GLG LIFE TECH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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, 2023 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

June 27, 2024

Edward Wang (Signed)
Chief Financial Officer

June 27, 2024

dntw
CHARTERED PROFESSIONAL ACCOUNTANTS
DNTW TORONTO LLP

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
GLG Life Tech Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of GLG Life Tech Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statement of income (loss) and comprehensive income (loss), changes in shareholder's deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements, which indicates that the Company incurred a net loss during the years ended December 31, 2023 and 2022 and, as of that date, the Company's current liabilities exceeded its total assets. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, 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 Matter

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 period. The matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Discontinued Operations

Description of the Matter

As disclosed in Note 14, the Company's subsidiary, Runyang, declared bankruptcy in 2023, and another subsidiary, Runde, ceased operations in the same year. The Company classified both subsidiaries as discontinued operations.

Auditing these discontinued operations is complex due to the subjective nature of determining when a business meets the criteria of discontinued operations and assessing the impairment of assets related to them, as well as the significance of these discontinued operations. Management exercised significant judgement in evaluating the timing of reclassifying discontinued operations and determining the recoverable amount of their assets. This resulted in a high degree of auditor judgement and effort in performing procedures and evaluating evidence.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the appropriateness of management's classification of the subsidiaries as discontinued operations and the associated impairment of assets.
- We reviewed the criteria used by management to determine the classification and assessed the timing of these reclassifications.
- We conducted an analysis of the recoverable amounts of assets from the discontinued operations, including reviewing relevant documentation and corroborating evidence.
- We enquired with management to understand their assumptions and estimates, and we tested the underlying data to verify the reliability of the information provided.

Other Information

Management is responsible for the other information. The other information comprises:

- 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. 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 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.

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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 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.

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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

DNTW Toronto LLP

June 27, 2024
Toronto, Ontario

Chartered Professional Accountants
Licensed Public Accountants

GLG LIFE TECH CORPORATION

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	December 31, 2023	December 31, 2022 Restated
ASSETS			
Current Assets			
Cash		$ 386,357	$ 203,989
Accounts receivable	6	3,882,087	2,820,160
Sales taxes recoverable	7	13,159	68,892
Inventory	8	755,821	1,263,059
Prepaid expenses	9	99,064	93,620
Net investment in sublease - current portion	13	74,945	116,533
Current assets from discontinued operations	14	4,332,876	10,898,648
Total Current Assets		9,544,309	15,464,901
Restricted cash	10	3,920	4,128
Property, plant and equipment	11	456,009	7,632,413
Right-of-use assets	12	62,325	99,720
Net investment in sublease	13	-	74,945
Total Assets		$ 10,066,563	$ 23,276,107
LIABILITIES AND DEFICIT			
Current Liabilities			
Term loans - current portion	15	$ 3,630,987	$ 3,592,290
Interest payable	15	8,548,353	7,730,647
Other loans payable	16	56,274,481	50,923,670
Accounts payable and accruals	17	10,507,912	7,884,312
Advance from customers		9,259	10,293
Due to related parties	18	17,455,152	15,937,777
Advance from sublease - current portion	13	124,826	-
Lease liabilities - current portion	19	98,323	149,555
Current liabilities from discontinued operations	14	83,057,347	106,784,010
Total Current Liabilities		179,706,640	193,012,554
Term loans	15	242,190	490,750
Advance from sublease	13	-	124,826
Lease liabilities	19	43,089	141,412
Total Liabilities		179,991,919	193,769,542
DEFICIT			
Shareholders' Deficiency			
Share capital	21	200,544,544	200,544,544
Contributed surplus		34,018,883	34,018,883
Accumulated other comprehensive income		17,713,589	11,609,080
Accumulated deficit		(421,347,463)	(415,719,540)
Total Shareholders' Deficiency Attributable to Shareholders of GLG		(169,070,447)	(169,547,033)
Non-controlling Interest	20	(854,909)	(946,402)
Total Deficit		(169,925,356)	(170,493,435)
Total Liabilities and Deficit		$ 10,066,563	$ 23,276,107

Going Concern (Note 3)
Commitments and Contingencies (Note 29)
Subsequent Event (Note 30)

APPROVED ON BEHALF OF THE BOARD:

"Brian Palmieri"

"Yingchun Liu"

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
For the Years Ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note		Years ended December 31, 2023		2022 - Restated
REVENUE	26	$	10,320,672	$	10,472,296
COST OF SALES	22		(6,103,515)		(5,257,721)
GROSS PROFIT			4,217,157		5,214,575
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	22		(3,283,608)		(2,278,891)
OTHER INCOME (EXPENSES)					
Interest expense	15, 16, 18		(11,132,616)		(10,089,701)
Interest income			11		13,818
Inventory (provision) recovery	8		19,613		190,316
Foreign exchange loss			2,950,900		(1,808,884)
Other expenses			(298,954)		(146,954)
Bad debt (provision) recovery			729		(1,238)
Impairment of property, plant and equipment			(5,587,738)		-
			(14,048,055)		(11,842,643)
NET LOSS FROM CONTINUING OPERATIONS			(13,114,506)		(8,906,959)
DISCONTINUED OPERATIONS					
Net income (loss) from discontinued operations	14		7,505,152		(14,375,313)
NET LOSS FOR THE YEAR			(5,609,354)		(23,282,272)
NET LOSS ATTRIBUTABLE TO					
Shareholders of GLG			(5,627,923)		(23,139,870)
Non-controlling interest	20		18,569		(142,402)
Net loss for the year		$	(5,609,354)	$	(23,282,272)
Other comprehensive income (loss)					
Foreign currency translation adjustment			6,177,433		751,231
COMPREHENSIVE LOSS FOR THE YEAR		$	568,079	$	(22,531,041)
Other comprehensive loss attributable to:					
Shareholders of GLG			6,104,509		741,317
Non-controlling interest	20		72,924		9,914
		$	6,177,433	$	751,231
COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:					
Shareholders of GLG			476,586		(22,398,553)
Non-controlling interest			91,493		(132,488)
		$	568,079	$	(22,531,041)
GAIN (LOSS) PER SHARE (BASIC AND DILUTED)	24				
From continuing operations		$	(0.34)	$	(0.23)
From discontinued operations			0.19		(0.37)
		$	(0.15)	$	(0.60)
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, 2023 and 2022
(Expressed in Canadian Dollars)

	Number of Common 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, 2021	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	-	-	-	741,317	-	741,317	11,529	752,846
Net loss	-	-	-	-	(23,139,870)	(23,139,870)	(142,402)	(23,282,272)
Balance as at December 31, 2022 - Restated	38,394,223	$ 200,544,544	$ 34,018,883	$ 11,609,080	$ (415,719,540)	$ (169,547,033)	$ (946,402)	$ (170,493,435)
Change in foreign currency translation	-	-	-	6,104,509	-	6,104,509	72,924	6,177,433
Net loss	-	-	-	-	(5,627,923)	(5,627,923)	18,569	(5,609,354)
Balance as at December 31, 2022	38,394,223	$ 200,544,544	$ 34,018,883	$ 17,713,589	$ (421,347,463)	$ (169,070,447)	$ (854,909)	$ (169,925,356)

GLG LIFE TECH CORPORATION

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
Cash Flows From Operating Activities			
Net Loss		$ (13,114,506)	$ (8,906,958)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	11, 12	1,173,647	1,022,159
Impairment loss on disposal of property, plant and equipment	11	5,587,738	-
Inventory provision (recovery)		(19,613)	(190,316)
Bad debt provision (recovery)		(729)	1,238
Interest expense on lease liabilities, net of finance income from sublease	13, 19	16,527	29,543
Interest expense on related party and other loans	16, 18	10,261,980	8,759,057
Gain from disposal of property, plant and equipment	11	-	11,271
Gain on change in fair value of derivative liabilities		-	(247,979)
Unrealized foreign exchange loss		(3,918,775)	395,830
Changes in non-cash working capital items	24	3,893,770	147,402
Cash (used in) provided by operating activities		3,880,039	1,021,247
Cash Flows From Investing Activities			
Purchase of property, plant and equipment	11	(1,852)	(10,255)
Net cash used in investing activities		(1,852)	(10,255)
Cash Flows From Financing Activities			
Repayment of term loans	15	(1,907)	(154,880)
Proceeds from other loans	16	1,850,937	448,871
Repayment of other loans	16	(2,409,214)	(631,015)
Repayment to related parties	18	(605,179)	(636,857)
Repayment of lease liabilities, net of proceeds from sublease	13, 19	(49,549)	(94,664)
Net cash used in financing activities		(1,214,912)	(1,068,545)
Effect of changes in exchange rate		(2,480,907)	38,713
Increase (decrease) in cash		182,368	(18,840)
Cash, beginning of the year		203,989	222,829
Cash, end of the year		$ 386,357	$ 203,989

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 280, 13071 Vanier Place, Richmond, British Columbia V6V 2J1. 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, 2023. These consolidated financial statements were approved for issuance by the Board of Directors on June 27, 2024.

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, 2023, the Company realized a net loss of $5,609,354 (2022 - $23,282,272). As at December 31, 2023, the Company had an accumulated deficit of $421,347,463 (2022 - $415,719,540), working capital deficiency of $170,162,331 (2022 - $177,547,653) and cash inflow from operating activities of $3,880,039 (2022 – $1,021,246).

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, 2023 and 2022, substantially all Term 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 15). 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. 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.

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. Management reviewed the primary and secondary indicators in IAS 21, and determined the functional currency of its foreign subsidiaries is their local currency, except Agricultural High Tech Developments Limited, which was incorporate in Marshall Islands with the function currency as Hong Kong dollars.

Foreign currency translations

When the Company translates the financial statements of subsidiaries from their functional currency to presentation currency, assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Share capital, contributed surplus, other comprehensive (loss) income, and accumulated deficits are translated into Canadian dollars at historical exchange rates. Revenues and expenses are translated into Canadian dollars at the average exchange rate for the year. Foreign exchange gains and losses on translation are included in other comprehensive (loss) income.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of each subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

b) Basis of consolidation

These consolidated financial statements include the following subsidiaries:

	Jusridiction of Incorporation	Ownership Interet	Functional Currency
Agricultural High Tech Developments Limited	Marshall Islands	100%	HKD
Anhui Runhai Biotechnology Joint Stock Co., Ltd. ("Runhai")	China	98.85%	RMB
Anhui Bengbu HN Stevia High Tech Development Company Limited ("Benbu")	China	98.85%	RMB
Dongtai Runyang Stevia High Tech Company Limited ("Runyang")	China	98.85%	RMB
Qingdao Runde Biotechnology Company Limited ("Runde")	China	98.85%	RMB
GLG Life Tech US, Inc.	USA	100%	USD
Intercontinental Cannabis Corporation	Canada	100%	CAD

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

b) Basis of consolidation, continued

The Company holds 98.85% of the issued share capital of Runhai, which in turn holds 100% of the issued share capital of Benbu, Runyang and Runde.

Intercontinental Cannabis Corporation was incorporated under the *Business Corporations Act* (British Columbia) on September 18, 2018. This company has been inactive from its date of incorporation to December 31, 2023.

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, net investment in sublease, term loans, accounts payable and accruals, interest payable, other loans payable, advance from customers, lease liabilities, and due to related parties as financial instruments measured at amortized cost.

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. The Company's financial instruments include cash, accounts receivable, net investment in sublease, term loans, accounts payable and accruals, interest payable, other loans payable, advance from customers, lease liabilities, 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.

f) Inventory

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

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.

Subleases

In classifying a sublease, the Company classifies the sublease as a finance lease, or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease.
- Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

When the sublease is classified as a finance lease, the lessor derecognizes the right-of-use asset pertaining to the head lease that it transfers to the sublessee, at the commencement date, but continues to account for the original lease liability. The sublessor recognizes a net investment in sublease and evaluates it for impairment and use the discount rate in the head lease to measure the net investment in sublease. The Company recognizes finance income on the net investment in sublease, and also records income relating to variable lease payments not included in the measurement of the net investment in the lease.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

j) Revenue recognition

The Company evaluates whether the contracts it enters meet the definition of a contract with a customer at contract inception and recognizes revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for transferring goods to a customer. The Company has determined that no significant financing component exists between the date a promised good is transferred to a customer and the date the customer pays for that good, when the period is one year or less. The Company records revenue at a point in time, unless otherwise indicated. Customer prepayments are recorded as advance from customers and revenue is not recognized until the shipment of goods occurs.

k) Discontinued operations

The Company deems it appropriate to classify a part of the business as discontinued operations if the related disposal group meets all of the following criteria: (i) the disposal group is a component of the Company; (ii) the component meets the held- for-sale criteria; and (iii) the disposal of the component represents a strategic shift that has a major effect on the Company's operations and financial results. A disposal group that represents a strategic shift to the Company is reflected as discontinued operations on the consolidated statements of loss and comprehensive loss and prior periods are recast to reflect the earnings or losses as income from discontinued operations.

l) 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.

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) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The diluted loss per share is the same as basic loss per share due to anti-dilution for the loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

o) Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax liabilities or assets are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized

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.

p) Operating segments

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenues and incur expenses. An operating segment has discrete financial information available which is regularly reviewed by the Company’s Operating Decision Maker to assess performance or make resource allocation decisions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

q) Adoption of New Accounting Pronouncements

The Company adopted the amendments described below, effective January 1, 2023. The adoption of these amendments did not have any material impact on the Company's consolidated financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") to replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendments provide clarification to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company adopted the amendments to IAS 8 with no impact to its consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued Amendments to IAS 1 and IFRS Practice Statement 2 to provide guidance to help entities apply materiality judgment to accounting policy disclosure. The amendments require disclosure of material accounting policy information rather than disclosing significant accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. The Company adopted these amendments, which have resulted in the disclosure of only material accounting policy information, but did not impact the measurement, recognition of presentation of any items in the Company's consolidated financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12, Income Taxes ("IAS 12"), to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company adopted the amendments to IAS 12 with no impact to its consolidated financial statements.

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.

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE

		December 31, 2023		December 31, 2022
Accounts receivable	$	5,101,086	$	4,092,067
Expected credit loss		(1,218,999)		(1,271,907)
	$	**3,882,087**	**$**	**2,820,160**

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.

8. INVENTORY

		December 31, 2023		December 31, 2022
Raw materials	$	252,753	$	421,265
Finished goods		503,068		841,794
	$	**755,821**	**$**	**1,263,059**

For the year ended December 31, 2023, the Company recorded an inventory impairment recovery of $19,613 (2022 - $190,316 impairment recovery). As at December 31, 2023, inventory expenses included in cost of sales amounted to $5,339,452 (2022 - $4,403,957).

The carrying amounts of inventory have been pledged as general collateral for the loans from SOCMCs and a bank (Note 15).

9. PREPAID EXPENSES

		December 31, 2023		December 31, 2022
Prepayments for trade suppliers	$	25,304	$	33,530
Rent and deposits		28,060		28,060
Other		45,700		32,030
	$	**99,064**	**$**	**93,620**

(Expressed in Canadian Dollars)

10. RESTRICTED CASH

For the year ended December 31, 2023, the Company has $3,920 or RMB 21,039 (2022 – $4,128 or RMB 21,027) in restricted cash held by the suppliers due to non-payment on demand.

11. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings & CIP	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Total
Costs							
As at December 31, 2021	$ 1,002,014	$ 11,885,669	$ 9,769,229	$ 701,263	$ 178,539	$ 298,862	$23,835,576
Additions	-	2,747	-	-	7,508	-	10,255
Disposal	-	(2,226)	-	(39,470)	-	-	(41,696)
Foreign currency adjustments	(52,145)	(268,776)	(331,410)	(10,615)	(1,894)	(3,685)	(668,525)
As at December 31, 2022	$ 949,869	$ 11,617,414	$ 9,437,819	$ 651,178	$ 184,153	$ 295,177	$23,135,610
Additions	-	-	-	-	1,852	-	1,852
Foreign currency adjustments	(162,953)	(2,114,667)	(1,099,767)	(33,173)	(19,009)	(26,897)	(3,456,466)
As at December 31, 2023	$ 786,916	$ 9,502,747	$ 8,338,052	$ 618,005	$ 166,996	$ 268,280	$19,680,996
Accumulated depreciation							
As at December 31, 2021	$ 853,521	$ 10,073,038	$ 3,635,363	$ 187,072	$ 157,509	$ 272,998	$15,179,501
Depreciation	-	202,589	735,704	17,524	3,007	598	959,422
Disposal	-	-	-	(30,425)	-	-	(30,425)
Foreign currency adjustments	96,348	(228,613)	(462,472)	(5,704)	(1,544)	(3,316)	(605,301)
As at December 31, 2022	$ 949,869	$ 10,047,014	$ 3,908,595	$ 168,467	$ 158,972	$ 270,280	$15,503,197
Depreciation	-	222,444	894,322	14,839	4,049	598	1,136,252
Impairment	-	1,310,608	4,240,356	-	14,958	21,816	5,587,738
Foreign currency adjustments	(162,953)	(2,077,319)	(705,221)	(12,121)	(18,478)	(26,108)	(3,002,200)
As at December 31, 2023	$ 786,916	$ 9,502,747	$ 8,338,052	$ 171,185	$ 159,501	$ 266,586	$19,224,987
Net book value							
As at December 31, 2022	$ -	$ 1,570,400	$ 5,529,224	$ 482,711	$ 25,181	$ 24,897	$ 7,632,413
As at December 31, 2023	$ -	$ -	$ -	$ 446,820	$ 7,495	$ 1,694	$ 456,009

(Expressed in Canadian Dollars)

11. PROPERTY, PLANT AND EQUIPMENT, continued

During the year ended December 31, 2023, The Company recorded impairment of property, plant and equipment at amount of $5,587,738 (2022 – zero) due to the cease of production operations in China.

Land use rights in China have remaining terms of 35.3 years. Due to late payment on the term loans outlined in Note 15, 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, should such sale occur, will be used to pay the creditors first.

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

	Year ended December 31	
	2023	2022
Cost of sales	$ 525,336	$ 691,693
Selling, general and administrative expenses	610,916	267,729
	$1,136,252	$ 959,422

(Expressed in Canadian Dollars)

12. RIGHT-OF-USE ASSETS

The Company leases various offices. The following table presents the right-of-use assets related to these lease agreements.

		Office
Cost		
As at December 31, 2021		**491,766**
Additions		118,418
Derecognized		(491,766)
As at December 31, 2022 and 2023		**118,418**
Accumulated depreciation		
As at December 31, 2021		**264,232**
Amortized		62,737
Derecognized		(308,271)
As at December 31, 2022		**18,698**
Amortized		37,395
As at December 31, 2023		**56,093**
Net book value - December 31, 2022		99,720
Net book value - December 31, 2023	$	62,325

(Expressed in Canadian Dollars)

13. NET INVESTMENT IN SUBLEASE

The Company entered into a sublease agreement with a third party with respect to its office premises in Vancouver, British Columbia, in 2022. The Company has classified the sublease as a finance lease, as the sublease covers the remaining term of the office premise. The net investment in the sublease was measured at the present value of the remaining lease payments, discounted using the estimated incremental borrowing rate of 15% per annum over the life of the sublease. The sublease resulted in derecognition of the right-of-use asset relating to the head lease at an amount of $183,495 and a gain on the derecognition at an amount of $15,910 in 2022.

a) Net Investment in Sublease

The following is a continuity schedule of the Company's net investment in the sublease:

As at December 31, 2021	**$**	-
Addition		239,033
Payments received		(61,353)
Finance income		13,798
As at December 31, 2022		**191,478**
Payments received		(133,860)
Finance income		17,327
As at December 31, 2023		**74,945**
Current		74,945
Non-current		-
		74,945

b) Advances from Sublease

The Company received six months' gross rent at the commencement of the sublease agreement in 2022. Four months' gross rent received in advance applies to the last four months' rent while two months' gross rent is held as a security deposit; the six months' gross rent comes due in 2024.

(Expressed in Canadian Dollars)

14. DISCONTINUED OPERATIONS

a) Runyang

The Company received a series of Court Orders in March 2023, one of which declared Runyang bankrupt in November 2023 (Note 31). Accordingly, the Company reclassified Runyang's operations as discontinued operations on a retrospective basis for the years ended December 31, 2023 and 2022.

b) Runde

In August 2023, the Company decided to permanently cease Runde's production and terminated all of Runde's employees. Therefore, the Company reclassified Runde's operations as discontinued operations on a retrospective basis for the years ended December 31, 2023 and 2022.

Subsequently, in January 2024, the Company entered into an ownership transfer agreement to sell 100% of its ownership in Runde to a third party (Note 30).

As of December 31, 2023, the major classes of assets and liabilities from discontinued operations included the following:

As at December 31, 2023	Runde	Runyang	Total
ASSETS			
Cash and cash equivalents	1,345	-	1,345
Accounts receivable	699,391	-	699,391
Sales taxes recoverable	683,058	-	683,058
Inventory	663,632	-	663,632
Prepaid expenses	364,766	-	364,766
Restricted cash	12,267	-	12,267
Property, Plant and Equipment	1,647,355	-	1,647,355
Right-of-use Assets	261,062	-	261,062
Current Assets from Discontinued Operations	**4,332,876**	-	**4,332,876**
LIABILITIES			
Short-term loans	33,972,121	-	33,972,121
Interest payable	47,958,566	-	47,958,566
Accounts payable and accruals	839,793	-	839,793
Lease Liabilities	286,867	-	286,867
Current Liabilities from Discontinued Operations	**83,057,347**	-	**83,057,347**

(Expressed in Canadian Dollars)

The results of discontinued operations for the year ended December 31, 2023 were as follows:

During Year Ended December 31, 2023	Runde	Runyang	Total
REVENUE	$ 53,360	$ -	$ 53,360
COST OF SALES	(2,144,641)	-	(2,144,641)
GROSS PROFIT	(2,091,281)	-	(2,091,281)
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	(564,211)	(257,100)	(821,311)
OTHER INCOME (EXPENSES)			
Interest expense	(10,790,088)	(847,871)	(11,637,959)
Interest income	108	-	108
Inventory (provision) recovery	20,157	-	20,157
Foreign exchange loss	245,457	-	245,457
Other expenses	(31,587)	(247,078)	(278,665)
Gain from reversal of PPE impairment	-	10,885,907	10,885,907
Gain from write off of assets and liabilities	-	11,182,739	11,182,739
	(10,555,953)	20,973,697	10,417,744
NET LOSS FROM DISCONTINUED OPERATIONS	**$ (13,211,445)**	**$ 20,716,597**	**$ 7,505,152**
			-
NET LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO			
Shareholders of GLG	(13,059,513)	20,478,356	7,418,843
Non-controlling interest	(151,932)	238,241	86,309
	$ (13,211,445)	**$ 20,716,597**	**$ 7,505,152**

(Expressed in Canadian Dollars)

As of December 31, 2022, the major classes of assets and liabilities from discontinued operations included the following:

As at December 31, 2022	Runde	Runyang (Restated)	Total
ASSETS			
Cash and cash equivalents	39,976	706	40,682
Accounts receivable	22,965	-	22,965
Sales taxes recoverable	729,543	-	729,543
Inventory	963,973	-	963,973
Prepaid expenses	313,868	37,363	351,231
Restricted cash	71,132	-	71,132
Property, Plant and Equipment	1,872,326	-	1,872,326
Assets held for sale	-	6,817,148	6,817,148
Right-of-use Assets	29,648	-	29,648
Current Assets from Discontinued Operations	**4,043,431**	**6,855,217**	**10,898,648**
LIABILITIES			
Short-term loans	35,795,638	8,340,596	44,136,234
Interest payable	39,829,683	14,114,083	53,943,766
Accounts payable and accruals	1,252,853	7,412,766	8,665,619
Lease Liabilities	38,391	-	38,391
Current Liabilities from Discontinued Operations	**76,916,565**	**29,867,445**	**106,784,010**

(Expressed in Canadian Dollars)

The results of discontinued operations for the year ended December 31, 2022 were as follows:

During Year Ended December 31, 2022	Runde	Runyang (Restated)	Total
REVENUE	449,695	-	449,695
COST OF SALES	(2,475,688)	-	(2,475,688)
GROSS PROFIT	(2,025,993)	-	(2,025,993)
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	(513,024)	(550,547)	(1,063,571)
OTHER INCOME (EXPENSES)			
Interest expense	(10,410,138)	(1,952,611)	(12,362,749)
Interest income	209	-	209
Inventory (provision) recovery	129,208	-	129,208
Foreign exchange loss	939,931	2	939,933
Other expenses	273,287	(265,637)	7,650
	(9,067,503)	(2,218,246)	(11,285,749)
NET LOSS FROM DISCONTINUED OPERATIONS	(11,606,520)	(2,768,793)	(14,375,313)
			-
NET LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO			
Shareholders of GLG	(11,473,045)	(2,736,952)	(14,209,997)
Non-controlling interest	(133,475)	(31,841)	(165,316)
	$ (11,606,520)	**$ (2,768,793)**	**$ (14,375,313)**

During the year ended December 31, 2023, the discontinued operations resulted in net income of $7,505,152, cash used in operating activities of $98,202, cash generated from investing activities of $nil and cash generated from financing activities of $nil.

During the year ended December 31, 2022, the discontinued operations resulted in net loss of $14,375,313, cash provided by operating activities of $25,406, cash used in investing activities (for purchase of property, plant and equipment) of $2,400 and cash generated from financing activities of $nil.

(Expressed in Canadian Dollars)

15. TERM LOANS

The Company's term loans consist of borrowings from Cinda, Xinbao and a local bank.

The following table presents the principal amount of each term loan.

	RH-Cinda (i)	RH-Bank (ii)	TOTAL
Balance, December 31, 2021	**3,491,250**	**817,950**	**4,309,200**
Repayment		(154,880)	(154,880)
FX impact	(56,000)	(15,280)	(71,280)
Balance, December 31, 2022	**3,435,250**	**647,790**	**4,083,040**
Repayment		(1,907)	(1,907)
FX impact	(175,000)	(32,956)	(207,956)
Balance, December 31, 2023	**3,260,250**	**612,927**	**3,873,177**
Long term	-	242,190	242,190
Current	3,260,250	370,737	3,630,987

(Expressed in Canadian Dollars)

15. TERM LOANS, continued

The following table presents the interest expenses of each term loan.

	RH-Cinda (i)	RH-Bank (ii)	TOTAL
Balance, December 31, 2021	**6,726,658**	**1,587**	**6,728,245**
Interest accrued	1,114,362	41,997	1,156,359
Interest paid	-	(32,341)	(32,341)
FX impact	(121,724)	109	(121,615)
Balance, December 31, 2022	**7,719,296**	**11,352**	**7,730,648**
Interest accrued	1,221,391	37,058	1,258,449
Interest paid	-	(18,313)	(18,313)
FX impact	(421,420)	(1,011)	(422,431)
Balance, December 31, 2023	**8,519,267**	**29,086**	**8,548,353**

(i) The Company's Runhai subsidiary has numerous loans with Cinda. As at December 31, 2023, loans of $3,260,250 (RMB 17,500,000) are due on demand and bear interest at 10.82% per annum.

(ii) During the year ended December 31, 2021, Runhai renewed a loan of $817,950 (RMB 4,100,000) from a local bank. During the year ended December 31, 2022, Runhai restructured the loan with a repayment schedule over three years. The loan bears interest at 5.82% per annum and comes due between February 2023 and August 2025. Due to the restructuring of the loan, the Company repaid $1,907 (RMB 10,000) in 2023 (repaid $154,880 in 2022). There were principal repayments due in 2023 of $149,040 (RMB 800,000) and due in February 2024 of $111,780 (RMB 600,000); as of May 31, 2024, these repayments had not been made and Runhai is in default according to the repayment schedule.

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.) As of the reporting date, all term loans are in default, Cinda has the right to collect all principal amounts, accrued interest and late payment compensation, as well as the right to take possession of the pledged assets. If lenders take possession of the pledged assets, the Company may no longer be able to continue its operations.

(Expressed in Canadian Dollars)

16. OTHER LOANS PAYABLE

The following table presents the other loans payable.

	Ms. Yuen (i)	Others (ii)	TOTAL
Balance, December 31, 2021	**$ 38,690,303**	**$ 4,904,917**	**$ 43,595,220**
Addition	448,871	-	448,871
Interest expense	6,454,219	652,465	7,106,684
Repayment	(330,291)	(300,724)	(631,015)
FX impact	272,260	131,650	403,910
Balance, December 31, 2022	**$ 45,535,362**	**$ 5,388,308**	**$ 50,923,670**
Addition	1,894,345	-	1,894,345
Interest expense	7,442,728	795,185	8,237,913
Repayment	(2,409,215)	-	(2,409,215)
Transfer	(871,876)	871,876	-
FX impact	(2,153,979)	(218,253)	(2,372,232)
Balance, December 31, 2023	**$ 49,437,365**	**$ 6,837,116**	**$ 56,274,481**

The Company obtained loans under numerous credit facility agreements from a private lender, Ms. Yuen, in USD and RMB.

- $1,192,506 of loans bear interest at 8% with an expiry date of August 9, 2024; the loan is secured with one of the Company's major customer's accounts receivable payments.
- $817,882 of loans bear interest at 18% per annum, compounding quarterly, $698,625 of loans bear annual interest at 20% and $807,914 of loans bear annual interest at 15%. The maturity dates for loans from Ms. Yuen ranged from June 2021 to August 2023. As at December 31, 2023, the loans are unsecured and due on demand.
- During the twelve months ended December 31, 2023, $2,409,215 has been repaid to earlier loans from Ms. Yuen; $1,842,091 new loans are from Ms. Yuen; and $871,876 loans have been transferred to another private lender. As of the reporting date, the remaining $48,166,774 in loans from Ms. Yuen are in default. If Mrs. Yuen calls the loans, the Company may no longer be able to continue its operations.

The Company obtained numerous loans from other private lenders in USD and RMB. As at December 31, 2023, the loans from other private lenders are unsecured and due on demand with interest at 11.50% per annum, with interest compounding quarterly, and at 15% per annum with simple interest. As of December 31, 2023, the outstanding principal of these loans was $1,638,175 (2022 – $1,041,949).

(Expressed in Canadian Dollars)

17. ACCOUNTS PAYABLE AND ACCRUALS

The following table presents each category of accounts payable and accrual.

		December 31, 2023		December 31, 2022
Accounts payable	$	3,790,192	$	3,632,256
Accrued liabilities		2,269,670		2,237,825
Other payables		1,149,198		133,570
Payroll liabilities		798,251		312,153
Plant construction liabilities		2,500,601		1,568,508
	$	10,507,912	$	7,884,312

18. RELATED PARTY BALANCES AND TRANSACTIONS

Amount due to related parties

Amounts due to related parties are summarized as follows:

		Loan from CEO (i)		Loan from Director (ii)		Consulting fee payable to CEO (iii)		Total
Balance, December 31, 2021	**$**	**9,361,947**	**$**	**934,028**	**$**	**3,250,093**	**$**	**13,546,068**
Additions - Non cash						456,555		456,555
Interest expense		1,416,618		135,000		100,755		1,652,373
Payments				(169,028)		(467,829)		(636,857)
FX impact		693,206				226,432		919,638
Balance, December 31, 2022	**$**	**11,471,771**	**$**	**900,000**	**$**	**3,566,006**	**$**	**15,937,777**
Additions - Non cash		-		-		462,947		462,947
Interest expense		1,808,256		135,000		107,750		2,051,006
Payments		-		(135,000)		(470,179)		(605,179)
FX impact		(305,653)		-		(85,746)		(391,399)
Balance, December 31, 2023	**$**	**12,974,374**	**$**	**900,000**	**$**	**3,580,778**	**$**	**17,455,152**

(Expressed in Canadian Dollars)

18. RELATED PARTY BALANCES AND TRANSACTIONS, continued

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and CEO in USD and RMB. For the loans borrowed in USD, the interest rate is the US 10-year benchmark government bond rate plus 1100 basis points per annum. For the loans borrowed in RMB, the interest rate is the Chinese 10-year benchmark government bond rate plus 1100 basis points per annum, compounding quarterly. The loans from the CEO are unsecured and due on demand. As of December 31, 2023, the outstanding principal of these loans was $2,975,916 (2022 - $3,047,468).

These loans provide a repayment option to the lenders in either RMB or USD using a foreign exchange rate specified in each credit facility.

ii. The Company obtained a loan from one of its directors. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum. As of December 31, 2023, the outstanding principal of the loan was $900,000 (2022 - $900,000). The loan, including interest, has been fully repaid as of February 26, 2024.

iii. As of December 31, 2023, the consulting fee payable to the Company's Chairman and CEO was $3,580,779 (2022 - $3,566,006), which bears interest at 3% per annum compounding quarterly.

a) 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	
	2023	2022
Short-term employee benefits (including salaries, bonuses and fees)	$ 750,993	$ 736,992
Share-based benefits	-	-
Total remuneration	$ 750,993	$ 736,992

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 $1,826,000.

(Expressed in Canadian Dollars)

19. LEASE LIABILITIES

		Office
At December 31, 2021	**$**	**285,225**
Recognized in 2022		118,418
Lease payments made		(156,017)
Interest expense on lease liabilities		43,341
At December 31, 2022	**$**	**290,967**
Lease payments made		(183,409)
Interest expense on lease liabilities		33,854
At December 31, 2023	**$**	**141,412**

		December 31, 2023		December 31, 2022
Current	$	98,323	$	149,555
Non-Current		43,089		141,412
	$	**141,412**	**$**	**290,967**

During the year ended December 31, 2023, the Company recognized an expense of $37,759 (2022 - $113,658) relating to short-term leases.

(Expressed in Canadian Dollars)

20. NON-CONTROLLING INTEREST

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

December 31, 2021	**$**	**(815,529)**
Non-controlling interest's share of earnings		(142,402)
Non-controlling interest's share of other comprehensive loss		11,529
December 31, 2022		**(946,402)**
Non-controlling interest's share of earnings		18,569
Non-controlling interest's share of other comprehensive loss		72,924
December 31, 2023	**$**	**(854,909)**

21. SHARE CAPITAL

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, 2023 and 2022, there are 38,394,223 common issued and outstanding with no par value.

(Expressed in Canadian Dollars)

22. COST OF SALES AND EXPENSES

		Year Ended December 31, 2023		2022
Cost of sales				
Direct cost of sales	$	5,414,761	$	4,383,281
Depreciation and amortization		525,336		691,693
Freight & others		163,418		182,747
Total	$	6,103,515	$	5,257,721
Selling, general and administrative (SG&A) expenses				
Employee salaries and benefits	$	1,249,412	$	920,698
Consulting fees		593,011		543,383
Professional fees		245,608		226,292
Administration costs		584,661		320,789
Depreciation and amortization		610,916		267,729
Total	$	3,283,608	$	2,278,891

(Expressed in Canadian Dollars)

23. INCOME TAXES

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

		2023		2022
Net loss for the year	$	(5,609,354)	$	(23,282,272)
Expected income tax recovery	$	(1,515,000)	$	(6,286,000)
Change in statutory, foreign tax, foreign exchange rates and other		(1,487,000)		8,028,000
Permanent differences		1,962,000		6,534,000
Adjustment to prior years provision versus statutory tax returns		40,000		89,000
Expiry of non-capital losses		1,268,000		1,337,000
Change in unrecognized deductive temporary differences		(268,000)		(9,702,000)
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

		2023		2022
Deferred tax assets				
Property and equipment	$	2,872,000	$	3,326,000
Prepaid expenses and other assets		805,000		844,000
Allowable capita losses		4,535,000		4,248,000
Non-capital losses available for future periods		11,357,000		11,151,000
		19,569,000		19,569,000
Unrecognized deferred tax assets		(19,569,000)		(19,569,000)
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:

	2023	Expiry	2022	Expiry
Temporary differences				
Property, plant and equipment	$ 11,429,000	N/A	$13,242,000	N/A
Prepaid expenses and other assets	3,199,000	N/A	3,358,000	N/A
Allowable capital losses	16,797,000	N/A	15,732,000	N/A
Non-capital losses for future period	44,831,000		43,972,000	
Canada	12,780,000	2031 to 2043	12,780,000	2031 to 2042
USA	2,652,000	2034 onwards	2,417,000	2034 onwards
China	29,399,000	2023 to 2027	28,775,000	2022 to 2026

As at December 31, 2023, the Company has approximately $51 million (2022 - $43.6 million) in non-capital losses in Canada which expire between 2024 and 2043.

(Expressed in Canadian Dollars)

24. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the years ended December 31, 2023 and 2022, is summarized as follows:

		Year ended December 31,		
		2023		2022
Numerator:				
Net loss after tax attributable to GLG	$	(5,627,923)	$	(23,139,870)
Denominator:				
Weighted average number of shares outstanding - basic and diluted		38,394,223		38,394,223
Loss per share - basic and diluted	$	(0.15)	$	(0.60)

25. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

		2023		2022
Accounts receivable	$	(1,009,019)	$	(216,371)
Taxes recoverable		55,733		-
Inventory		526,851		811,583
Prepaid expenses		(5,444)		168,300
Accounts payable and accruals		2,623,600		(1,965,546)
Interest payable		1,240,136		1,156,359
Deferred revenue		(1,034)		(263,478)
Due to related parties		462,947		456,555
Changes in non-cash working capital items	$	3,893,770	$	147,402
Interest paid	$	(153,313)	$	(201,369)
Income tax paid	$	-	$	-

(Expressed in Canadian Dollars)

26. 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 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:

		December 31, 2023		December 31, 2022 Restated
China	$	450,740	$	7,626,410
North America		71,514		184,796
	$	522,254	$	7,811,206

Revenue to external customers by geographical locations is as follows:

	Year ended December 31			
		2023		2022-Restated
China	$	-	$	92,668
North America & others		10,320,672		10,379,628
	$	10,320,672	$	10,472,296

During 2023, two customers of the Natural Sweeteners CGU represented 81% of total consolidated revenue (2022 – 71%).

(Expressed in Canadian Dollars)

27. 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 98% of the total accounts receivable as at December 31, 2023 (2022 – 89%). 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, 2023		December 31, 2022
Accounts receivable	$	5,101,086	$	4,092,067
Expected credit loss		(1,218,999)		(1,271,907)
	$	**3,882,087**	**$**	**2,820,160**

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 28. 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).

27. 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, 2023 and 2022:

	December 31, 2023		December 31, 2022	
Financial liabilities	**0 to 12 months**	**12 to 24 months**	**0 to 12 months**	**12 to 24 months**
Term loans	$ 3,630,987	242,190	$ 3,592,290	490,750
Interest payable	8,548,353	-	$ 7,730,647	-
Other loans payable	56,274,481	-	$ 50,923,670	-
Accounts payable and accruals	10,507,912	-	$ 7,884,312	-
Due to related parties	17,455,152	-	15,937,777	-
	$ 96,416,885	**$ 242,190**	**$ 86,068,696**	**$ 490,750**

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, 2023. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2023, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of $296,000 (December 31, 2022 - $277,000) 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)

27. 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, 2023		
		RMB balance		USD balance
Total financial assets	¥	1,294,766	$	1,271
Total financial liabilities		(121,706,681)		(66,707)
Net foreign exchange risk exposure	¥	(120,411,915)	$	(65,436)

		December 31, 2022		
		RMB balance		USD balance
Total financial assets	¥	427,015	$	1,280
Total financial liabilities		(110,669,839)		(39,683)
Net foreign exchange risk exposure	¥	(110,242,824)	$	(38,403)

(Expressed in Canadian Dollars)

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

As of December 31, 2023, 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 $225,000 (2022 - $217,000).

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, 2023	December 31, 2022
	US$	US$
Financial assets		
Cash	247,585	79,375
Accounts receivable	2,935,194	2,081,721
Financial liabilities		
Other loans payable	10,279,899	9,758,016
Accounts payable and accruals	2,298,225	434,288
Due to related parties	12,517,127	11,102,907
Net foreign exchange risk exposure	28,278,030	23,456,307

As at December 31, 2023, assuming that all other variables remain constant, an change of 1% in the Canadian dollar against the US dollar would have an effect on other comprehensive income (loss) of approximately $374,000 (2022 - $318,000).

28. 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, 2023.

29. COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company signed a new production equipment lease agreement in November 2022, with a five-year Term, which runs from January 1, 2023, until December 31, 2027. The annual lease fee is $98,150.

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 likely 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 proceedings 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, 2023 and 2022, as the Company did not consider an unfavorable outcome in any material respects in these legal proceedings and litigations to be probable.

30. SUBSEQUENT EVENT

a) Runde ownership transfer agreement ("Transfer Agreement")

On January 26, 2024, the Company entered into an ownership transfer agreement, to transfer 100% of the ownership of Runde to a third party: Fengyang Xiaogang Hongzhang Health Industrial Park Co. Ltd ("Xiaogang") for aggregate consideration of $0.2 (RMB 1). Under the terms of the agreement, all of Runde's assets and liabilities will be transferred to Xiaogang.

On May 16, 2024, the Transfer Agreement was approved by shareholders and the transaction is pending for further regulatory approval.

b) New loan to repay part of current expired related party loan

In February 2024, the Company obtained a $900,000 loan from a private lender. The loan bears interest at net interest rate of 15% per annum (net of any applicable mandatory withholding taxes).

With the new loan principal, the Company repaid an expired related party loan to one of its directors in February 2024.

31. RESTATEMENT

a) Corrections on Property, Plant and Equipment

In March 2024, the Company received a series of Chinese court orders and rulings ("Court Orders") related to one of its subsidiaries, Runyang. One of the Court Orders stating that Runyang has been in bankruptcy proceedings since April 2023. Runyang's assets collateralized for its term loans ("Runyang Assets") were seized by a court in April 2022 with the intention of auctioning these assets. These assets were auctioned for $18,226,624 (CNY 92,240,000) in January 2023, and ownerships were officially transferred to the buyer in March 2023. The proceeds from the auction were used to settle Runyang's term loans with Xinbao. Except for the auction proceeds, Runyang did not have any other assets available for its remaining obligation. The court ultimately declared Runyang bankrupt and terminated bankruptcy proceedings in November 2023. Consequently, the comparative financial information has been restated to correct the material misstatements.

As Runyang Assets were seized in April 2022 with the intention to be sold, the Company determine that these assets should have been reclassified as assets held for sale and depreciation should be ceased in April 2022. As a result, the Company reversed the depreciation expenses recorded for Runyang Assets from May 2022 to December 2022 and reclassified the carrying amount of these assets from property, plant and equipment to assets held for sale, which has been included in the current assets from discontinued operations (Note 14).

(Expressed in Canadian Dollars)

b) Corrections on Term Loans

Previously, the Company recorded the late payment compensation related to Runyang term loans (Notes 14) as provision of its obligation. According to the Court Orders, Xinbao did not claim any late payment compensation on Runyang's term loans, and Runyang had never paid any late payment compensation. As a result of Runyang's bankruptcy, the Xinbao term loan was partially repaid by auction proceeds (Note 31a) and remaining unpaid balance was fully discharged. Therefore, the Company performed reassessment on term loans and concluded that the late payment compensation on Runyang term loans did not qualify for recognition as a liability and hence reversed.

The Company also determined that the late payment compensation on Runhai's term loans (Note 15) did not qualify for recognition as a liability and hence reversed.

A misstatement on Runde's term loans due to incorrect foreign exchange rate used was also corrected (Note 14).

The following table summarized the above-mentioned adjustments on the Company's previously reported consolidated statement of financial position:

	As previously reported $	Adjustments $	As Restated $
ASSETS			
Current Assets			
Assets held for sale	-	6,817,148	6,817,148
Total Current Assets	6,674,647	6,817,148	13,491,795
Property, Plant and Equipment	15,992,990	(6,488,251)	9,504,739
Total Assets	22,947,210	328,897	23,276,107
LIABILITIES AND DEFICIT			
Current Liabilities			
Interest payable	71,512,554	(9,838,141)	61,674,413
Total Current Liabilities	202,815,018	(9,838,141)	192,976,877
Total Liabilities	203,607,683	(9,838,141)	193,769,542
DEFICIT			
Shareholders' Deficiency			
Accumulated other comprehensive income	11,470,363	138,717	11,609,080
Accumulated deficit	(425,630,939)	9,911,399	(415,719,540)
Total Shareholders' Deficiency Attributable to Shareholders of	(179,597,149)	10,050,116	(169,547,033)
Non-controlling Interest	(1,063,324)	116,922	(946,402)
Total Deficit	(180,660,473)	10,167,038	(170,493,435)
Total Liabilities and Deficit	22,947,210	328,897	23,276,107

(Expressed in Canadian Dollars)

The following table summarized the above-mentioned adjustments on the Company's previously reported consolidated statement of loss and comprehensive loss:

	As previously reported $	Adjustments $	As Restated $
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	(3,671,359)	328,897	(3,342,462)
OTHER INCOME (EXPENSES)			
Interest expense	(32,150,259)	9,697,809	(22,452,450)
	(32,826,201)	9,697,809	(23,128,392)
NET LOSS FOR THE YEAR	(33,308,978)	10,026,706	(23,282,272)
NET LOSS ATTRIBUTABLE TO			
Shareholders of GLG	(33,051,269)	9,911,399	(23,139,870)
Non-controlling interest (Note 19)	(257,709)	115,307	(142,402)
Net Loss for the year	(33,308,978)	10,026,706	(23,282,272)
Other comprehensive income (loss)			
Foreign currency translation adjustment	612,514	140,332	752,846
COMPREHENSIVE LOSS FOR THE YEAR	(32,696,464)	10,167,038	(22,529,426)
Other comprehensive loss attributable to:			
Shareholders of GLG	602,600	138,717	741,317
Non-controlling interest	9,914	1,615	11,529
	612,514	140,332	752,846
COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of GLG	(32,448,669)	10,050,116	(22,398,553)
Non-controlling interest	(247,795)	116,922	(130,873)
	(32,696,464)	10,167,038	(22,529,426)
GAIN (LOSS) PER SHARE			
Basic and diluted	$ (0.86)	$ 0.26	$ (0.61)
Weighted Average Number of Common Shares Outstanding			
Basic and diluted	38,394,223	38,394,223	38,394,223

The restatement had no impact on the net cash flows related to operating, investing and financing activities reported in the consolidated statements of cash flows.