GLG LIFE TECH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of GLG Life Tech Corporation (the "Company") have been prepared by, and are the responsibility of, the Company's management. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment on information currently available.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable. The Board of Directors, through the Audit Committee, is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the annual consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Davidson & Company LLP and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its *Internal Control-Integrated Framework*. Based upon its assessment, management concluded that, as of December 31, 2021, the Company's internal control over financial reporting was effective.

Dr. Luke Zhang (Signed)
Chairman and Chief Executive Officer

March 31, 2022

Edward Wang (Signed)
Chief Financial Officer

March 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GLG Life Tech Corporation

Opinion

We have audited the accompanying consolidated financial statements of GLG Life Tech Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 of the consolidated financial statements, which indicates that the Company incurred a net loss of $23,870,101 during the year ended December 31, 2021 and, as of that date, the Company had an accumulated deficit of $392,579,670, working capital deficiency of $165,823,134 and cash inflow from operating activities of $219,689. As stated in Note 3, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, prepared under the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Description of the matter

We draw attention to Note 4 and Note 25 of the financial statements. During the year ended December 31, 2021, the Company recognized revenue from sales of stevia and monk fruit extracts totaling $10,876,457.

We identified the recognition of revenue from operations as key audit matter as it is quantitatively significant to the consolidated financial statements as a whole. There are potential for material misstatements within revenue, particularly in relation to revenue being recorded in the incorrect period, due to cut off errors or management override.

How the matter was addressed in the audit

In relation to the revenue recognition, we have performed the following audit procedures, among others:

- Tested sales transactions, on a sample basis, against sales contracts, invoices and shipping documents to assess that revenues have been recognized at appropriate prices and in the correct accounting period;
- Performed walkthroughs to understand the key processes and identified key controls;
- Validated any material manual journals to assess for any evidence of management override or bias by corroborating to supporting documentation.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 31, 2022

GLG LIFE TECH CORPORATION

Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Note		December 31, 2021		December 31, 2020
ASSETS					
Current Assets					
Cash and cash equivalents		$	239,345	$	555,963
Accounts receivable	6		2,212,981		1,690,563
Sales taxes recoverable	7		705,089		445,976
Inventory	8		2,873,835		3,644,167
Prepaid expenses	9		437,843		377,172
Total Current Assets			6,469,093		6,713,841
Restricted cash	10		76,181		-
Property, Plant and Equipment	11		17,671,328		18,299,362
Right-of-use Assets	13		337,626		428,781
Total Assets		$	24,554,228	$	25,441,984
LIABILITIES AND DEFICIT					
Current Liabilities					
Short-term loans	14	$	50,443,491	$	49,127,718
Interest payable	15		52,291,138		36,597,934
Accounts payable and accruals	16		16,609,628		16,264,485
Deferred revenue			273,771		-
Due to related parties	17		52,236,371		45,108,501
Derivative liabilities	17		247,979		372,340
Current portion of lease liabilities	18		189,849		172,629
Total Current Liabilities			172,292,227		147,643,607
Lease Liabilities	18		226,010		325,886
Total Liabilities			172,518,237		147,969,493
DEFICIT					
Shareholders' Deficiency					
Share capital	20		200,544,544		200,471,881
Contributed surplus			34,018,883		34,018,883
Accumulated other comprehensive income			10,867,763		12,485,008
Accumulated deficit			(392,579,670)		(368,875,463)
Total Shareholders' Deficiency Attributable to Shareholders of GLG			(147,148,480)		(121,899,691)
Non-controlling Interest	19		(815,529)		(627,818)
Total Deficit			(147,964,009)		(122,527,509)
Total Liabilities and Deficit		$	24,554,228	$	25,441,984

Going Concern (Note 3)
Commitments and Contingencies (Note 28)
Subsequent Event (Note 30)
See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Brian Palmieri " Director

"Yingchun Liu" Director

GLG LIFE TECH CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Years Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

		2021		2020
REVENUE (Note 25)	$	10,876,457	$	15,290,204
COST OF SALES (Note 21)		(7,977,393)		(11,721,883)
GROSS PROFIT		2,899,064		3,568,321
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 21)		(4,000,815)		(5,736,295)
OTHER INCOME (EXPENSES)				
Interest expense (Note 15)		(21,449,205)		(16,746,421)
Interest income		242		129,320
Gain on extinguishment of debt (Note 14)		-		17,632,294
Gain on sale of property, plant and equipment (Note 11)		-		1,556,208
Inventory (provision) recovery (Note 8)		(96,217)		177,596
Foreign exchange loss		(830,513)		(790,687)
Other expenses		(394,017)		(288,522)
Bad debt (provision) recovery		1,360		(43,927)
Gain on subsidiary disposal (Note 12)		-		28,626,151
		(22,768,350)		30,252,012
NET INCOME/(LOSS) FOR THE YEAR		(23,870,101)		28,084,038
NET INCOME/(LOSS) ATTRIBUTABLE TO				
Shareholders of GLG		(23,704,207)		16,526,713
Non-controlling interest		(165,894)		11,557,325
Net Income/(Loss) for the year	$	(23,870,101)	$	28,084,038
Item that will be reclassified subsequently to profit or loss				
Foreign currency translation adjustment		(1,639,062)		(3,404,712)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$	(25,509,163)	$	24,679,326
Total other comprehensive income/(loss) attributable to:				
Shareholders of GLG		(1,617,245)		(2,676,845)
Non-controlling interest		(21,817)		(727,867)
	$	(1,639,062)	$	(3,404,712)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:				
Shareholders of GLG		(25,321,452)		13,849,868
Non-controlling interest (Note 19)		(187,711)		10,829,458
	$	(25,509,163)	$	24,679,326
INCOME (LOSS) PER SHARE (Note 22)				
Basic and diluted	$	(0.62)	$	0.43
Weighted Average Number of Common Shares Outstanding				
Basic and diluted		38,394,223		38,394,223

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency
As at December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Restricted Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total GLG Shareholders' Deficiency	Non-controlling Interest	Total Deficit
Balance as at December 31, 2019	37,673,374	720,849	$ 200,112,175	$ 67,162,825	$ 11,002,828	$ (385,402,176)	$ (107,124,348)	$ (28,814,093)	$ (135,938,441)
Balance, January 1, 2020	37,673,374	720,849	$ 200,112,175	$ 67,162,825	$ 11,002,828	$ (385,402,176)	$ (107,124,348)	$ (28,814,093)	$ (135,938,441)
Share-based compensation	-	-	359,706	-	-	-	359,706	-	359,706
Increase in investment in subsidiaries				(33,143,942)	4,159,025		(28,984,917)	17,356,817	(11,628,100)
Change in foreign currency translation	-	-	-	-	(2,676,845)	-	(2,676,845)	(727,867)	(3,404,712)
Net income	-	-	-	-	-	16,526,713	16,526,713	11,557,325	28,084,038
Balance as at December 31, 2020	37,673,374	720,849	$ 200,471,881	$ 34,018,883	$ 12,485,008	$ (368,875,463)	$ (121,899,691)	$ (627,818)	$ (122,527,509)
Balance, January 1, 2021	37,673,374	720,849	$ 200,471,881	$ 34,018,883	$ 12,485,008	$ (368,875,463)	$ (121,899,691)	$ (627,818)	$ (122,527,509)
Vested restricted shares	720,849	(720,849)	-	-	-	-	-	-	-
Share-based compensation (Note 20)	-	-	72,663	-	-	-	72,663	-	72,663
Change in foreign currency translation	-	-	-	-	(1,617,245)	-	(1,617,245)	(21,817)	(1,639,062)
Net loss	-	-	-	-	-	(23,704,207)	(23,704,207)	(165,894)	(23,870,101)
Balance as at December 31, 2021	38,394,223	-	$ 200,544,544	$ 34,018,883	$ 10,867,763	$ (392,579,670)	$ (147,148,480)	$ (815,529)	$ (147,964,009)

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

		2021		2020
Cash Flows From Operating Activities				
Net Income (loss)	$	(23,870,101)	$	28,084,038
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property, plant and equipment and right-of-use assets (Notes 11 & 13)		1,452,417		1,677,911
Property, plant and equipment impairment		-		(1,556,208)
Share-based compensation (Note 20)		72,663		359,706
Inventory provision (recovery)		96,217		(177,597)
Bad debt recovery		(1,360)		-
Interest expense - lease liabilities		77,030		92,045
Gain on debt forgiveness (Note 14)		-		(17,632,294)
Disposal of subsidiary (Note 12)		-		(28,626,151)
Unrealized foreign exchange loss		483,871		34,012
Changes in non-cash working capital items (Note 24)		21,908,952		9,414,941
Net cash from (used in) operating activities		219,689		(8,329,597)
Cash Flows From Investing Activities				
Proceeds on sale of subsidiary		-		43,156,800
Proceeds on disposal of property, plant and equipment		-		1,531,872
Purchase of property, plant and equipment		(126,889)		(5,484)
Purchase of ownership interest in subsidiary		-		(11,628,100)
Government grant		-		38,658
Net cash from (used in) investing activities		(126,889)		33,093,746
Cash Flows From Financing Activities				
Issuance of short-term loans		359,455		2,138,400
Repayment of short-term loans		(180,699)		(17,788,442)
Restricted cash		(76,181)		-
Repayment of lease liabilities (Note 18)		(237,051)		(236,223)
Advances from related parties		126,295		1,143,072
Repayment to related parties		(335,081)		(2,593,440)
Interest paid		(196,189)		(8,026,877)
Net cash used in financing activities		(539,451)		(25,363,510)
Effect of exchange rate changes on cash		130,033		949,662
Net Change In Cash		(316,618)		350,301
Cash, beginning of the year		555,963		205,662
Cash, end of the year	$	239,345	$	555,963

See Accompanying Notes to the Consolidated Financial Statements

Supplemental Cash Flow Information (Note 24)

1. NATURE OF OPERATIONS

GLG Life Tech Corporation (the "Company") was incorporated under the *Business Corporation Act* (British Columbia), Canada. The registered office of the Company is located at Suite 100, 10271 Shellbridge Way, Richmond, British Columbia V6X 2W8. The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbol "GLG".

The Company is a producer of high-grade stevia and monk fruit extracts. The Company's business operates primarily through the manufacturing and sales of refined forms of stevia and monk fruit, and has operations in China and North America.

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for information related to cash flows. These consolidated financial statements are presented in Canadian dollars, except where otherwise indicated.

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 31, 2021. These consolidated financial statements were approved for issuance by the Board of Directors on March 31, 2022.

3. GOING CONCERN

These consolidated financial statements have been prepared in accordance with IFRS accounting policies, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the year ended December 31, 2021, the Company realized a net loss of $23,870,101 (2020 - $28,084,038 net income). As at December 31, 2021, the Company had an accumulated deficit of $392,579,670 (2020 - $368,875,463), working capital deficiency of $165,823,134 (2020 - $140,929,766) and cash inflow from operating activities of $219,689 (2020 – cash outflow $8,329,597).

These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. GOING CONCERN, continued

The Company's operating assets and main manufacturing operations originate in China; the Company is therefore subject to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China. Changes in the political and economic policies of the People's Republic of China ("PRC") government may materially and adversely affect the Company's business, financial condition and results of operations and may result in the Company's inability to sustain growth and expansion. There is also no assurance that the Company will not be adversely affected by changes in other governmental policies or any unfavorable change in the political, economic or social conditions, laws or regulations, or the rate or method of taxation in China.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past four decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on the Company. The financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to the Company. In addition, the PRC government has in the past implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for the Company's products and consequently could have a material adverse effect on its business, financial condition and results of operations.

There are also uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. As noted above, most of the Company's manufacturing operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. The Company's subsidiaries in China are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the

3. GOING CONCERN, continued

nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may be given retroactive effect. As a result, the Company may not be aware of a violation of these policies and rules until after the occurrence of the violation.

Furthermore, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection typically experienced in more developed legal systems. These uncertainties may impede the Company's ability to enforce the contracts it has entered into and could materially and adversely affect the Company's business, financial condition and results of operations.

Regarding risk associated with financial instruments generally, as of December 31, 2021 and 2020, substantially all loans were held by the state-owned capital management companies ("SOCMC") and a Chinese bank. The Company has provided its SOCMC bank guarantees and collateral agreements which could enable the SOCMC to exercise its rights against the Company's assets, because the Company has not made its principal or interest payments to the SOCMC on time. Should the SOCMC exercise its rights, it could have a significant impact on the Company's ownership of its assets, and ultimately, its operations. The Company has provided collateral and guarantor agreements in multiple provinces in China, of which each is subject to local provincial rules.

There is the additional risk that the Company could be assessed additional interest, compensation for breach of a settlement agreement and penalties. During fiscal year 2021, the Company entered into a debt settlement agreement with the SOCMC for debt held by the Company's subsidiary, Qingdao Runde Biotechnology Company, Ltd. ("Runde") and a late payment compensation has been assessed for breach of the settlement agreement (Note 14). To the best of the Company's knowledge, neither the SOCMC nor the bank have taken any action on the Company's pledged assets to date.

The Company also relies heavily on related parties for funding and continued operations of the Company. Should the related parties not act in good faith, or decide to no longer fund the operations of the Company, there is a high risk that the operations of the Company could be significantly impacted adversely.

The above matters indicate the existence of a material uncertainty that may cause significant doubt about the Company's ability to continue as a going concern.

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The Company considers the functional currency for its Canadian operations to be USD. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21.

Foreign currency transactions are translated into the functional currency of the respective currency of the entity or division, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in profit or loss. Non-monetary items that are not re-translated at period end are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value, which are translated using the exchange rates as at the date when fair value was determined. Gains and losses are recorded in the statement of operations.

The results and financial position of all the consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: (i) assets and liabilities for each statement of financial position presented are translated at the rate of exchange in effect as at the date of statement of financial position; (ii) income and expense items for each statement of operations are translated at the average rates of exchange in effect during the reporting period; and (iii) all resulting exchange differences are recognized in accumulated other comprehensive income (loss).

b) Basis of consolidation

These consolidated financial statements include the following subsidiaries:

	Jurisdiction of Incorporation	Ownership Interest 2021	Ownership Interest 2020	Functional Currency
Subsidiaries				
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%	HKD
Anhui Runhai Biotechnology Joint Stock Co., Ltd.	China	98.85%	98.85%	RMB
GLG Life Tech US, Inc.	USA	100%	100%	USD
Intercontinental Cannabis Corporation	Canada	100%	100%	CAD

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b) Basis of consolidation, continued

Prior to fiscal 2020, the Company transferred 67.08% of its interest in Anhui Runhai Biotechnology Joint Stock Co., Ltd. ("Runhai") to non-controlling interest. On July 31, 2020, the Company repurchased 31.77% of its ownership in Runhai from certain related parties for payment of $11,625,100 (RMB60,500,000), pursuant to the right held by the non-controlling interest to require the Company to buy out all or part of the ownership. The Company's ownership interest in Runhai increased to 98.85% from 67.08%. The non-controlling interest in Runhai is reduced to 1.15%. The ownership change was recorded as an equity transaction.

The three subsidiaries consolidated into Runhai are:

Anhui Bengbu HN Stevia High Tech Development Company Limited
Dongtai Runyang Stevia High Tech Company Limited
Qingdao Runde Biotechnology Company Limited.

On September 18, 2018, Intercontinental Cannabis Corporation was incorporated under the Business Corporations Act (British Columbia). This company has been inactive from its date of incorporation to December 31, 2021.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. Control is achieved when the Company is exposed to or has rights to variable returns from its involvement with these subsidiaries, and has the ability to use its control to affect the amount of these returns. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

All intercompany transactions and balances are eliminated on consolidation.

c) Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The Company's classifies its cash, accounts receivable, sales tax recoverable, restricted cash, short term loans, accounts payable, interest payable and due to related parties as financial instruments measured at amortized cost. The Company classifies its derivative liabilities as FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c) Financial instruments, continued

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities at FVTOCI

For equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVTOCI, with all subsequent changes in fair value being recognized in other comprehensive income (“OCI”). This election is available for each separate investment. Under this FVTOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment, the cumulative fair value change remains in OCI and is not recycled to net earnings or loss.

Impairment of financial assets at amortized cost

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c) Financial instruments, continued

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired.

Fair value measurement

The Company classifies the fair value of financial instruments according to the following hierarchy based on the reliability of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's derivatives liabilities are measured based on level 3 inputs of the fair value hierarchy (Note 17). The Company's financial instruments include cash, accounts receivable, restricted cash, sales tax recoverable, short term loans, accounts payable, interest payable and due to related parties. The carrying value of these financial instruments approximate their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Non-financial assets with finite useful lives

For non-financial assets, such as property, plant and equipment and finite-life intangible assets, an assessment is made at each reporting date as to whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties less the costs of disposal or the current replacement cost method which is a valuation technique that reflects the amounts that could be required to replace the service capacity of the assets. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

For assets that generate largely independent cash inflows, which includes intangible assets of the Company, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Cash and cash equivalents

Cash consists of cash on hand and deposits held with banks readily convertible into cash and purchased with original maturities of three months or less.

As at December 31, 2021 and 2020, the Company did not hold any cash equivalents.

f) Inventory

Raw materials, work-in-progress and finished goods are measured at lower of cost, determined on a weighted average basis and net realizable value.

The cost of raw materials is comprised of purchase price, applicable taxes and other costs incurred in bringing inventory to their present location and condition. The cost of finished goods includes cost of materials and cost of conversion. The cost of conversion includes costs directly related to the units of production, such as direct labor, and fixed and variable production overheads, based on normal operating capacity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

f) Inventory, continued

The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale.

The amount of any impairment of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any impairment of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

g) Property, plant and equipment

Recognition and measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for use. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Land use rights have been accounted for as an asset in the consolidated financial statements. However, all land in China is owned by the Chinese government (the "Government"). In accordance with the terms as established by Chinese law, the Government may sell the right to use a plot of land for a specific period of time. If in the public interest there is a need to re-develop the land, the Government may revoke the right at any time. The purpose of the land use is restricted. In the event that land is used for purposes outside the scope of the purpose for which the land use rights were granted, the Government could revoke such rights. Land use rights are recorded at cost less accumulated amortization and are amortized over the life of the respective land use rights agreements.

Subsequent costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Subsequent costs other than maintenance and repairs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

g) Property, plant and equipment, continued

Gains and losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation and amortization

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Ion exchange resin equipment - 15 years
Buildings - 20 years
Manufacturing equipment - 10 years
Motor vehicles, computer equipment, computer software, furniture and fixtures - 5 years
Bearer Plants - 10 years

Depreciation is not provided for construction in progress until the assets are ready for use.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Land use rights are amortized over the life of the respective land use rights agreements being 50 years.

h) Lease and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

h) Lease and right-of-use assets, continued

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

i) Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiary is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment 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 owners of the Company.

j) Revenue recognition

Revenue from all product sales of the Company is recognized when products are shipped to customers and ownership is transferred to customers, when the price is fixed or determinable and when the ultimate collection is reasonably assured. Customer prepayments are recorded as deferred revenue and revenue is not recognized until the shipment of goods occurs.

k) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and where the amount can be reliably estimated. Provisions may include obligations associated with the retirement or reclamation of long-lived assets. Provisions are not recognized for future operating losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

l) Share-based payments

The Company grants stock options and restricted shares to employees, directors, and consultants pursuant to the Stock Option and Restricted Share Plan. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock. The fair value of restricted share units is determined using the fair value on the grant date.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility and expected life of the option. The Company estimates forfeitures at the grant date and revises the estimate as necessary if subsequent information indicates that actual forfeitures differ significantly from the original estimate. Changes in these assumptions can materially affect the fair value estimate.

m) Comprehensive income (loss)

Comprehensive income (loss) is comprised of net earnings (loss) for the period and other comprehensive income (loss). Included in accumulated other comprehensive income (loss) are foreign exchange amounts resulting from the translation of the Company's and its subsidiaries' functional currencies to the Company's presentation currency.

n) Earnings (Loss) per share

Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding during the period.

Diluted net earnings (loss) per share is computed similar to basic net earnings (loss) per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants at the beginning of the reporting period, if dilutive. The number of additional shares is calculated assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to repurchase common shares at the average market price during the reporting period. Stock options and warrants are dilutive when the market price of the common shares at the end of the period exceeds the exercise price of the options and warrants and when the Company generates net earnings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

o) Income taxes

Deferred taxes result from differences between the financial statements and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

The Company is subject to income taxes in Canada and in other foreign jurisdictions. The calculation of the tax provision involves the application of complex tax laws and requires significant judgment and estimates. The deferred tax asset for each jurisdiction at each reporting date will be assessed for the possibility if the asset can be realized. The ultimate realization of a deferred tax asset is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. All available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies will be considered. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company accounts for income taxes under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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 assumption 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(a), the functional currency of the Company has been determined to be the USD, while the functional currencies of its subsidiaries are as listed in Note 4(b).

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.

Impairment and/or impairment reversal of long-lived assets

Management considers both external and internal sources of information in assessing whether there are any indications that the Company's long-lived assets are impaired and whether previously recorded impairments should be reversed. 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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

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 market-driven changes that may reduce future selling prices.

Depreciation

The Company's property, plant and equipment and right-of-use assets are depreciated on a straight-line basis, taking into account the estimated useful lives of the assets and residual values and lease terms. Changes to these estimates may affect the carrying value of these assets, inventories, net earnings (loss), 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 it operates. The calculation of income taxes in many cases, however, requires significant judgment in interpreting tax rules and regulations. The Company's 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.

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 Note 20.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

b) Uncertainty estimation continued

COVID-19

The global impact of COVID-19 has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. The Company has implemented the pandemic-related procedures and protocols at its facilities, including enhanced screening measures, cleaning and sanitation on processes and frequency, encouraging social distancing measures and directing employees to work from home if possible. The impact of COVID-19 cannot be reasonably estimated at this time. However, this outbreak may affect the Company, its suppliers, distribution channels or customers, including the manufacturing were shut down temporarily.

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE

		December 31, 2021		December 31, 2020
Accounts receivable	$	3,467,702	$	2,929,403
Allowance for doubtful accounts		(1,254,721)		(1,238,840)
	$	2,212,981	$	1,690,563

		Total
Allowance for doubtful accounts ("AFDA")		
As at December 31, 2019	$	3,515,160
Decrease in AFDA		(2,385,137)
Foreign exchange		108,817
As at December 31, 2020	$	1,238,840
Increase in AFDA		(1,397)
Foreign exchange		17,278
As at December 31, 2021	$	1,254,721

The aging analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired <90 days	Past due but not impaired 91-180 days	Past due but not impaired >180 days
December 31, 2021	$ 2,212,981	$ 2,046,855	$ 162,316	$ -	$ 3,810
December 31, 2020	$ 1,690,563	$ 1,234,112	$ 455,294	$ 327	$ 830

As of December 31, 2021, non-impaired trade receivable balances have no aging over twelve months. No accounts receivable has been pledged as general collateral for the credit facilities available to the Chinese subsidiaries.

7. SALES TAXES RECOVERABLE

Sales tax recoverable includes value-added taxes ("VAT") paid on purchases in China and Goods and Services Tax ("GST") paid in Canada. These taxes are recoverable from the respective authorities upon filing the prescribed returns.

(Expressed in Canadian Dollars)

8. INVENTORY

		December 31, 2021		December 31, 2020
Raw materials	$	768,365	$	646,910
Work in progress		587,925		764,877
Finished goods		1,517,545		2,232,380
	$	2,873,835	$	3,644,167

For the year ended December 31, 2021, the Company recorded an inventory impairment of $96,217 (2020 - $177,596 of recovery). In 2021, inventory expensed in cost of sales amounted to $6,588,675 (2020 - $10,283,493).

The carrying amounts of inventory have been pledged as general collateral for the loans from SOCMCs and a bank (Note 14).

9. PREPAID EXPENSES

		December 31, 2021		December 31, 2020
Prepayments for trade suppliers	$	283,180	$	167,020
Prepayments for fixed assets		29,945		97,439
Rent and deposits		56,717		65,543
Other		68,001		47,170
	$	437,843	$	377,172

10. RESTRICTED CASH

		December 31, 2021		December 31, 2020
Restricted cash	$	76,181	$	-
	$	76,181	$	-

For the year ended December 31, 2021, the Company has $76,181 (RMB 381,862) in restricted cash that is held as by the SOCMC due to non payment on its short term loan and breach of the debt settlement agreement (Note 14).

(Expressed in Canadian Dollars)

11. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Bearer plants	Total
Costs								
As at December 31, 2019	$ 1,955,976	$ 15,500,812	$ 41,278,775	$ 4,587,760	$ 240,711	$ 455,427	$ 241,591	$ 64,261,052
Additions	-	3,097	-	-	2,387	-	-	5,484
Government grant	-	(38,658)	-	-	-	-	-	(38,658)
Subsidiary disposal	-	-	(23,078,479)	(3,199,651)	-	(69,461)	-	(26,347,591)
Foreign currency adjustments	338,831	1,037,368	2,961,632	204,856	8,126	17,355	10,881	4,579,049
As at December 31, 2020	$ 2,294,807	$ 16,502,619	$ 21,161,928	$ 1,592,965	$ 251,224	$ 403,321	$ 252,472	$ 42,459,336
Additions	-	18,216	31,962	-	6,826	2,991	-	59,995
Disposal	-	-	-	-	-	-	(251,695)	(251,695)
Foreign currency adjustments	185,550	567,779	1,078,223	36,665	4,686	7,958	(777)	1,880,084
As at December 31, 2021	$ 2,480,357	$ 17,088,614	$ 22,272,113	$ 1,629,630	$ 262,736	$ 414,270	$ -	$ 44,147,720
Accumulated depreciation								
As at December 31, 2019	$ 1,928,642	$ 12,755,155	$ 19,245,598	$ 1,061,508	$ 216,703	$ 398,097	$ 241,591	$ 35,847,294
Depreciation	28,492	246,926	1,309,259	72,654	7,757	12,823	-	1,677,911
Subsidiary disposal	-	-	(15,295,542)	(775,975)	-	(62,515)	-	(16,134,032)
Foreign currency adjustments	337,673	869,539	1,481,090	47,170	7,378	15,070	10,881	2,768,801
As at December 31, 2020	$ 2,294,807	$ 13,871,620	$ 6,740,405	$ 405,357	$ 231,838	$ 363,475	$ 252,472	$ 24,159,974
Depreciation	-	216,831	1,021,062	36,219	3,573	6,212	-	1,283,897
Disposal	-	-	-	-	-	-	(251,695)	(251,695)
Foreign currency adjustments	185,550	488,151	590,091	9,861	4,163	7,177	(777)	1,284,216
As at December 31, 2021	$ 2,480,357	$ 14,576,602	$ 8,351,558	$ 451,437	$ 239,574	$ 376,864	$ -	$ 26,476,392
Net book value								
As at December 31, 2020	$ -	$ 2,630,999	$ 14,421,523	$ 1,187,608	$ 19,386	$ 39,846	$ -	$ 18,299,362
As at December 31, 2021	$ -	$ 2,512,012	$ 13,920,555	$ 1,178,193	$ 23,162	$ 37,406	$ -	$ 17,671,328

The carrying amounts of property, plant and equipment have been pledged as general collateral for the credit facilities available to the Chinese subsidiaries (Note 14).

(Expressed in Canadian Dollars)

11. PROPERTY, PLANT AND EQUIPMENT, continued

There were no impairment losses during the year ended December 31, 2021 and 2020. During fiscal 2020, the Company sold certain items of property, plant and equipment to a third party for total proceeds of RMB 7,880,000 ($1,531,872). The carrying value of these fixed asset items were previously impaired in prior years. Accordingly, the Company recorded a gain on disposal of property, plant and equipment $1,556,208 (2019 - $183,119).

During the year ended December 31, 2020, one of the Company's subsidiaries received a grant of $38,658 from the Chinese government and offset this grant against the cost of the related property, plant and equipment.

Land use rights in China have remaining terms ranging from 36.4 to 37.2 years. Due to late payment on the short term loans outlined in Note 14, a restriction was imposed on certain of the Company's land use rights. Under this restriction, the proceeds upon sale of the land use rights will be used to pay the creditors first.

Depreciation expense is included in the consolidated statement of income (loss) under the following categories:

	Twelve months ended December 31	
	2021	**2020**
Cost of sales	$ 849,737	$ 638,194
Selling, general and administrative expenses	412,707	1,287,196
	$ 1,262,444	$ 1,925,390

Depreciation expense for the year ended December 31, 2021 consists of $1,283,897 (2020 - $1,677,911) relating to property, plant and equipment and $21,453 (2020 - $79,551 capitalized to inventory) relating to depreciation included in inventory.

12. DISPOSAL OF SUBSIDIARY

During fiscal 2020, the Company disposed of one of its subsidiaries, Qingdao Runhao Stevia High Tech Company Limited ("Runhao") for approximately $43 million (RMB 222 million). The main assets in Runhao were its buildings and land use rights with carrying values of approximately $10.8 million. The Company incurred selling costs of approximately $6.5 million and recognized a gain on extinguishment of Runhao's liabilities of $2.9 million. The one-time resulting gain on disposal of Runhao totaled $28.6 million.

(Expressed in Canadian Dollars)

13. RIGHT-OF-USE ASSETS

	Office	Land	Production equipment	Total
Cost				
December 31, 2019	$ 491,766	$ 44,328	$ 228,545	$ 764,639
				-
As at December 31, 2020	491,766	44,328	228,545	764,639
Additions	-	-	77,365	77,365
As at December 31, 2021	491,766	44,328	305,910	842,004
Accumulated depreciation				
As at December 31, 2019	88,078	3,670	76,182	167,930
Depreciation expense	88,077	3,670	76,181	167,928
As at December 31, 2020	176,155	7,340	152,363	335,858
Depreciation expense	88,077	3,670	76,773	168,520
As at December 31, 2021	264,232	11,010	229,136	504,378
Net book value - December 31, 2020	315,611	36,988	76,182	428,781
Net book value - December 31, 2021	$ 227,534	$ 33,318	$ 76,774	$ 337,626

	Year ended December 31	
Depreciation	2021	2020
Cost of sales	$ 76,773	$ 76,181
Selling, general and administrative expenses	91,747	91,747
Total	$ 168,520	$ 167,928

(Expressed in Canadian Dollars)

14. SHORT-TERM LOANS

The Company's short-term loans of $50,443,491 (2020- $49,127,718) consist of borrowings from the SOCMC and a bank in China of $49,164,924 (2020 - $48,148,236) and loans from private lenders of $1,278,567 (2020 - $979,482) as follows:

Bank loans as at December 31, 2021

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 598,500	3,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
5,586,000	28,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,995,000	10,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,951,110	9,780,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
10,288,553	51,571,696	On Demand	10.22%	China Cinda Assets Management Anhui Branch
15,960,000	80,000,000	On Demand	10.22%	China Cinda Assets Management Anhui Branch
3,482,767	17,457,477	On Demand	10.82%	China Cinda Assets Management Anhui Branch
8,483	42,523	On Demand	10.82%	China Cinda Assets Management Anhui Branch
817,950	4,100,000	July 23, 2022	5.82%	Huishang Bank
5,985,000	30,000,000	On Demand	9.09%	Jiangsu Xinbao Assets Management Co.
2,491,561	12,489,025	On Demand	9.09%	Jiangsu Xinbao Assets Management Co.
$ 49,164,924	246,440,721			

During the year ended December 31, 2020, the Company repaid RMB 102,275,300 to the SOCMC pursuant to the signed restructuring agreement with the SOCMC, whereby the SOCMC agreed to forgive approximately $17.5 million (RMB 89,778,527) in debt which was recorded as gain on extinguishment of debt. The Company has fully settled the obligations previously outstanding on the loan between Runhao and the SOCMC.

In addition to the settlement of the loan between Runhao and the SOCMC described above, during April 2020, the Company entered into a number of restructuring agreements with its SOCMC lender. The agreements set out outstanding principal and interest of RMB 266,126,460 owed by Runde as of February 29, 2020. The agreements state that the SOCMC will forgive principal and interest owing on the loans, provided that payments are made in accordance with the restructuring agreements. The remaining payments are as follows:

Repayment date		Amount (RMB)
September 20, 2020	(Unpaid)	35,000,000
December 20, 2020	(Unpaid)	35,000,000
June 20, 2021	(Unpaid)	113,994,600
Total		183,994,600

(Expressed in Canadian Dollars)

14. SHORT-TERM LOANS, continued

The Company did not make the payments as set out above in the loan restructuring agreements. During the year ended December 31, 2021, the Company entered into a settlement agreement with the SOCMC for debt held by Runde. In addition, the Company was assessed a late payment compensation totaling approximately $7.0 million related to the breach of the debt restructuring agreement with the SOCMC. This amount was included in interest expense and accrued in interest payable.

As of December 31, 2021, the debt with China Cinda Assets Management Jiangsu Branch has been transferred to Jiangsu Xinbao Assets Management Company, which is also SOCMC. Under Chinese laws, a late payment compensation could be assessed as a result of breach of debt agreements.

The assets of the Company's subsidiaries including inventory, restricted cash and property, plant and equipment have been pledged as collateral for these loans. (Notes 8, 10 and 11).

The Company continues to work with its Chinese bank and SOCMC's on restructuring its debt. To date, no payments have been demanded by the SOCMC.

Bank loans as at December 31, 2020:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 584,700	3,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
5,457,200	28,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,949,000	10,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,906,122	9,780,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
10,051,323	51,571,696	On Demand	10.22%	China Cinda Assets Management Anhui Branch
15,592,000	80,000,000	On Demand	10.22%	China Cinda Assets Management Anhui Branch
3,402,462	17,457,477	On Demand	10.82%	China Cinda Assets Management Anhui Branch
8,288	42,523	On Demand	10.82%	China Cinda Assets Management Anhui Branch
916,030	4,700,000	July 27, 2021	5.82%	Huishang Bank
5,847,000	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,434,111	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 48,148,236	247,040,721			

(Expressed in Canadian Dollars)

14. SHORT-TERM LOANS, continued

Short-term borrowing from private lenders:

As at December 31, 2021, short-term borrowing from private lenders consisted of both US dollar and RMB denominated loans.

December 31, 2019	$	1,139,051
Advances		2,138,400
(Repayments)		(2,284,200)
Foreign currency translation		(13,769)
December 31, 2020	$	979,482
Advances		359,455
(Repayments)		(64,119)
Foreign currency translation		3,749
December 31, 2021	$	1,278,567

During the year ended December 31, 2021, the Company received several unsecured loans from private lenders with outstanding principal amounts of RMB770,000 and RMB750,000, each bearing interest at 12% and 15% per annum with a due date of January 9, 2022 and September 25, 2022 respectively.

The outstanding US dollar loan with principal amount of US$769,307 is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand.

15. INTEREST PAYABLE

Interest payable is comprised of amounts due to the SOCMC, a bank and the private lenders on short-term loans (Note 14).

16. ACCOUNTS PAYABLE AND ACCRUALS

		December 31, 2021		December 31, 2020
Accounts payable	$	4,732,348	$	4,665,442
Accrued liabilities		3,155,152		3,030,415
Other payables		1,725,343		1,663,839
Payroll liabilities		456,150		447,866
Advances from customers		52,046		50,846
Plant construction liabilities		6,488,589		6,406,077
	$	16,609,628	$	16,264,485

(Expressed in Canadian Dollars)

16. ACCOUNTS PAYABLE AND ACCRUALS, continued

Other payables include an amount of $935,536 (2020 – $913,965) from a customer to purchase raw materials for use in manufacturing finished goods sold to that customer.

17. RELATED PARTY BALANCES AND TRANSACTIONS

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note		December 31, 2021		December 31, 2020
Loans from Chief Executive Officer ("CEO")		$	9,361,947	$	8,318,129
Loans from direct family member of CEO			38,690,304		32,584,980
	i)		48,052,251		40,903,109
Consulting fees payable to CEO	ii)		3,250,093		3,167,892
Loan from Director of the Company	iii)		934,027		1,037,500
		$	52,236,371	$	45,108,501

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

Loan balance as of December 31, 2021

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 633,963	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,267,800	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	633,900	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	316,950	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	764,755	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	183,831	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	2,358,108	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	997,500	May 6, 2020	On demand	Unsecured	Category 4	Direct family member of CEO
	175,560	November 9, 2020	On demand	Unsecured	Category 5	Direct family member of CEO
Principal	**$ 7,332,367**					
Accrued interest	**40,719,884**					
	$ 48,052,251					

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
Category 5: 18% simple interest

(Expressed in Canadian Dollars)

17. RELATED PARTY BALANCES AND TRANSACTIONS, continued

a) Amount due to related parties, continued

Loan balance as of December 31, 2020

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 636,664	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,273,200	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	636,600	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	318,300	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	878,508	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	184,614	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	2,368,152	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	974,500	May 6, 2020	June 30, 2021	Unsecured	Category 4	Direct family member of CEO
	171,512	November 9, 2020	November 9, 2021	Unsecured	Category 5	Direct family member of CEO
Principal	**$ 7,442,050**					
Accrued interest	**33,461,059**					
	$ 40,903,109					

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
Category 5: 18% simple interest

(Expressed in Canadian Dollars)

17. RELATED PARTIES BALANCES AND TRANSACTIONS, continued

a) Amount due to related parties, continued

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and CEO. As at December 31, 2021, the total amount owed to the CEO under these facilities, including principal and accumulated interest is $9,361,947 (2020 - $8,318,129). As at December 31, 2021, the entire balance owed is due on demand 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, 2021, the total amount owed under these facilities, including principal and accumulated interest is $38,690,304 (2020 - $32,584,980). As at December 31, 2021, the entire balance owed is due on demand and is therefore classified as current on the statement of financial position.

The combined total of the above loans, including accrued interest, is $48,052,251 (2020 - $40,903,109). These loans will be repaid by either GLG or its Chinese subsidiaries to the lenders in the currency the loans were originally borrowed (either USD or RMB), or, at the lenders' discretion, in either USD or RMB, depending on the terms of the specific credit facility. The terms of each individual loan are disclosed in the table above.

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 $247,979 (2020 - $372,340), 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:

	December 31, 2021	**December 31, 2020**
Risk free interest	0.11%	0.32%
Expected life of the loan	1 year	1 year
Expected foreign currency volatility	2.71%	3.76%

ii. As of December 31, 2021, the Company has an accrued balance of $3,250,093 (2020 - $3,167,892), including 3% interest per annum compounding quarterly, in consulting fees payable to the Company's Chairman and CEO.

(Expressed in Canadian Dollars)

17. RELATED PARTIES BALANCES AND TRANSACTIONS, continued

a) Amount due to related parties, continued

iii. On March 31 2021, the Company renewed a loan of $1,000,000 (December 31, 2020 - $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 planned repayable of $100,000 at each of June 30, 2021, and December 31, 2021, repayable in full on March 31, 2022. As of December 31, 2021, the total amount due to this related party, including interest was $934,027 (December 31, 2020 - $1,037,500).

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 the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, senior management of the Chinese subsidiaries and any external directors of the Company.

Remuneration of Key Management Personnel of the Company is comprised of the following:

		Twelve months ended December 31		
		2021		2020
Short-term employee benefits (including salaries, bonuses and fees)	$	706,108	$	846,840
Share-based benefits	$	72,663	$	359,706
Total remuneration	$	778,771	$	1,206,546

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 equal to 36 months of gross payment, totaling approximately $1,730,000.

(Expressed in Canadian Dollars)

18. LEASE LIABILITIES

	Office	Land	Production equipment	Total
At December 31, 2020	$ 366,082	$ 42,309	$ 90,124	$ 498,515
Recongnized in 2021	-	-	77,365	77,365
Lease payments made	(130,465)	(9,135)	(97,451)	(237,051)
Interest expense on lease liabilities	49,608	7,486	19,936	77,030
	285,225	40,660	89,974	415,859
Less: current portion	(97,606)	(2,269)	(89,974)	(189,849)
Non-current portion as at December 31, 2021	$ 187,619	$ 38,391	$ -	$ 226,010

	Office	Land	Production equipment	Total
At December 31, 2019	$ 433,599	$ 43,593	$ 165,501	$ 642,693
Lease payments made	(128,040)	(9,034)	(99,149)	(236,223)
Interest expense on lease liabilities	60,523	7,750	23,772	92,045
	366,082	42,309	90,124	498,515
Less: current portion	(80,857)	(1,648)	(90,124)	(172,629)
Non-current portion as at December 31, 2020	$ 285,225	$ 40,661	$ -	$ 325,886

	December 31, 2021	December 31, 2020
Current	$ 189,849	$ 172,629
Non-Current	226,010	325,886
	$ 415,859	$ 498,515

During the year ended December 31, 2021, the Company recognized an expense of $150,625 (2020 - $154,773) relating to short term leases.

(Expressed in Canadian Dollars)

19. NON-CONTROLLING INTEREST

Prior to December 31, 2020, the Company had a 67.08% interest in Runhai.

On July 31, 2020, the Company repurchased of 31.77% of its ownership in Runhai from certain related parties for payment of RMB 60,500,000 pursuant to the right held by the non-controlling interest to require the Company to buy out all or part of the shares. The Company's ownership interest in Runhai increased to 98.85% from 67.08%, The non-controlling interest in Runhai is reduced to 1.15%. The ownership change was recorded as an equity transaction.

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

		December 31, 2021
January 1, 2021	$	(627,818)
Non-controlling interest's share of earnings		(165,894)
Non-controlling interest's share of other comprehensive loss		(21,817)
December 31, 2021	$	(815,529)

		December 31, 2020
January 1, 2020	$	(28,814,093)
Ownership interest transferred from non-controlling interest		17,356,817
Non-controlling interest's share of earnings		11,557,325
Non-controlling interest's share of other comprehensive loss		(727,867)
December 31, 2020	$	(627,818)

The following table summarizes the consolidated assets and liabilities of Runhai and the share of the net liabilities which are attributable to the non-controlling interest as at December 31, 2021 and 2020:

		December 31, 2021		December 31, 2020
ASSETS				
Current	$	3,512,918	$	3,864,955
Non-current		17,765,854		18,391,937
	$	21,278,772	$	22,256,892
LIABILITIES				
Current	$	101,943,494	$	88,174,324
	$	101,943,494	$	88,174,324
Net liabilities	$	(80,664,722)	$	(65,917,432)
Non-controlling interest percentage		1.15%		1.15%
Non-controlling interest in net liabilities	$	(815,529)	$	(627,818)

(Expressed in Canadian Dollars)

19. NON-CONTROLLING INTEREST, continued

		Year ended December 31		
		2021		2020
Revenue	$	9,742,079	$	14,528,612
Income (Loss) for the year		(14,425,566)		36,882,508

The following table presents the loss and comprehensive income attributable to the non-controlling interest ("NCI") for the years ended December 31, 2021 and 2020:

		Year ended December 31, 2021		Year ended December 31, 2020
Profit (Loss) for the year - NCI	$	(165,894)	$	11,557,325
Foreign exchange translation adjustment		(21,817)		(727,867)
Comprehensive income (loss) for the year	$	(187,711)	$	10,829,458

20. SHARE CAPITAL

a) Common shares

An unlimited number of common shares are authorized with no par value. The holders of common shares are entitled to one vote per share. As at December 31, 2021, there are 38,394,223 (2020 - 38,394,223) common and restricted shares issued and outstanding with no par value.

b) Warrants

The Company did not have any warrant activity and did not have any warrants outstanding as at December 31, 2021 and 2020.

(Expressed in Canadian Dollars)

20. SHARE CAPITAL, continued

c) Share-based payments

i) Share-based compensation

Share-based compensation to employees is measured at fair value. Fair value is determined using the Company's common share price, and the Black-Scholes option pricing model ("Black-Scholes model").

The Company is subject to the policies of the TSX, under which it is authorized to grant stock options and restricted shares to officers, directors, employees and consultants enabling them to purchase common stock of the Company. The Company has a stock option and restricted share plan (the "Plan") amended and effective from May 16, 2008. The Plan is administered by the Board of Directors, which determines individual eligibility under the plan.

ii) Stock options

Under the Plan, options granted are non-assignable and the number of common shares available for issue is a maximum of 10% of the issued and outstanding common shares of the Company, inclusive of any restricted shares granted under the Plan. The maximum term of an option is five years after the date of grant. The exercise price may not be less than the closing price of the Company's shares on the last business day immediately preceding the date of grant and have a vesting period from 1 to 3 years.

Under the Plan, restricted shares granted are non-assignable and the number of restricted shares available for issue is a maximum of 10% of the issued and outstanding common shares in the Company inclusive of any unrestricted stock options granted under the Plan. Holders of restricted shares are entitled to voting rights and dividends. The maximum vesting periods for restricted shares are five years from the date of grant unless otherwise approved by the Board of Directors. Restricted shares are issued to certain employees and may have certain performance criteria, which are based on production and financial targets.

The continuity of stock options is as follows:

	Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2019	622,000	$ 0.38
Expired/cancelled/forfeited	(622,000)	0.38
Balance as at December 31, 2020 and 2021	-	$ -

(Expressed in Canadian Dollars)

20. SHARE CAPITAL, continued

c) Share-based payments, continued

iii) Restricted shares

The Company recorded share-based payments in the amount of $72,663 as of December 31, 2021 (2020 - $359,706), which related to restricted shares granted in previous years. Those were valued using the stock price at the date of issue, recognized over the vesting period of the restricted shares.

The continuity of restricted shares is as follows:

	Restricted Shares
Balance as at December 31, 2019	720,849
Vested	(520,849)
Expired/cancelled/forfeited	-
Balance as at December 31, 2020	200,000
Vested	(200,000)
Expired/cancelled/forfeited	-
Balance as at December 31, 2021	-

(Expressed in Canadian Dollars)

21. COST OF SALES AND EXPENSES

	Twelve months ended December 31	
	2021	**2020**
Cost of sales		
Direct cost of sales	$ 6,482,651	$ 10,534,508
Depreciation and amortization	926,510	714,375
Freight & others	568,232	473,000
Total	$ 7,977,393	$ 11,721,883
Selling, general and administrative (SG&A) expenses		
Employee salaries and benefits	$ 1,139,915	$ 1,581,020
Consulting fees	630,673	482,321
Professional fees	457,886	391,081
Stock-based compensation	72,663	359,706
Administration costs	1,195,224	1,543,224
Depreciation and amortization	504,454	1,378,943
Total	$ 4,000,815	$ 5,736,295

(Expressed in Canadian Dollars)

22. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
Earnings/(Loss) for the year	$ (23,870,101)	$ 28,084,038
Expected income tax recovery	$ (6,445,000)	$ 7,583,000
Change in statutory, foreign tax, foreign exchange rates and other	301,000	1,128,000
Permanent differences	172,000	443,000
Adjustment to prior years provision versus statutory tax returns	(13,416,000)	6,195,000
Expiry of non-capital losses	1,886,000	557,000
Change in unrecognized deductible temporary differences	17,502,000	(15,906,000)
Total income tax expenses (recovery)	$ -	$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial positions are

	2021	2020
Deferred tax assets (liabilities)		
Property and equipment	$ 3,796,000	$ 4,372,000
Prepaid expenses and other assets	12,588,000	1,115,000
Allowable capital losses	4,248,000	4,248,000
Non-capital losses available for future periods	14,519,000	7,914,000
	35,151,000	17,649,000
Unrecognized deferred tax assets	(35,151,000)	(17,649,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included in the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary differences				
Property, plant and equipment	$ 15,118,000	No expiry date	$ 17,419,000	No expiry date
Prepaid expenses and other assets	50,330,000	No expiry date	4,429,000	No expiry date
Allowable capital losses	15,732,000	No expiry date	15,732,000	No expiry date
Non-capital losses available for future period	57,546,000		31,225,000	2021 to 2040
Canada	10,827,000	2036 to 2041	9,184,000	2035 to 2040
USA	2,083,000	2034 onwards	1,910,000	2034 onwards
China	44,636,000	2022 to 2026	20,131,000	2021 to 2025

(Expressed in Canadian Dollars)

23. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the years ended December 31, 2021, and 2020 is summarized as follows:

	Twelve months ended December 31	
	2021	**2020**
Numerator:		
Net income/(loss) after tax	$ (23,704,207)	$ 16,526,713
Denominator:		
Weighted average number of shares outstanding - basic	38,394,223	38,394,223
Weighted average number of shares outstanding - diluted	38,394,223	38,394,223
Income/(Loss) per share - basic	$ (0.62)	$ 0.43
Income/(Loss) per share - diluted	$ (0.62)	$ 0.43

The total number of anti-dilutive options excluded from the calculation for the year ended December 31, 2021 was nil (2020 – nil).

24. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

	2021	**2020**
Accounts receivable	$ (520,797)	$ (181,932)
Taxes recoverable	(242,171)	50,861
Inventory	724,605	1,673,200
Prepaid expenses	(50,961)	107,763
Accounts payable and accruals	682,014	(12,467,387)
Interest payable	14,722,077	13,950,913
Deferred revenue	273,771	-
Due to related parties (current)	6,320,414	6,281,523
Changes in non-cash working capital items	$ 21,908,952	$ 9,414,941
Interest paid	$ 196,189	$ 8,026,877
Income tex paid	$ -	$ -

As at December 31, 2021, $6,488,589 (2020 - $6,406,077) of property, plant and equipment is included in accounts payable and accruals (Note 16).

(Expressed in Canadian Dollars)

24. SUPPLEMENTARY INFORMATION, continued

The Company's significant financial transactions are as follows:

	December 31, 2020	New loans (Repayment)	Accrued Interest	Foreign exchange movement	December 31, 2021
Short-term loans	$ 49,127,718	$ 178,756	$ -	$ 1,137,017	$ 50,443,491
Due to related parties	45,108,501	(208,786)	6,690,642	646,014	52,236,371
Total	$ 94,236,219	$ (30,030)	$ 6,690,642	$ 1,783,031	$ 102,679,862

	December 31, 2019	New loans (Repayment)	Accrued Interest	Foreign exchange movement	December 31, 2020
Short-term loans	$ 62,092,012	$ (15,650,042)	$ -	$ 2,685,748	$ 49,127,718
Due to related parties	39,530,769	(1,450,368)	6,068,688	959,412	45,108,501
Total	$ 101,622,781	$ (17,100,410)	$ 6,068,688	$ 3,645,160	$ 94,236,219

(Expressed in Canadian Dollars)

25. SEGMENTED INFORMATION

The Company's business operates primarily through the Natural Sweeteners Products segment.

The Natural Sweeteners Products segment is the manufacturing and sales of a refined form of stevia and monk fruit, which has operations in China and North America.

The Company's chief operating decision makers are the CEO, the President, the Chief Operating Officer and the Chief Financial Officer. They review the operations and performance of the Company.

Non-current assets by geographical locations are as follows:

	2021	2020
China	$ 17,842,035	$ 18,391,937
North America	243,100	336,206
	$ 18,085,135	$ 18,728,143

Revenue to external customers by geographical locations is as follows:

	2021	2020
China	$ 371,963	$ 610,388
North America & others	10,504,494	14,679,816
	$ 10,876,457	$ 15,290,204

During 2021, two customers of the Natural Sweeteners CGU represented 57% of total consolidated revenue (2020 – 56%).

(Expressed in Canadian Dollars)

26. FINANCIAL RISK MANAGEMENT AND FINANCIAL 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 two major customers made up 84% of the total accounts receivable as at December 31, 2021 (2020 – 65%). 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, 2021		December 31, 2020
Current				
Accounts receivable	$	3,467,702	$	2,929,403
Allowance for doubtful accounts		(1,254,721)		(1,238,840)
	$	2,212,981	$	1,690,563

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 27. 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 Company is exposed to liquidity risk (Note 3).

26. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

b) Liquidity risk, continued

The following are the undiscounted contractual maturities of the Company's financial liabilities with the exception of the derivative liabilities as at December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
Financial liabilities	**0 to 12 months**	**12 to 24 months**	**0 to 12 months**	**12 to 24 months**
Short-term loans	$ 50,443,491	-	$ 49,127,718	-
Interest payable	52,291,138	-	36,597,934	-
Accounts payable and accruals	16,609,628	-	16,264,485	-
Due to related parties	52,236,371	-	45,108,501	-
	$ 171,580,628	$ -	$ 147,098,638	$ -

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 some amounts due to related parties at December 31, 2021. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2021, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of $1,024,000 (December 31, 2020 - $937,000) 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") and Canadian dollars. The Company is exposed to currency risk as the functional currency of the Company and its subsidiaries is other than Canadian dollars.

(Expressed in Canadian Dollars)

26. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

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 the 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, 2021				
		RMB balance	HK balance		US balance	
Total financial assets	¥	412,381	HK$	-	$	694
Total financial liabilities		(598,539,234)		-		(42,264)
Net foreign exchange risk exposure	¥	(598,126,853)	HK$	-	$	(41,570)

		December 31, 2020				
		RMB balance	HK balance		US balance	
Total financial assets	¥	2,327,921	HK$	1	$	1,345
Total financial liabilities		(487,870,683)		-		(33,556)
Net foreign exchange risk exposure	¥	(485,542,762)	HK$	1	$	(32,211)

(Expressed in Canadian Dollars)

26. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

As of December 31, 2021, 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 $1,194,000 (2020 - $947,000).

The Company's U.S. 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 which could have an impact on the loss for the year:

		December 31, 2021		December 31, 2020
		US$		US$
Financial assets				
Cash	$	166,047	$	71,122
Accounts receivable		1,703,380		1,288,006
Financial liabilities				
Short-term loans	$	(769,307)	$	(769,307)
Interest payable		(2,395,400)		(1,923,172)
Accounts payable and accruals		(117,320)		(112,198)
Due to related parties		(33,756,363)		(33,645,413)
Net foreign exchange risk exposure	$	(35,168,963)	$	(35,090,962)

As at December 31, 2021, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on other comprehensive income (loss) of approximately $446,000 (2020 - $351,000).

(Expressed in Canadian Dollars)

27. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to provide returns for shareholders and comply with any externally imposed capital requirements while safeguarding the Company's ability to continue as a going concern.

The Company defines capital as comprising all components of shareholders' deficiency.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, issue new debt, or sell assets to reduce debt. In this respect, the Company monitors its net debt to equity ratio. There is no assurance that the Company will be able to meet or maintain its currently stated objectives.

The Company's officers and senior management are responsible for managing the Company's capital and do so through regular meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged for the year ended December 31, 2021.

28. COMMITMENTS AND CONTINGENCIES

a) Commitments

Future undiscounted minimum lease payments for the lease of right-of-use assets as described in Notes 4 i), 12 and 18 are as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 240,718	$ 238,749
Between one and five years	250,367	380,801
More than five years	60,133	72,966
Total	$ 551,218	$ 692,516

28. COMMITMENTS AND CONTINGENCIES, continued

b) Contingencies

In the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company and the SOCMC are in legal proceeding over the short term loans due to late payment on these loans. The Company continues to negotiate with the SOCMC on the settlement of its debt. The Company did not accrue any loss contingencies in this respect as of December 31, 2021 and 2020, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

29. STATUTORY SURPLUS RESERVE

The Company's subsidiaries in China are required to make appropriations to a statutory surplus reserve in the amount of 10% of the after-tax net income as determined under Chinese Accounting Standards until the statutory surplus reserve is equal to 50% of each entity's registered capital. The statutory surplus reserve is established for the purpose of offsetting accumulated losses, expanding production or increasing share capital. No appropriation was made to the statutory surplus reserve for the year ended December 31, 2021. As at December 31, 2021 and 2020, the Company's statutory surplus reserve was nil.

30. SUBSEQUENT EVENT

The Company repaid the loan principal to several private lenders and related parties totaling RMB1,520,000 in January 2022 and repaid loan interest totaling $34,027 per loan agreements in February 2022.