



# **GLG LIFE TECH CORPORATION**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Three Months Ended March 31, 2022**

**(Unaudited – Prepared by Management)**

## **Notice of No Auditor Review of Interim Consolidated Financial Statements**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management and approved by the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") for a review of interim financial statements by an entity's auditors.

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022 and December 31, 2021

(Unaudited – Expressed in Canadian Dollars)

		March 31, 2022	December 31, 2021
<b>ASSETS</b>	Note		
<b>Current Assets</b>			
Cash and cash equivalents		\$ 574,267	\$ 239,345
Accounts receivable	5	1,739,530	2,212,981
Sales taxes recoverable		636,568	705,089
Inventory	6	2,451,909	2,873,835
Prepaid expenses		531,501	437,843
<b>Total Current Assets</b>		<b>5,933,775</b>	<b>6,469,093</b>
<b>Restricted cash</b>	7	<b>75,321</b>	<b>76,181</b>
<b>Property, Plant and Equipment</b>	8	<b>17,051,454</b>	<b>17,671,328</b>
<b>Right-of-use Assets</b>	9	<b>295,495</b>	<b>337,626</b>
<b>Total Assets</b>		<b>\$ 23,356,045</b>	<b>\$ 24,554,228</b>
<b>LIABILITIES AND DEFICIT</b>			
<b>Current Liabilities</b>			
Short-term loans	10	\$ 49,495,372	\$ 50,443,491
Interest payable		54,846,506	52,291,138
Accounts payable and accruals		16,270,954	16,609,628
Deferred revenue		72,627	273,771
Due to related parties	11	53,348,253	52,236,371
Derivative liabilities	11	218,589	247,979
Current portion of lease liabilities	12	172,407	189,849
<b>Total Current Liabilities</b>		<b>174,424,708</b>	<b>172,292,227</b>
<b>Lease Liabilities</b>	12	<b>198,615</b>	<b>226,010</b>
<b>Total Liabilities</b>		<b>174,623,323</b>	<b>172,518,237</b>
<b>DEFICIT</b>			
<b>Shareholders' Deficiency</b>			
Share capital	13	200,544,544	200,544,544
Contributed surplus		34,018,883	34,018,883
Accumulated other comprehensive income		11,837,959	10,867,763
Accumulated deficit		(396,831,387)	(392,579,670)
<b>Total Shareholders' Deficiency Attributable to Shareholders of GLG</b>		<b>(150,430,001)</b>	<b>(147,148,480)</b>
<b>Non-controlling Interest</b>	14	<b>(837,277)</b>	<b>(815,529)</b>
<b>Total Deficit</b>		<b>(151,267,278)</b>	<b>(147,964,009)</b>
<b>Total Liabilities and Deficit</b>		<b>\$ 23,356,045</b>	<b>\$ 24,554,228</b>

Going Concern (Note 3)

Commitments and Contingencies (Note 19)

Subsequent Event (Note 20)

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

"Brian Palmieri "

Director

"Sophia Leung"

Director

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the Periods Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

	Three months ended March 31			
	2022		2021	
<b>REVENUE (Note 18)</b>	\$	2,743,548	\$	3,253,540
<b>COST OF SALES (Note 16)</b>		(1,943,195)		(2,425,679)
<b>GROSS PROFIT</b>		800,353		827,861
<b>SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 16)</b>		(1,083,056)		(1,154,651)
<b>OTHER INCOME (EXPENSES)</b>				
Interest expense (Note 15)		(5,126,045)		(4,285,941)
Interest income		65		60
Inventory (provision) recovery (Note 6)		130,941		(12,317)
Foreign exchange gain		829,296		849,367
Other (expenses) income		164,239		(84,551)
		(4,001,504)		(3,533,382)
<b>NET LOSS FOR THE PERIOD</b>		(4,284,207)		(3,860,172)
<b>NET LOSS ATTRIBUTABLE TO</b>				
Shareholders of GLG		(4,251,717)		(3,831,628)
Non-controlling interest		(32,490)		(28,544)
<b>Net Loss for the period</b>	\$	(4,284,207)	\$	(3,860,172)
<b>Item that will be reclassified subsequently to profit or loss</b>				
Foreign currency translation adjustment		980,938		996,732
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>	\$	(3,303,269)	\$	(2,863,440)
<b>Total other comprehensive income attributable to:</b>				
Shareholders of GLG		970,196		988,226
Non-controlling interest		10,742		8,506
	\$	980,938	\$	996,732
<b>COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>				
Shareholders of GLG		(3,281,521)		(2,843,402)
Non-controlling interest		(21,748)		(20,038)
	\$	(3,303,269)	\$	(2,863,440)
<b>LOSS PER SHARE (Note 17)</b>				
Basic and diluted	\$	(0.11)	\$	(0.10)
<b>Weighted Average Number of Common Shares Outstanding</b>				
Basic and diluted		38,394,223		38,394,223

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

As at March 31, 2022 and 2021

(Unaudited – 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, 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)
Share-based compensation	-	-	44,500	-	-	-	44,500	-	44,500
Change in foreign currency translation	-	-	-	-	988,226	-	988,226	8,506	996,732
Net income	-	-	-	-	-	(3,831,628)	(3,831,628)	(28,544)	(3,860,172)
<b>Balance as at March 31, 2021</b>	<b>37,673,374</b>	<b>720,849</b>	<b>\$ 200,516,381</b>	<b>\$ 34,018,883</b>	<b>\$ 13,473,234</b>	<b>\$ (372,707,091)</b>	<b>\$ (124,698,593)</b>	<b>\$ (647,856)</b>	<b>\$ (125,346,449)</b>
Balance, April 1, 2021	37,673,374	720,849	\$ 200,516,381	\$ 34,018,883	\$ 13,473,234	\$ (372,707,091)	\$ (124,698,593)	\$ (647,856)	\$ (125,346,449)
Vested restricted shares	720,849	(720,849)	-	-	-	-	-	-	-
Share-based compensation	-	-	28,163	-	-	-	28,163	-	28,163
Change in foreign currency translation	-	-	-	-	(2,605,471)	-	(2,605,471)	(30,323)	(2,635,794)
Net income	-	-	-	-	-	(19,872,579)	(19,872,579)	(137,350)	(20,009,929)
<b>Balance as at December 31, 2021</b>	<b>38,394,223</b>	<b>-</b>	<b>\$ 200,544,544</b>	<b>\$ 34,018,883</b>	<b>\$ 10,867,763</b>	<b>\$ (392,579,670)</b>	<b>\$ (147,148,480)</b>	<b>\$ (815,529)</b>	<b>\$ (147,964,009)</b>
Balance, January 1, 2022	38,394,223	-	\$ 200,544,544	\$ 34,018,883	\$ 10,867,763	\$ (392,579,670)	\$ (147,148,480)	\$ (815,529)	\$ (147,964,009)
Change in foreign currency translation	-	-	-	-	970,196	-	970,196	10,742	980,938
Net loss	-	-	-	-	-	(4,251,717)	(4,251,717)	(32,490)	(4,284,207)
<b>Balance as at March 31, 2022</b>	<b>38,394,223</b>	<b>-</b>	<b>\$ 200,544,544</b>	<b>\$ 34,018,883</b>	<b>\$ 11,837,959</b>	<b>\$ (396,831,387)</b>	<b>\$ (150,430,001)</b>	<b>\$ (837,277)</b>	<b>\$ (151,267,278)</b>

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

# GLG LIFE TECH CORPORATION

## Condensed Interim Consolidated Statements of Cash Flows

For the periods ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

	Three months ended March 31	
	2022	2021
<b>Cash Flows From Operating Activities</b>		
Net Loss	\$ (4,417,611)	\$ (3,860,172)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of property, plant and equipment and right-of-use assets (Notes 8 & 9)	373,885	367,037
Share-based compensation	-	44,500
Inventory provision (recovery)	(130,941)	12,317
Interest expense - lease liabilities	15,343	19,140
Unrealized foreign exchange loss	(588,719)	(675,962)
Changes in non-cash working capital items (Note 15)	5,561,200	4,429,835
Net cash from operating activities	813,157	336,695
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(2,316)	(2,076)
Net cash used in investing activities	(2,316)	(2,076)
<b>Cash Flows From Financing Activities</b>		
Repayment of short-term loans	(343,140)	(39,100)
Restricted cash	(51)	-
Repayment of lease liabilities (Note 18)	(60,180)	(59,075)
Repayment to related parties	(7,997)	(127,075)
Interest paid	(11,901)	(13,369)
Net cash used in financing activities	(423,269)	(238,619)
Effect of exchange rate changes on cash	(52,650)	(33,049)
<b>Net Change In Cash</b>	334,922	62,951
<b>Cash, beginning of the period</b>	239,345	555,963
<b>Cash, end of the period</b>	\$ 574,267	\$ 618,914

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements  
Supplemental Cash Flow Information (Note 15)

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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#### 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 integrated 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2021, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgments and estimates were presented in notes 4, respectively, of those consolidated financial statements, and have been consistently applied in the preparation of these condensed interim consolidated financial statements.

##### **Basis of preparation and measurement**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. Additionally, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, except when otherwise indicated.

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2022, were authorized for issue by the Audit Committee on behalf of the Board of Directors on May 10, 2022.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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#### 3. GOING CONCERN

These unaudited condensed interim 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 three-month period ended March 31, 2022, the Company incurred net loss attributed to the Company's shareholders of \$4,251,717 (2021 - \$3,831,628). As at March 31, 2022, the Company had an accumulated deficit of \$396,831,187 (December 31, 2021 - \$392,579,670), working capital deficiency of \$148,490,933 (December 31, 2021 - \$165,823,134) and cash inflow from operating activities of \$813,157 (2021 – \$336,695).

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

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 three 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.



# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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#### 3. GOING CONCERN, continued

There are also uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. As noted above, most of the Company's operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. The Company's PRC subsidiaries 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 three 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 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 March 31, 2022, and December 31, 2021, substantially all bank loans were held by a state-owned capital management company ("SOCMC") and a Chinese bank. The Company has provided its SOCMC and 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 9). 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.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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#### 3. GOING CONCERN, continued

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.

Finally, 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 did not accrue any loss contingencies in this respect as of March 31, 2022, and December 31, 2021, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Statement of compliance and application of new International Financial Reporting Standards

The unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2021. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

##### *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 and cannot be predicted at this time. However, this outbreak may affect the Company, its suppliers, distribution channels or customers, including the manufacturing were shut down temporarily.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 5. ACCOUNTS RECEIVABLE

The aging analysis of trade receivables is as follows:

				Past due but not impaired		
		Total	Neither past due	<90 days	91-180 days	>180 days
March 31, 2022	\$	1,739,530	\$1,547,067	\$ 191,677	\$ 53	\$ 733
December 31, 2021	\$	2,212,981	\$2,046,855	\$ 162,316	\$ -	\$ 3,810

#### 6. INVENTORY

	March 31, 2022	December 31, 2021
Raw materials	\$ 708,038	\$ 768,365
Work in progress	375,139	587,925
Finished goods	1,368,732	1,517,545
	\$ 2,451,909	\$ 2,873,835

The Company assessed the net realizable value of inventory based on the cost of raw materials comprising the purchase price, applicable taxes and other costs incurred in bringing inventory to its present location and condition as well as the cost of finished goods including cost of materials and cost of conversion. The cost of conversion includes costs directly related to the units of production, such as direct labor, variable and fixed production overheads, based on normal operating capacity.

For the three months ended March 31, 2022, the Company recorded an inventory provision recovery of \$130,941 (2021 provision recovery - \$12,317).

The carrying amounts of inventory have been pledged as general collateral for the loans from the SOCMC and a bank.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 7. RESTRICTED CASH

	March 31, 2022		December 31, 2021	
Restricted cash	\$	75,321	\$	76,181
	\$	75,321	\$	76,181

For the period ended March 31, 2022, the Company has \$75,321 or RMB 382,148 in restricted cash (December 31, 2021 – \$76,181 or RMB 381,862) 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).

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 8. 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
<b>Costs</b>								
<b>As at December 31, 2020</b>	\$ 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
<b>As at December 31, 2021</b>	\$ 2,480,357	\$ 17,088,614	\$ 22,272,113	\$ 1,629,630	\$ 262,736	\$ 414,270	\$ -	\$ 44,147,720
Additions	-	38,539	(36,223)	-	-	-	-	2,316
Disposal	-	-	-	-	-	-	-	-
Foreign currency adjustments	(96,809)	(296,667)	(562,307)	(19,130)	(2,434)	(4,152)	-	(981,499)
<b>As at March 31, 2022</b>	\$ 2,383,548	\$ 16,830,486	\$ 21,673,583	\$ 1,610,500	\$ 260,302	\$ 410,118	\$ -	\$ 43,168,537
<b>Accumulated depreciation</b>								
<b>As at December 31, 2020</b>	\$ 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
<b>As at December 31, 2021</b>	\$ 2,480,357	\$ 14,576,602	\$ 8,351,558	\$ 451,437	\$ 239,574	\$ 376,864	\$ -	\$ 26,476,392
Depreciation	-	52,539	269,012	9,263	790	150	-	331,754
Disposal	-	-	-	-	-	-	-	-
Foreign currency adjustments	(96,809)	(254,990)	(328,160)	(5,191)	(2,176)	(3,737)	-	(691,063)
<b>As at March 31, 2022</b>	\$ 2,383,548	\$ 14,374,151	\$ 8,292,410	\$ 455,509	\$ 238,188	\$ 373,277	\$ -	\$ 26,117,083
<b>Net book value</b>								
As at December 31, 2021	\$ -	\$ 2,512,012	\$ 13,920,555	\$ 1,178,193	\$ 23,162	\$ 37,406	\$ -	\$ 17,671,328
As at March 31, 2022	\$ -	\$ 2,456,335	\$ 13,381,173	\$ 1,154,991	\$ 22,114	\$ 36,841	\$ -	\$ 17,051,454

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).

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 8. PROPERTY, PLANT AND EQUIPMENT, continued

Land use rights in China have remaining terms ranging from 36.9 to 37.0 years.

Depreciation expense is included in the unaudited condensed interim consolidated statement of operations under the following categories:

	Three months ended March 31	
	2022	2021
Cost of sales	\$ 87,084	\$ 135,302
Selling, general and administrative expenses	247,853	241,667
	\$ 334,937	\$ 376,969

#### 9. RIGHT-OF-USE ASSETS

	Office	Land	Production equipment	Total
<b>Cost</b>				
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
As at March 31, 2022	491,766	44,328	305,910	842,004
<b>Accumulated depreciation</b>				
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
Depreciation expense	22,020	918	19,193	42,131
As at March 31, 2022	286,252	11,928	248,329	546,509
<b>Net book value - December 31, 2021</b>	227,534	33,318	76,774	337,626
<b>Net book value - March 31, 2022</b>	\$ 205,514	\$ 32,400	\$ 57,581	\$ 295,495

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 10. SHORT-TERM LOANS

The Company's short-term loans of \$49,495,372 (December 31, 2021 - \$50,443,491) consist of borrowings from a SOCMC and a bank in China of \$48,534,046 (December 31, 2021 - \$49,164,924) and loans from private lenders of \$961,326 (December 31, 2021 - \$1,278,567) as follows:

##### Bank loans as at March 31, 2022:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
\$ 591,300	3,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
5,518,800	28,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,971,000	10,000,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
1,927,638	9,780,000	On Demand	11.57%	China Cinda Assets Management Anhui Branch
10,164,780	51,571,696	On Demand	10.22%	China Cinda Assets Management Anhui Branch
15,768,000	80,000,000	On Demand	10.22%	China Cinda Assets Management Anhui Branch
3,440,869	17,457,477	On Demand	10.82%	China Cinda Assets Management Anhui Branch
8,381	42,523	On Demand	10.82%	China Cinda Assets Management Anhui Branch
768,690	3,900,000	July 23, 2022	5.82%	Huishang Bank
5,913,000	30,000,000	On Demand	9.09%	Jiangsu Xinbao Assets Management Co.
2,461,588	12,489,025	On Demand	9.09%	Jiangsu Xinbao Assets Management Co.
\$ 48,534,046	246,240,721			

During the three months ended March 31, 2022, the Company repaid an RMB 200,000 or \$39,100 bank loan pursuant to the signed loan agreement with the local bank.

The Company entered into a number of restructuring agreements with its SOCMC lender in April 2020 for the loan settlement. The Company did not make scheduled payments to the SOCMC that were due under the payment schedule of the restructuring agreement in 2020. 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 related to the breach of the debt restructuring agreement with the SOCMC. This amount was included in interest expense and accrued in interest payable.

The assets of the Company's subsidiaries including inventory, restricted cash and property, plant and equipment have been pledged as collateral for these loans (see Notes 6, 7 and 8).

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.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

### 10. SHORT-TERM LOANS, continued

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			

### Short-term borrowing from private lenders:

December 31, 2020	\$	979,482
Advances		359,455
(Repayments)		(64,119)
Foreign currency translation		3,749
December 31, 2021	\$	1,278,567
Advances		-
(Repayments)		(303,240)
Foreign currency translation		(14,001)
March 31, 2022	\$	961,326

During the three months ended March 31, 2022, the Company repaid \$303,240 (RMB 1,520,000) short-term loan to the private lenders.

As at March 31, 2022, short-term borrowing from private lenders consisted of one US dollar denominated loan. The US dollar loan is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand.



# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 11. RELATED PARTIES TRANSACTIONS AND BALANCES

##### a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note	March 31, 2022	December 31, 2021
Loans from Chief Executive Officer ("CEO")	\$	9,522,034	\$ 9,361,947
Loans from direct family member of CEO		39,687,827	38,690,304
	i)	49,209,861	48,052,251
Consulting fees payable to CEO	ii)	3,238,392	3,250,093
Loan from Director of the Company	iii)	900,000	934,027
	\$	53,348,253	\$ 52,236,371

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 11. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

##### a) Amount due to related parties, continued

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

##### Loan balance as of March 31, 2022

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	\$ 624,862	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,249,600	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	624,800	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	312,400	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	753,777	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	181,192	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	2,324,256	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	985,500	May 6, 2020	On demand	Unsecured	Category 4	Direct family member of CEO
	153,738	November 9, 2020	On demand	Unsecured	Category 5	Direct family member of CEO
<b>Principal</b>	<b>\$ 7,210,125</b>					
<b>Accrued interest</b>	<b>41,999,736</b>					
	<b>\$ 49,209,861</b>					

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

##### 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
<b>Principal</b>	<b>\$ 7,332,367</b>					
<b>Accrued interest</b>	<b>40,719,884</b>					
	<b>\$ 48,052,251</b>					

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

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 11. RELATED PARTIES TRANSACTIONS AND BALANCES, 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 March 31, 2022, the total amount owed to the CEO under these facilities, including principal and accumulated interest is \$9,522,034 (December 31, 2021 - \$9,361,947). As at March 31, 2022, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The Company also obtained loans under numerous credit facility agreements from a direct family member of the CEO. As at March 31, 2022, the total amount owed under these facilities, including principal and accumulated interest is \$39,687,827 (December 31, 2021 - \$38,690,304). As at March 31, 2022, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The combined total of the above loans, including the accrued interest, is \$49,209,861 (December 31, 2021 - \$48,052,251). These loans will be repaid by either GLG or its Chinese subsidiaries to the lender in the currency the loans were originally borrowed (either USD or RMB), or, at the lender's discretion, in 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.

Some of 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 \$218,589 (December 31, 2021 - \$247,979), 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:

	March 31, 2022	December 31, 2021
Risk free interest	0.38%	0.11%
Expected life of the loan	1 year	1 year
Expected foreign currency volatility	2.36%	2.71%

- ii. As of March 31, 2022, the Company has accrued \$3,238,392 (December 31, 2021 - \$3,250,093), including 3% interest per annum compounding quarterly, in consulting fees to the Company's Chairman and CEO.
- iii. As of March 31, 2022, the Company has a loan of \$900,000 (December 31, 2021 - \$934,027, including unpaid interest of \$34,027) from a Director of the Company originally borrowed to provide working capital required for Monk Fruit extracts. The loan expired on March 31, 2022, and the loan renewed for another one-year extension as of early May 2022.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 11. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

##### 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 amounts:

	Three months ended March 31	
	2022	2021
Short-term employee benefits (including salaries, bonuses and fees)	\$ 180,405	\$ 171,813
Share-based benefits	-	44,500
Total remuneration	\$ 180,405	\$ 216,313

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 salary, totaling approximately \$1,748,000.

Key management did not exercise stock options granted under the Company's stock option plan in the three months ended March 31, 2022.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

### 12. 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, 2021	\$ 285,225	\$ 40,660	\$ 89,974	\$ 415,859
Lease payments made	(33,465)	(2,352)	(24,363)	(60,180)
Interest expense on lease liabilities	10,410	1,822	3,111	15,343
	262,170	40,130	68,722	371,022
Less: current portion	(101,312)	(2,373)	(68,722)	(172,407)
Non-current portion as at March 31, 2022	\$ 160,858	\$ 37,757	\$ -	\$ 198,615

	March 31, 2022	December 31, 2021
Current	\$ 172,407	\$ 189,849
Non-Current	198,615	226,010
	\$ 371,022	\$ 415,859

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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#### 13. 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 March 31, 2022, there are 38,394,223 (December 31, 2021 – 38,394,223) common and restricted shares issued and outstanding with no par value.

##### b) 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 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 options, and options have a vesting period from 1 year to 3 years.

Under the Plan, restricted shares 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 in the Company inclusive of any stock options granted under the Plan. Holders of restricted shares are entitled to voting rights and dividends. The maximum vesting period for restricted shares is 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.

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 13. SHARE CAPITAL, continued

##### b) Share-based payments, continued

##### ii) Stock options, continued

A continuity of stock options is as follows:

	Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2020	-	\$ -
Expired/cancelled/forfeited	-	-
Balance as at December 31, 2021 and March 31, 2022	-	\$ -

##### iii) Restricted shares

The Company recorded share-based payments in the amount of nil (2021 - \$44,500), 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.

A continuity of Restricted Shares is as follows:

	Restricted Shares
Balance as at December 31, 2020	200,000
Vested	(200,000)
Expired/cancelled/forfeited	-
Balance as at December 31, 2021	-
Vested	-
Expired/cancelled/forfeited	-
Balance as at March 31, 2022	-

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 14. NON-CONTROLLING INTEREST

Prior to December 31, 2019, 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 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 March 31, 2022, and December 31, 2021:

	March 31, 2022	December 31, 2021
ASSETS		
Current	\$ 3,401,611	\$ 3,512,918
Non-current	17,127,481	17,765,854
	\$ 20,529,092	\$ 21,278,772
LIABILITIES		
Current	\$ 103,066,127	\$ 101,943,494
	\$ 103,066,127	\$ 101,943,494
Net liabilities	\$ (82,537,035)	\$ (80,664,722)
Non-controlling interest percentage	1.15%	1.15%
Non-controlling interest in net liabilities	\$ (837,277)	\$ (815,529)

The following table presents the loss and comprehensive income attributable to the non-controlling interest ("NCI") for the years ended March 31, 2022 and 2021:

	Three months ended March 31	
	2022	2021
Loss for the year - NCI	\$ (32,490)	\$ (28,544)
Foreign exchange translation adjustment	10,742	8,506
Comprehensive loss for the year	\$ (21,748)	\$ (20,038)



# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 15. SUPPLEMENTAL CASH FLOW INFORMATION

Supplementary cash flow information is as follows:

	Three months ended March 31	
	2022	2021
Accounts receivable	\$ 447,815	\$ 204,944
Taxes recoverable	60,806	(14,764)
Inventory	603,357	548,420
Prepaid expenses	(99,859)	(56,481)
Accounts payable and accruals	(294,028)	(443,183)
Interest payable	3,232,820	2,652,157
Deferred revenue	(199,849)	-
Due to related parties (current)	1,810,138	1,538,742
Changes in non-cash working capital items	\$ 5,561,200	\$ 4,429,835
Interest paid	\$ 11,901	\$ 13,369
Income tax paid	\$ -	\$ -

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 16. COST OF SALES AND EXPENSES

	Three months ended March 31	
	2022	2021
Cost of sales		
Direct cost of sales	\$ 1,715,459	\$ 2,121,644
Depreciation and amortization	106,277	154,348
Freight & others	121,459	149,687
Total	\$ 1,943,195	\$ 2,425,679
Selling, general and administrative (SG&A) expenses		
Direct SG&A expenses	\$ 812,265	\$ 890,047
Depreciation and amortization	270,791	264,604
Total	\$ 1,083,056	\$ 1,154,651
Supplementary information:		
Salaries and wages	\$ 307,040	\$ 297,064

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 17. LOSS PER SHARE

The following table sets forth the calculation of the basic and diluted loss per share for the three months ended March 31, 2022 and 2021:

	Three months ended March 31	
	2022	2021
Numerator:		
Net loss after tax	\$ (4,251,717)	\$ (3,831,628)
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
Loss per share - basic	\$ (0.11)	\$ (0.10)
Loss per share - diluted	\$ (0.11)	\$ (0.10)

The total number of anti-dilutive options excluded from the calculation for the three months ended March 31, 2022, was nil (2021 – nil).

#### 18. SEGMENT INFORMATION

The Company's business operates primarily through the Natural Sweeteners Products segment. The Natural Sweeteners Products segment is the manufacturing and sales of refined forms of stevia and monk fruit, which has operations in China and North America.

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

Revenue to external customers by geographical location is as follows:

	Three months ended March 31	
	2022	2021
China	\$ 302,047	\$ 73,880
North America & others	2,441,501	3,179,660
	\$ 2,743,548	\$ 3,253,540

During the three months ended March 31, 2022, two customers of the Natural Sweeteners CGU represented 49% of total consolidated revenue (2021 – 45%).

# GLG LIFE TECH CORPORATION

## Notes to the Condensed Interim Consolidated Financial Statements

### Three Months Ended March 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

#### 19. COMMITMENTS

##### a) Operating leases

Future undiscounted minimum lease payments for the lease of right-of-use assets as described in Notes 9 and 12 are as follows:

	March 31, 2022	December 31, 2021
Less than one year	\$ 216,355	\$ 240,718
Between one and five years	216,190	250,367
More than five years	58,493	60,133
Total	\$ 491,038	\$ 551,218

##### 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 March 31, 2022, and December 31, 2021, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

#### 20. SUBSEQUENT EVENT

In April 2022, a joint venture named Xinjiang Huanyu Technology Co., Ltd. ("Huanyu") was registered through in China, with Runhai, Xinjiang Luxiang Sugar Industry Co. ("Luxiang") and Xiao Gang HZ Health Industrial Park ("Xiao Gang") as the joint venturers. Under the terms of the agreement, Runhai will have a 26% share, Luxiang, a stated-owned company, will be the majority shareholder with a 51% share and Xiao Gang will have a 23% share. Luxiang will provide working capital for Huanyu's production needs.

One of the related party loans with the Director expired on March 31, 2022, has been renewed as of early May 2022 and is extended for one year, bearing interest at 15% per annum and repayable in full on March 31, 2023.