GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Twelve Months Ended December 31, 2018

Dated: April 1, 2019

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated April 1, 2019. It provides a review of the financial results for the three and twelve months ended December 31, 2018, compared to the same periods in the prior year.

This MD&A relates to the consolidated financial position and results of operations of GLG Life Tech Corporation ("we," "us," "our," "GLG" or the "Company") together with GLG's subsidiaries in the People's Republic of China ("China") and other jurisdictions. As used herein, the word "Company" means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the "Exchange") under the symbol "GLG". Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the annual consolidated financial statements and notes thereto. Additional information relating to GLG Life Tech Corporation including GLG's Annual Information Form can be found on GLG's web site at www.glglifetech.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: determining the accrued liabilities; assessing the fair value of property, plants and equipment, biological assets, intangible assets and goodwill; the valuation of future tax assets; revenue recognition; estimate of inventory net realizable value; going concern assumption; expected useful lives of assets subject to depreciation and amortization and the assumptions used in determining the fair value of stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

GLG has issued reports on certain non-IFRS measures that are used by management to evaluate the Company's performance. Because non-IFRS measures do not have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and quantified, and reconciled with their nearest IFRS measure. Where non-IFRS measures are reported, GLG has provided the definition and reconciliation to their nearest IFRS measure in section "NON-GAAP Financial Measures".

Forward-Looking Statements

Certain statements in this MD&A constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements evaluating the market, statements regarding potential demand for stevia, monk fruit, and other products and discussions regarding general economic conditions and future-oriented costs and expenditures. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

While the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, consumer demand for our products and new orders from our customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading "Risks Related to the Company's Business" and "Risks Associated with Doing Business in the People's Republic of China" for a discussion of these and other sources of factors underlying forward-looking statements and to those additional risks set forth under the heading "Risk Factors" in the Company's Annual Information Form for the financial year ended December 31, 2018. In light of these factors, the forward-looking events discussed in this MD&A might not occur.

Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

Financial outlook information contained in this MD&A about prospective results of operations, capital expenditures or financial positions is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information as of the date hereof. Such financial outlook information should not be used for purposes other than those for which it is disclosed herein.

Overview

We are a leading producer of high-quality stevia extract and high-quality monk fruit extract. While stevia has long been the foundation of our company, over the last four years we have been producing and selling monk fruit extracts to the international market. Stevia extracts, such as Rebaudioside A (or Reb A), and monk fruit extracts are used as all-natural, zero-calorie sweeteners in food and beverages. Our revenue presently derives primarily from the sale of high-grade stevia extract to the food and beverage industry; the expansion into monk fruit extracts represents an additional significant source of actual and potential revenues. Furthermore, we have expanded our product offerings and market opportunities through the supply of ingredients complementary to the natural high-intensity sweetener market under our Naturals+ product line.

We conduct our stevia and monk fruit development, refining, processing and manufacturing operations through a 67.08% owned subsidiary in China. Our stevia operations in China include four processing factories, stevia growing areas across 10 growing regions, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf, over 1,500 metric tons of high-purity stevia extract, and 130 metric tons of high-purity monk fruit extract.

New Standards, Amendments and Interpretations Adopted

The following standards and amendments to existing standards have been adopted by the Company commencing January 1, 2018:

Financial instruments

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Amounts receivable	Amortized cost	Amortized cost
Sales tax recoverable	Amortized cost	Amortized cost
Short-term loans and interest payable	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost
Derivatives liabilities	FVTPL	FVTPL

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Revenue Recognition

IFRS 15, Revenue from contracts with customers ("IFRS 15") supersedes IAS 18, Revenue, IAS 11, Construction contracts, and a number of revenue-related interpretations. IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. A five step model is used to account for revenue arising from contracts with customers. Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. IFRS 15 requires management to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The adoption of IFRS 15 did not have a material impact on the Company's financial statements.

IFRS 16 'Leases' – This standard was published in January 2016 and becomes effective on January 1, 2019, replacing the existing guidance in IAS 17, 'Leases'. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company will adopt this standard effective January 1, 2019. Under this standard, the present value of lease commitments will be shown as a liability on the statement of financial position together with an asset representing the right of use, including those leases classified as operating leases under the current standard IAS 17. This implies higher amounts of depreciation expense and interest expense on lease liabilities will be recorded in the Company's consolidated net earnings or loss in 2019 and future years. Additionally, a corresponding reduction in general and administrative costs and/or production costs is expected.

The Company is in the process of completing its review and analysis of IFRS 16 and will apply IFRS 16 using the cumulative catch-up approach where the additional right-of-use assets and lease liabilities will be recorded from that date forward and will not require restatement of prior years' comparative information. The Company will provide the quantitative impact of adopting IFRS 16 in its first quarter 2019 unaudited condensed consolidated interim financial statements.

Significant Accounting Estimates and Judgements

The Company makes certain estimates and judgments regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Judgments

Going concern

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in Note 3.

Functional currency determination

The preparation of the consolidated financial statements requires management to make judgments regarding the functional currencies of the Company and its subsidiaries. As discussed in Note 4(b), the functional currency of the Company has been determined to be the CAD, while the functional currencies of its subsidiaries are as listed in Note 4(c).

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Determination of Stevia Cash Generating Unit

The stevia operation is set up as an integrated supply chain whereby each subsidiary specializes in part of the supply chain. The stevia operations include: an agricultural unit, primary processing plants and secondary processing plants.

Centralized production planning takes place across the entire supply chain. It starts with the worldwide sales forecast of the stevia products for secondary processing plants, which then translates into production forecasts for secondary processing plants. The production forecasts for secondary processing plants then define how much products will be required from the primary processing plants.

The design of the integrated supply chain makes the cash flows for each component of the supply not sufficiently independent of all the components in order to break down the cash flows any lower than the stevia business level. Therefore, management has treated the four stevia processing plants, the agricultural unit as well as the North American offices as included in a single CGU ("Stevia CGU").

Determination of Monk Fruit Cash Generating Unit

The Monk Fruit operation is set up as an integrated supply chain whereby each subsidiary specializes in part of the supply chain. The Monk Fruit operations include certain processing plants in China.

Centralized production planning takes place across the entire supply chain. It starts with the worldwide sales forecast of the Monk Fruit products for processing plants.

The management has treated the Monk Fruit processing plants as included in a single CGU ("Monk Fruit CGU").

Impairment of long-lived assets

The Company performs impairment testing annually for long-lived assets as well as when circumstances indicate that there may be impairment for these assets. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in identifying CGUs for the purpose of impairment testing.

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on the long-lived assets. See Note 11 for further details.

b) Uncertainty estimation

Inventories

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Depreciation and amortization

The Company's property, plant and equipment are depreciated and amortized on a straight-line basis, taking into account the estimated useful lives of the assets and residual values. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings, and comprehensive income (loss) in future periods.

Income tax estimates

The Company provides for income taxes based on currently available information in each of the jurisdictions in which we operate. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. Our tax filings are subject to audits, which could materially change the amount of current and deferred income tax assets and liabilities, and could, in certain circumstances, result in the assessment of interest and penalties.

Sales tax recoverable

The Company makes allowances for sales tax recoverable based on its expected future profits and its best estimate of the realization of the sales tax recoverable.

Allowance for doubtful accounts

The Company recognizes an impairment loss allowance for expected credit losses on trade accounts receivable, using a probability-weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

Share-based compensation

Estimating fair value for granted stock options and restricted shares requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the year along with the assumptions and model used for estimating fair value for stock-based compensation transactions are disclosed in Financial Statements Note 17.

Corporate and Sales Developments

GLG Announces Changes to Executive Team

On January 2, the Company announced that it had accepted the resignation of Brian Meadows as President. Mr. Meadows continued to serve as Chief Financial Officer until February 5, 2019.

Mr. Block, a Director of the Company for five years, was appointed President of GLG Life Tech Corporation, effective January 1, 2019. Mr. Block brings a wealth of transformational executive leadership experience in the global food and beverage industry, particularly in the areas of strategic planning, business development, sales/marketing, product innovation and finance/operational planning. Mr. Block has been a CEO for over fifteen years; he was most recently Chief Executive Officer of SVP Worldwide (makers of Singer Brand). Prior to SVP, Mr. Block served as Chairman and Chief Executive Officer of Merisant Company (makers of Equal Sweetener). Under Mr. Block's leadership, Merisant completed the first GRAS dossier for Stevia Reb A and was the first to gain a "no objection" from the FDA for sales of Stevia Reb A in the United States. In addition, Mr. Block and his team created the Pure Via Brand (Reb A) with PepsiCo, Inc., which climbed to $40 million in USD revenue in single serve packets and remains the #1 stevia packet brand in France today.

At the time, Dr. Zhang commented that "Paul's appointment as the Company's new President reflects a new evolution for the Company, as we position ourselves for accelerated growth in our stevia business segment and the development and growth of our anticipated Hemp Cannabidiol (CBD) business segment. We are excited to leverage Paul's talents and proven track record towards our goal of rapidly gaining significant market share and becoming a dominant player in each of these segments."

Mr. Block stated "I have had the privilege to work with Dr. Zhang over the years as a Board Director and the idea of partnering with him as President is very exciting. The Corporation is now positioned to scale and grow by leveraging the vertical model of stevia with the explosive growth category of Hemp CBD. I appreciate the sustainable orientation of the company and the "good-for-you" position of our products. I share Dr. Zhang's objective to accelerate the growth of our high-quality stevia and develop a successful global Hemp CBD business."

Also as of January 1, 2019, the Company has promoted Simon Springett to the position of Chief Operating Officer. Mr. Springett has served as Vice President of Operations since joining the company in May 2014. "Simon has been a critical member of our executive team over the years and an extraordinary high-performance team player," said Dr. Zhang. "His professionalism, demonstrated capability, and commitment to the Company's vision will serve us well as we enter a new evolution of growth. With our new Executive Team now in place, we are poised to achieve great things in the months and years to come." Mr. Springett has also served as Interim Chief Financial Officer through the end of March 2019.

GLG Announces Entry Into Cannabis (CBD) Market And Signed Acquisition Agreement with Leading Chinese CBD Partner

On September 4, 2018, the Company announced plans to enter the international cannabis market, with a primary focus on high-purity cannabidiol (CBD) products for sale into the international marketplace. The Company has entered into a strategic framework agreement to acquire the majority ownership of a leading Chinese hemp cultivator and producer of high-purity CBD oils and products.

GLG's decision to enter the cannabis space and particularly the CBD space aligns well with the Company's historical business focus, industry-leading expertise, and core competencies. Like stevia, the cannabis industry is fundamentally an agricultural industry, one in which a company's success often hinges on its ability to develop superior plant varietals and growing techniques, as well as the ability to economically isolate and highly purify the key components within the plant (e.g., cannabidiol or CBD) while applying stringent quality standards. GLG is an industry expert in these crucial skills within the stevia sphere; these skills will be valuable assets in its cannabis-based business.

To advance its position in this industry, the Company has engaged in this strategic framework agreement to exclusively negotiate a majority ownership position with a leading Chinese hemp cultivator and planned producer of high-purity CBD oils and related products. The joint enterprise will be a B2B wholesale extraction business, including the production, marketing and selling of these CBD oils and products on a wholesale basis, focused initially on the Canadian and European markets.

This signed non-binding acquisition agreement between GLG and its Chinese counterpart will, contingent on performance of certain terms, including a registered capital contribution by GLG, provide GLG with a 55% controlling interest in this Chinese CBD company as well as control of the Board. As part of the agreement, GLG will also provide engineering design and consultation for the planned CBD extraction facility. All funds invested by GLG are to be used solely for facility construction and company development. The final agreement will be subject to due diligence, any necessary regulatory and governmental approvals, as well as GLG Board approval, and will be contingent on GLG securing the necessary funding for the acquisition.

The Company's partner, Yunnan Guyimei Company ("Guyimei"), is a leading supplier of hemp agriculture in China's Yunnan province, with a proven record of cultivating hemp varieties containing high levels of CBD. Guyimei is in the process of completing a CBD extraction facility within 2019 and, significantly, has a valuable and coveted license to export cannabis products. The initial capacity of this facility will be multiple metric tons of high-purity CBD oil per year. Guyimei's existing agriculture license allows them to grow approximately 3,000 MT of hemp leaf on approximately 2,500 acres of land. This leaf would generate approximately 15-20,000 kg of high-purity CBD oil.

The two companies – Guyimei and GLG – complement each other well. Guyimei's export licensure, its exclusive grower status and premium varietals, and its agricultural and anticipated production capacity make it a compelling partner for GLG for the production and export of CBD products. Conversely, GLG's proven extraction and production expertise, its international QA practices and standards, and sales experience in the international marketplace, make GLG a compelling partner for Guyimei. GLG is already leveraging its innovative expertise in the areas of CBD extraction and improved hemp varietals, having arranged for the filing of four key CBD patents through its Chairman and CEO, Dr. Luke Zhang. GLG, like its international customers, considers quality to be paramount and reflects this mindset throughout its policies and production facilities, which adhere to exacting international standards and carry a full complement of international certifications covering good manufacturing (GMP) practices, diet-sensitive (e.g., Kosher/Halal) designations and safety concerns. And GLG, with its long experience in the international stevia business, knows what it takes to sell into international markets and to establish major supply agreements with national and global companies.

Importantly, GLG anticipates that the CBD oils produced in China by this partnership will have significantly lower costs compared to CBD oils produced in North America while still maintaining the highest levels of quality. GLG expects that this cost differential will be a long-term major advantage as this CBD endeavor establishes itself in the Canadian and international cannabis marketplace.

Thus, together, the two companies anticipate bringing a supply of low-cost, high-quality CBD oils and related products into the international cannabis market. While many companies in the burgeoning cannabis markets have focused on the recreational users of marijuana – those products integrate the psychoactive component of cannabis (THC) – CBD, the other primary cannabis oil, continues to be a major market segment. Notably, CBD has many healthful applications, including pain relief, sleep regulation, appetite stimulation, and digestive benefits. Indicative of its beneficial nature, CBD has a long history of use in traditional Chinese medicine as an important supplement. Like the rest of the cannabis market, the CBD segment is also growing rapidly: according to a new report from New Frontier Data, after observing that in the US alone, the CBD industry grew by nearly 40% in 2017, the report projects that the CBD industry is on track to grow to $2 billion by 2022.

Dr. Luke Zhang stated: "The cannabis/CBD market is expected to create significant value for GLG's shareholders in addition to our stevia operations. We plan to run these businesses separately; however, we will leverage our extraction, agriculture and QA expertise in our CBD business. As a graduate from Vanderbilt University with a Ph.D. in Pharmacology, I truly appreciate the healthful nature of CBD products and the medical benefits that they bring. It is a natural fit for GLG, with its long history of producing and innovating with zero-calorie plant-based sweeteners as sugar replacements – healthful products are the core of its business. And GLG knows how to leverage its strengths and advantages as a Canadian-Chinese company into producing high-quality, well-priced products that are second to none."

GLG Announces Completion of Core Bank Debt Consolidation

On September 25, 2018, the Company announced that its primary Chinese debtholder, China Cinda Assets Management Corporation ("Cinda"), has completed its buyout of the Company's core bank debt. Cinda now holds 98% of the Company's core bank debt, held at GLG's China subsidiary Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai")and its Chinese subsidiaries. Consolidation of the Company's China core bank debt under substantially one lender was a major milestone prior to conversion of that debt into an equity stake in Runhai.

The final piece of the core bank debt buyout comprised nearly RMB 80 million, or nearly CAD $15 million, in debt principal that the Company previously owed to Bank of Communications. With Cinda's acquisition of this debt holding from Bank of Communications, Cinda's total principal debt holding increased to approximately RMB 322 million or CAD $64 million. With Cinda's core debt acquisition complete, GLG looks forward to continuing its work with Cinda on completing the restructuring project and having Cinda becoming a shareholder in Runhai.

Dr. Luke Zhang, CEO and Chairman of GLG, commented: "We are very pleased to see Cinda complete its buyout of the last remaining core Chinese debt holder in anticipation of realizing our Phase II Debt Restructuring goals. With Cinda's core debt acquisition complete, GLG looks forward to continuing its work with Cinda on bringing the restructuring project to completion and having Cinda become a shareholder in our Runhai joint stock company. Once the Phase II Debt Restructuring Project is complete our consolidated balance sheet will be greatly improved with the conversion of over $60 million of debt into equity in Runhai. We also will be bringing on a new shareholder that shares our vision for growth in our continued pursuit of becoming a leading natural zero calorie sweetener producer globally."

GLG Announces Update on Phase Two Debt Restructure Progress

On February 27, 2018, the Company announced an update on the second phase of its debt restructure initiative. GLG reported that it had received an official letter from China Cinda Assets Management Corporation Anhui Branch ("Cinda Anhui") confirming their intention to move forward as a new shareholder in GLG's new joint stock company – Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai") and to resolve Runhai's bank debt obligations. Cinda Anhui has taken the lead in consolidating GLG's Chinese debt amongst the other Chinese banks and has been engaging in negotiations with the Company to convert all the outstanding bank debt into equity into Runhai.

The letter highlighted Cinda Anhui's involvement in the debt restructuring process, including its work with the other Chinese banks that have held debt in Runhai. Significantly, this letter also formally communicated Cinda Anhui's intent to move forward to resolve the Company's Chinese debt positions.

Dr. Luke Zhang, CEO and Chairman of GLG, commented: "We continue to make significant progress on our Phase II Debt Restructuring. This letter from Cinda Anhui confirms that our bank debt restructuring plans remain on track for completion in 2018. We will continue to work hard on behalf of the GLG shareholders to finalize the restructuring plan with Cinda Anhui, and in doing so, bring a strong financial partner to Runhai that will further strengthen our position in the market and fundamentally restructure our balance sheet by converting our bank loans into equity in Runhai."

GLG and ADM Announce New High Reb M Product Line

On February 7, 2017, the Company, in collaboration with Archer Daniels Midland Company ("ADM"), announced the newest addition to its portfolio of great-tasting stevia extracts, the new high Reb M product line. Made from GLG's proprietary high Reb M Dream Sweetener™ Stevia Leaf, this next generation stevia product line facilitates sugar replacement with better-tasting, low-calorie natural sweetening systems and solutions that provide a sugar-like sensory experience.

"With more than sixteen years of experience in developing zero-calorie natural sweeteners, we always have consumer preference foremost in mind, and our new high Reb M product line squarely addresses the calorie- and sugar-reduction goals of today's food and beverage industry," said Dr. Luke Zhang, CEO and Chairman of GLG. "These products provide a clean and full-bodied sweetness experience that is remarkably close to sugar, allowing for deeper calorie reduction through reduced sugar formulations. And with its sucrose-like sweetness, these high Reb M products enable formulators to reduce sugar more than ever before and provide the end consumer with better-tasting healthier choices."

GLG's high Reb M products are developed from a physical extraction process from GLG's proprietary Dream Sweetener stevia leaves, which have exceptionally high quantities of those steviol glycosides (Reb M) that have a particularly sugar-like taste. High purity Reb M is two hundred to three hundred times sweeter than sucrose, giving it more upfront sweetness with reduced lingering and bitterness when compared to traditional stevia sweeteners.

Furthermore, given that these high Reb M extracts are produced only from the leaf, these extracts can be used as sweeteners in jurisdictions such as Europe that otherwise do not permit such use of stevia extracts when produced using bioconversion or fermentation methods. Having this wide-ranging acceptance across key regulatory jurisdictions provides a significant advantage, not only for Europe-centric brands, but also for those global brands looking to distribute their products in all major global markets.

Whether used by itself or combined in a sweetener or flavor system, this high Reb M product line works well across all food and beverage applications without bitterness, astringent notes, or overly lingering sweetness previously associated with other stevia ingredients. It blends well with other natural sweeteners, such as monk fruit and sugar alcohols, to create balanced sweetness. And these products can be used as both single sweeteners in sparkling beverages or employed in blends with other natural sweeteners, such as erythritol, allulose, and agave syrup. Due to their enhanced mouthfeel properties they are a perfect choice for low and no-calorie beverage applications.

GLG Announces New Reb M Agricultural Patents

On June 28, 2018, the Company, announced an important update regarding three new patent filings for the development of Non-GMO high Rebaudioside M stevia plants. Recently, the global food and beverage market has seen increasing demand for next generation natural, clean label, low-calorie sweeteners for use in consumer products, driven by more health-conscious populations that seek to reduce sugar and replace it with low-calorie natural alternatives. The predominant industry focal point has been Rebaudioside M (Reb M) – a naturally-occurring glycoside in the steviol glycoside family – which has the most sucrose-like flavor profile of all known glycosides; in terms of taste profile and sweetness, it is vastly superior to the stevia extracts (largely Rebaudioside A, or Reb A) generally found in the market today.

In terms of economics of production, however, Rebaudioside M has proved challenging, as it commonly occurs only in low proportion to other major glycosides such as Reb A. Meanwhile, GLG's agriculture team has been hard at work addressing the challenge through innovative yet natural agricultural methods. Building on its successes in iteratively developing high-Reb M stevia strains, the team recently filed a trio of patents with the Beijing patent office in China. GLG also expects to file for international protection on these patents through the Patent Cooperation Treaty.

Based on the hard work and extensive agronomic experience of our R&D team, these patent filings detail important and innovative non-GMO methods for the promotion of Reb M in the stevia leaf. Results from these three methods included a 117% increase in Reb M and a 174% increase in Reb M (relative to the leaf variety to which these methods were applied), as well as the development of stevia leaf that, while low in total steviol glycosides (TSG), had TSG comprising a remarkable 61% of Reb M.

The GLG team is in the process of utilizing and expanding on these methods to bring to market Reb M extracts produced from Reb M molecules sourced purely from leaf. GLG expects this approach to result in Reb M extracts that are deemed more natural, more label-friendly, and more desirable than other approaches. GLG also expects that its more natural approach will prove to be cost-competitive with, if not more economical than, these other less label-friendly methods. GLG's R&D team is also working on other non-GMO approaches to increase glycoside content including Reb M.

2018 AGM Voting Results

The Company held its Annual General Meeting on June 28, 2018, in Vancouver, B.C. The shareholders voted in all nominated directors, with favorable votes for each exceeding 99%. Dr. Luke Zhang continues as Chairman of the Board and Chief Executive Officer and Brian Palmieri continues as Vice Chairman of the Board.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for 2018 and 2017.

In thousands Canadian $, except per share amounts	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
Revenue	$3,792	$3,038	25%	$16,583	$19,388	(14%)
Cost of Sales	($3,279)	($3,016)	9%	($14,650)	($18,483)	(21%)
% of Revenue	(86%)	(99%)	13%	(88%)	(95%)	7%
Gross Profit (Loss)	$513	$22	2232%	$1,933	$905	114%
% of Revenue	14%	1%	13%	12%	5%	7%
Expenses	($2,559)	($1,232)	108%	($9,468)	($8,401)	13%
% of Revenue	(67%)	(41%)	(26%)	(57%)	(43%)	(14%)
(Loss) from Operations	($2,046)	($1,210)	69%	($7,536)	($7,496)	1%
% of Revenue	(54%)	(40%)	(14%)	(45%)	(39%)	(7%)
Other Expenses	($11,415)	($3,792)	201%	($18,927)	($10,071)	88%
% of Revenue	(301%)	(125%)	(176%)	(114%)	(52%)	(62%)
Net (Loss) before Income Taxes	($13,461)	($5,002)	169%	($26,463)	($17,567)	51%
% of Revenue	(355%)	(165%)	(190%)	(160%)	(91%)	(69%)
Net (Loss)	($13,461)	($5,002)	169%	($26,463)	($17,567)	51%
% of Revenue	(355%)	(165%)	(190%)	(160%)	(91%)	(69%)
Net (Loss) Attributable to Non-Controlling Interest	($3,150)	($301)	947%	($4,878)	($733)	566%
Net (Loss) Attributable to GLG	($10,311)	($4,701)	119%	($21,584)	($16,834)	28%
% of Revenue	(272%)	(155%)	(117%)	(130%)	(87%)	(43%)
Loss per share (LPS, Basic & Diluted)	($0.27)	($0.12)	125%	($0.57)	($0.44)	27%
Other Comprehensive Income (Loss)	($2,397)	($791)	203%	($1,312)	($357)	268%
% of Revenue	(63%)	(26%)	(37%)	(8%)	(2%)	(6%)
Other Comprehensive Income (Loss) to NCI	($776)	$1	(54003%)	$103	($17)	(706%)
Other Comprehensive Income (Loss) to GLG	($1,622)	($792)	105%	($1,416)	($340)	317%
% of Revenue	(43%)	(26%)	(17%)	(9%)	(2%)	(7%)
Comprehensive Income (Loss)	($15,858)	($5,793)	174%	($27,775)	($17,924)	55%
Comprehensive Income (Loss) Attributable to NCI	($3,925)	($300)	1208%	($4,775)	($751)	536%
Comprehensive Income (Loss) Attributable to GLG	($11,933)	($5,493)	117%	($23,000)	($17,173)	34%
% of Revenue	(315%)	(181%)	(134%)	(139%)	(89%)	(50%)

Revenue

Revenue for the three months ended December 31, 2018, was $3.8 million compared to $3.0 million in revenue for the same period last year. Revenue for the quarter increased by $0.8 million or 25% relative to the fourth quarter last year.

This revenue increase is attributable to increased stevia volumes sold, despite lower average product prices for stevia extracts, with lower prices reflecting both competitive pricing pressures as well as variation in the types of products sold to customers. Monk fruit revenues increased in the fourth quarter 2018, relative to the fourth quarter 2017, although monk fruit sales represented a relatively small portion of revenues in both periods. International sales continue to be the predominant source of revenues for the Company (95% in fourth quarter 2018 versus 94% in fourth quarter 2017).

Revenue for the year 2018 was $16.6 million compared to $19.4 million for the same period last year. Revenue for the period decreased by $2.8 million or 14% relative to the prior year.

This revenue decrease is primarily attributable to lower average product prices for stevia extracts, with lower prices reflecting both competitive pricing pressures as well as variation in the types of products sold to customers. Stevia sales volumes held steady year-over-year. Monk fruit revenues increased moderately year-over-year, although monk fruit sales represented a relatively small portion of revenues in both periods. International sales continue to be the predominant source of revenues for the Company (93% in 2018 versus 94% in 2017).

Cost of Sales

For the quarter ended December 31, 2018, the cost of sales was $3.3 million compared to $3.0 million in cost of sales for the same period last year (an increase of $0.3 million or 9%). Cost of sales as a percentage of revenues was 86% for the fourth quarter 2018, compared to 99% for the comparable period (an improvement of 13 percentage points). The 13 percentage point improvement in cost of sales as a percentage of revenues for the fourth quarter, relative to the same period in 2017, is attributable to improved stevia margins on those sales resulting from improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products; these margin improvements were partially offset by a decrease in monk fruit margins.

For the twelve months ended December 31, 2018, the cost of sales was $14.7 million compared to $18.5 million for the year 2017 (a decrease of $3.8 million or 21%). Cost of sales as a percentage of revenues was 88% for the year 2018, compared to 95% for the year 2017 (an improvement of 7 percentage points). The 7 percentage point improvement in cost of sales as a percentage of revenues for the year 2018, relative to 2017, is attributable to improved stevia margins on those sales resulting from improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products; these margin improvements were partially offset by a decrease in monk fruit margins.

Capacity charges charged to the cost of sales ordinarily would flow to inventory and are a significant component of the cost of sales. Only two of GLG's manufacturing facilities were operating during the year 2018, and idle capacity charges of $2.2 million were charged to cost of sales (representing 15% of cost of sales) compared to $2.2 million charged to cost of sales in 2017 (representing 12% of cost of sales).

The key factors that impact stevia and monk fruit cost of sales and gross profit percentages in each period include:

1. Capacity utilization of stevia and monk fruit manufacturing plants.
2. The price paid for stevia leaf and monk fruit and their respective quality, which are impacted by crop quality for a particular year/period and the price per kilogram for which the stevia and monk fruit extracts are sold. These are the most important factors impacting the gross profit of GLG's stevia and monk fruit business.
3. Other factors which also impact stevia and monk fruit cost of sales to a lesser degree include:
    - water and power consumption;
    - manufacturing overhead used in the production of stevia and monk fruit extract, including supplies, power and water;
    - net VAT paid on export sales;
    - exchange rate changes; and

- depreciation.

GLG's stevia and monk fruit businesses are affected by seasonality. The harvest of the stevia leaves typically occurs starting at the end of July and continues through the fall of each year. The monk fruit harvest takes place typically from October to December each year. GLG's operations in China are also impacted by Chinese New Year celebrations, which occur approximately late-January to mid-February each year, and during which many businesses close down operations for approximately two weeks. GLG's production year runs October 1 through September 30 each year.

Gross Profit

Gross profit for the three months ended December 31, 2018, was $0.5 million, compared to gross profit of $nil million for the comparable period in 2017 (an increase of $0.5 million). The gross profit margin was 14% in the fourth quarter 2018 and 1% for the same period in 2017, or an improvement of 13 percentage points. The 13 percentage point improvement in cost of sales as a percentage of revenues for the fourth quarter, relative to the same period in 2017, is attributable to improved stevia margins on those sales resulting from improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products; these margin improvements were partially offset by a decrease in monk fruit margins.

Gross profit for the year 2018 was $1.9 million, compared to $0.9 million for the year 2017 (an increase of $1.0 million). The gross profit margin was 12% for the year 2018 and 5% for the year 2017, or an improvement of 7 percentage points. The 7 percentage point improvement in cost of sales as a percentage of revenues for the year 2018, relative to 2017, is attributable to improved stevia margins on those sales resulting from improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products; these margin improvements were partially offset by a decrease in monk fruit margins.

Selling, General, and Administration Expenses

Selling, General and Administration ("SG&A") expenses include sales, marketing, general and administration costs ("G&A"), stock-based compensation, and depreciation and amortization expenses on G&A fixed assets. A breakdown of SG&A expenses into these components is presented below:

In thousands Canadian $	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
G&A Exp	$2,099	$695	202%	$7,401	$6,212	19%
Stock Based Compensation Exp	$150	$160	(6%)	$601	$648	(7%)
Amortization Exp	$310	$377	(18%)	$1,466	$1,541	(5%)
Total	$2,559	$1,232	108%	$9,468	$8,401	13%

G&A expenses for the three months ended December 31, 2018, were $2.1 million compared to $0.7 million in the same period in 2017 (an increase of $1.4 million or 202%). G&A expenses increased in the fourth quarter 2018, relative to the comparable period last year, driven largely by a one-time decrease in land use right taxes ($0.8 million) in the fourth quarter 2017; increases in professional and consulting fees ($0.4 million) and salaries ($0.1 million) also contributed to the overall increase in G&A expenses.

Stock-based compensation was $0.2 million for the three months ended December 31, 2018, compared to $0.2 million in the comparable period in 2017. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

G&A-related depreciation and amortization expenses for the three months ended December 31, 2018, were $0.3 million compared with $0.4 million for the same quarter of 2017.

G&A expenses for the year 2018 were $7.4 million compared to $6.2 million in 2017 (an increase of $1.2 million or 19%). G&A expenses increased in 2018, relative to 2017, driven largely by a one-time decrease in land use right taxes ($0.8 million) in the fourth quarter 2017; increases in consulting fees ($0.1 million) and salaries ($0.1 million) also contributed to the overall increase in G&A expenses.

Stock-based compensation was $0.6 million for 2018, compared with $0.6 million in 2017. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the period, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

G&A-related depreciation and amortization expenses for the year 2018 were $1.5 million compared with $1.5 million for 2017.

Other Expenses

In thousands Canadian $	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
Other (Expenses)	($11,415)	($3,792)	201%	($18,927)	($10,071)	88%
% of Revenue	(301%)	(125%)	(176%)	(114%)	(52%)	(62%)

Other expenses for the three months ended December 31, 2018, was $11.4 million, a $7.6 million increase compared to $3.8 million for the same period in 2017. The increase in other expenses for the fourth quarter of 2018 of $7.6 million is attributable to increases in (1) interest expense ($2.6 million), (2) property, plant and equipment impairments ($2.8 million), (3) foreign exchange losses ($1.3 million) and (4) other expenses ($0.1 million) and (5) a decrease in government tax rebates ($2.1 million), which were offset by (6) a decrease in inventory impairments ($0.5 million).

Other expenses for the year 2018 was $18.9 million, a $8.9 million increase compared to $10 million for the year 2017. The increase in other expenses for the year 2018 of $8.9 million is attributable to increases in (1) interest expense ($2.8 million), (2) property, plant and equipment impairments ($2.8 million) and (3) foreign exchange losses ($2.4 million) and (4) a decrease in government tax rebates ($2.1 million), which were offset by decreases in (5) inventory impairments ($0.3 million) and (6) other expenses ($0.1 million).

Foreign Exchange Gains (Losses)

Exchange rates	2018	2018	2018	2018	2017	2017	2017	2017
Rate (as compared to the Canadian $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
U.S. Dollars	0.7330	0.7725	0.7594	0.7756	0.7971	0.8013	0.7706	0.7506
Chinese RMB	5.0429	5.3079	5.0277	4.8780	5.1867	5.3305	5.2247	5.1706

Exchange rates	2018	2018	2018	2018	2017	2017	2017	2017
Rate (as compared to the US $)	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Chinese RMB	6.8764	6.8665	6.6191	6.2802	6.5064	6.6545	6.7769	6.8905

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese renminbi ("RMB") and incurs most of its expenses in RMB. Impacts of the appreciation or depreciation of the RMB against the Canadian dollar are shown separately in Accumulated Other Comprehensive Income ("AOCI") on the Balance Sheet. As at December 31, 2018, the exchange rate for RMB per Canadian dollar was 5.0429 compared to the exchange rate of 5.1867 as at December 31, 2017, reflecting an appreciation of the RMB against the Canadian dollar. As at December 31, 2018, the exchange rate for USD per Canadian dollar was 0.7330 compared to the exchange rate of 0.7971 as at

December 31, 2017, reflecting an appreciation of the USD against the Canadian dollar. The balance of the AOCI was $7.8 million on December 31, 2018, compared to a balance of $9.2 million as at December 31, 2017.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange loss was $2.2 million for the fourth quarter of 2018 compared to the foreign exchange loss of $0.8 million for the comparable period in 2017. Foreign exchange loss was $2.1 million for the year 2018 compared to the foreign exchange gain of $0.3 million for the year 2017. The table above shows the change in the Canadian dollar relative to the US dollar from March 31, 2017, to December 31, 2018, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB for the same period.

Net Loss

In thousands Canadian $	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
Net Loss	($13,461)	($5,002)	169%	($26,463)	($17,567)	51%
Net Loss Attributable to NCI	($3,150)	($301)	947%	($4,878)	($733)	566%
% of Revenue	(83%)	(10%)	(73%)	(29%)	(4%)	(25%)
Net Loss Attributable to GLG	($10,311)	($4,701)	119%	($21,585)	($16,834)	28%
% of Revenue	(272%)	(155%)	(117%)	(130%)	(87%)	(43%)

For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

For the year 2018, the Company had a net loss attributable to the Company of $21.6 million, an increase of $4.8 million or a 28% increase over the year 2017 ($16.8 million loss). The $4.8 million increase in net loss attributable to the Company was driven by increases in (1) SG&A expenses ($1.1 million), (2) Interest expense ($2.8 million), (3) Property, plant and equipment impairment ($2 million), (4) Foreign exchange loss ($2.4 million) and (5) Reduction in government tax rebate ($2.1 million), which were offset by increases in (3) gross profit ($1.0 million) and (4) net loss attributable to the non-controlling interest ($4.1 million).

Comprehensive Loss

In thousands Canadian $	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
Other Comprehensive Income (Loss)	($2,397)	($791)	203%	($1,312)	($357)	268%
Total Comprehensive Income (Loss)	($15,858)	($5,793)	174%	($27,775)	($17,924)	55%
Comprehensive Income (Loss) Attributable to NCI	($3,925)	($300)	1208%	($4,775)	($751)	536%
Comprehensive Income (Loss) Attributable to GLG	($11,933)	($5,493)	117%	($23,000)	($17,173)	34%
% of Revenue	(315%)	(181%)	(134%)	(139%)	(89%)	(50%)

The Company recorded total comprehensive loss of $11.9 million for the three months ended December 31, 2018, comprising $10.3 million of net loss attributable to the Company and $1.6 million of other comprehensive loss attributable to the Company. The Company recorded total comprehensive loss of $5.5 million for the three months ended December 31, 2017, comprising $4.7 million of net loss attributable to the Company and $0.8 million of other comprehensive loss attributable to the Company.

The Company recorded total comprehensive loss of $23.0 million for the year 2018, comprising $21.6 million of net loss attributable to the Company and $1.3 million of other comprehensive loss attributable to the Company. The Company recorded total comprehensive loss of $17.2 million for the year 2017, comprising $16.8 million of net loss and $0.3 million of other comprehensive loss attributable to the Company.

Summary of Quarterly Results

The selected consolidated information below has been gathered from GLG's quarterly condensed interim consolidated financial statements for the previous eight quarterly periods.

Quarterly Net Loss

In thousands Canadian $, except per share amounts	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	$3,792	$2,496	$6,027	$4,267	$3,038	$3,713	$6,387	$6,251
Gross Profit $	$513	$47	$1,051	$322	$22	($300)	$575	$608
Gross Profit %	14%	2%	17%	8%	1%	(8%)	9%	10%
Net Income (Loss) Attributable to GLG	($10,311)	($2,482)	($3,142)	($5,649)	($4,701)	($3,810)	($3,867)	($4,455)
Basic Income (Loss) Per Share	($0.27)	($0.06)	($0.08)	($0.15)	($0.12)	($0.10)	($0.10)	($0.12)

For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

For the three months ended June 30, 2018, the Company had a net loss attributable to the Company of $3.1 million, a decrease of $0.8 million or a 19% improvement over the comparable period in 2017 ($3.9 million loss). The $0.8 million decrease in net loss was driven by (1) an increase in gross profit ($0.5 million), (2) a decrease in SG&A expenses ($0.1 million) and (3) an increase in net loss attributable to the non-controlling interest ($0.4 million), which were offset by (4) an increase in other expenses ($0.2 million).

For the three months ended March 31, 2018, the Company had a net loss attributable to the Company of $5.6 million, an increase of $1.2 million or 61% over the comparable period in 2017 ($4.5 million). The increased net loss was driven by (1) an increase in other expenses of $1.3 million and (2) a decrease in gross profit of $0.3 million, which were offset by losses attributable to non-controlling interests of $0.4 million.

For the three months ended December 31, 2017, the Company had a net loss attributable to the Company of $4.7 million, a decrease of $5.4 million or a 54% improvement over the comparable period in 2016 ($10.1 million loss). The decrease in net loss was driven by (1) an increase in gross profit of $0.4 million, (2) a decrease in SG&A expenses of $1.9 million, (3) a decrease in other expenses of $2.8 million and (4) an increase in loss of $0.3 million attributable to non-controlling interests.

For the three months ended September 30, 2017, the Company had a net loss of $3.8 million, a decrease of $1.5 million or a 28% improvement over the comparable period in 2016 ($5.3 million loss). The $1.5 million decrease in net loss was driven by (1) a decrease in other income (expenses) ($1.2 million), (2) a decrease in SG&A expenses ($0.2 million) and (3) an increase in the net loss attributable to the non-controlling interest ($0.3 million), which were offset by a decrease in gross profit ($0.2 million).

For the three months ended June 30, 2017, the Company had a net loss of $3.9 million, a decrease of $0.1 million or an 4% improvement over the comparable period in 2016 ($4.0 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($0.6 million), (2) a decrease in SG&A expenses ($0.5 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($1.0 million).

For the three months ended March 31, 2017, the Company had a net loss of $4.4 million, an increase of $0.1 million or 3% over the comparable period in 2016 ($4.3 million). The $0.1 million increase in net loss was due to (1) an increase in other expenses ($1.4 million), mainly attributable to a $0.9 million increase in foreign exchange loss and a $0.5 million decrease in bad debt recovery, which was offset by (2) an increase in gross profit ($0.5 million) and (3) a decrease in G&A expenses ($0.8 million).

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share from operations was $0.27 for the three months ended December 31, 2018, compared with a basic and diluted net loss of $0.12 for the comparable period in 2017. For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

The basic loss and diluted loss per share from operations was $0.06 for the three months ended September 30, 2018, compared with a basic and diluted net loss of $0.11 for the comparable period in 2017. For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

The basic loss and diluted loss per share from operations was $0.08 for the three months ended June 30, 2018, compared with a basic and diluted net loss of $0.10 for the comparable period in 2017. For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $3.1 million, a decrease of $0.8 million or a 19% improvement over the comparable period in 2017 ($3.9 million loss). The $0.8 million decrease in net loss was driven by (1) an increase in gross profit ($0.5 million), (2) a decrease in SG&A expenses ($0.1 million) and (3) an increase in net loss attributable to the non-controlling interest ($0.4 million), which were offset by (4) an increase in other expenses ($0.2 million).

The basic loss and diluted loss per share from operations was $0.15 for the three months ended March 31, 2018, compared with a basic and diluted net loss of $0.12 for the comparable period in 2017. For the three months ended March 31, 2018, the Company had a net loss attributable to the Company of $5.6 million, an increase of $1.2 million or 61% over the comparable period in 2017 ($4.5 million). The increased net loss was driven by (1) an increase in other expenses of $1.3 million and (2) a decrease in gross profit of $0.3 million, which were offset by losses attributable to non-controlling interests of $0.4 million.

The basic loss and diluted loss per share from operations was $0.12 for the three months ended December 31, 2017, compared with a basic and diluted net loss of $0.27 for the same period in 2016. For the three months ended December 31, 2017, the Company had a net loss attributable to the Company of $4.7 million, a decrease of $5.4 million or a 54% improvement over the comparable period in 2016 ($10.1 million loss). The decrease in net loss was driven by (1) an increase in gross profit of $0.4 million, (2) a decrease in SG&A expenses of $1.9 million, (3) a decrease in other expenses of $2.8 million and (4) an increase in loss of $0.3 million attributable to non-controlling interests.

The basic loss and diluted loss per share from operations was $0.10 for the three months ended September 30, 2017, compared with a basic and diluted net loss of $0.14 for the same period in 2016. For the three months ended September 30, 2017, the Company had a net loss of $3.8 million, a decrease of $1.5 million or a 28% improvement over the comparable period in 2016 ($5.3 million loss). The $1.5 million decrease in net loss was driven by (1) a decrease in other income (expenses) ($1.2 million), (2) a decrease in SG&A expenses ($0.2 million) and (3) an increase in the net loss attributable to the non-controlling interest ($0.3 million), which were offset by a decrease in gross profit ($0.2 million).

The basic loss and diluted loss per share from operations was $0.10 for the three months ended June 30, 2017, compared with a basic and diluted net loss of $0.11 for the same period in 2016. For the three months ended September 30, 2017, the Company had a net loss of $3.9 million, a decrease of $0.1 million or an 4% improvement over the comparable period in 2016 ($4.0 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($0.6 million), (2) a decrease in SG&A expenses ($0.5 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($1.0 million).

The basic loss and diluted loss per share from operations was $0.12 for the three months ended March 31, 2017, compared with a basic and diluted net loss of $0.11 for the comparable period in 2016. For the three months ended March 31, 2017, the Company had a net loss of $4.4 million, an increase of $0.1 million or a 3% increase over the comparable period in 2016 ($4.3 million). The $0.1 million increase in net loss was due to (1) an increase in other expenses ($1.4 million), mainly attributable to a $0.9 million increase in foreign exchange loss and a $0.5 million decrease in bad debt recovery, which was offset by (2) an increase in gross profit ($0.5 million) and (3) a decrease in G&A expenses ($0.8 million).

NON-GAAP Financial Measures

Gross Profit Before Capacity Charges

This non-GAAP financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation for the year 2018 and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross profit before capacity charges for the three months ended December 31, 2018, was $1.1 million or 29% of fourth quarter revenues compared to $0.6 million or 19% of fourth quarter revenues in 2017.

Gross profit before capacity charges for the year 2018 was $4.1 million or 25% of 2018 revenues compared to $3.1 million or 17% of 2017 revenues.

Gross profit before capacity charges for both the three-month and twelve-month periods in 2018 increased from the comparable periods due primarily to improved margins on international stevia sales compared to the previous year, resulting from improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products.

Earnings Before Interest Taxes and Depreciation ("EBITDA")

In thousands Canadian $	3 Months Ended December 31		% Change	Year Ended December 31		% Change
	2018	2017		2018	2017	
Loss Before Income Taxes	($13,461)	($5,002)	169%	($26,463)	($17,567)	51%
Add:						
Provisions for Inventories Impairment	$355	$842	(58%)	$291	$589	(51%)
Bad Debt (Recoveries for Receivables)	$0	$0	100%	$0	$0	0%
Provision for Prepaids	$0	$0	0%	$0	$0	0%
Depreciation and Amortization	$765	$630	21%	$3,332	$4,362	(24%)
Provision for Tax Penalty (Government Tax Rebate)	-	($2,058)	-	-	($2,058)	0%
Loss on Impairment of Property, Plant & Equipment	$2,840	$825	244%	$2,840	$825	244%
Net Interest Expense	$5,211	$2,618	99%	$13,031	$10,233	27%
Foreign Exchange Gain & Loss	$2,173	$823	164%	$2,125	($285)	(845%)
Non-Cash Share Compensation	$150	$160	(6%)	$601	$648	(7%)
EBITDA	($1,968)	($1,162)	69%	($4,243)	($3,253)	30%
EBITDA as a % of Revenue	(52%)	(38%)	(14%)	(26%)	(17%)	(9%)

EBITDA for the three months ended December 31, 2018, was negative $2.0 million or negative 52% of revenues, a $0.8 million or 14 percentage point decrease over the same period in 2017 (negative $1.2 million or negative 38% of revenues). This decrease in EBITDA for the quarter is primarily attributable to an increase in interest expenses resulting from the buyout of the Company's core bank debt by Cinda during 2018 (see Corporate and Sales Development section) and by lower sales, partly offset by improvements in gross margins attributable to both improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products compared to the prior period.

EBITDA for the year 2018, was negative $4.2 million or negative 26% of revenues, a $1.2 million or 9 percentage point decrease over the year 2017 (negative $3.3 million or negative 17% of revenues). This decrease in EBITDA for the year is primarily attributable to an increase in interest expenses resulting from the buyout of the Company's core bank debt by Cinda during 2018 (see Corporate and Sales Development section) and by lower sales, partly offset by improvements in gross margins attributable to both improvements in production efficiencies and a change in product mix towards higher margin valued-added stevia products compared to the prior period.

Liquidity and Capital Resources

In thousands Canadian $		31-Dec-18		31-Dec-17
Cash and Cash Equivalents	$	1,494	$	657
Working Capital	$	(149,231)	$	(126,659)
Total Assets	$	43,943	$	48,839
Total Liabilities	$	159,969	$	137,848
Loan Payable (<1 year)	$	101,902	$	93,170
Loan Payable (>1 year)	$	-	$	-
Total Shareholder's Deficiency	$	(91,655)	$	(81,567)

The Company continues to progress with the following measures to manage cash flow of the Company: reducing accounts payable, negotiating with creditors for extended payment terms, working closely with the banks to restructure its loans, arranging short-term loans with major customers, arranging financing with its Directors and other related parties, and managing operating expenditures including general and administrative expenses and production-related expenses.

Total loans payable is $101.9 million as of December 31, 2018, an increase of $8.7 million compared to the total loans payable as at December 31, 2017 ($93.2 million). The increase in total loans payable of $8.7 million is attributable to (1) an increase in the amounts due to related parties ($5.2 million) and (2) foreign exchange impacts ($3.5 million) due to the appreciation of both the USD and RMB against the Canadian dollar.

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2018. 98% of all China bank loans held by GLG's Chinese subsidiary – Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai") and its Chinese subsidiaries – have been transferred to one state-owned capital management company ("SOCMC"). China Cinda Assets Management ("Cinda") is the sole SOCMC holding the 98% of short-term bank debt. The Company is in the final stage of negotiations with Cinda to convert that debt into equity in Runhai with a view to participate as an equity shareholder in the potential returns. Cinda could also be a source of possible future capital.

Until the final debt restructuring is completed, the terms of the original loans are represented in the financial statements.

Cash Flows: Three Months Ended December 31, 2018 and 2017

Cash used in operating activities was $3.4 million in the three-month period ended December 31, 2018, compared to $4.3 million used in operating activities in the same period of 2017. Cash used in operating activities decreased by $1.0 million year-over-year. This was the result of (1) an increase in cash generated by non-cash working capital of $2.5 million, which was offset by (2) an increase in cash used in operating activities before the impact of non-cash working capital of $1.5 million for the three months ended December 31, 2018, relative to the comparative 2017 period.

The $2.5 million increase in cash generated by non-cash working capital was due to increases in cash generated from (1) inventories ($3.3 million), (2) interest payable ($2.1 million) and (3) prepaid expenses ($0.3 million) and decreases in cash used from (4) accounts payable and accruals ($0.7 million) and (5) taxes recoverable ($0.3 million), which were offset by increases in cash used from and (6) accounts receivable ($2.2 million) and (7) decreases in cash generated from amounts due to related party (current) ($2.0 million).

Cash used by investing activities was $0.6 million during the fourth quarter of 2018, compared to cash used by investing activities of $0.1 million in the same period in 2017.

Cash used in financing activities was $nil in the fourth quarter of 2018 compared to cash generated of $1.5 million in the same period in 2017 or a decrease of $1.5 million. The $1.0 million net decrease in cash generated by financing activities in the fourth quarter of 2018, compared to the prior period, was due to (1) net decreases in cash from advances by and payments to related parties of $1.0 million and (2) loan repayment to related party of 0.7 million which were offset by (3) a decrease in debt restructuring fees of $0.2 million.

Cash Flows: Twelve Months Ended December 31, 2018 and 2017

Cash generated in operating activities was $1.3 million in the year 2018, compared to $3.5 million used in operating activities in the year 2017. Cash generated in operating activities increased by $4.7 million year-over-year. This increase was the result of (1) an increase in cash generated by non-cash working capital of $9.2 million, which was offset by (2) an increase in cash used in operating activities before the impact of non-cash working capital of $4.5 million in the year 2018, compared to the prior period.

The $9.2 million increase in cash generated by non-cash working capital was due to increases in cash generated from (1) inventories ($5.2 million), (2) accounts payable ($3.9 million), (3) interest payable ($2.6 million), (4) due to related party (current) ($0.7 million) and (5) taxes recoverable ($0.1 million) and decreases in cash used in (6) deferred revenues ($0.3 million), which were offset by increases in cash used in (7) accounts receivable ($3.3 million) and (8) prepaid expenses ($0.4 million).

Cash used by investing activities was $0.7 million during the year 2018, compared to cash used by investing activities of $0.3 million in 2017.

Cash generated in financing activities was $0.3 million for the year 2018 compared to $3.2 million for the year 2017 or a net decrease of $2.9 million. The net decrease of $2.9 million in cash generated by financing activities for the year 2018, compared to the prior period, was due to (1) decreases in cash from advances from related party by 2.4 million and (2) payments to related parties increased by 1.0 million , which were offset by (3) a decrease in debt restructuring fees of $0.5 million.

Selected Annual Information

In thousands Canadian $, except for EPS	2018	2017	2016
Gross Revenue	$16,583	$19,388	$18,953
Net Income (Loss)	($26,463)	($17,567)	($23,805)
Total Assets	$43,943	$48,839	$55,127
Non-Current Financial Liabilities	$0	$0	$27,765
Basic and Diluted	(0.57)	($0.44)	($0.63)
Diluted	(0.57)	($0.44)	($0.63)

Revenues decreased in 2018 compared to the previous year primarily due to lower average product prices for stevia extracts, with lower prices reflecting both competitive pricing pressures as well as variation in the types of products sold to customers, as stevia sales volumes held steady year-over-year. Monk fruit revenues increased moderately year-over-year. Compared to the monk fruit market opportunity, the stevia market opportunity provides many more geographic markets with ingredient approval; this wider market approval combined with the improvements to the cost and taste performance of stevia make stevia the most attractive market for the Company to focus on for revenue growth.

Revenues increased in 2017 compared to 2016 due to the increase in international stevia sales. There was a continued reduction in monk fruit sales in 2017 compared to the previous year and international stevia sales is now the main focus for sales growth for the company. The Company saw a decrease in the market size and potential for the monk fruit business as several key customers discontinued the ingredient and other major ingredient markets have yet to approve monk fruit as a sweetener.

In 2017, the Company reduced its loss attributable to the Company to $16.8 million from the $23.8 million loss incurred in 2016, resulting from a reduction in interest expenses (reduced to $10.3 million or a $1.0 million decrease) and impairment charges to current and fixed assets (reduced by $2.1 million).

In 2018, the Company's net loss attributable to the Company increased to $21.6 million, in part due to an increase in interest expenses resulting from the buyout of the Company's core bank debt by Cinda during 2018 (see Corporate and Sales Development section)

The key items the Company is pursuing to continue to reduce the annual losses and move the Company to profitability are:

1. Increase stevia sales through its Global Partnership with ADM and its direct sales efforts
2. Restructure debt with Chinese Banks into equity into its China subsidiary or otherwise use assets to extinguish debt
3. Reduce production and other operating costs

Financial Resources

Cash and cash equivalents increased by $0.8 million during the year 2018, relative to 2017. Working capital decreased by $22.6 million from the year-end 2017 position to negative $149.2 million.

The working capital decrease of $22.6 million is attributable to an increase in current liabilities of $22.1 million and a decrease in current assets of $0.5 million. The $22.1 million increase in current liabilities was due to increases in (1) due to related parties ($7.0 million), (2) interest payable ($9.2 million), (3) accounts payable ($3.9 million), (4) short-term loans ($1.8 million) and (5) derivative liabilities ($0.2 million). The $0.5 million decrease in current assets is attributable to decreases in (1) inventory ($3.3 million) and (2) sales taxes recoverable ($0.1 million), which were offset by increases in (3) accounts receivable ($2.0 million), (4) cash ($0.8 million) and (5) prepaid expenses ($0.1 million).

The Company has been working on improving its working capital deficiency situation, which was driven by the impairments to inventory, accounts receivable, sales taxes recoverable and prepaid expenses over the years 2011 - 2018. See above section on Liquidity and Capital Resources for additional details on the Company's debt restructuring progress and new short-term loans.

The Company's working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia harvest in China (third and fourth quarter each year) and the production output along with the amount of sales conducted during the period. The value of raw material in inventory has historically been the highest in the fourth quarter due to the fact that the Company purchases leaf during the third and fourth quarter and monk fruit during the fourth quarter for the entire production year, which runs October through September each year. The Company's principal working capital needs include accounts receivable, taxes receivable, inventory, prepaid expenses, other current assets, and accounts payable and interest payable.

Balance Sheet

As at December 31, 2018, in comparison to December 31, 2017, the total assets decreased by $4.9 million. This decrease was split between a decrease in current assets of $0.5 million and a decrease in fixed assets of $4.4 million.

The $0.5 million decrease in current assets was driven by decreases in (1) inventory ($3.3 million) and (2) sales taxes recoverable ($0.1 million), which were offset by increases in (3) accounts receivable ($2.0 million), (4) cash ($0.8 million) and (5) prepaid expenses ($0.1 million).

The decrease in fixed assets of $4.4 million was due primarily to (1) depreciation of $3.4 million and (2) an impairment of $2.8 million which were offset by (1) appreciation of the RMB against the Canadian dollar ($1.6 million) and (3) addition of fixed assets ($0.2 million).

Current liabilities increased by $22.1 million as at December 31, 2018, in comparison to December 31, 2017. The $22.1 million increase in current liabilities was due to increases in (1) due to related parties ($7.0 million), (2) interest payable ($9.2 million), (3) accounts payable ($3.9 million), (4) short-term loans ($1.8 million) and (5) liabilities on derivatives ($0.2 million).

Shareholders' deficiency increased by $10.1 million due to (1) an increase in deficit ($21.6 million) and (2) a decrease in accumulated other comprehensive income ($1.4 million), which were offset by increases in (3) contributed surplus ($11.9 million) and (4) share capital ($1.0 million).

Short-Term Loans

The Company's short-term loans of $65,977,969 (2017- $64,208,418) consisted of borrowings from banks and SOCMCs in China of $64,928,482 (2017 - $63,243,322) and a loan from a private lender of $1,049,487 (2017 - $965,096) as follows:

Bank loans as at December 31, 2018:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 594,900	3,000,000	On Demand	9.57%	China Cinda Assets Management Anhui Branch
5,552,400	28,000,000	On Demand	9.57%	China Cinda Assets Management Anhui Branch
1,983,000	10,000,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
1,939,374	9,780,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
10,226,667	51,571,696	On Demand	7.77%	China Cinda Assets Management Anhui Branch
15,864,000	80,000,000	On Demand	7.77%	China Cinda Assets Management Anhui Branch
15,702,347	79,184,808	On Demand	11.97%	China Cinda Assets Management Anhui Branch
3,461,818	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
8,432	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
1,169,970	5,900,000	On Demand	5.82%	Huishang Bank
5,949,000	30,000,000	On Demand	12.12%	China Cinda Assets Management Jiangsu Branch
2,476,574	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 64,928,482	327,425,529			

Bank loans as at December 31, 2017:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 578,400	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
5,398,400	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
1,928,000	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
1,885,584	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
9,943,023	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,424,000	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,266,831	79,184,808	On Demand	11.97%	Bank of Communication
3,365,802	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
8,198	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
1,253,200	6,500,000	July 28, 2017	5.82%	Huishang Bank
5,784,000	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,407,884	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 63,243,322	328,025,528			

The Company has been working with its Chinese banks and SOCMC's on restructuring its debt during the year ended 2018. The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these loans. (see Notes 8, 10 to the Financial Statements).

Short-term Borrowing from Private Lenders:

As at December 31, 2016, short-term borrowing from private lenders consisted of two loans. During the year ended December 31, 2017, the principal on one of the loans was converted into an equity interest in Runhai, one of the Company's subsidiaries in China (see Note 16 to the Financial Statements).

December 31, 2016	$	2,251,080
Additions		-
Converted into non-controlling interest (note 11)		(1,248,660)
Foreign currency translation		(37,324)
December 31, 2017	$	965,096
Additions	$	-
Foreign currency translation		84,391
December 31, 2018	$	1,049,487

The loan principal amount as at December 31, 2018 is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand and is denominated in US dollars.

Financial and Other Instruments

The Company is exposed to credit risk, liquidity risk and market risk. The Company's primary risk management objective is to protect its income and cash flows and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance.

a) Credit risk

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company's primary credit risk is on its cash and accounts receivable. The Company has a high concentration of credit risk as one major customer made up 59% of the total accounts receivable as at December 31, 2018. The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts. Significant management estimates are used to determine the allowance for doubtful accounts. The Company considers the probability of default on a specific account basis, which involves assessing whether there was a significant increase in credit risk. Indicators include actual or expected changes in the debtor's ability to pay based on information that is available each reporting period; monitoring past due accounts and other external factors. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. The Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

		December 31, 2018		December 31, 2017
Current				
Accounts receivable	$	6,640,939	$	4,493,925
Allowance for doubtful accounts		(3,722,046)		(3,603,007)
	$	2,918,893	$	890,918

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 24 to the Financial Statements. It also manages liquidity risk by continually monitoring actual and projected cash flows to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the undiscounted contractual maturities of the Company's financial liabilities with the exception of the derivative liabilities as at December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
Financial liabilities	**0 to 12 months**	**12 to 24 months**	**0 to 12 months**	**12 to 24 months**
Short-term loans	$ 65,977,969	-	$ 64,208,418	-
Interest payable	36,350,197	-	27,145,356	-
Accounts payable and accrued liabilities	21,314,529	-	17,373,835	-
Due to related parties	35,924,477	-	28,961,281	-
	$ 159,567,172	$ -	$ 137,688,890	-

c) Market risk

Market risk is the risk that changes in market prices, such as fluctuations in the Company's share price, foreign exchange rates and interest rates, will affect the Company's income, cash flows or the value of its financial instruments.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its short-term loans and amounts due to related parties at December 31, 2018. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2018, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of $998,535 (December 31, 2017 - $916,214) on profit or loss.

ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company conducts its business in U.S. dollars, Chinese renminbi ("RMB"), Canadian dollars and Hong Kong dollars. The Company is exposed to currency risk as the functional currency of its subsidiaries is other than Canadian dollars.

The majority of the Company's assets are held in subsidiaries whose functional currency is the RMB. The RMB is not a freely convertible currency. Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Company's capital account, are subject to foreign exchange controls and require the approval of the People's Republic of China State Administration of Foreign Exchange. Developments relating to the PRC's economy and actions taken by the PRC government could cause future foreign exchange rates to vary significantly from current or historical rates. The Company cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into Canadian dollars, of the Company's net assets and net profits.

The Company cannot give any assurance that any future movements in the exchange rates of RMB against the Canadian dollar and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Information on the net foreign exchange risk exposure on translating functional currency of the consolidated entities to the presentation currency with an impact on the other comprehensive income (loss) is provided in the following table:

	December 31, 2018					
		RMB balance		HK balance		US balance
Total financial assets	¥	7,707,932	HK$	1	$	192,438
Total financial liabilities		(580,541,107)		-		(1,031,532)
Net foreign exchange risk exposure	¥	(572,833,175)	HK$	1	$	(839,094)

	December 31, 2017					
		RMB balance		HK balance		US balance
Total financial assets	¥	1,592,044	HK$	52,281	$	294,083
Total financial liabilities		(525,916,986)		(54,023)		(759,389)
Net foreign exchange risk exposure	¥	(524,324,942)	HK$	(1,742)	$	(465,306)

As of December 31, 2018, assuming that all other variables remain constant, a change of 1% in the Canadian dollar against the RMB would have an effect on other comprehensive income (loss) approximately of $1,147,000 (2017 - $1,010,903).

The Company's U.S. operations, which are integrated operations, and Canadian operations are exposed to exchange rate changes between the U.S. dollar and the Canadian dollar. The Company's primary U.S. dollar exposure in Canada relates to the revaluation into Canadian dollars of its U.S. dollar denominated working capital.

The following table provides information on the Company's net foreign exchange risk exposure from its US and Canadian operations with an impact on the net income (loss):

		December 31, 2018		December 31, 2017
		US$		US$
Financial assets				
Cash	$	48,733	$	350,157
Accounts receivable		2,382,282		899,546
Financial liabilities				
Short-term loans	$	(769,307)	$	(769,307)
Interest payable		(1,198,821)		(970,385)
Accounts payable and accruals		(150,949)		(358,276)
Due to related parties		(23,262,958)		(20,363,962)
Net foreign exchange risk exposure	$	(22,951,020)	$	(21,212,227)

As of December 31, 2018, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on net income of approximately $315,000 (2017 - $266,000).

Contractual Obligations

Operating Leases

Future minimum lease payments under the operating leases described below are as follows:

		Amount
2019	$	235,319
2020-2023		757,341
Thereafter		157,187
Total	$	1,149,847

The Company renewed one five-year operating leases with respect to land and production equipment at the Runde factory in China. The leases expired on December 31, 2016, and were renewed for another five-year term. The annual minimum lease payments are approximately $99,000 (RMB 500,000).

The Company signed a twenty-year land rental agreement in Qingdao. The agreement was signed on February 16, 2005 and expires on February 16, 2025. The terms are as follows:

- In the first 5 years the rent expense is approximately $1,961 (RMB 10,000) per year
- In the second 5 years the rent expense is approximately $2,291 (RMB 11,680) per year
- In the third 5 years the rent expense is approximately $2,675 (RMB 13,642) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is $3,125 (RMB 15,934) per year

The Company also signed another rental agreement with the same counterparty from November 8, 2006, to November 7, 2036. The annual rental expense is approximately $5,604 (RMB 28,576).

The Company's current office premises are leased under an eight-year agreement beginning August 1, 2016, and will expire on July 31, 2024. The lease payments for the year ended December 31, 2018, totaled $186,660 (2017 – $183,647).

Supplier Agreement

As at December 31, 2018 the Company has a commitment to purchase raw materials from a supplier for use in producing its finished goods. Under the terms of the supply agreement, which ends on January 4, 2022, the Company is committed to purchase raw materials in the amount of USD 99,000 during 2019 and USD 360,000 for each of the years 2020 and 2021.

Capital Structure

Outstanding share data as at the date of this MD&A:

	31-Dec-18	31-Dec-17
Common Shares Issued	38,394,223	37,920,336
Stock Options	1,027,400	3,060,222
Total Reserved For Issuance	1,027,400	3,060,222
Fully Diluted Shares	39,421,623	40,980,558

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Non-Controlling Interests

During the year ended December 31, 2017, the Company disposed of 32.92% of its ownership in Runhai to its related parties and a private lender in order to settle $15,971,767 (RMB 80,584,090) in related party loans and short-term loans. Accordingly, the Company de-recognized the derivative liabilities related to this portion of the loans totaling $274,538. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. In connection with the recognition of non-controlling interest, the proportionate share of the cumulative amount of foreign exchange translation differences recognized in other comprehensive income totaling $3,649,111 was re-attributed to the non-controlling interest in Runhai. In addition, the Company incurred transaction costs totaling $563,154 and this amount was deducted from equity.

On June 1, 2018, the Company transferred its 100% ownership interest in its subsidiary Qingdao Runde Biotechnology Company, Ltd. ("Runde") to Runhai. As the Company has a 67.08% interest in Runhai, the effect of this transfer was a disposition of 32.92% of its ownership interest in Runde. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. As a result of this transaction, Runhai has sole ownership of all other China subsidiaries and the Company continues to own 67.08% of Runhai. The carrying amount of non-controlling interests was adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustments to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

The following table represents the share of equity attributable to the non-controlling interest:

		December 31, 2018
January 1, 2018	$	(7,442,442)
Ownership interest transferred to non-controlling interest		(12,153,105)
Non-controlling interest's share of loss		(4,878,423)
Non-controlling interest's share of other comprehensive loss		103,281
December 31, 2018	$	(24,370,689)

		December 31, 2017
January 1, 2017	$	-
Ownership interest transferred to non-controlling interest		(6,691,694)
Non-controlling interest's share of loss		(733,213)
Non-controlling interest's share of other comprehensive loss		(17,535)
December 31, 2017	$	(7,442,442)

The following table summarizes the consolidated assets and liabilities of Runhai and the share of the net liabilities which is attributable to the non-controlling interest as at December 31, 2018 and 2017:

		December 31, 2018		December 31, 2017
ASSETS				
Current	$	6,206,823	$	4,537,424
Non-current		33,155,034		35,539,370
	$	39,361,857	$	40,076,794
LIABILITIES				
Current	$	113,391,895	$	61,368,163
Non-current		-	$	-
	$	113,391,895	$	61,368,163
Net liabilities	$	(74,030,038)	$	(21,291,369)
Non-controlling interest percentage		32.92%		32.92%
Non-controlling interest in net liabilities	$	(24,370,689)	$	(7,442,442)

The following table presents the loss and comprehensive income attributable to the non-controlling interest for the years ended December 31, 2018 and 2017:

		Year ended December 31, 2018		Year ended December 31, 2017
Loss for the year	$	(4,878,423)	$	(733,213)
Foreign exchange translation adjustment		103,281		(17,535)
Comprehensive loss for the year	$	(4,775,142)	$	(750,748)

Transactions with Related Parties

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note	December 31, 2018	December 31, 2017
Loans from Chief Executive officer ("CEO")		$ 6,965,868	$ 5,586,969
Loans from direct family member of CEO		25,186,344	19,959,621
	i)	32,152,212	25,546,590
Consulting fees payable to CEO	ii)	2,734,457	2,376,883
Loan from Director of the Company	iii)	1,037,808	1,037,808
		$ 35,924,477	$ 28,961,281

The loans from the CEO and close family member are summarized as follows:

Loan balance as of December 31, 2018

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 682,168	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,364,200	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	682,100	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	341,050	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	941,298	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	197,809	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	1,864,534	August 28, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	2,537,412	August 7, 2018	August 7, 2019	Unsecured	Category 3	Direct family member of CEO
	409,260	November 27, 2018	November 27, 2019	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 9,019,831**					
Accrued interest	**23,132,381**					
	$ 32,152,212					

Category 1: US 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, compounding quarterly
Category 2: 20% annual interest rate, compounding quarterly
Category 3: 18% annual interest rate, compounding quarterly
Category 4: 20% simple interest

Loan balance as of December 31, 2017

	Loan Amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest Rate per annum	Related Parties
	$ 627,313	April 27, 2012	April 27, 2018	Unsecured	Category 2	Chairman and CEO
	1,254,500	October 11, 2012	October 11, 2018	Unsecured	Category 2	Chairman and CEO
	627,250	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	313,625	November 15, 2013	November 15, 2018	Unsecured	Category 2	Chairman and CEO
	865,605	October 20, 2014	On demand	Unsecured	Category 3	Direct family member of CEO
	181,903	May 23, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	3,855,775	August 28, 2017	April 30, 2018	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 7,725,971**					
Accrued interest	**17,820,619**					
	$ 25,546,590					

Category 1: China 10 year benchmark government bond rate plus 1100 basis points annual interest rate, compounding quarterly
Category 2: US 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, coumpounding quarterl
Category 3: 20% annual interest rate, compounding quarterly
Category 4: 18% annual interest rate, compounding quarterly

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and Chief Executive Officer ("CEO"). As at December 31, 2018, the total amount owed to the CEO under these facilities, including principal and accumulated interest is $6,965,868 (2017 - $5,586,969). As at December 31, 2018, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The Company also obtained loans under numerous credit facility agreements from a direct family member of the CEO. As at December 31, 2018, the total amount owed under these facilities, including principal and accumulated interest is $25,186,344 (2017 - $19,959,621). As at December 31, 2018, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

During the year ended December 31, 2017, accumulated interest of $11,734,219 (2016 - $nil) on several loans which had been originally made by the Company's CEO were transferred into the name of the direct family member of the CEO. In future years, any further interest accumulating on this unpaid balance will also be owed to the direct family member of the CEO. During 2017, there was also a debt settlement of which $14,723,107, related to loans made by the CEO and the direct family member, as outlined in Note 16 to the Financial Statements.

The combined total of the above loans, including the accrued interest, is $32,152,212 (2017 - $25,546,590). These loans will be repaid by either GLG or its Chinese subsidiaries to the lender in the currency the loans were originally borrowed (either USD or RMB), or, at the lender's discretion, in the either USD or RMB, depending on the terms of the specific credit facility. The terms of each individual loan are disclosed in the table below.

These loans provide a repayment option to the lenders in either RMB or USD using a fixed foreign exchange rate specified in each credit facility. This option results in a liability of $401,672 (2017 - $152,538), which is comprised of a derivative liability and an unrealized foreign exchange loss. The fair value of the derivative liability was calculated using the Black-Scholes model with the following assumptions:

	2018	2017
Risk free interest	2.35%	1.22%
Expected life of the loan	1 year	1 year
Expected foreign currency volalitity	3.20%	4.03%

ii. As of December 31, 2018, the Company has accrued $2,734,457 (2017 - $2,376,883), including 3% interest per annum compounding quarterly, in consulting fees to the Company's Chairman and Chief Executive Officer.

iii. As of September 30, 2018, the Company had renewed a loan of $1,000,000 (2017 - $1,000,000) from a Director of the Company originally borrowed to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full within twelve months. As of December 31, 2018, the total amount due to this related party including interest was $1,037,808 (2017 - $1,037,808).

b) Transactions with key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any external director of the Company.

Remuneration of key management of the Company is comprised of the following:

		2018		2017
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$	998,771	$	1,005,151
Share-based benefits	$	590,374	$	634,879
Total remuneration	$	1,589,145	$	1,640,030

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately $1,856,000.

Key management exercised 408,717 stock options granted under the Company's stock option plan during fiscal 2018 (2017 – 30,000).

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that relevant information relating to the Company, including its consolidated subsidiaries, is made known to senior management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. As of the end of the period covered by this report, the Company's management evaluated, under the direction and supervision of the Chief Executive Officer and Interim Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim filings ("NI 52-109"). The Company's Chief Executive Officer and Interim Chief Financial Officer have concluded that as of December 31, 2018, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports the Company files or submits to the Canadian Securities Administrators ("CSA") is recorded, processed, summarized and reported within the time periods specified therein and accumulated and reported to management to allow timely discussions regarding required disclosure.

The Company's management, under the direction and supervision of the Chief Executive Officer and Interim Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in NI 52-109, as of December 31, 2018. In making this assessment, management used the criteria set forth in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's Chief Executive Officer and Interim Chief Financial Officer have concluded that as of December 31, 2018, the Company's internal control over financial reporting were effective.

It should be noted that while the officers of the Company have certified the Company's period-end filings, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or implemented, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Risks Related to the Company's Business

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. A prospective investor should carefully consider the risk factors set out below and consult with his, her or its investment and professional advisors before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In that case, the trading price of the common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

There are a number of risk factors that could materially affect the business of GLG, which include but are not limited to the risk factors set out below. The Company has been structured to minimize these risks. More details about the following risk factors can be found in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Intellectual Property Infringement
- Product Liability Costs
- Manufacturing Risk
- Inventory Risk
- Customer Concentration Risk
- Competition
- Government Regulations
- Consumer Perception of Products
- Changing Consumer Preferences
- Market Acceptance
- Dependence on Key Personnel
- Volatility of Share Prices

Risks Associated with Doing Business in the People's Republic of China

The Company faces the following additional risk factors that are unique to it doing business in China. More details about the following risk factors can be found in the Company's Annual Information Form.

- Government Involvement
- Changes in the Laws and Regulations in the People's Republic of China
- The Chinese Legal and Accounting System
- Currency Controls

- Additional Compliance Costs in the People's Republic of China
- Difficulties Establishing Adequate Management, Legal and Financial Controls in the People's Republic of China
- Capital Outflow Policies in the People's Republic of China
- Jurisdictional and Enforcement Issues
- Political System in the People's Republic of China

Additional Information

Additional information relating to the Company, including our Annual Information Form, is available on SEDAR (www.sedar.com). Additional information relating to the Company's related party debt conversion transaction, as described in the Company's Management Proxy Circular, is available on SEDAR (www.sedar.com). Additional information relating to the Company is also available on our website (www.glglifetech.com).