the Corporation; and
6. to transact such other business as may properly be brought before the Meeting, or any adjournment or adjournments thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which Information Circular forms a part of this notice of the Meeting.

Each person who is a Shareholder of record at the close of business on February 16, 2018 (the “**Record Date**”), will be entitled to notice of, and to attend and vote at, the Meeting provided that, to the extent a Shareholder as of the Record Date transfers the ownership of any of such shares after such date and the transferee of those shares establishes that the transferee owns the shares and demands, not later than ten days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

February 16, 2018

By Order of the Board Of Directors

*(Signed) Yu Guang (Hugh) Zhen*  
President and Chief Executive Officer

*Shareholders who are unable to attend the Meeting in person are requested to **COMPLETE AND SIGN THE ACCOMPANYING FORM OF PROXY** and forward it in the enclosed envelope to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 or by facsimile within North America to 1-866-249-7775 or outside North America to 1-416-263-9524, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting, or any adjournment or adjournments thereof, as applicable, in order for such proxy to be used at the Meeting, or any adjournment or adjournments thereof.*

*If you are an unregistered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy provided to you by your broker or other intermediary in accordance with the instructions provided therein.*

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## GLOSSARY OF TERMS

The following is a glossary of terms and abbreviations used frequently throughout this Management Information Circular and Proxy Statement.

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, and includes regulations promulgated thereunder.

“**Articles**” means the articles of incorporation of the Corporation, as amended.

“**Board**” means the board of directors of the Corporation.

“**Bylaws**” means Bylaw Number 2 of the Corporation adopted and approved by the Board on March 22, 2000, as amended from time to time.

“**CEO**” or “**Chief Executive Officer**” means each individual who served as chief executive officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**CFO**” or “**Chief Financial Officer**” means each individual who served as chief financial officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**COO**” or “**Chief Operating Officer**” means each individual who served as chief operating officer of the Corporation or acted in a similar capacity during the most recently completed financial year.

“**Corporation**” or “**Reco**” means Reco International Group Inc., a corporation incorporated under the ABCA.

“**Information Circular**” means this management information circular and proxy statement dated February 16, 2018, including the schedule attached hereto.

“**Meeting Date**” means March 22, 2018.

“**Meeting**” means the annual general and special meeting of the Shareholders to be held at #100 – 2051 Viceroy Place, Richmond, British Columbia, V6V 1Y9 on Thursday, March 22, 2018 at 11:00 a.m. (Vancouver time) for the purposes set forth in the Notice of Meeting.

“**Named Executive Officer**” means the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of NI 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

“**NI 51-102**” means National Instrument 51-102, *Continuous Disclosure Obligations*.

“**Notice of Meeting**” means the notice of the Meeting accompanying this Information Circular.

“**Options**” means options to purchase Shares.

“**Record Date**” means February 16, 2018.

“**SEDAR**” means system for electronic document access and retrieval.

“**Shareholder**” means a holder of Shares.

“**Shares**” means common shares in the capital of the Corporation.

“**TSXV**” means the TSX Venture Exchange.

## RECO INTERNATIONAL GROUP INC.

### INFORMATION CIRCULAR

*Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.*

This Information Circular is furnished to Shareholders in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting and any adjournment or adjournments thereof.

This Information Circular and the accompanying forms of notice and proxy as well as other related meeting materials are being mailed or delivered to Shareholders on or about February 23, 2018. Unless otherwise indicated, information in this Information Circular is given as of February 16, 2018.

No person is authorized to give any information or to make any representation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of any offer or proxy solicitation. The delivery of this Information Circular shall not, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

### GENERAL PROXY MATERIALS

#### Solicitation of Proxies

**This Information Circular is provided in connection with the solicitation of proxies by the management of the Corporation for use at the Meeting for the purposes set forth in the Notice of Meeting. In addition to solicitation by mail, proxies may be solicited in person, by telephone or other means of communication, by directors, officers and employees of the Corporation who will not be specifically remunerated therefor. The cost of soliciting proxies will be borne by the Corporation.**

#### Appointment of Proxyholder and Revocation of Proxies

The person named in the enclosed form of proxy is a director and officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the person designated in the form of proxy provided by the Corporation, to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should cross out the name of the nominee of management and legibly print the name of the shareholder's appointee in the space provided.** In order to be effective, a Shareholder must forward its proxy to Computershare Trust Company of Canada, Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 or by facsimile within North America to 1-866-249-7775 or outside North America to 1-416-263-9524. All proxies must be forwarded not later than 48 hours (excluding Saturdays, Sundays and holidays) preceding the Meeting, or any adjournment or adjournments thereof, as applicable. In addition, a Shareholder may bring the proxy to the Meeting and deliver it to the Chairman of the Meeting prior to the commencement of the Meeting. The proxy shall be in writing and executed by the Shareholder or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney, as applicable.

**A proxy is revocable. The giving of a proxy will not affect a Shareholder's right to attend and vote in person at the applicable Meeting.** In addition to revocation in any other manner permitted by law, a

Shareholder may revoke a proxy by instrument in writing executed by the Shareholder or such 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, and deposited at the registered office of the Corporation located at 1700 Enbridge Centre, 10175 – 101 Street, Edmonton, Alberta, T5J 0H3, at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment or adjournments thereof at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment or adjournments thereof.

### **Proxy Voting**

**The Shares represented by a valid proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the Shares represented by the proxy will be voted or withheld from voting in accordance with such specification. In the absence of any such specification, the management designee, if named as proxy, will vote IN FAVOUR of the proposed resolution. The enclosed form of proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment or adjournments thereof. As of the date hereof, management of the Corporation know of no amendments, variations or other matters to come before the Meeting. In the event that other matters come before the Meeting, then the management designee intends to vote in accordance with the judgement of the management of the Corporation.**

Pursuant to the Bylaws of the Corporation, business may be transacted at the Meeting if not less than two persons are present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or representative representing not less than 10% of the outstanding shares carrying voting rights at the meeting.

### **Voting of Shares - Advice to Beneficial Holders of Securities**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of the Shareholders hold their shares through intermediaries such as brokers and their agents or nominees and not in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of the Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered under the name of the Shareholder on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent or nominee of that broker. Shares held by brokers or their agents or nominees can only be voted for, or withheld from voting, or voted against any resolution upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers, their agents or nominees are prohibited from voting Shares for their clients.

Applicable regulatory policy requires intermediaries and brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary and broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or agent or nominee thereof) is identical to the form of the proxy provided to registered Shareholders; however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically applies a special sticker to the proxy forms, mails those forms to the beneficial Shareholders and asks beneficial Shareholders to return the proxy forms to Broadridge.

Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A beneficial Shareholder receiving a proxy with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

The Corporation is sending proxy-related materials directly to non-objecting beneficial owners under National Instrument 54-101, *Communication With Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"). Management of the Corporation does not intend to pay for intermediaries to forward to objecting beneficial owners under NI 54-101 the meeting materials and voting instruction form and accordingly an objecting beneficial owner will not receive the meeting materials unless the objecting beneficial owner's intermediary assumes the cost of delivery.

All references to Shareholders in this Information Circular and the accompanying instrument of proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

#### **INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Management of the Corporation is not aware of 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, of any director or executive officer of the Corporation who has held that position at any time since the beginning of the Corporation's last financial year, or of any proposed nominee for election as director of the Corporation or any associate or affiliate of any of the foregoing, other than the election of directors or the appointment of auditors.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Corporation is authorized to issue an unlimited number of Shares, of which 25,635,635 Shares are issued and outstanding as at the date hereof. The Corporation has no other classes of voting securities.

The holders of Shares of record at the close of business on the Record Date, set by the directors of the Corporation to be February 16, 2018, are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

- a) such person transfers his Shares after the Record Date; and
- b) the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his ownership to the shares and makes a demand to the registrar and transfer agent of the Corporation, not later than 10 days before the Meeting, that his name be included on the shareholders' list.

The Bylaws of the Corporation provides that a quorum is present at a Meeting if at least two (2) individuals are personally present, each being a Shareholder entitled to vote thereat or a duly appointed proxy holder or representative representing not less than 10% of the issued and outstanding shares carrying voting rights at the meeting.

To the knowledge of the directors and executive officers of the Corporation, as at the date hereof, the only persons or companies who beneficially own, directly or indirectly, 10% or more of the voting rights of the outstanding Shares are as follows:

Shareholder Name and Municipality of Residence	Number of Shares	Percentage of Shares Issued and Outstanding
Yu Guang (Hugh) Zhen Burnaby, British Columbia	7,974,679	31.11%
Quin Quang Sie Burnaby, British Columbia	5,812,756	22.67%

### EXECUTIVE OFFICER

The Corporation is a venture issuer and in accordance with Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers*, the term “Named Executive Officers” or “NEOs” include the following individuals:

- (a) the Corporation's CEO, including an individual performing functions similar to a chief executive officer;
- (b) the Corporation's CFO, including an individual performing functions similar to a chief financial officer;
- (c) the most highly compensated executive officer of the Corporation or its subsidiaries, other than the CEO or the CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year;

Based on the forgoing, in the fiscal year 2016 the Corporation had two (2) NEOs as such term is defined in NI 51-102F6V, namely Yu Guang (Hugh) Zhen, Chief Executive Officer and President of the Corporation and Quin Quang Sie, Chief Financial Officer of the Corporation.

### Compensation Discussion and Analysis

During the most recently completed financial year ended September 30, 2016, the Corporation awarded compensation to the Named Executive Officers. The Corporation does not have a compensation program other than paying base salaries to the NEOs. The objectives of base salary are to recognize market pay and to compensate NEOs competitively for their skills, knowledge and experience. During the most recently completed financial year ended September 30, 2016, the Corporation awarded compensation to the NEOs solely on Board discussions, without any formal objective, criteria and analysis. Directors, who are not Named Executive Officers, receive no compensation for their attendance at meetings.

## Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth the compensation paid by the Corporation to the Named Executive Officers and directors for the three financial years of the Corporation indicated, excluding compensation securities (see Stock Options and Other Compensation Securities).

Table of Compensation excluding Compensation Securities							
Name and Position	Year <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Yu Guang (Hugh) Zhen <sup>(1)</sup> President, Chief Executive Officer and Director	2016	199,954	Nil	Nil	Nil	Nil	199,954
	2015	191,640	Nil	Nil	Nil	Nil	191,640
	2014	189,418	Nil	Nil	Nil	Nil	189,418
Quin Quang Sie Chief Financial Officer and Director	2016	152,984	Nil	Nil	Nil	Nil	152,984
	2015	145,440	Nil	Nil	Nil	Nil	145,440
	2014	140,907	Nil	Nil	Nil	Nil	140,907
Lyn T. Jones Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil
David Malicki Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil

### Notes:

- (1) Yu Guang (Hugh) Zhen was compensated \$199,954 (2015: \$191,640) for his role as CEO and \$nil (2014: \$nil) for his role as Director.
- (2) Quin Quang Sie was compensated \$152,984 (2015: \$145,440) for his role as CFO and \$nil (2014: \$nil) for his role as Director.

### Stock Options and Other Compensation Securities

In the financial year ended September 30, 2016, no stock options or other compensation securities were granted or issued by the Corporation or its subsidiary to a Director or Named Executive Officer and no stock options were outstanding as at the financial year ended September 30, 2016.

### Exercise of Compensation Securities by Directors and Named Executive Officers

There were no compensation securities exercised by any of the Named Executive Officers or Directors during the financial year ended September 30, 2016.

## **Stock Option Plans and Other Incentives**

The Corporation has in place a 20% fixed stock option plan (the “Option Plan”) whereby the maximum number of the Corporation’s listed securities that may be reserved for issuance under it is 5,127,127 common shares. The objective of the Option Plan is to reward NEOs’, employees’ and directors’ individual performance. The criteria used to determine eligibility for granting options, including the term of each option and the vesting of each option is at the discretion of the Board, or the President if duly authorized by the Board, based upon the individual’s level of responsibility, performance and comparative levels of compensation and previous grants awarded.

The highlights of the Option Plan are as follows:

1. options may be granted to directors, employees, management company employees and consultants;
2. the exercise price of options granted shall be determined by the board of directors in accordance with the policies of the TSXV;
3. the directors may allocate up to a maximum of 5,127,127 Common Shares for the issuance of stock options; no single participant may be issued options representing greater than five (5%) percent of the number of outstanding Shares in any 12 month period; the number of Shares reserved under option for issuance to any one consultant of the Corporation may not exceed two (2%) percent of the number of outstanding Shares in any 12 month period;
4. the aggregate number of options granted to persons employed in investor relation activities must not exceed two (2%) percent of the outstanding Shares in any 12 month period unless the TSXV permits otherwise. Options issued to consultants providing investor relations services must vest in stages over 12 months with no more than one quarter of the options vesting in any three month period;
5. the board of directors may determine the term of the options, but the term shall in no event be greater than five years from the date of issuance; if an option expires during one of the Corporation’s self-imposed black out periods, the options will automatically be extended for thirty (30) days following the last day of a blackout period;
6. generally, the options expire 90 days from the date on which a participant ceases to be a director, officer, employee, management company employee or consultant of the Corporation; and
7. terms of vesting of the options, the eligibility of directors, officers, employees, management company employees and consultants to receive options and the number of options issued to each participant shall be determined at the discretion of the board of directors, subject to the policies of the TSXV.

## **Employment, Consulting and Management Agreements**

As at September 30, 2016, there were no employment or management contracts between the Corporation or its subsidiaries and any NEO or director except as follows:

1. Yu Guang (Hugh) Zhen’s role as CEO of the Corporation is contracted to the Corporation and has no fixed term; and
2. Quin Quang Sie’s role as CFO of the Corporation is contracted to the Corporation and has no fixed term.

Full descriptions of NEO compensation are disclosed in the Table of Compensation Excluding Compensation Securities provided above.

At the end of the Corporation's most recently completed financial year, there were no compensatory plans, contracts or arrangements in place with respect to any NEO in the event of the resignation, retirement or other termination of employment, a change of control of the Corporation or any of its subsidiaries or a change in the NEO's responsibilities following a change in control.

### **Oversight and Description of Director and NEO Compensation**

The Corporation does not have a defined compensation program other than paying base salaries to the NEOs. The objectives of base salary are to recognize market pay and to compensate NEOs competitively for their skills, knowledge and experience. A full description of NEO compensation is disclosed in the Table of Compensation Excluding Compensation Securities provided above.

During the most recently completed financial year ended September 30, 2016, there was not compensation awarded to the NEOs.

### **Pension Plan Benefits**

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following, or in connection with retirement.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth information in respect of compensation plans under which equity securities of the Corporation are authorized for issuance for the Corporation's financial year ended September 30, 2016.

<b>Plan Category</b>	<b>Number of securities, to be issued upon exercise of outstanding 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 equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by security holders</b>	Nil	N/A	5,127,127 <sup>(1)</sup>
<b>Equity compensation plans not approved by security holders</b>	Nil	N/A	N/A
<b>TOTAL:</b>	Nil	N/A	5,127,127

**Notes:**

(1) The Corporation can grant no more than 5,127,127 Options under the Corporation's current fixed number stock option plan.

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

There are no material interests, direct or indirect, of directors and executive officers of the Corporation, nominees for director, any shareholder who beneficially owns more than 10% of the Shares of the Corporation, or any known associate or affiliate of such persons, in any transaction since the commencement of the Corporation's last completed fiscal year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than the following:

- (a) the Corporation, currently owes a company controlled by Mr. Sie, a director of the Corporation, a total of \$156,207 as at September 30, 2016 which is categorized as amount payable to related party and which amount is unsecured, is non-interest bearing and is payable on demand;
- (b) the Corporation, currently owes a company controlled by Mr. Zhen, a director of the Corporation, a total of \$386,197 as at September 30, 2016 which is categorized as amount payable to related party and which amount is unsecured, is non-interest bearing and is payable on demand;
- (c) Mr. Sie, a director of the Corporation, currently owes the Corporation a total of \$27,448 as at September 30, 2016 which is categorized as amount receivable from related party and which amount is unsecured, is non-interest bearing and is payable on demand;
- (d) Mr. Zhen, a director of the Corporation, currently owes the Corporation a total of \$121,907 as at September 30, 2016 which is categorized as amount receivable from related party and which amount is unsecured, is non-interest bearing and is payable on demand; and
- (e) the Corporation, currently owes a company controlled by Mr. Si and Mr. Zhen, directors of the Corporation, a total of \$75,758 as at September 30, 2016 which is categorized as amount payable to related party and which amount is unsecured, is non-interest bearing and is payable on demand.

#### **MANAGEMENT CONTRACTS**

Management functions of the Corporation and its subsidiaries are performed solely by directors or executive officers of the Corporation and not, to any substantial degree, by any other person.

#### **CORPORATE GOVERNANCE**

The Corporation is required to disclose on an annual basis their approach to corporate governance pursuant to the provisions of National Instrument 58-101- *Disclosure of Corporate Governance Practices* (“NI 58-101”). Pursuant to NI 58-101, the Corporation’s practise to corporate governance is as set forth below:

1. **Board of Directors** – During the financial year ended September 30, 2016 the Board functioned independently of management because a majority of the members were non-management. An “independent” director is a director who is independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to materially interfere with the director’s ability to act in the best interests of the Corporation, other than interests arising from shareholdings. Any director may submit items for inclusion in the agenda of matters to be discussed at meetings of the Board.
2. **Directorships** – No director is a director of another reporting issuer.
3. **Orientation and Continuing Education** - The Board does not have a formal orientation or education program for members. Board members have historically been nominated who are familiar with the Corporation and the nature of the business in which the Corporation participates. Since directors are nominated only for a one year term, if the director can no longer meet his obligation as a director, he would not be nominated for the year.
4. **Ethical Business Conduct** – The Corporation’s Board of Directors is required to approve any related party transactions.

5. **Nomination of Directors** - The recruitment of new directors has generally resulted from recommendations made by the Board. The assessment of the contributions of individual directors has principally been the responsibility of and members of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

6. **Compensation** - The Board periodically reviews the compensation paid to directors and the Chief Executive Officer, based on such factors as time commitment and directors' fees paid by similar companies operating in Canada. The Board considers that the current level of compensation is appropriate. The Board does not have a compensation committee.

7. **Other Board Committees** - The Board has no other committees other than the audit committee.

8. **Assessments** - The Board does not have a formal process for assessing the performance of the Board, committees and its individual directors.

### **AUDIT COMMITTEE**

The Corporation is required to have an audit committee under the ABCA and pursuant to the provisions of National Instrument 52-110, *Audit Committees* ("NI 52-110"). Pursuant to NI 52-110, the Corporation is required to have a written charter which sets out the duties and responsibilities of its audit committee.

#### **Audit Committee Charter**

The Corporation's Audit Committee Charter is attached hereto as Schedule A.

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

The Audit Committee is currently comprised of the following members:

<b>Name and Office if Any</b>	<b>Independent</b>	<b>Financially Literate</b>
Yu Guang (Hugh) Zhen President and Chief Executive Officer	No	Yes
Lyn T. Jones	Yes	Yes
David Malicki	Yes	Yes

The Board believes the composition of the Audit Committee reflects a high level of financial literacy and expertise. The Board has determined that each member of the Audit Committee is 'financially literate' within the meaning of applicable Canadian securities laws based on each member's education and experience, a description of which is set forth below.

## **Relevant Education and Experience**

In addition to each member's general business experience, the education and experience of each person to be appointed to the Audit Committee member following the Meeting that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

### **Yu Guang (Hugh) Zhen**

Mr. Zhen is the founder of Reco Decoration Group Inc. and Z&Z Holdings Ltd. He has been involved in construction project management and as a result Mr. Zhen has acquired significant knowledge about financial statements and how financial statements are prepared. He understands the accounting principles used by the Corporation to prepare the financial statements and works with the Corporation's accounting staff to prepare the Corporation's financial statements. As the Corporation's President and Chief Executive Officer, he oversees the Corporation's internal control and procedures to ensure compliance.

### **Lyn T. Jones**

Mr. Jones is the owner of his own interior design consulting company. He has been a Registered Interior Designer in Canada since 1975. As the owner of his own consulting company, Mr. Jones has gained practical knowledge on how financial statements are prepared. He understands the importance of effective internal control policies and procedures. He has the knowledge to understand the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of the accounting principles related to accounting for estimates, accruals and reserves.

### **David Malicki**

Mr. Malicki has 15 years of legal experience including time spent as a sole practitioner and as head of the legal department of Canadian Overseas Immigration and Business Services in Vancouver, British Columbia. Mr. Malicki is currently the project coordinator for Bricks for Buguma, a Global Peace Network water, school, and bicycle project in rural Tanzania.

Mr. Malicki is experienced as a business lawyer, project manager and has practical knowledge on the preparation of financial statements. He understands the importance of effective internal control policies and procedures. He also has the knowledge to understand the accounting principles used by the Corporation to prepare its financial statements and the ability to assess the general application of the accounting principles related to accounting for estimates, accruals and reserves.

## **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.

## **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading "External Audit" of the Audit Committee

Charter which states that the Audit Committee must pre-approve any non-audit services to the Corporation and the fees for those services.

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditors in each of the last two financial years for audit and non-audit related services are as follows:

Financial Year	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
2016	\$29,000	Nil	\$4,000	\$9,000
2015	\$29,000	Nil	\$4,000	\$9,000

#### Notes:

1. Audit fees were for professional services rendered by Collins Barrow Edmonton LLP for the audit of the Corporation's annual financial statements.
2. Audit-related fees were for assurance and related services rendered which reasonably related to the performance of the audit of the annual consolidated financial statements and are not reported under "Audit Fees" above. These services consisted of accounting consultations for quarterly reporting requirements.
3. Tax fees include tax compliance, tax advice and tax planning professional services.
4. Fees disclosed in the table above under the item "All Other Fees" relate to products and services other than the audit fees, audit-related fees and tax fees.

### Exemption

As a venture issuer within the meaning of NI 52-110, the Corporation is relying upon the exemption provided by section 6.1 of NI 52-110, which exempts venture issuers from the requirements of Part 3, *Composition of the Audit Committee* and Part 5, *Reporting Obligations* of NI 52-110.

## MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by directors or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## PARTICULARS OF MATTERS TO BE ACTED ON

### Financial Statements

The audited financial statements of the Corporation for the fiscal year ended September 30, 2016, including the auditors' report thereon, will be presented to the Shareholders at the Meeting, copies of which will be available at the Meeting and have also been filed and can be accessed on SEDAR (System for Electronic Data Analysis and Retrieval) at [www.sedar.com](http://www.sedar.com).

### Election of Directors

The Articles of the Corporation provide that the number of directors shall be a minimum of one and a maximum of 15. The Board currently consists of four (4) directors, all of whom are elected annually. At the Meeting, the Shareholders will be asked to fix the number of Directors at four (4) members. It is proposed that the persons named below will be nominated at the Meeting. Each director elected will serve until the next annual general meeting, or until their respective successors have been elected or appointed. A Shareholder may vote for all of the directors, vote for some of them and withhold votes for others, or withhold votes for all of them. **Unless otherwise directed, it is the intention of the**

management designee, if named as proxy, to vote for the election of said persons to the Board. Management does not contemplate that any of the nominees will be unable to serve as a director; however, if, for any reason, any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of the management designee will be voted for another nominee in his discretion unless the Shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table states the names of all persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by them, their principal occupations or employment currently and for the past five years, the date on which they became directors of the Corporation, and the number of shares in the capital of the Corporation owned by them, directly or indirectly, or over which they exercise control or direction:

Name and Municipality of Residence and Office Held, if any	Present Principal Occupation	Date First Elected as a Director	Number and Percentage of Voting Shares Beneficially Owned, Directly or Indirectly, or Controlled by Proposed Director
Yu Guang (Hugh) Zhen <sup>(1)</sup> Burnaby, British Columbia, Canada Chairman of the Board, President and Chief Executive Officer	Vice President of Marketing of Reco Decoration Group Inc. from 1996 to June 25, 2004. President of Reco Decoration Group Inc. from June 25, 2004 to present. Vice President of Marketing of the Corporation from December 10, 2003 to August 4, 2004. President, Chief Executive Officer and Chairman of the Board of the Corporation from August 4, 2004 to present.	August 28, 2003	7,974,679 (31.11%)
Quin Quang Sie Burnaby, British Columbia, Canada Chief Financial Officer	Vice President of Production of Reco Decoration Group Inc. from 1996 to June 25, 2004. Vice President of Reco Decoration Group Inc. from June 25, 2004 to present. Vice President of Production of the Corporation from December 10, 2003 to August 4, 2004. Chief Financial Officer of the Corporation from August 4, 2004 to present.	August 28, 2003	5,812,756 (22.67%)
Lyn T. Jones <sup>(1)</sup> Delta, British Columbia, Canada	Principal of Lyn T. Jones & Associates Design Consultants from 1978 to present; In-house interior designer with Musson Cattell and Associates Architects from 1975 to 1978.	September 8, 2006	Nil
David A. Malicki <sup>(1)</sup> Vancouver, British Columbia Canada	Barrister & Solicitor since May 1996; Owner of Aardvark Forest Services from August 2009 to February 2012; Program coordinator with Langara College in Vancouver, British Columbia from March 2007 to April 2009. Legal Department Head of the Canadian Overseas Immigration and Business Services Position from September 2003 to March 2007.	January 21, 2008	Nil

**Notes:**

(1) Member of the audit committee.

The information as to Shares owned indirectly or over which control, or discretion is exercised by the directors and officers, but, which are not registered in their names, not being within the knowledge of the Corporation, has been furnished by such Directors and executive officers.

Other than as set forth in the foregoing, no proposed director of the Corporation is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

No proposed director of the Corporation has, within the 10 years before the date of this Information Circular, 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 the assets of the proposed director.

### **Appointment of Auditors**

The current auditors of the Corporation are Collins Barrow Edmonton LLP, Chartered Accountants, Edmonton, Alberta.

The shareholders will be asked at the Meeting to vote for the appointment of Collins Barrow, Chartered Accountants, Edmonton, Alberta as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration.

Collins Barrow Edmonton LLP was first appointed as the auditors of the Corporation effective October 12, 1999.

### **Share Consolidation**

As of the date hereof, the Corporation has 25,635,635 Shares issued and outstanding. In order to facilitate future financing and business development activities, the Corporation's board of directors believes that it would be in the best interests of the Corporation and its Shareholders to consolidate the common shares of the Corporation (the "Consolidation") of up to five (5) pre-consolidated common shares for one (1) post-consolidated basis. The Consolidation will not materially affect any Shareholder's percentage ownership in the Corporation, even though such ownership will be represented by a smaller number of common shares. No fractional shares will be issued in connection with the consolidation. If, as a result of the consolidation, the holder becomes entitled to a fractional share, such fraction will be rounded down to the nearest whole number.

If the Consolidation is approved by the shareholders and the Board is authorized to fix the consolidation ratio, and following the effective date of the articles of amendment giving effect to the Consolidation, the Corporation will send letters of transmittal to all holders of common shares for use in transmitting their share certificates to the Corporation's registrar and transfer agent, Computershare Trust Company of

Canada, in exchange for new certificates representing the number of common shares, on a post-consolidated basis, of the Corporation to which such Shareholder is entitled as a result of the Consolidation. No delivery of a new common share certificate to a Shareholder will be made until the Shareholder has surrendered their current issued certificates for common shares. Until surrendered, each share certificate formally representing old common shares of the Corporation shall be deemed for all purposes to represent the number of new common shares to which the holder is entitled as a result of the Consolidation.

Accordingly, the Corporation requests Shareholders to consider, and if thought advisable, to approve a special resolution substantially in the form set forth below:

“BE IT RESOLVED THAT:

1. The articles of the Corporation be amended such that the issued and outstanding common shares in the capital of the Corporation be consolidated on the basis of up to five (5) pre-consolidated common shares for one (1) post-consolidated common share;
2. The Board is hereby authorized to fix the share consolidation ratio in the range prescribed above;
3. No fractional shares shall be issued upon the consolidation and in the case where the consolidation results in a Shareholder of the Corporation otherwise becoming entitled to a fraction of a common share, a downward adjustment shall be made to the next whole common share;
4. The effective date of such consolidation shall be the date shown in the certificate of amendment;
5. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation (whether under its corporate seal or otherwise) to execute and deliver articles of amendment to effect the foregoing resolutions and all other documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action; and
6. Notwithstanding the approval of the Shareholders to the above resolutions, the directors of the Corporation may revoke the foregoing resolutions before they are acted on without any further approval by the Shareholders of the Corporation.”

The foregoing resolution must be approved by greater than two-thirds (66 2/3%) of the votes cast by Shareholders who vote in person or by proxy in respect of the resolution at the Meeting.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders may contact the Corporation to request copies of the Corporation’s financial statements and management discussion and analysis as follows:

Reco International Group Inc.  
Attention: Corporate Secretary  
c/o #100 – 2051 Viceroy Place  
Richmond, British Columbia  
V6V 1Y9

Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis for the financial year ended September 30, 2016.

## SCHEDULE "A"

### AUDIT COMMITTEE CHARTER

#### 1. Role of Audit Committee

The role of the Audit Committee is to assist the Board of Directors (the "Board") in its oversight of the Corporation's financial reporting process, including its internal controls and procedures for accounting and financial reporting, reviewing the independence, qualifications and performance of the external auditor, and monitoring compliance with laws and regulations. The Audit Committee monitors and reviews these processes by working closely with the senior organization staff members and the external auditors of the organization.

#### 2. Structure and Organization

- a. **Size** – The Audit Committee will consist of a minimum of three directors. These members will be appointed by the Board and may be removed at any time by resolution of the Board in its discretion. A member of the Audit Committee shall automatically cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.
- b. **Qualifications** – Except as may be permitted by applicable securities laws, all members of the Audit Committee must be “financially literate” i.e., have the ability to read and understand a balance sheet, an income statement and a cash flow statement. At least one member of the Audit Committee should have “accounting or related financial expertise”, i.e., the ability to analyze and interpret a full set of financial statements, including the attached notes, in accordance with Canadian generally accepted accounting principles.
- c. **Meetings** – The Committee will meet at least three times a year.
- d. **Appointment of Chairperson** – The Audit Committee will appoint a Chairperson by a majority vote and the Chairperson shall have a second and deciding vote in the event of a tie. In the absence of the Chairperson at any meeting, the Audit Committee shall appoint one of its members to act as Chairperson at that meeting.

#### 3. Authority and Responsibilities

The Audit Committee has the following authority and responsibilities to allow for the carrying out of its goals:

- a. **Internal Control**
  - i. Review the results of both internal and external audits and ensure that significant findings and recommendations are received, discussed, and acted upon in a timely manner.
  - ii. Review the policies and procedures for considering senior management's expenses and perquisites.
  - iii. Perform other governance functions as requested by the Board.

- iv. Review, with management, the external auditor and others, as appropriate, the Corporation's internal system of audit controls and the procedures that are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the Audit Committee shall periodically assess the adequacy of such procedures.
- v. Review periodically the Audit Committee Charter and provide the Board with an annual evaluation of the adequacy of this Charter and recommend any proposed changes for Board approval.

**b. Accounting and Financial Reporting**

- i. Review, and, if necessary, discuss with management and the external auditor, prior to the public disclosure thereof, the following:
  - Annual and interim financial statements
  - Management's discussion and analysis
  - Auditor's opinions
  - Management letters
  - Annual reports
  - Annual and interim earnings press releases and any other releases containing information derived or taken from the Corporation's financial statements prior to their release.
- ii. Review significant financial policies, accounting issues and standards and reporting issues, including their impact on the financial statements.
- iii. Review and monitor the Corporation's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

**c. Internal Auditing**

- i. Review the internal auditor's functions, objectives, scope of work, staffing plans, financial budget, and audit plans, including assessment of audit risk.
- ii. Ensure management takes appropriate corrective action in response to recommendations made in internal audit reports.

**d. External Audit**

- i. Recommend to the Board, for shareholder approval, the external auditor to examine the Corporation's accounts, controls and financial statements, and to provide an auditor's report.
- ii. Review, at least annually, the qualifications of the external auditor and to monitor and review, at least annually, the relationship of the Corporation and the external auditor to confirm the independence of the external auditor.
- iii. Recommend to the Board the compensation of the external auditor.

- iv. Evaluate and oversee the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- v. Enquire into and determine the appropriate resolution of any conflict of interest in respect of the external auditor.
- vi. Oversee the resolution of disagreements between management and the external auditor regarding financial reporting.
- vii. Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor and the fees for those services.
- viii. Obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the external auditor's internal quality-control reviews and the steps taken to resolve those issues.
- ix. Review and approve hiring policies regarding partners, employees and former partners and employees of the Corporation's present and former external auditor.

**e. Compliance with Laws and Regulations**

- i. Review the effectiveness of the system for monitoring compliance with laws and regulations, including reports by internal auditors.

**f. Procedure for Handling Complaints about Accounting Matters**

- i. Complaints regarding accounting, internal accounting controls, or auditing matters can be mailed in to the Corporation's Head Office, Attention: Chairperson of the Audit Committee and marked "Private and Confidential".
- ii. Audit Committee members will receive a copy of all complaints and each complaint will be investigated by the Corporation's finance staff, unless otherwise directed by the Audit Committee.
- iii. The status of each complaint will be reported to the Audit Committee by the Chairperson on a quarterly basis and, if the Audit Committee so directs, to the full Board.
- iv. Any director, officer or employee of the Corporation is prohibited from retaliating or taking any adverse action against anyone for raising or helping to resolve a complaint.
- v. Audit Committee Members shall treat as confidential all complaints received by them, including the identity of any complainants who have submitted such complaints, and shall only disclose such complaints and the identity of such complainants to the President and Chief Executive Officer, the Chief Financial Officer, the Corporation's finance staff who are involved in the investigation of complaints, the Board of Directors of the Corporation, the legal, accounting or other advisers of the Corporation, any outside advisers appointed by the Chairperson of the

Audit Committee to investigate complaints and such other persons as may be reasonably required in the investigation of a complaint. All persons will be required to keep this information confidential. Despite this confidentiality, disclosure may be required pursuant to legal proceedings or applicable laws.

**g. Independent Counsel**

- i The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.