GLG LIFE TECH CORPORATION

Suite 100
10271 Shellbridge Way
Richmond, BC V6X 2W8

Telephone: 604 285 2602
Facsimile: 604 285 2606
Website: www.glglifetech.com

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

MARCH 31, 2017

TABLE OF CONTENTS

PRELIMINARY NOTES

Currency and Exchange Rate

Except where otherwise indicated, all references to currency in this Annual Information Form are to Canadian dollars.

The noon rate of exchange on March 30, 2017, as quoted by the Bank of Canada for the conversion of one Canadian dollar into China Yuan Renminbi ("RMB") was 5.1894 RMB.

The following tables set forth the high closing and low closing exchange rates for one Canadian dollar expressed in RMB for the years 2014 to 2016, the average of such exchange rates during such periods, and the exchange rate at the end of such periods based upon the noon rate quoted by the Bank of Canada. Such rates are set forth as RMB per one Canadian dollar.

Year	High	Low	Average	End of Period
2016	5.2632	4.5086	5.0123	5.1813
2015	5.2910	4.6318	4.9164	4.6926
2014	5.3220	5.8411	5.5772	5.3505

The noon rate of exchange on March 30, 2017, as quoted by the Bank of Canada for the conversion of one Canadian dollar into United States Dollars ("US$" or "US dollar") was USD $0.7531.

The following tables set forth the high closing and low closing exchange rates for one Canadian dollar expressed in US dollars for the years 2014 to 2016, the average of such exchange rates during such periods, and the exchange rate at the end of such periods based upon the noon rate quoted by the Bank of Canada. Such rates are set forth as US dollars per one Canadian dollar.

Year	High	Low	Average	End of Period
2016	0.7972	0.6854	0.7548	0.7448
2015	0.8527	0.7148	0.7820	0.7225
2014	0.8589	0.9422	0.9054	0.8620

Date of Information

All information in this Annual Information Form is as of March 31, 2016, unless otherwise indicated.

Forward-Looking Statements

This Annual Information Form contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. Such forward-looking statements or forward-looking information include, but are not limited to, statements with respect to:

- the market for stevia, monk fruit, and our stevia- and monk fruit-based products;
- our production capacity and availability of raw materials;
- our customers;
- legal and regulatory matters;
- currency fluctuations;
- trends and consumer preferences in connection with dietary and health products;
- competitors;
- requirements for additional capital;
- potential expansion; and

- general economic conditions.

Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. With respect to forward-looking statements and information included in this Annual Information Form we have made numerous assumptions including, among other things, assumptions about consumer acceptance of stevia and monk fruit, anticipated costs and expenditures and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, economic, competitive and social uncertainties and contingencies. However, there are also known and unknown risk factors which could cause our actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements and forward-looking information. Known factors include, among others, the following:

- operational risks;
- the effects of general economic conditions;
- changing foreign exchange rates;
- actions by government and other regulatory authorities;
- uncertainties associated with legal proceedings and negotiations;
- industry supply levels; and
- competitive pricing pressures.

Although we have attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements and forward-looking information are based upon management's beliefs, estimates and opinions at the time they are made and we undertake no obligation to update forward-looking statements and forward-looking information if these beliefs, estimates and opinions or circumstances should change, except as required by applicable law. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information.

Specific reference is made to the risks described herein under the heading "*Risk Factors*" and to the MD&A incorporated by reference in this Annual Information Form for a discussion of these and other sources of factors underlying forward-looking statements. In light of these factors, the forward-looking events discussed in this Annual Information Form might not occur.

Industry and Market Data

We have obtained the industry, market and competitive position data used throughout this Annual Information Form from industry journals and publications, data on websites maintained by private and public entities, including independent industry associations, general publications and other publicly available information. We believe that all of these sources are reliable, but we have not independently verified any of this information and cannot guarantee its accuracy or completeness. In particular, we have based much of our discussion of the sweetener industry, the market for alternative sweeteners such as stevia and monk fruit (also known as luo han guo) and forecasted growth and demand on information published by industry sources.

Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Further, because certain of these organizations are trade organizations, they may present information in a manner that is more favorable to the industry than would be presented by an independent source. In addition, forecasts are particularly likely to be inaccurate, especially over long periods of time.

References in this Annual Information Form to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is not incorporated by reference into this Annual Information Form.

Any logos or other trademarks mentioned in this Annual Information Form are the property of their respective owners.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form:

"AHTD" means our wholly owned subsidiary Agricultural High Tech Developments Limited;

"Bengbu" means our wholly owned subsidiary Anhui Bengbu HN Stevia High Tech Development Company Limited;

"BlendSure™" means our high purity line of proprietary blends of two of the sweetest glycosides, being rebaudioside A and stevioside;

"Common Shares" means our common shares;

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the related rules and regulations;

"FDA" means the United Stated Food and Drug Administration;

"GAAP" means Generally Accepted Accounting Principles;

"GLG", **"we"**, **"us"**, **"our"** or the **"Company"** means GLG Life Tech Corporation and its direct and indirect subsidiaries;

"GRAS" means generally regarded as safe, an FDA designation that a chemical or substance added to food is considered safe by experts, and is therefore exempted from the usual Federal Food, Drug, and Cosmetic Act food additive tolerance requirements;

"high-grade stevia extract" means high-grade stevia extract of rebaudioside A 80% purity or greater;

"high-grade monk fruit extract" means extract from monk fruit (also called luo han guo) containing at least 40% of Mogroside V (the most desirable sweetener component in monk fruit);

"high intensity sweeteners" means sweeteners which provide a sweet taste but contain virtually no calories and do not have a nutritional role;

"IFRS" means International Financial Reporting Standards;

"JECFA" means the Joint Expert Committee on Food Additives;

"MT or metric ton" means 1,000 kilograms;

"PFIC" means passive foreign investment corporation;

"PRC" or **"China"** means the People's Republic of China and for the purposes hereof, excluding the territory of Taiwan, Macau and Hong Kong;

"RA" means Rebaudioside A, a glycoside that is extracted from stevia leaves for the purpose of its sweet taste;

"Reb A" means Rebaudioside A of 95% purity which has received GRAS status in the United States;

"rebiana" means Rebaudioside A of 97% purity which has received GRAS status in the United States;

"registered capital" refers to the total capital contribution that is registered with the relevant government agency;

"RMB" means the Renminbi, the lawful currency of China;

"Runde" means our wholly owned subsidiary Qingdao Runde Biotechnology Co., Ltd.;

"Runhai" means our wholly owned subsidiary Chuzhou Runhai Stevia High Tech Company Limited;

"SAFE" means the PRC State Administration of Foreign Exchange;

"SEC" means the United States Securities and Exchange Commission;

"SEDAR" means the System for Electronic Document Analysis and Retrieval in Canada which can be accessed at www.sedar.com;

"STV" means Stevioside, a glycoside that is extracted from stevia leaves for the purpose of its sweet taste;

"Tax Act" means the *Income Tax Act* (Canada);

"TSX" means the Toronto Stock Exchange; and

"US Securities Act" means the United States Securities Act of 1933, as amended.

CORPORATE STRUCTURE AND DEVELOPMENT OF THE BUSINESS

Name and Corporate History

The Company was incorporated on June 5, 1998 as Cheng Tai Panoramic Mirror Inc., under the *Company Act* (British Columbia). On January 25, 1999, the Company amended its memorandum to increase its authorized capital to 100,000,000 common shares ("Common Shares") without par value. On March 1, 1999, the Company amended its articles to remove, in advance of the Company's initial public offering of Common Shares, restrictions on the issuance of securities and on share transfers. On June 18, 1999, the Company changed its name to Panoramic Mirrors Inc. and amended its memorandum accordingly.

On June 23, 2004, the Company filed a transition application to effect its transition under the *Business Corporations Act* (British Columbia) (the "BCA") and on July 9, 2004, the Company filed a notice of alteration to reflect the removal of the pre-existing company provisions and the adoption of new articles.

On June 16, 2005, the Company's authorized share structure was altered from 100,000,000 Common Shares to an unlimited number of Common Shares and the Company changed its name to GLG Life Tech Limited and amended its articles accordingly.

On March 14, 2007, the Company changed its name to GLG Life Tech Corporation and amended its notice of articles accordingly, and consolidated its issued share capital on the basis of three Common Shares of GLG Life Tech Limited for every one Common Share of GLG Life Tech Corporation. On November 5, 2009, the Company consolidated its issued share capital on a four-to-one (4:1) basis.

On May 2, 2012, the British Columbia Securities Commission ("BCSC") imposed a Cease Trade Order ("CTO") on the Company's shares for failure to file its annual financial statements, its management discussion and analysis relating to its annual financial statements, its Annual Information Form and the CEO and CFO certifications (collectively, the "Required Documents") for the period ended December 31, 2011, beyond the prescribed deadline of March 30, 2012. Similar CTO's were imposed by the Ontario Securities Commission ("OSC") and the Manitoba Securities Commission ("MSC") on May 16, 2012, and July 9, 2012, respectively. On May 3, 2012, the Investment Industry Regulatory Organization of Canada (IIROC) imposed a temporary suspension of trading in the shares of the Company. On August 15, 2012, the Company filed its Required Documents for the period ending December 31, 2011. The CTO was revoked on June 18, 2013 by the BCSC, on June 27, 2013 by the OSC and June 17, 2013 by the MSC. Trading resumed in the Company's shares on the Toronto Stock Exchange on June 28, 2013.

Company Overview

GLG is a vertically integrated producer of high-grade stevia extract, an all-natural sweetener extracted from the stevia plant, and high-grade monk fruit extract, an all-natural sweetener extracted from monk fruit (also known as luo han guo). We also bring a third line of products, our Naturals+ line, which offers both functional ingredients complementary to the sweetener space as well as products tailored to meet particular market needs.

Through our vertically integrated business model, we specialize in the research and development, growing, refining, and production of these extracts for distribution to the global food and beverage industry. We have current production capacity of 1,500 metric tons of high-grade stevia extract of rebaudioside A 97% purity ("RA 97"), and production capacity of 130 metric tons annually of high-grade monk fruit extract. With corporate headquarters in Vancouver, British Columbia, and agricultural and processing assets in the People's Republic of China, we believe we are one of the world's leading producers of both stevia and monk fruit. We have also leveraged our supplier network in China to offer ingredients and products complementary to these extracts.

Our registered office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 0A3 and our head office is located at Suite 100 - 10271 Shellbridge Way, Richmond, B.C., V6X 2W8. We own our material assets through seven subsidiaries. Figure 1 below sets out the place of incorporation or continuance of each of these subsidiaries.

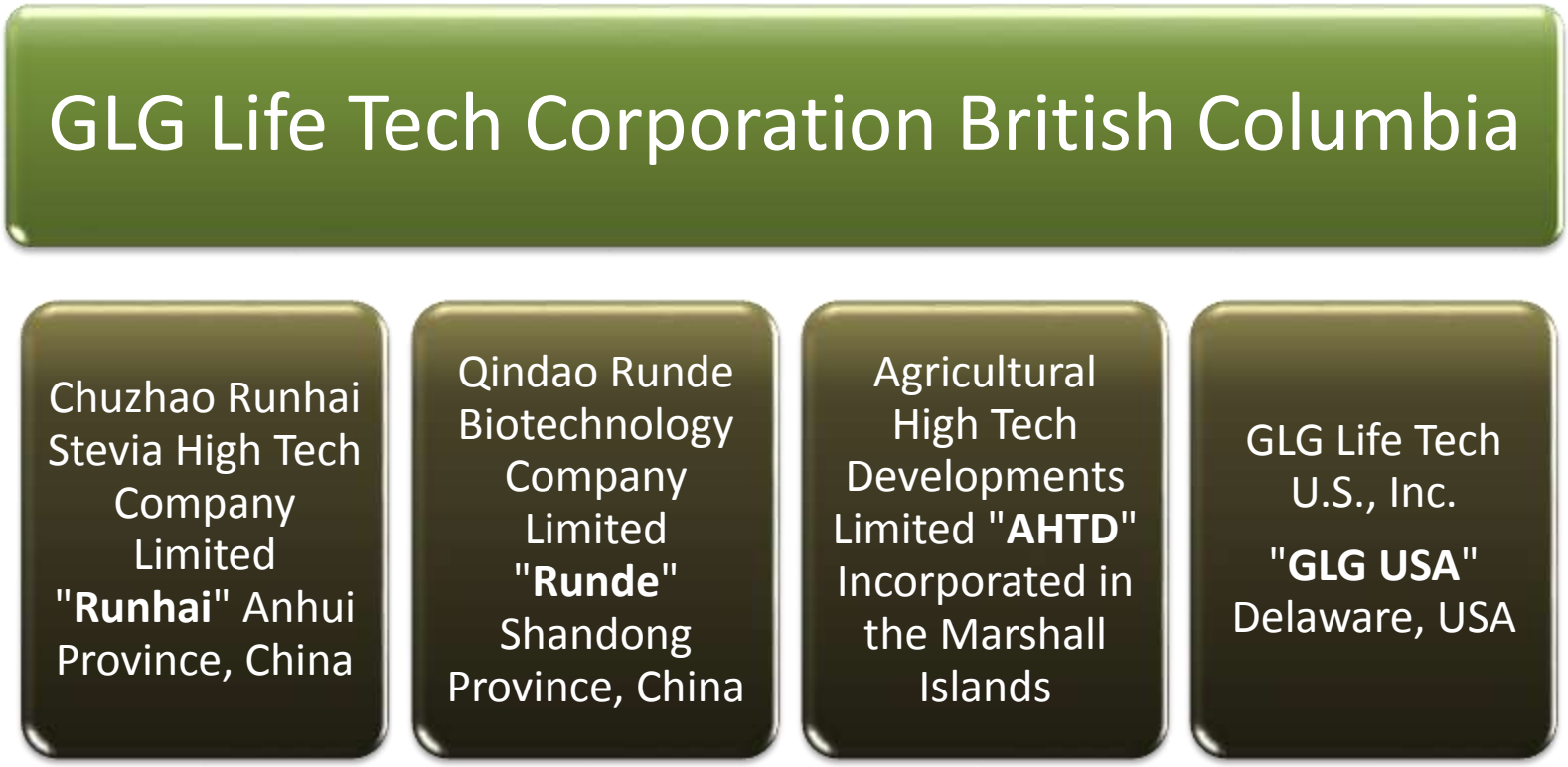

Figure 1 – GLG Life Tech Corporation and its subsidiaries (GLG owns 100% of all of these subsidiaries).

Chuzhou Runhai Stevia High Tech Company Limited ("Runhai") – Runhai was originally established as a single facility in September 2007 for the purpose of processing stevia leaf grown and harvested in the Mingguang region of China. In 2016, three other wholly-owned foreign subsidiaries – Dongtai Runyang Stevia High Tech Company Limited ("Runyang"), Qingdao Runhao Stevia High Tech Company Limited ("Runhao"), and Anhui Bengbu HN Stevia High Tech Development Company Limited ("Bengbu") – were amalgamated with Runhai. As a result, Runhai became a Joint Stock Company under Chinese law, wholly owned by GLG, with the following facilities:

- Runhai: The original Runhai facility can process 18,000 metric tons per year of stevia leaf. A portion of the facility has been converted to process Luo Han Guo extract, and can produce 130 metric tons of Luo Han Guo annually. Runhai also has an enzymatically modified stevia line with a capacity of 100 metric tons per year.

- Runyang: Runyang was established in November 2007 for the purpose of processing stevia leaf grown and harvested in Dongtai, China. The Runyang facility can process 18,000 metric tons per year of stevia leaf.

- Runhao: Runhao was established in May 2009 for the purpose of processing intermediate stevia extract into rebiana and other high grade stevia extract products. The first phase of its facility construction was completed in December 2009 and delivered 2,000 metric tons of high-grade stevia extract annual capacity or 1,000 MT of RA 97 annual capacity.

- Bengbu: Bengbu was established in November 2007 as a seed base and for our research and development operations in China. The seed base that was acquired from AHTD (see below) in December 2007 is part of the Bengbu operation. Bengbu is a wholly-owned foreign enterprise under Chinese law.

Qingdao Runde Biotechnology Company Limited ("Runde") – Runde was acquired by us on December 18, 2006. Its primary business is the processing of stevia leaf into different grades of stevia extract for sale to customers worldwide.

Agricultural High Tech Developments Limited ("AHTD") – AHTD was acquired by us on December 27, 2007. AHTD is a seed base operation possessing high quality proprietary technology and patent-pending stevia seeds which are currently used by Bengbu.

GLG Life Tech US, Inc. ("GLG USA") – GLG USA was established in October 2009 to focus on direct sales and marketing opportunities for our products.

Stevia Background

The stevia plant is indigenous to the rain forests of Paraguay and Brazil, and has been used as a sweetener in its raw, unprocessed form for hundreds of years. In recent years, it has been grown commercially in Brazil, Paraguay, Uruguay, parts of Central America, Thailand, China and the United States. The majority of global commercial stevia production occurs in China where growing conditions are highly favorable and labor costs support what has historically been a labor-intensive activity.

Stevia Regulatory Environment

In May 2008, Cargill published studies in the peer-reviewed scientific journal Food and Chemical Toxicology that established the safety of rebiana. On May 15, 2008 Cargill submitted an application to the FDA in addition to scientific data that included years of study and clinical trials that supported the use of rebiana as a safe food ingredient. On December 17, 2008, the FDA stated that it had no objection to the conclusion of an independent expert panel which reviewed research on rebiana and Reb A and concluded that they were GRAS for use as general purpose sweeteners, including for use in food and beverages. This was a significant milestone in the stevia industry and has enabled food and beverage companies to use stevia products containing rebiana and Reb A in their products. Previously, stevia had only been permitted as a dietary supplement thereby limiting its market. Since that time, the Company has submitted filings and received ten Letters of No Objection from the FDA covering its Rebpure, PureSTV, BlendSure, Rebsweet, Rebaudioside C, Rebaudioside D, Rebaudioside M, and enzymatically modified stevia products, as well as its Monk Fruit extracts.

In June 2008, the Joint Expert Committee on Food Additives (the "JECFA"), administered jointly by the World Health Organization and the Food and Agricultural Organization of the United Nations, raised the acceptable daily intake level for stevia. JECFA is an international scientific committee that was established in 1956 to evaluate food additives and is widely recognized as the leading authority in risk assessment of food hazards. The committee has evaluated more than 1,500 food additives and established the main principles and guidelines of safety assessment for chemicals in foods. After over a decade of study, JECFA published its approval of stevia stating that "95 percent steviol glycosides are safe for human use in the range of four milligrams per kilogram of body weight per day." This doubled the average daily intake level previously set by JECFA from earlier studies.

In October 2008, the Australian and New Zealand food and safety regulatory body FSANZ also approved stevia for use in food and beverages as an ingredient. The approval was based on research and data published by JECFA as well as studies conducted by the Plant Science Group at Central Queensland University and Australian Stevia Mills.

In September 2009, the government of France approved RA 97 for use as an ingredient in food and beverages. This decision marked the first approval of RA 97 in the European Union.

In November 2011, the European Parliament and the Council of Ministers formally adopted the regulation to allow the use of steviol glycosides in the EU. This decision by the EU Parliament, reinforced by their own European Food Safety Authority, confirms the long-standing position held by the Joint FAO/WHO Expert Committee on Food Additives (JECFA) that steviol glycosides are safe for all populations to consume and that they are suitable as sweetening option for diabetics.

In November 2012, Health Canada approved the use of stevia in food and beverages. Prior to this approval, stevia was available only within natural health product applications.

In November 2015, the Food Safety and Standards Authority of India approved the use of high-purity stevia extracts in a range of food and beverage products, paving the way for companies to replace sugar and artificial sweeteners with stevia.

As of December 31, 2016, countries representing over 75% of the global population had approved the use of stevia extracts in food and beverages (Figure2).

Figure 2. Map showing the counties in which stevia is approved as a sweetener (Global Stevia Institute, 2016)

We believe the petitions and subsequent approvals for the use of stevia in food and beverages in multiple markets around the world are part of a movement towards the development of healthier products in the food and beverage industry.

Seed and Seedling R&D, Seed Base Operations

The leaf of the stevia plant contains compounds called glycosides, which taste sweet and do not contain calories. The glycosides in the stevia leaf are 30 times sweeter than sugar when in raw form and once refined can reach sweetness levels of 200-300 times that of sugar. The two predominant glycosides in stevia are Stevioside ("STV") and Rebaudioside A ("RA"). RA is one of the sweetest components of the stevia plant and is extracted from the leaves and then purified for use in food and beverages.

Of increasing market interest are a trio of steviol glycosides – Rebaudioside C, Rebaudioside D, and Rebaudioside M – that historically have been present in such low quantities in the stevia leaf as to make extraction and refinement economically prohibitive. With our recent agricultural successes, described further below, we are well along the way to making these valuable glycosides sufficiently prevalent in a series of specialized non-GMO stevia leaf strains. Each of these glycosides – referred to as Reb C, Reb D, and Reb M, respectively – offers taste characteristics superior to Reb A, and whether individually or in combination with each other (and/or RA), has the potential to displace RA as the predominant steviol glycoside in the marketplace.

Our seed and seedling research and development efforts are designed for the continuous improvement of both key glycoside yields and the size of our stevia plants (larger plants means more glycosides per plant and greater leaf tonnage yield per acre). Additional activities include commercial plant development and commercial plot testing of new seed and seedling strains. We have invested heavily in intellectual property in the area of plant breeding. One of the patents granted in 2010, based on the work of GLG's stevia agricultural research and development team, led by Chief Agricultural Scientist Qibin Wang, relates to the proprietary breeding methodology of stevia plants that we have developed to protect our high-grade stevia plant strains. We have filed in several countries, including the US and Canada, for protection under the Patent Cooperation Treaty ("PCT") for this patent. This non-GMO

hybridization process patent is a fundamental advantage for GLG's agricultural program and serves as the basis for all new stevia strain development.

Two of these patent-protected high-grade strains are the Huinong 2 ("H2") and Huinong 3 ("H3") stevia strains, which were developed through natural propagation and contain higher levels of rebaudioside A, one of the sweetest components of the stevia plant leaf and the primary glycoside currently used to meet market demand for stevia sweeteners. The naturally bred strains were a significant achievement for the GLG team as the average stevia leaf on the global market contains a significantly lower percentage of rebaudioside A. Higher yields enable not only improve land and resource utilization, but also reduce the cost of production. Further, the two varieties are larger in plant mass, yielding over 20% more leaf per acre.

GLG also developed the Huinong Four ("H4") strain, which became commercially available for distribution to its contract farmers in a seedling format. The H4 proprietary strain has 15% greater leaf yield over the H3 plants, while maintaining a similarly high RA content (76%). The H4 strain is playing an important role, as parents, in the advancement of the Company's next generation of RA-strains. The GLG Agricultural R&D team also developed a new Huinong Five ("H5") plant strain in 2011, which has a seed capable of producing a high amount of stevioside (STV). We believe the H5 plant strain's STV content of approximately 70% makes it the highest STV seed available in the world today, with a leaf yield between the H2 and H3 strains.

GLG's agricultural team built on these successes with a series of significant agricultural developments and announcements commencing in 2014. In late 2014, the Company announced that its non-GMO patented breeding methodology had produced a high-purity Reb C strain, called Reb C Gold. Historically, conventional stevia leaf has had Reb C concentrations of around 1% (relative to the full leaf contents). GLG's Reb C Gold plant contains Reb C concentrations verging on 7%. Moreover, lab tests show that Reb C comprises 53% of the glycosides in the leaf, compared to values of 6% to 8% in other strains of stevia leaf – a 600% increase. Furthermore, this strain also has very high Reb A content. Reb C (53%) and Reb A (41%) alone constitute very near 95% of the total steviol glycosides (or TSG), and the TSG levels are nearly 13% of leaf content, which is on the high end for stevia leaf in the market today.

Another significant announcement, also in late 2014, heralded the development of GLG's "Super RA" stevia leaf strain. This strain has the potential of decreasing the cost of producing high-purity Reb A stevia extracts by 50% to 60%, and is expected to be commercially available in 2017. It contains double the amount of TSG and nearly triple the amount of Reb A glycosides than contained in conventional stevia leaf on the market today. With such a large increase in Reb A glycoside content, producing one ton of either intermediate or high-purity extract will require far less stevia leaf – the predominant cost factor – than is presently required. Other costs of production will also be reduced correspondingly. In sum, compared to the overall costs of producing Reb A extracts using today's conventional stevia seedlings, GLG expects costs for the production of Reb A extracts to be significantly reduced.

More recently, the Company announced the milestone development of a specialized seedling Reb M seedling containing more than 10 times the normal concentration of Reb M found in conventional stevia leaf. GLG is pursuing patent protection for each of these specialized stevia strains.

As an additional form of intellectual property protection, we have succeeded in the production of seed and seedling strains that cannot be used to grow other plants with high-RA yielding stevia leaf (second generation plants grown from the seeds of our high yielding plants will only produce common stevia leaf with an average RA yield). Each year, farmers must sign new contracts with us to receive the high-quality seedlings for the ensuing year's planting season. Because the plant strains cannot be used to recreate our high-RA stevia leaf, we protect the genetic characteristics of our proprietary high quality and high yielding stevia plants and maintain control and security of our high quality leaf supply. GLG intends to do similarly with its Reb C, Reb D, and Reb M strains in later generations.

Our seed base operations are designed for the propagation and growth of proprietary seed and seedlings to ensure sufficient seeds and seedlings are available for planting each year. Through our seed base operation, we will continue to control the development of breeding programs designed to produce improved strains of stevia that we believe will result in continually higher yield of key steviol glycosides in our stevia leaf. These seeds are used in our growing areas located in 10 growing regions in China, achieving national diversification of our stevia growing regions in China.

Sources, Pricing and Availability of Raw Materials – Stevia

We purchase our stevia leaf directly from local farmers in China. In recent years, the purchase of stevia leaf in China has been a process involving many buyers in the fields negotiating with thousands of farmers. This method to acquire the thousands of metric tons of necessary leaf is costly, involving a bidding process which can escalate prices and, in many cases, result in lower quality leaf. Indeed, we observed exactly this happening with the 2014 harvest, and to a lesser degree, the 2015 harvest, as relatively low-quality leaf was bid up by market buyers. Supply remains tight, and we expect prices to remain elevated until the supply improves relative to demand.

GLG pioneered the stevia farm cooperative model and this greatly improved the expansion of stevia during the "boom" supply years of 2009 to 2011. With the glut of supply of stevia leaf and extract on the international market from 2012 through the first half of 2014, and the fact that stevia leaf was on a material decline from 2012 through 2014, there was no stevia extract supply issue until stocks from earlier years were fully depleted. 2014 was the first year where the large increase in stevia demand finally faced the reality of a significantly reduced stevia supply in China. China has accounted for an estimated 80% of world supply so the estimated 70% reduction in stevia agricultural land compared to its 2012 peak impacted the availability of stevia supply for the international market starting in the fourth quarter of 2014.

During the year 2014-2015 the China stevia leaf supply declined significantly and prices rose substantially. In 2016, we saw the supply decrease from 2014/2015 levels with prices declining 10-15%, as a result of decreased purchasing activity in the market. Going forward, the Company is in a strong position to use its agriculture advantages to increase stevia agriculture in China with its farmer friendly seed technology to grow larger stevia plants. The seeds for the farmers are more cost efficient and easier to work with than seedlings and the GLG plants are significantly larger than other China stevia plants available (approximately 30% larger), producing significantly more biomass per acre than typical leaf, and our leaf contains a greater concentration of key steviol glycosides than typical leaf. These agriculture advantages for the farmer make it desirable to work with GLG's seed, and is one of our strongest advantages for sourcing raw materials. We have leveraged this reputation for quality seed and seedlings to build long-term relationships with farmers, thus helping to secure our supply of leaf and add a degree of insulation from the market bidding effects. Furthermore, the seeds must come from GLG as they are grown from GLG seed bases from the parent plants and harvested each year. Seeds taken from a GLG hybrid plant will not grow the same large plant with high key glycoside content so each year the farmers need to purchase new seed from GLG. Given the low supply of leaf and the need to incent farmers back into the market, GLG offers advantages over the commonly available stevia seedlings to the farmer.

We also have relationships with local Chinese provincial and central government agencies, which have allowed us to secure favorable access in three of China's largest stevia growing areas. The Company, with the assistance of our Chairman and Chief Executive Officer, Dr. Luke Zhang, has extensive relationships with government officials in various stevia-growing regions of China. And the Company in recent years has diversified its growing operations across 10 different Chinese provinces.

We believe that helping local farmers improve their quality of life through contracts to promote income stability, while at the same time providing us with high-quality leaf by growing our seed and seedlings, will be mutually beneficial. Part of that strategy is to continually improve the quality of the stevia leaf planted in our growing areas through continued development and improvement of our own high quality seed and seedlings, which will only be offered to farmers working in our growing areas and under a contract.

The ability to exercise control over all aspects of our raw materials from the development of the high-glycoside yielding seed, plants, planting, growth and harvest to final extraction is expected to result in a consistent, reliable quantity of high quality stevia leaf, at attractive prices. We also employ a recognized quality standard in our leaf purchases to ensure that the lowest content of moisture and foreign material are present in the raw stevia leaf purchased from farmers.

We also continual to develop additional growing areas (now 10 in total) in China and experiment with our new strains to evaluate their adaptability in varying regions.

Sources, Pricing and Availability of Raw Materials – Monk Fruit

As with stevia, we purchase our monk fruit directly from local farmers in China. It is a similar process, involving many buyers and many farmers. Pricing can fluctuate significantly from year to year according to supply and demand. By maintaining good relations with the farmers and through disciplined buying, GLG seeks to moderate price fluctuations, although simple economic forces (supply and demand) still predominate market pricing. While Guilin, China, has traditionally been the core growing area for monk fruit, GLG has diversified its growing and purchasing regions beyond just Guilin. GLG works with farmers and cooperatives early in the year to plan for the harvest, arranging growing of the appropriate number of quality seedlings to support the projected end-product output.

In 2016, monk fruit prices were significantly lower than price levels in 2014/2015, due to an excess of supply. The amount of monk fruit available in 2016 was substantially higher than 2014/15 levels.

As with stevia, we have relationships with local Chinese provincial and central government agencies, which helped pave the way for our entry into the monk fruit market in 2014. Our focus on the farmers, carried over from stevia, also promotes our reputation in the region. Both of these factors continue to facilitate our monk fruit success in the region.

Extraction and Refining

Our stevia extraction and refining operations consist of two components: primary processing of stevia leaf into intermediate stevia extract; and secondary processing into final high-grade stevia extract products. All of our extraction and refining operations are located in China and we have two wholly owned subsidiaries in China that undertake the primary and secondary extraction and refining operations.

For monk fruit, the extraction and refining take place entirely within one of our four facilities (our Mingguang facility). The processes are quite similar to those described below for stevia.

Primary Processing of Stevia

Our primary processing operations involve the conversion of raw stevia leaf to intermediate-grade stevia extract (approximately RA 60 grade). This generally follows the following process: (i) stevia leaves are dried, crushed and extracted with water; (ii) the resin is washed with food grade ethanol to release the glycosides; and (iii) the glycosides are concentrated with an absorption resin, and dried to formulate the primary extract.

Primary processing operations are the more capital intensive of the two extract production processes. In order to meet our customer's requirements and expected market demand, we have invested in the construction of two new facilities to expand our manufacturing capabilities. Operations commenced in the first quarter of 2009 at our two facilities in Dongtai and Mingguang, which increased our total potential raw leaf processing capacity by 720% to 41,000 MT.

We received two key patents in 2010 in China to protect the intellectual property developed at our primary processing facilities involving water purification and stevia extract soaking technology.

In addition to primary processing capacity and warehousing, our facilities in Dongtai and Mingguang include a significant research and development facility, office buildings and supporting infrastructure (water treatment facilities, etc.).

Secondary Processing and Refining of Stevia

We have current production capacity of 1,000 metric tons of high-grade stevia (RA 80) or 500 MT of rebiana (RA 97) at our Qingdao facility (Runde) and we have current production capacity of 2,000 MT of high-grade stevia (RA 80) or 1,000 MT of rebiana (RA 97) at our other Qingdao facility (Runhao). We own or have access to certain proprietary technology for producing high-grade stevia extract.

Secondary processing of intermediate stevia extract to final product generally follows two steps:

(a) the primary extract is dissolved in a water-ethanol solvent mixture and further processed by filtration, crystallization, and centrifugation steps; and

(b) the resulting preparation of crystals is rinsed with food grade ethanol and vacuum-dried to yield the final high-grade Rebaudioside A product.

In May 2009, we entered into a long term investment agreement with the Qingdao Export Refine Management Committee. Pursuant to this investment agreement, a total area of 215 acres of land was made available to our former subsidiary Runhao (now part of our Runhai subsidiary) at a discount of approximately 80% from market values. The first phase of the development occupies 60 acres of land where a secondary processing facility with capacity of 2,000 metric tons of high-grade stevia (RA 80) or 1,000 metric tons of rebiana (RA 97) was constructed and started operations in December 2009.

Historically, stevia extract was not processed to a high-purity level, and as a result suffered from aftertaste or bitterness, which some have described as a licorice-like taste. However, isolating the glycoside RA has decreased this aftertaste. Our stevia processing capabilities enable the extraction of highly purified Rebaudioside A up to RA purity levels of 99% (RA 99). Research and development efforts focus on formulations as well developing agricultural and processing methods to isolate other favored glycosides such as Reb C, Reb D, and Reb M.

Enzymatically Modified Stevia

In 2016, GLG added an enzymatically modified stevia production line at its Runhai facility, with a capacity of 100 metric tons per year. In 2016, GLG began producing and selling its portfolio of enzymatically modified stevia products.

Monk Fruit (Luo Han Guo)

On December 2, 2013, Health Canada added Luo Han Guo ("Monk Fruit" and "LHG") to its List of Permitted Sweeteners, joining with the United States where the first products received US FDA GRAS status in 2011. Luo Han Guo is a calorie free, low glycemic index natural sweetener that is a new product line of the Company. The Company recognizes the merits of this natural sweetener when used alone and more importantly in combination with stevia to offer options for zero or reduced calorie formulations.

On February 3, 2014, the Company filed a patent with the State Intellectual Property Bureau of the People's Republic of China for its proprietary process for extraction and production of high-purity Luo Han Guo (LHG) extracts as well as Luo Han Guo formulations used in food and beverage applications. The Company is in the process of filing for International Patent Protection under the Patent Cooperation Treaty for this patent.

The patent filing has two components. The first addresses GLG's proprietary industrial scale purification processes for LHG and the second addresses LHG formulations. Both components lever patented and proprietary techniques developed for purification and formulation of high purity stevia extract products. GLG expects that its proprietary LHG technology covered in this patent will result in higher yields of mogroside from the fruit and greater purity of extracts. Formulations in the patent cover a range of formulations including stevia/LHG blends.

During 2014, the Company established its fully integrated supply chain for Luo Han Guo including obtaining high quality LHG seedlings, contracting with LHG growers and storage facilities, and developing patent pending processing technology for high purity LHG extract and quality assurance/quality control processes. The Company also completed its conversion of a portion of its Runhai stevia processing facility to produce the extracts.

On December 9, 2014, GLG announced that it received a Letter of No Objection from the US FDA for its GRAS filing, covering its high-purity Monk Fruit (Luo Han Guo) extracts. In 2015, GLG delivered its first commercial shipments of monk fruit to international customers, and has since become a major producer of high-purity monk fruit extracts and one of the leaders in the monk fruit industry.

GoZero™ Solutions

On February 1, 2016, GLG announced the launch of GoZero Solutions™. GoZero Solutions™ offers both an unparalleled portfolio containing the most complete set of zero-calorie natural Non-GMO sweeteners including stevia, enzymatically modified stevia, monk fruit and bitter blockers, as well as advanced formulation expertise in the use of natural sweeteners. This innovative portfolio is the foundation for our proprietary and customized formulations, which can be tailored to our customers' specific sensory requirements, caloric reduction goals, and formulation needs.

The challenges to global food and beverage companies are well documented with respect to the need for reduced amounts of sugar in formulations. The global per capita sugar consumption peaked in the late 1990's; however, it has been declining ever since due to an increase in health awareness and prevalence of diet-related health conditions, such as diabetes. Moreover, government regulations and guidelines, such as sugar taxes in the US and Mexico, and new dietary guidelines limiting the amount of added sugar in foods have made it challenging for food and beverage manufacturers to continue to use the same amounts of sugar in their formulations as they have used in the past. Add to this challenge, consumers' willingness to consume artificial sweeteners has been declining due to a general mistrust in synthetic chemical compounds.

In fact, consumers are increasingly looking to incorporate natural, plant-based ingredients in their diets. The movement of the market toward zero-calorie, natural sweeteners has placed immense pressure on marketing, R&D and procurement teams to reformulate to reduce sugar and artificial sweeteners in their products.

However, the transition to stevia as a natural zero calorie sweetener has proved challenging due to its known aftertaste issues such as astringency and bitterness. But things are changing for the better, as GLG introduced its newest offering to global food and beverage companies – GoZero Solutions™ to address all these challenges with going zero.

GLG's GoZero Solutions™ offers:

1. Largest portfolio containing the most complete set of zero-calorie, natural sweeteners including stevia, enzymatically modified stevia, monk fruit and bitter blockers
2. Better tasting stevia and monk fruit with ClearTaste™ natural bitter blocker
3. Custom formulations for customers
4. Fast prototyping of reduced or zero calorie formulations for R&D groups
5. Superior taste and flavor profile tailored to specific food matrices
6. Fast response and support from our experienced support team
7. Cost effective solutions
8. Clean labels
9. Reduction in use of sugar while maintaining taste
10. Removal of artificial sweeteners from the formulation
11. Halal, Kosher, Non-GMO, and natural solutions
12. Organic and conventional format

GoZero™ Solutions is the result of over 15 years' hard work of more than 60 agricultural scientists, product innovation and food application specialists, and food engineers. This concerted effort enable GLG to formulate a diverse and customizable product portfolio applicable to a wide range of food, beverage, and dietary supplement products that are cost-effective and superior in taste, flavor, and quality.

GLG Naturals+

The GLG Naturals+ product line is focused on sourcing high-quality, cost-effective, natural and functional food ingredients sourced through GLG's global partners to best serve the needs of international food and beverage companies. GLG's many years of experience in delivering food ingredients to leading global food manufacturers results in deep familiarity with international food safety standards and the need for transparency in supply chains.

The Supplier program elements are:

- Verified quality through independent testing complying with internationally recognized testing methods
- Competitive pricing
- Confirmed capacity and consistent supply of ingredients
- Factory site audits and routine facility visits
- International customer service standards
- Recognized international certifications from reputable third parties
- Commitment to environmental and safety practices
- Verification of manufacturer's assets and financial credit checks.

Examples of products in the portfolio include: pea protein, rice bran, rice protein, erythritol, inositol, inulin, and lycopene, which are all synergistic with the Company's current stevia and monk fruit products. The challenge for international food and beverage companies has been to perform the required due diligence to identify dependable suppliers without a local team on the ground. GLG Naturals+ provides these companies the comfort they require in sourcing ingredients by providing a localized procurement and quality assurance team at significantly reduced expense.

Distribution Agreement with Archer Daniels Midland Company

In June 2016, GLG announced a new partnership with Archer Daniels Midland Company ("ADM") (NYSE: ADM) to manufacture, market, sell and distribute low-calorie stevia and monk fruit sweeteners to customers around the globe. Under the terms of the agreement, GLG will produce an extensive array of low-calorie sweeteners made from stevia and monk fruit, while ADM will be the exclusive global marketer and distributor of those ingredients to food and beverage companies worldwide.

GLG has begun supplying its first enzymatically modified stevia ("EMS") products to ADM in 2016. This is expected to be a high-volume new product line for the Company. The enzymatic modification process utilizes an enzyme that modifies the steviol glycoside molecules by adding glucose units. The result is a sweeter and less bitter stevia extract, with fewer impurities. It is also a more cost-effective extract.

Regarding ADM, for more than a century, the people of Archer Daniels Midland Company have transformed crops into products that serve the vital needs of a growing world. Today, ADM is one of the world's largest agricultural processors and food ingredient providers, with more than 32,300 employees serving customers in more than 160 countries. With a global value chain that includes 428 crop procurement locations, 280 ingredient manufacturing facilities, 39 innovation centers and the world's premier crop transportation network, ADM connects the harvest to the home, making products for food, animal feed, industrial and energy uses.

Our Growth Strategy and Business Model

Our mission is to become the world's leading producer of zero calorie natural sweeteners including high-grade stevia extracts and monk fruit extracts as well as a key supplier of natural ingredients complementary to the natural sweetener space. With respect to stevia and monk fruit, we will achieve our mission through the complete vertical integration of these two supply chains; leveraging our global distributor, ADM; and maintaining a core focus on corporate social responsibility, including sustainability and commitment to our Fairness to Farmers program.

Our key business objectives for our stevia business include:

- continuous development of our high-grade stevia supply chain as one of the world's leading suppliers of high-grade stevia extract;
- continuing implementation of international sales strategies including our global distribution partnership with ADM focused on selling to large multinational food and beverage companies, flavor companies, and co-manufacturers as well as selling direct to dietary supplement companies;
- development and marketing of unique and differentiated products and formulations involving our stevia, monk fruit and other natural ingredients to the international food and beverage industry;
- maintaining low cost production of high-grade stevia extract through process innovation and vertical integration (from seed development to high-grade stevia production);
- continuing to pursue research and development that will further improve the quality and yield of stevia seeds and seedlings as well as develop new stevia strains rich in Reb C, Reb D, and Reb M;
- developing our seed research, development and growth operations to ensure an increasing percentage of stevia leaf comes from the highest quality stevia seeds and seedlings;
- ensuring we have the capacity necessary to meet forecasted customer demand;
- working effectively with provincial and county governments in China to develop key stevia growing areas to increase the annual harvest of high quality stevia leaf; and
- focusing on being a leader in social responsibility practices in China through our environmental practices and our focus on improving the livelihood of the farmers in China.

Our key business objectives for our monk fruit business include:

- continuous development of our high-grade monk fruit supply chain as one of the world's leading suppliers of high-grade monk fruit extract;
- continuing to focus on our global distribution partnership with ADM to develop increased sales and take advantage of this growing market by adding additional customers through direct sales to the dietary supplement market.
- maintaining low cost production of high-grade monk fruit extract through process innovation and vertical integration (from seedling development to high-grade production);
- continuing to pursue research and development that will further improve the quality and yield of monk fruit seedlings;
- ensuring we have the capacity necessary to meet forecasted customer demand;
- working effectively with provincial and county governments in China to develop key monk fruit growing areas to increase the annual harvest of high quality monk fruit; and
- focusing on being a leader in social responsibility practices in China through our environmental practices and our focus on improving the livelihood of the farmers in China.

Our key business objectives for our GLG Naturals+ business include:

- sourcing and supply of complementary natural ingredients that provide a natural health benefit or other functional benefit and are complementary to our core stevia and monk fruit products and
- focusing on creating innovative products to bring a comprehensive solutions portfolio to the market.

We have pursued a strategy of vertical integration for stevia and monk fruit to achieve the following objectives:

- develop and control the highest quality seeds, seedlings and stevia leaf supply in the industry, and replicate this business model in the monk fruit industry;
- achieve low cost production (seed and seedling technology and extraction processing);
- exercise a high degree of control over the supply chain to enable rapid scaling and quality of final product; and
- maintain the ability to innovate across all key components of the supply chain to further reduce costs and improve quality.

Across our product lines, we seek to:

- build a strong customer base spanning the food and beverage industry driven by our global distribution partnership with ADM and our own direct sales efforts with dietary supplement companies;
- continue to innovate in food and beverage product formulation with stevia, monk fruit, and complementary ingredients;
- leverage our existing strengths to diversify into complementary natural sweetener products through GLG Naturals+; and
- foster and develop partnerships that leverage mutually complementary strengths as well as complementary ingredients to further expand our portfolio of innovative solutions and grow market penetration.

Sales and Marketing

We sell our stevia and monk fruit extracts and GLG Naturals+ ingredients through our global distribution partner – ADM – as well as directly to dietary supplement companies. Through ADM's worldwide reach our products are marketed globally.

GLG's dietary supplement sales team is based in Vancouver and is focused on supporting our global distributor – ADM – as well as selling direct to our dietary supplement customers.

We also partner with other companies producing complementary and innovative products, such as our collaboration with MycoTechnology, Inc., ("MycoTech") to jointly bring innovative solutions to market. In January 2016, GLG announced a partnership with MycoTech, with the two companies leveraging their respective strengths to combine

MycoTech's innovative ClearTaste™ product, a certified USDA-organic bitter blocking technology, with GLG's reach in the stevia and monk fruit industry. Our launch in early 2016 of P-Pro Plus, a pea protein powder utilizing ClearTaste™, is another such example. See the *New Products* section below for additional information.

MARKET AND OUTLOOK

Both governmental and consumer focus is increasingly on the health benefits of avoiding excess sugar intake. The World Health Organization indicated that only 10% of a person's energy intake should come from sugars, which translates to 50 g/day on average. Sugar is believed to be the leading factor responsible for the increased prevalence of non-communicable diseases, such as obesity and Type 2 diabetes. Governments and food and beverage companies world-wide continue to implement steps to address excess sugar intake, including the adoption and use of natural sweeteners.

Countries representing more than 75% of the global population have approved stevia for use. The market drivers for stevia are:

1. Diabetes: Nearly 10% of the world's population aged of 20 – 79 are suffering from diabetes in 2016, a figure that continues to grow.

2. Weight Management: 2.1 billion people, which is nearly 30% of the world's population, are either obese or overweight. Weight management is one of the key concerns for public and individual health.

3. Labeling: there is high consumer demand for clean-label, "natural" ingredients.

The common themes of these health-driven market drivers above are sugar avoidance, caloric reduction and naturally sourced ingredients, all supported by a growing consumer base. Accordingly, food and beverage manufacturers have sought replacements for both sugar and artificial ingredients by developing natural and healthy formulations. This has shifted the focus of many food and beverage manufacturers toward natural sweeteners – predominantly stevia. The market research data show that food and beverage manufacturers are actively replacing sucrose and high-fructose corn syrup with more natural and less refined alternatives like stevia and monk fruit. From 2010 to 2015, stevia's volume CAGR exceeded 54% due to increased number of regulatory approvals globally and increased in consumer interest. This stevia movement will be bolstered, as by July 2018 US food and beverage manufacturers will have to declare added sugars on their nutrition fact labels. Therefore, consumers will be informed of the nutritional differences between sucrose and the alternatives.

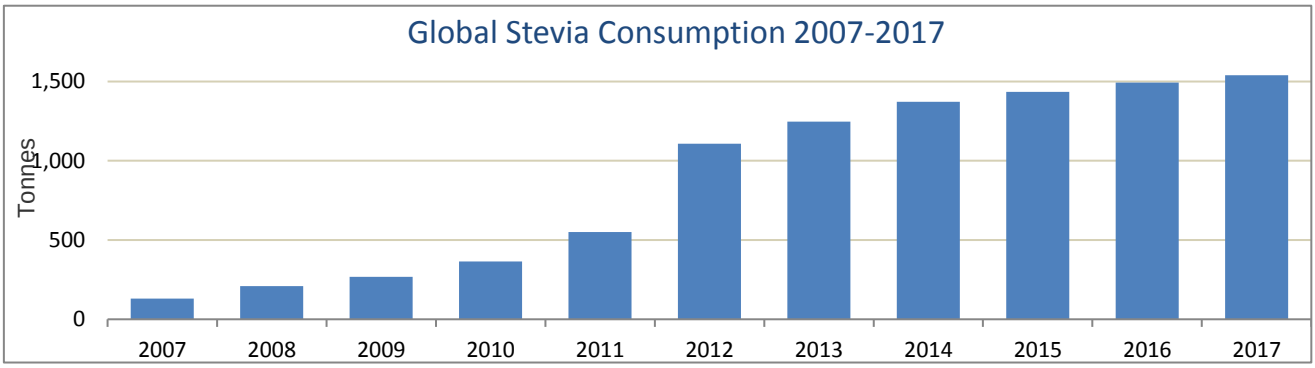

Figure 3. Global Stevia Consumption 2007-2017. The volumes above do not reflect the usage in table-top sweeteners – a considerable market for stevia.

North America and Europe are the largest markets in terms of the sales of healthy food and beverages in which stevia is used.

Research findings have linked soft drinks and obesity. Beverage manufacturers across numerous markets believe that reducing sugar and calorie content via alternative sweeteners is the answer, which positions stevia well for use in this market.

Tabletop sweeteners continue to be a significant source of stevia use. Cumberland, Merisant and other major manufacturers are marketing stevia tabletop sweeteners.

An emerging trend is for stevia to be combined with sugar to lower the caloric content. Tropicana's Trop 50 juice has captured over $300 million in sales. Coca-Cola is selling low-calorie Nestea and Sprite in select global markets. Pepsi introduced Pepsi NEXT (30% stevia content) in September of 2012, marking the first use of stevia in a main-line brand, and Coca-Cola's Sprite was reformulated to incorporate stevia as a sweetener in the UK in March of 2013. Sprite is Coca-Cola's fifth most popular brand in the UK. In February 2014, Coca-Cola announced that Coca-Cola Life, its low-calorie cola sweetened with a blend of stevia and sugar. Coca-Cola life is now launched in over 35 countries including Canada. The successful global launch of Coca-Cola Life implies the promising future of stevia in carbonated soft drinks. Pepsi has similarly expanded the scope of its Pepsi NEXT and Pepsi TRUE (US only) products to seven different countries.

Over 2014-2019, consumption of stevia is forecast to show 2.3% CAGR. The figure below shows the common applications of stevia.

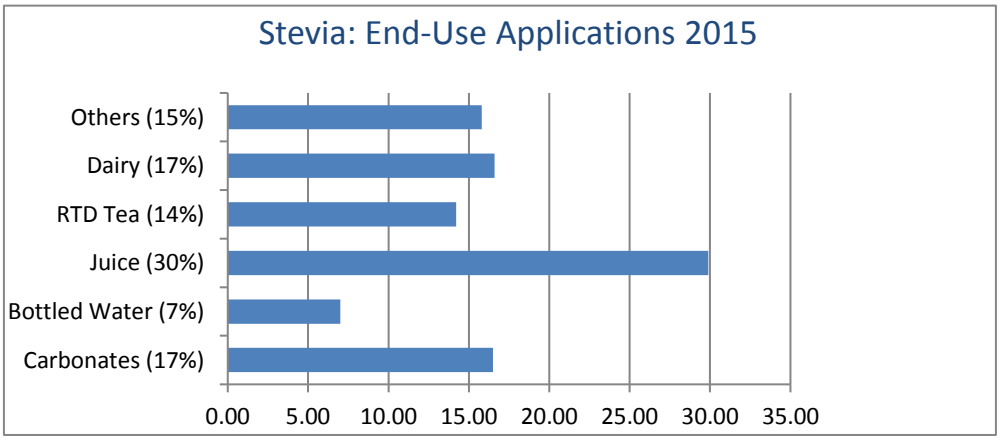

Figure 4. Stevia end-use applications in 2015

Although healthy choices are important in eyes of the consumers, taste still plays an important role. There continues to be strong competition between food and beverage manufacturers to produce "tasty" low-calorie and low-added-sugar products.

GLG's International Stevia Sales Strategy

We sell our high-grade stevia extract through our global distribution partner – ADM – as well as directly to dietary supplement companies. Through ADM's worldwide reach our products are marketed globally.

GLG's international stevia business sales team is based in Canada and is focused on supporting ADM's stevia sales efforts as well as marketing and selling stevia products to dietary supplement companies.

GLG has expanded its product portfolio with new products including enzymatically modified stevia, application-specific proprietary blends, as well as partnering with companies with innovative and complementary products.

In late 2010 and throughout 2011, attracted to the growth in stevia consumption, many small entrants and traders entered the market, leading to an expansion of supply in advance of customer demand and downward pressure on stevia extract pricing. We did not see this as sustainable for the stevia industry as the impact of traders was to push the price down in advance of real cost reductions. Stevia extract producers and farmers had losses as a result of the low industry pricing. In 2015, we saw market prices increase due to the shortages we had previously predicted and prices remain elevated going into 2016. Since the fall of 2016, we have seen market prices decrease from their peaks in 2015.

We see five key components aiding us in increasing sales as we move forward.

First, having ADM as our global distributor greatly expands our market reach, given ADM's global sales network and relationships with major food and beverage companies around the world.

Second, the successful growing and harvest of GLG's proprietary H3 and H4 leaf varieties significantly decreases our cost of stevia extract production through the higher yield from these stevia plant varieties. Moreover, the advent of our new Super RA strain of leaf is expected to even more dramatically reduce our cost of production when it is grown on a large scale in 2017.

The third key component is the increased level of due diligence being undertaken on stevia suppliers by key customers, which includes demands for product traceability, consistent product quality and commitment to corporate social responsibility including environmental issues such as waste water management and labor issues such as valuing the agricultural work force through fair treatment of farmers. GLG has been able to demonstrate its integrated supply chain capabilities during numerous factory visits by large customers, as well as demonstrate its commitment to corporate social responsibility. Our seed to shelf vertical integration leads to stevia extract consistency from batch to batch, a competitive price and scalability of both our agricultural operations and our production operations. These are very important supply chain attributes that our customers look for when selecting a stevia supplier.

The fourth key component is our differentiated products and unique formulations, which provide better stevia, better monk fruit, and more to our customers. Our expanded portfolio of complementary natural ingredients also enlarges our customer and partner reach, thus providing new opportunities for stevia as well.

The fifth key component is our agricultural advantage, not only with respect to the H3, H4, and Super RA leaf varieties referenced above, but also with respect to development of other varietals with increased levels of desirable and otherwise scarce glycosides, such as Reb C, Reb D, and Reb M. Our Reb C Gold strain, with high levels of Reb C, is one such example of our agricultural successes.

GLG's International Monk Fruit Sales Strategy

GLG initiated its monk fruit business in 2014, delivering approximately $10 million in sales from high-purity monk fruit extracts from its inaugural monk fruit harvest. Following the 2015 harvest, the Company worked to build its customer base and is now working with ADM as its global distributor for monk fruit products; GLG continues to sell direct to the dietary supplement market. The same strengths that are expected to facilitate GLG's growth in stevia will also be leveraged in our efforts to grow our share of the monk fruit market, including our relationship with ADM. Furthermore, food and beverage manufacturers continue to see the benefits of monk fruit as an alternative, low-calorie, natural sweetener. As a result, monk fruit is used in variety of products, such as Yoplait Greek 100 and Chobani Simply 100 yoghurts and Starbucks ready-to-drink and tabletop products.

Significant Acquisitions

The Company did not complete any significant acquisitions during the fiscal year ended December 31, 2016.

Specialized Skill and Knowledge

The production of high grade stevia and monk fruit by the Company's subsidiaries, Runde and Runhai, requires specialized skill and technical know-how. The Company currently employs a technically advanced and diversified management team and technical staff. In addition to proprietary technology licensed from third parties, GLG has developed and owns proprietary manufacturing technology to produce high-quality stevia that meet and/or exceed the quality requirements and specifications used in its customers' products, as well as high-quality monk fruit extracts. GLG has not patented all aspects of this proprietary manufacturing technology though the Company may elect to do so at some point in the future. The Company also relies upon confidentiality agreements that have been entered into between the Company and its personnel who have access to the proprietary information.

New Products & Regulatory Approvals

In 2014, GLG launched its new monk fruit extract products under the trade names MonkGold™ (Mogroside V purities 40% and higher) and MonkSweet™ (Mogroside V purities under 40%). As noted below, these products have achieved GRAS status pursuant to the FDA's GRAS program. GLG also completed the establishment of its integrated supply chain and production capabilities for monk fruit in 2014. Please see "Monk Fruit" in the Corporate Structure and Development of the Business section.

In 2014, the Company implemented its GLG Naturals+ strategy, with significant sales beginning in 2015. Please see "GLG Naturals+" in the Corporate Structure and Development of the Business section.

In January 2016, GLG announced a partnership with MycoTechnology, Inc., ("MycoTech"); this partnership combines GLG's strengths in the natural sweetener space with the benefits of MycoTech's innovative ClearTaste™ product, a certified USDA-organic bitter blocking technology, in order to improve the taste of stevia and monk fruit. ClearTaste is a natural, GMO-free and chemical-free ingredient solution that works by harnessing the natural extracts found in gourmet mushrooms. The compounds are unique to fungi and are highly effective at improving the flavor profiles of stevia and monk fruit.

In March 2016, GLG announced a new product – P-Pro Plus – developed through its partnership with MycoTech. P-Pro Plus is a revolutionary product that complements the many benefits of pea protein with ClearTaste™ to offer a pea protein without any of the taste profile issues many food, beverage, and dietary supplement manufacturers experience with pea protein by itself.

Regarding regulatory approvals, the Company has received ten Letters of No Objection under the US Food and Drug Administration's ("FDA") Generally Recognized as Safe ("GRAS") program. The GRAS process is a legal and FDA-approved process that allows companies to conduct their own GRAS determinations by consulting with an independent panel of scientists to determine if an ingredient meets the FDA's criteria for safety. Companies may submit their determinations to the FDA for review. The FDA issues a Letter of No Objection when it has no questions regarding a company's submission.

The Company has received Letters of No Objection for the following GRAS filings:

Filing No. GRN000329: Rebpure™, GLG's highest purity stevia extract, containing at least 97% of rebaudioside A.

Filing No. GRN000348: PureSTV™, which contains greater than 95% stevioside and 97% total steviol glycosides.

Filing No. GRN000349: BlendSure™, a high purity line of proprietary blends of two of the sweetest glycosides, rebaudioside A and stevioside.

Filing No. GRN000380: Rebpure™ RA95 high-purity extract, which contains greater than 95% RA and 97% steviol glycosides.

Filing No. GRN000493: Rebsweet™ and AnySweetPLUS™ stevia extract products, with total steviol glycosides greater than 97%.

Filing No. GRN000522: High-grade monk fruit extracts.

Filing No. GRN000523: High-purity Rebaudioside M stevia extracts.

Filing No. GRN000536: High-purity Rebaudioside C stevia extracts.

Filing No. GRN000548: High-purity Rebaudioside D stevia extracts.

Filing No. GRN000656: Enzymatically modified steviol glycosides.

Intellectual Property

Our ability to compete effectively is dependent upon our ability to protect the proprietary nature of the seeds, seedlings, processes, technologies and materials owned by, used by, or licensed to us or our subsidiaries. However, our intellectual property related to the production of stevia includes proprietary process technology for the manufacture of high-grade stevia that is not fully covered by patents or other intellectual property protection in Canada, the US or China. In such cases, we rely on a combination of patents, trademarks, trade secret law and contracts with certain key personnel to protect our intellectual property rights. See "*Risk Factors*".

One of the patents granted in 2010 relates to the proprietary breeding methodology of stevia plants that we have developed to protect our high-grade stevia plant strains. As an additional form of intellectual property protection, we have succeeded in the production of seed and seedling strains that cannot be used to grow other plants with high RA yielding stevia leaf (second generation plants grown from the seeds of our high yielding plants will only produce common stevia leaf with an average RA yield). Each year, farmers must sign new contracts with us to receive the

high quality seedlings for the ensuing year's planting season. Because the plant strains cannot be used to recreate our high content RA stevia leaf, we protect the genetic characteristics of our proprietary high quality and high yielding stevia plants and maintain control and security of our high quality leaf supply.

This patent was acquired through our acquisition of AHTD on December 27, 2007. The patent application is registered in the name of Mr. Wang Qibin, a former shareholder of AHTD and our Vice President of Agriculture in China. The patent was formally assigned by Mr. Wang to AHTD on July 8, 2007, prior to our acquisition of AHTD, and has since been further protected through filings in several countries under the Patent Cooperation Treaty ("PCT"). This work has produced patent-protected stevia strains, developed by GLG's stevia agricultural research and development team, led by Chief Agricultural Scientist Qibin Wang, for two significantly competitive stevia plant strains, Huinong 2 ("H2) and Huinong 3 ("H3"), which the GLG team developed through natural propagation. The two strains contain higher levels of rebaudioside A, the sweetest component of the stevia plant leaf and the primary glycoside used to meet market demand for stevia sweeteners.

The GLG H2 and H3 strains contain 66% and 76% rebaudioside A levels in the raw plant leaf, respectively. The naturally bred strains were a significant achievement for the GLG team as the average stevia leaf on the global market contains a significantly lower percentage of rebaudioside A. Higher yields enable not only improved land and resource utilization, but also reduce the cost of production. Further, the two varieties are larger in plant mass, yielding in excess of 22% more leaf per acre. GLG planted both H2 and H3 leaf in 2011 and both seeds grew successfully in 2011, and it has continued to grow successfully since that time.

In 2010, our previously filed patent application for a stevia leaf processing extraction device was granted full patent protection as well as its specially designed waste water treatment technology has also been granted full patent protection by the State Intellectual Property Bureau of the People's Republic of China. The stevia leaf processing extraction device is innovative technology that reduces, by approximately 30%, both the amount of water used in the soaking step of the extraction process as well as the cycle time required to complete this step. The waste water treatment system is a complex system that removes impurities in the water and cleanses it to a higher purity than when sourced before returning it to the environment. These technologies form a key part of GLG's ongoing efforts to utilize environmentally sustainable and socially responsible business solutions.

In 2010 and 2011, the Company filed a number of patent applications in China, both for the separation methodologies of rebaudioside B, rebaudioside C, rebaudioside D and steviolbioside, and for formulations involving various glycosides and other compounds; these were accepted by the State Intellectual Property Bureau of the People's Republic of China and GLG has since filed for PCT protection in a number of countries. These extraction technologies and formulations, designed by the Company's research and development experts, are part of an ongoing effort to improve the taste and quality of its stevia extract products and to continually improve processing efficiencies. The PCT filing regime provides GLG with the ability to capture extensive worldwide patent filings for these key proprietary technologies and formulations.

Five patent applications were approved by the State Intellectual Property Office in China in 2010. These patents relate to our stevia breeding and processing technologies. In late 2011 and early 2012, we filed PCT International Patent Applications which claimed priority back to the previously submitted patent applications in China in the fields of agriculture, stevia extraction and stevia blends formulation.

We have also filed for trademark protection for our branded stevia and monk fruit products and have filed numerous trademark applications in the North American and European markets. In addition, we have filed for the protection of our logo mark and our corporate name "GLG Life Tech" in both the United States and Canada. Several marks have been registered, while other applications are in various stages of the registration process and there can be no guarantee that registration will occur.

In May 2014, the Company filed a patent with the State Intellectual Property Bureau of the People's Republic of China for its proprietary process for extraction and production of high purity monk fruit extracts as well as monk fruit formulations used in food and beverage applications. The Company is seeking International Patent Protection under the Patent Cooperation Treaty for this patent. The patent filing has two components, the first addresses GLG's proprietary industrial scale purification processes for monk fruit and the second addresses monk fruit formulations. Both components lever our patented and proprietary techniques developed for purification and formulating high purity stevia extract products. GLG expects that its proprietary monk fruit technology covered in this patent will

result in higher yields of mogroside from the fruit and greater purity of extracts. Formulations in the patent cover a range of formulations including stevia/monk fruit blends.

In November 2014, the Company filed for patent protection for sweetener blends involving Rebaudioside A, Rebaudioside C, Rebaudioside D, and at least one other non-steviol sweetener. In December 2014 and January 2015, respectively, we filed for patents covering our latest agricultural advances – our Super RA and Reb C Gold stevia strains. See the "*Seed and Seedling R&D, Seed Base Operations*" section above.

In February 2016, we filed a PCT application covering purification of and compositions using Rebaudioside M.

The Company expects that it will continue to file patents, including PCT, and trademark applications on an ongoing basis to protect its intellectual property.

Seasonal or Cyclical Business

The stevia manufacturing business is seasonal only to the extent that the leaf for the next year needs to be purchased, or funds for the purchase of stevia leaf confirmed available, in June of a given year with harvest taking place during late July and August. The processing operations can therefore slow down significantly before a new harvest is completed during the months of July and August each year. Monk fruit is seasonal in that the monk fruit is harvested from October through December each year, with most production occurring in Q4 and/or the subsequent Q1. See "*Sources, Pricing and Availability of Raw Materials*". Similar to almost all companies with operations in China, activity is substantially reduced during the Chinese New Year celebrations in Q1.

Financial and Operational Effects of Environmental Protection

The Company carefully adheres to environmental requirements and the cost of such adherence is factored into the manufacturing costs. The Company does not foresee any increases in compliance that cannot be offset with an increase in the sale price which will allow existing margins to continue.

There are no environmental protection requirements affecting the other segments of the Company's business.

Employees

As at December 31, 2016, the Company employed 271 people.

Foreign Operations

The Company conducts business internationally and in particular in China where the Company's production of stevia and monk fruit is centered. International operations are subject to a number of special risks, including currency exchange rate fluctuations, trade barriers, exchange controls, national and regional labour strikes, political risks and risks of increases in duties, taxes and governmental royalties, as well as changes in laws and policies governing operations of foreign based companies, including subsidiaries of the Company. See "*Risk Factors*".

Competition

We are a leading producer in the high-grade stevia and monk fruit markets and currently benefit from several competitive advantages. There are different levels of players in these industries, especially for stevia, ranging from fully vertically-integrated, to partially-integrated (primary or secondary processing only), to distributors or brokers. We believe that the players who are fully vertically-integrated with agriculture are more likely to be longer term participants. In terms of production capacity for stevia, GLG is the largest of the approximately 10 to 12 companies within China with stevia refining and extraction capabilities. There are also stevia processors based in Japan, Korea, Malaysia, South America and the US that are capable of producing high-grade stevia extract (monk fruit is processed solely within China). We estimate that the manufacturing costs to produce high-grade stevia in these countries are significantly higher than the cost of producing the same product in China due to factors such as: (i) proximity of our manufacturing operations to stevia growing areas in China where the majority of the world's stevia leaf is grown; and (ii) lower manufacturing wages in China as compared to these other countries.

Most publicly traded stevia companies have posted losses in the 2013, 2014, and 2015 calendar years. We believe that our lower costs, combined with our current processing capabilities, provide us with a competitive advantage, as

does our Corporate Social Responsibility commitment, which includes supply chain traceability, which is becoming increasingly important to food and beverage companies. Through our partnerships with local Chinese governments, as well as our proprietary seeds, we expect to control a significant percentage of the high quality stevia seeds and leaf grown in China. Leaf supply is one of the most important components of our business. Major global companies are expected to enter the market as demand for stevia grows, but we believe it will take competitors several years to reach our current stage of development. As an example, the seedling development process takes several years and is only the first phase of the vertically integrated process for developing a high quality finished product.

Other market participants include Sweet Green Fields, a supplier of stevia extract based in the US; Blue California, an ingredient company based in Southern California with extraction operations in China; Sunwin Stevia International, which sells wholesale to customers in Asia and in the US under the brand name OnlySweet; Cargill, an international producer and marketer of food and agricultural products that launched the TRUVIA tabletop stevia brand; and PureCircle, a supplier of stevia based in Malaysia for the Pure Via® tabletop stevia brand developed jointly by Merisant Company and PepsiCo. Ingredion Incorporated entered into a long-term agreement with Morita Kagaku Kogyo Co., Ltd. of Japan for access to its strain of stevia. Morita has been growing stevia in Brazil since 2007 and marketing a high-grade RA product called Enliten. Recently, fermentated stevia has entered the market, through a partnership between Cargill and Evolva. However, fermentated stevia has encountered production challenges; moreover, it is not produced from the stevia plant and we expect that many consumers will prefer stevia produced from the plant itself.

The main challenge in the adoption of stevia by food and beverage companies has been the difficulties that they have experienced in formulating with stevia to develop a good tasting product. Improvements in extraction technology and advancements in understanding of stevia formulation have enabled launches of products that have overcome the aftertaste issues. Advances in the development of other key steviol glycosides, such as Reb C, Reb D, and Reb M, will further overcome the taste issues associated with stevia.

With respect to monk fruit extract, which is produced only in China, we believe we have the greatest production capacity of any of the other monk fruit companies at 130 metric tons of MV 50 extract per year. While smaller companies exist, the market is predominated by two companies in addition to GLG - Guilin Layn and Monk Fruit Corporation (fka BioVittoria). While these two companies have a longer history in monk fruit, GLG's production capacity and agricultural expertise developed in the stevia industry can be leveraged to accelerate GLG's competitive position with respect to both companies.

Monk fruit is highly desirable for its sweet taste profile, either on its own or as part of blended formulations with stevia or other ingredients. Its adoption has been slower than stevia due to the higher cost of producing the extract, due almost entirely to the relatively high cost of the monk fruit.

RISKS RELATING TO GLG LIFE TECH CORPORATION AND ITS COMMON SHARES

Our Common Shares may experience price and volume fluctuations.

In recent years, the global securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

Our Common Share trading price could be subject to significant fluctuations in response to numerous factors, including: reports of new information; changes in our financial situation; the sale of our Common Shares in the market; the addition or loss of customers; our failure to achieve financial results in line with the expectations of analysts or our published financial guidance; conditions or trends in our industry; additions or departures of key personnel and other events or factors, many of which may be beyond our control. As of December 31, 2016, the 52-week trading price of our Common Shares on the Toronto Stock Exchange ranged from a low of $0.17 to a high of $0.56. See "*Market for Securities*". There is no guarantee that the market price of the Common Shares will not be subject to any such fluctuations in the future.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted against us, could result in substantial costs and diversion of our management's attention and resources, which could significantly harm

our profitability and reputation. The Company is currently not subject to any shareholder lawsuits. See "*Legal Proceedings*".

Our actual financial results may vary from our publicly disclosed forecasts.

Our actual financial results may vary from our publicly disclosed forecasts and these variations could be material and adverse. We periodically provide guidance on future financial results. Our forecasts reflect numerous assumptions concerning our expected performance, as well as other factors, which are beyond our control and which may not turn out to be correct. Although we believe that the assumptions underlying our guidance and other forward-looking statements were and are reasonable when we make such statements, actual results could be materially different. Our financial results are subject to numerous risks and uncertainties, including those identified throughout these risk factors. If our actual results vary from our announced guidance, the price of our Common Shares may decline, and such a decline could be substantial. We do not undertake to update any guidance or other forward-looking information we may provide.

We do not expect to pay dividends on the Common Shares in the foreseeable future.

We have never paid cash dividends on our Common Shares. We currently intend to retain our future earnings, if any, to fund the development and growth of our business, and do not anticipate paying any cash dividends on the Common Shares for the foreseeable future. If we were to decide to pay dividends, foreign exchange and other regulations in China may restrict our ability to distribute retained earnings from China or convert those payments from RMB into foreign currencies. See "*Dividend Policy*". As a result, the return on investment in the Common Shares will likely depend upon any future appreciation in their value. There is no guarantee that the Common Shares will appreciate in value or even maintain the price at which shareholders have purchased their shares.

The availability of new Common Shares for sale, or future sales of a substantial number of our Common Shares, could materially adversely affect the market price of our Common Shares.

Sales of substantial amounts of our securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If we are characterized as a passive foreign investment corporation ("PFIC"), US Holders may be subject to adverse United States federal income tax consequences.

We must make an annual determination as to whether we are a PFIC based on the types of income we earn and the types and value of our assets from time to time, all of which are subject to change. Based in part on current operations and financial projections, we do not expect to be a PFIC for United States federal income tax purposes for our current taxable year or in the foreseeable future. However, there can be no assurance that we will not be a PFIC for our current taxable year or any future taxable year. A non-United States corporation generally will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. The market value of our assets may be determined in large part by the market price of our Common Shares, which is likely to fluctuate. If we were to be treated as a PFIC for any taxable year during which you hold Common Shares, certain adverse United States federal income tax consequences could apply to US Holders.

As a foreign private issuer, we are subject to different United States securities laws and rules than a domestic United States issuer, which may limit the information publicly available to our shareholders.

We are a foreign private issuer under applicable United States federal securities laws and, therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act. As a result, we do not file the same reports that a United States domestic issuer would file with the SEC, although we will be required to file or furnish the SEC with the continuous disclosure documents that we are required to file in Canada under Canadian securities laws. In addition, our officers, directors, and principal shareholders are exempt from the reporting and "short swing" profit recovery provisions of Section 16 of the Exchange Act. Therefore, our shareholders may not know on as timely a basis when our officers, directors and principal shareholders purchase or sell our Common Shares, as the reporting periods under the corresponding Canadian insider reporting requirements

are longer. In addition, as a foreign private issuer we are exempt from the proxy solicitation rules under the Exchange Act.

Certain Canadian laws could delay or deter a change of control.

The *Investment Canada Act* (Canada) subjects an acquisition of control of GLG by a non-Canadian to government review if the value of our assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant Minister is satisfied that the investment is likely to be a net benefit to Canada. This could prevent or delay a change of control and may eliminate or limit strategic opportunities for shareholders to sell their Common Shares.

Risks Relating to GLG Life Tech Corporation and Our Business

If we are unable to acquire sufficient raw materials or produce sufficient finished product, we will not be able to meet the demands of our customers.

We currently must acquire sufficient stevia leaf so that we can meet the demands of our customers. A stevia leaf shortage could result in loss of sales and damage to our reputation. While the risks of a monk fruit shortage appear less likely, the same concerns hold true.

If we and our subsidiaries become unable to produce the required commercial quantities of high-grade stevia or monk fruit extracts on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement manufacturers with the necessary expertise, regulatory approvals and facilities capable of production at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, we will likely be unable to meet customer demand. In addition, we have entered into agreements that provide for fixed price and quantity commitments. If there were a raw material shortage and we were unable to deliver the committed quantity under these purchase orders, we could be responsible for any amount paid by such customers to third parties, above what the customer would have paid if we were able to deliver their order at the agreed price.

The loss of key employees or the failure to attract qualified personnel could have a material adverse effect on our ability to run our business.

The loss of any of our or our subsidiaries' current executives, key employees, or key advisors, and in particular, Dr. Luke Zhang, or the failure to attract, integrate, motivate, and retain additional key employees could have a material adverse effect on our business. We do not have "key person" insurance on the lives of any of our management team. Also, as we develop additional capabilities we may require more skilled personnel. These personnel must be highly skilled and have a sound understanding of our industry, business or technology. Recruiting personnel is highly competitive. Although to date we have been successful in recruiting and retaining qualified personnel, there can be no assurance that we will continue to attract and retain the personnel needed for our business. The failure to attract or retain qualified personnel could have a material adverse effect on our business.

We do not have a history of consistent profitability and our ability to achieve consistent profitability in the future is subject to uncertainty.

During the fiscal year ended December 31, 2016, we had a net loss after income taxes and non-controlling interests of $23.8 million compared to a net loss for fiscal 2015 of $25.7 million. Our revenue decreased to $18.9 million in 2016 compared with $30.4 million in 2015.

Our ability to achieve consistent profitability is subject to uncertainty due to the nature of our business and the markets in which we operate. In particular, our revenues and operating results may fluctuate significantly in the future because of the following factors:

- volatility in the price we must pay for stevia and monk fruit, as well as the stevia leaf quality, all of which vary from period to period;
- the price per kilogram for which we are able to sell our stevia and monk fruit extracts;
- our ability to manage personnel, overhead and other expenses;

- our ability to effectively manage our capacity utilization;
- our water and power consumption, and the prevailing prices for water and power; and
- consumer acceptance of stevia and stevia-related products, and monk fruit and monk fruit-related products, in China, the United States and other key markets.

If we fail to increase our production and manufacturing capacity, we will be unable to continue to grow and our ability to produce new products, expand within our existing markets and enter into new markets will be limited.

Global growth and demand for our products has increased the utilization of our production and manufacturing facilities. If we are unable to successfully expand our production and manufacturing capacity, we will be unable to continue our growth and expand within our existing markets or enter into additional geographic markets or new product categories. In addition, failure to successfully expand our production and manufacturing capacity will limit our ability to introduce and distribute new products, or otherwise take advantage of opportunities in new and existing markets. Further, increasing our production and manufacturing facilities requires significant investment and build times. Delays in increasing capacity could also limit our ability to continue our growth and materially adversely affect our business.

Any ill effects, product liability claims, recalls, adverse publicity or negative public perception regarding our products or the food and beverage industry in general could harm our sales and cause consumers to avoid our products.

As a manufacturer and distributor of products designed for human consumption, the Company could be subject to product liability claims if the use of its products is alleged to have resulted in injury. In addition, although the Company and the Company's manufacturers maintain quality controls and procedures with respect to products that the Company sells, these products could contain contaminated substances. The Company currently has not obtained indemnities from its raw material and product suppliers. The Company does carry liability insurance and additional insurances to cover product recalls, worldwide product liabilities, and certain related expenses/losses. Such insurance, however, may not be available in the future at a reasonable cost, on favourable terms, or at all, and present or future insurance may not be adequate to cover all liabilities, expenses, or business interruption losses.

We rely extensively on third-party distributors, which could affect our ability to efficiently and profitably distribute and market our products, maintain our existing markets and expand our business into other geographic markets.

We will rely extensively on third-party distributors for the sale and distribution of our products. To the extent that our distributors are distracted from selling our products or do not expend sufficient efforts in managing and selling our products, our sales will be adversely affected. Our ability to maintain our distribution network and attract additional distributors will depend on a number of factors, many of which are outside of our control. Some of these factors include: (i) the level of demand for our brand and products in a particular distribution area; (ii) our ability to price our products at levels competitive with those offered by competing products and (iii) our ability to deliver products in the quantity and at the time ordered by distributors.

We have limited financial resources. We had negative operating cash flow for the year ended December 31, 2016. If we are unable to raise additional capital, we may be unable to complete the planned expansion of our business on our preferred timeline.

We have limited financial resources and had negative operating cash flow for the year ended December 31, 2016. Because of our negative cash flow from continued operations, our reliance on external sources of funding, and our cumulative deficit, we have noted in our audited consolidated financial statements for the fiscal year ended December 31, 2016, and for prior periods, that there is uncertainty about our ability to continue as a going concern.

We will continue to utilize some of our available lines of credit in China and seek to renew such loans on maturity and there can be no assurance that we will continue to have access to these short term loans and if we are unable to find additional funding sources, we may be unable to complete the planned expansion of our business on our preferred timeline.

We may require additional funds in order to continue to develop our manufacturing capacity and fund our planned expansion on our preferred timeline. Additional funding may not be available on terms that are acceptable to us, or

at all, or may require the issuance of additional Common Shares or other securities which would dilute our current investors. Our future capital requirements will depend on many factors, including:

- costs of manufacturing and supply;
- revenues from the sale of stevia and monk fruit; and
- our ability to obtain revolving debt facilities for stevia leaf and/or monk fruit purchases

We are heavily reliant on the production and distribution of stevia, monk fruit, and related products. If they do not achieve sufficient market acceptance, it will be difficult for us to achieve consistent profitability.

A large portion of our revenue is derived from the sales of stevia and stevia related products, and we expect that stevia and stevia related products, along with monk fruit and monk fruit-related products, will continue to account for a large portion of our revenue for the foreseeable future. If the non-nutritive sweetener market declines or stevia or monk fruit fails to achieve substantially greater market acceptance than it currently enjoys, we will not be able to grow our revenues sufficiently for us to achieve consistent profitability.

Even if products to be distributed by us conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of stevia or monk fruit. Adverse publicity about stevia, monk fruit, or stevia- or monk fruit-based products that we sell may discourage consumers from buying products distributed by us.

We may not be able to manage our expansion of operations effectively.

We expect to continue to expand our business to meet the expected growth in demand for stevia, as well as monk fruit. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies or respond to competitive pressures and we may have difficulties maintaining and updating the internal procedures and the controls necessary to meet the planned expansion of our overall business.

Our management will also be required to maintain and expand our relationships with customers, suppliers and third parties as well as attract new customers and suppliers. We expect that our sales and marketing costs will increase as we grow our product lines and as we increase our sales efforts in new and existing markets.

There is no assurance that our current and planned operations, personnel, systems, and internal procedures and controls will be adequate to support our future growth. We expect that our general and administrative costs will increase as our operations grow to meet existing sales orders for our products and for future growth as we increase our sales efforts in new and existing markets.

Our raw material supply has a finite life and could potentially be subject to natural disasters and adverse weather conditions. Any shortage of stevia leaf or any increase in the price we pay for stevia leaf, and similarly for monk fruit, may adversely affect our revenue growth and decrease our margins.

Our raw material supply is perishable and, by nature, could potentially be subject to a high degree of exposure to the risks of natural disasters and adverse weather conditions such as droughts, floods, earthquakes, hailstorms, windstorms, pests, and diseases. The occurrence of a natural disaster in our growing areas could severely reduce our ability to procure the raw materials necessary to produce our products. Moreover, our production and manufacturing operations are, at present, all located in China which concentrates these risks.

A shortage of available stevia leaf or increase in the price we pay for stevia leaf, and similarly for monk fruit, could adversely affect our revenue growth and decrease our margins. Any of these adverse consequences could have a material adverse effect on our business operations and financial condition.

We currently face, and will continue to face, significant competition. Additional competitors may enter the stevia or monk fruit business if the value of either market, which may result in a decrease in the market price of the respective extracts.

The industry has attracted different levels of players, ranging from fully vertically-integrated, to partially-integrated (primary or secondary processing only), to distributors or brokers. Our major competitors for our core stevia business are existing stevia producers in Japan, Korea, Brazil, the US, China and Malaysia. These competitors include Zhucheng Haotian, Corn Products International, Inc., Sweet Green Fields, Cargill Inc., Pure Circle Limited, and several smaller players in the China market. Our major competitors for monk fruit are Guilin Layn and Monk Fruit Corporation. In addition, additional competitors may enter the stevia or monk fruit business if the value of either market grows, which may result in a decrease in the market price of the respective extracts.

These competitors may have significantly greater financial, technical and marketing resources, and may have a more established customer base. There is no assurance that we will be able to compete successfully against our competitors or that such competition will not have a material adverse effect on our business operations or financial condition. See "*Industry Information – Competition*".

We rely upon proprietary technology which is not patented in Canada, the United States or elsewhere outside of China and may not be protected under the Chinese legal system.

Our ability to compete effectively is dependent upon the proprietary nature of the seeds, seedlings, processes, technologies and materials owned by, used by or licensed to us or our subsidiaries. Our intellectual property related to the production of stevia and monk fruit includes proprietary process technology for the manufacture of high-grade extracts that is not fully covered by patents or other intellectual property protection in Canada, the United States or elsewhere outside of China. If any competitors independently develop any technologies that substantially equal or surpass our patent pending process technology, it will adversely affect our competitive position. See "*Corporate Structure and Development of the Business – Intellectual Property*".

The protection of our seed technology relies on patent-pending stevia seedlings. We have succeeded in the production of seed and seedling strains that cannot be used to grow other plants with high RA yielding stevia leaf (second generation plants grown from the seeds of our high yielding plants will only produce common stevia leaf with an average RA yield). However, the Chinese legal system in general, and the intellectual property regime in particular, are relatively weak compared to Canada and the United States and it may be difficult for us to enforce our intellectual property rights in China.

In relation to the intellectual property used by or licensed to us and our subsidiaries, there can be no assurance that we will continue to be able to use such intellectual property on terms that are acceptable to us, or at all. If we are unable to agree to terms to use this technology in the future or are unable to obtain the right to use other similar technology, we may not be able to offer the products we currently offer.

If we do not adequately ensure our freedom to use certain technology, we may have to pay others for rights to use their intellectual property and there can be no assurance that we will be able to obtain licenses to use such technology on favorable terms or at all.

We have not undertaken any studies as to whether our patents provide us with the freedom to use our technologies in China or any other jurisdictions.

If we do not adequately ensure our freedom to use certain technology, we may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation and/or be enjoined from using such intellectual property. Our Chinese patents may not guarantee us the right to use our technologies if other parties own intellectual property rights that we need in order to practice such technologies. Our patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. There can be no assurance that:

- any of the rights we have under patents owned by us or other patents that third parties license to us will not be curtailed, for example through invalidation, circumvention, challenge and being rendered unenforceable or prohibiting our licensed use;

- we were the first inventors of inventions covered by our issued patents or pending applications or that we were the first to file patent applications for such inventions;
- any of our pending or future patent applications will be issued with the breadth of claim coverage sought by us or issued at all;
- our competitors have not or will not independently develop or patent technologies that are substantially equivalent or superior to our technologies;
- any of our trade secrets will not be learned independently by our competitors; or
- the steps we take to protect our intellectual property will be adequate.

In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not applied for in certain foreign countries. Any of these adverse consequences could have a material adverse effect on our business operations and financial condition.

Claims by third parties that our technology or products, or those of our subsidiaries, infringe their intellectual property rights may result in litigation which could be costly and time consuming and would divert the attention of management and key personnel from other business issues. The complexity of the technology involved and the uncertainty of intellectual property litigation increase these risks. In addition, if we or our subsidiaries are found to have infringed upon the intellectual property rights of another party, licenses for such intellectual property may not be available on favorable terms or at all.

Circumstances outside of our control could negatively affect consumer perception of and demand for our products.

Even if stevia-based and monk fruit-based products distributed by us conform to international safety and quality standards, sales could be adversely affected if consumers in our target markets lose confidence in the safety, efficacy, and quality of nutritional supplement products. Adverse publicity about stevia, monk fruit, or stevia- or monk fruit-based products may discourage consumers from buying products distributed by us. We may not be able to overcome negative publicity within a reasonable period of time.

Exchange controls that exist in the PRC may limit our ability to utilize our cash flow effectively.

We are subject to the PRC's rules and regulations on currency conversion. In the PRC, the State Administration for Foreign Exchange, or SAFE, regulates the conversion between RMB and foreign currencies. Currently, foreign investment enterprises, or FIEs are required to apply to the SAFE for "Foreign Exchange Registration Certificates for FIEs." With such registration certificates, which need to be renewed annually, FIEs are allowed to open foreign currency accounts including a "current account" and "capital account". Currency conversion within the scope of the "current account", such as remittance of foreign currencies for payment of dividends, can be effected without requiring the approval of the SAFE. However, conversion of currency in the "capital account," including capital items such as direct foreign investment, foreign currency loans and securities, still require approval of the SAFE. We cannot assure you that the PRC regulatory authorities will not impose further restrictions on the convertibility of the RMB. Any future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our shareholders or to fund operations we may have outside of the PRC.

In August 2008, SAFE promulgated Circular 142, a notice regulating the conversion by FIEs of foreign currency into RMB by restricting how the converted RBM may be used. Circular 142 requires that RBM converted from the foreign currency-dominated capital of an FIE may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its oversight over the flow and use of RMB funds converted from the foreign currency-dominated capital of an FIE. The use of such RMB may not be changed without approval from SAFE, and may not be used to repay RMB loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the SAFE rules.

Currency exchange rate and interest rate fluctuations could significantly increase our expenses.

Our financial results will be affected by the foreign exchange rate between US dollars and RMB because, while our expenses are denominated in RMB, the majority of our sales are denominated in US dollars. On July 21, 2005, the Chinese government changed its decade-old policy of pegging the value of the RMB to the US dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies, including the Canadian dollar and the US dollar. This change in policy has resulted in approximately 12% appreciation of the RMB against the US dollar between July 21, 2005, when the policy was enacted, and December 31, 2016. The Chinese government may decide to adopt an even more flexible currency policy in the future, which could result in further and more significant appreciation of the RMB against the US dollar.

As of December 31, 2016, 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 of approximately $930,000 (December 31, 2015 - $998,000).

As of December 31, 2016, assuming that all other variables remain constant, an increase of 1% in the Canadian dollar against the US dollar would have an effect on net income of approximately $403,280 (December 31, 2015 - $305,798).

Our international operations subject us to additional risks.

We are subject to the risks inherent in conducting business across national boundaries, any one of which could adversely impact our business. These risks include:

- currency exchange rate fluctuations;
- trade barriers;
- national and regional economic downturns;
- changes in governmental policy or regulation;
- restrictions on the transfer of funds into or out of particular countries;
- import and export duties and quotas;
- domestic and foreign customs and tariffs;
- political risks and nationalization of foreign assets;
- increases in duties, taxes and government royalties;
- protectionist measures enacted by the United States and/or other markets where our products are sold; and
- potentially negative consequences from changes in tax or other laws.

We may not be able to increase brand recognition necessary to materially increase revenues and may not be able to create an infrastructure necessary to support the increase in demand.

We have established limited brand recognition in Canada, the United States and other international jurisdictions. We cannot be sure that we will successfully complete the development and introduction of current products, new products or product enhancements or that any products developed will achieve acceptance in the marketplace necessary to materially increase revenues and achieve consistent profitability. We may also fail to develop and deploy new products and product enhancements on a timely basis. There can be no assurance that we will be able to expand our production and distribution capabilities in the future to meet further market acceptance or that any such expansion will be successful. Furthermore, there can be no assurance that any expansion will not have a material adverse effect on our operating results, particularly while we are implementing such expansion and the costs associated with any expansion.

In addition, consumer preferences evolve over time and the success of our products depends on our ability to identify the tastes and nutritional needs of our customers and to offer products that appeal to their preferences. We introduce new products and improved products from time to time and we may incur significant development and marketing costs which may not lead to a product that is accepted by consumers. If our products fail to meet consumer preferences, then our sales and profits from new products will suffer.

We could become subject to product liability claims.

As a manufacturer and distributor of products designed for human consumption, we may be subject to product liability claims if the use of our products is alleged to have resulted in injury. For example, we may be subject to allegations that our products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. In addition, although we and our manufacturers maintain quality controls and procedures with respect to products that we sell, the substances that make up these products could

become contaminated. We currently have not obtained indemnities from our raw material and product suppliers. We carry liability insurance to cover product recalls and worldwide product liabilities. Such insurance, however, may not be available in the future at a reasonable cost, on favorable terms, or at all, and may not be adequate to cover liabilities.

Litigation may adversely affect our business.

All industries, including the industry in which we operate, are subject to legal claims with and without merit. We may be or become involved in disputes with other parties which may result in litigation. The results of litigation cannot be predicted with certainty. If we are unable to resolve any material disputes favourably, it may have a material adverse impact on our business and results of operations. We currently have no legal claims outstanding. See "*Legal Proceedings*".

We could become subject to environmental claims.

We are subject to environmental regulations which require us to minimize impacts upon air, water, soil and vegetation. If our operations violate these regulations, government agencies will usually require us to conduct remedial actions to correct such negative effects. Such actions could substantially increase our costs and potentially prevent us from producing our products.

Any potential global economic and financial market crisis could have a negative effect on our results of operations.

Any potential global economic conditions could have a negative effect on our business and results of operations. Economic activity in China, Canada, the United States and throughout much of the world, for example, underwent a sudden, sharp economic downturn following the housing downturn and subprime lending collapse in both the United States and Europe. Market disruptions included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. Such an economic crisis can adversely affect us in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude us from raising funds required for operations and to fund continued expansion. It may be more difficult for us to complete strategic transactions with third parties. The financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom we do business. Such developments could decrease our ability to source, produce and distribute our products or obtain financing and could expose us to risk that one of our suppliers, customers or banks will be unable to meet their obligations under our agreements with them.

While it is not possible to predict with certainty the duration or severity of the current disruption in financial and credit markets, if economic conditions continue to worsen, it is possible these factors could significantly impact our financial condition.

Technological changes in stevia production could result in lower cost producers.

The traditional methods of production of stevia extracts are, with the exception of certain process improvements, fairly similar between all producers. Research is being undertaken that indicates that the use of a modified yeast organism to produce stevia extract through distillation might result in greater yields from raw materials, although with uncertain taste ramifications and requiring the use of genetically modified organisms. Although it is uncertain if new technology will lessen the economic viability of the Company's operations, it is possible that the new technology could result in lower-cost competitors.

Industry Related Risks

If demand for stevia and monk fruit does not increase, there will be excess capacity which will decrease the market price of these extracts and reduce our revenues.

We and other stevia producers have developed a large manufacturing capacity in expectation of a large demand for stevia products and we expect that demand for stevia will increase significantly in the future, particularly in light of the fact that certain stevia products have received GRAS status in the United States. However, there can be no assurance that this will be the case and if demand for stevia does not increase, the stevia market may be subject to

significant excess capacity, which would put downward pressure on the market price of stevia and reduce our revenues. This is similarly the case for monk fruit.

Stevia and monk fruit compete with sugar and other high intensity sweeteners in the global sweetener market and the success of these products will largely depend on consumer perception of their positive health implications relative to other sweeteners.

The continued growth of stevia's share of the global sweetener market depends upon consumer acceptance of stevia and stevia related products and the health implications of consuming stevia relative to other sweetener products; similarly for monk fruit. The publication of any studies or revelation of other information that has negative implications regarding the health impacts of consuming stevia or monk fruit may slow or reverse the growth in consumer acceptance of either product, which may have a material adverse effect on our business operations and financial condition.

Government regulation of our products could increase our costs, prevent us from offering certain products or cause us to recall products.

While stevia and/or stevia products, as well as monk fruit products, have been approved for use in food and beverages in certain countries, including the United States, there are a number of major regions, where they have not been approved for use. Monk fruit is not yet approved in the European Union. Global demand for stevia and stevia products, as well as monk fruit, may be limited if these products are not approved for use in these and other regions.

The processing, formulation, manufacturing, packaging, labeling, advertising and distribution of our products is subject to regulation by one or more federal agencies, and various agencies of the states and localities in which our products are sold. These government regulatory agencies may attempt to regulate any of our products that fall within their jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that we may want to market, may determine that a particular product or product ingredient presents an unacceptable health risk, may determine that a particular statement of nutritional support that we want to use is an unacceptable drug claim or an unauthorized version of a food "health claim," may determine that a particular product is an unapproved new drug, or may determine that particular claims are not adequately supported by available scientific evidence. Such a determination would prevent us from marketing particular products or using certain statements of nutritional support on our products. We also may be unable to disseminate third-party literature that supports our products if the third-party literature fails to satisfy certain requirements.

In addition, a government regulatory agency could require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenues from any products that we are required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects.

If any of our products contain plants, herbs or other substances not recognized as safe by a government regulatory agency, we may not be able to market or sell such products in that jurisdiction. Any such prohibition could materially adversely affect our results of operations and financial condition. Further, if more stringent statutes are enacted for dietary supplements, or if more stringent regulations are promulgated, we may not be able to comply with such statutes or regulations without incurring substantial expense, or at all.

Government regulatory agencies may also adopt more stringent rules regarding the manufacturing of dietary supplements, which may apply to the products that we or our subsidiaries manufacture. In the future, such regulations may require dietary supplements to be prepared, packaged and held in compliance with strict rules, and may require quality control provisions similar to those in the Good Manufacturing Practice regulations for drugs. We may not be able to comply with such new rules without incurring additional expenses, which may be significant.

We are not able to predict the nature of future laws, regulations, repeals or interpretations or to predict the effect that additional governmental regulation, if and when it occurs, would have on our business in the future. Such developments could, however, require reformulation of certain products to meet new standards, recalls or discontinuance of certain products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, or other new requirements. Any such developments could have a material adverse effect on our business operations and financial condition.

Risks Relating to Our Operations in China

Our agricultural and processing assets are located in PRC and the Chinese government's involvement in the economic system could have a materially adverse effect on our operations and financial condition.

The economy of the People's Republic of China differs from the economies of most developed countries in many respects, including the extent of government involvement. Over the past three decades, China's economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese 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 sound corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industrial development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Economic control measures may be adjusted or modified without warning and may be applied differently from industry to industry. Economic controls and reforms are often adopted on an experimental basis and are subject to reversal or revocation with little or no warning. Because these economic reform measures may be inconsistent or ineffectual, there are no assurances that:

- we will be able to capitalize on economic reforms;
- stevia or monk fruit production will remain a priority for Chinese governments;
- the Chinese government will continue its pursuit of economic reform policies;
- the economic policies, even if pursued, will be successful;
- economic policies will not be significantly altered from time to time; and
- business operations in China will not become subject to the risk of nationalization.

Any negative impact from economic reform policies or nationalization could result in a total investment loss in the Common Shares.

To date, reforms to China's economic system have not adversely impacted our operations. There can be no assurance, however, that China's economic reforms will continue or that we will not be adversely affected by changes in China's political, economic, and social conditions and by changes in policies of the Chinese government, such as changes in laws and regulations, measures which may be introduced to control inflation, changes in the rate or method of taxation, changes in employment restrictions, imposition of additional restrictions on currency conversion and remittance abroad, and reduction in tariff protection and other import restrictions.

Changes in the laws and regulations in the People's Republic of China may significantly impact our methods and costs of doing business.

The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value. Since 1979, China's legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. Additionally, Chinese laws are generally drafted in such a way as to allow interpretation to accord with changing policy demands and are implemented differently from region to region. The Chinese legal system has inherent uncertainties that can seriously limit legal protections to shareholders in companies with Chinese operations.

Our subsidiaries are subject to corporate laws in the People's Republic of China. Additionally, as a food manufacturing corporation, we and our subsidiaries are subject to the laws and regulations governing food and health products in the People's Republic of China. Our processing facilities and products are subject to periodic inspection by national, provincial and local authorities in China. We believe that we are currently in substantial compliance with all material governmental laws and regulations and maintain all material permits and licenses relating to our

operations. Nevertheless, we may fall out of substantial compliance with current laws and regulations or may be unable to comply with any future laws and regulations. To the extent that new regulations are adopted, we will be required, possibly at considerable expense, to adjust our activities in order to comply with such regulations. Our failure to comply with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, operations and finances.

The Chinese legal and accounting system may force us to incur additional costs and may not provide us with the same level of protection as United States and Canadian laws.

The legal system in the People's Republic of China differs from those of the United States and Canada. Our subsidiaries in China are considered "Foreign Invested Enterprises" or "FIEs", and are subject to certain laws and regulations designed to regulate foreign investment in China. The Foreign Invested Enterprise laws provide certain protections from government interference. In addition, these laws guarantee the full enjoyment of the benefits of corporate articles and contracts to Foreign Invested Enterprise participants. These laws, however, do impose standards concerning corporate formation and governance. Similarly, our Chinese subsidiaries account for transactions in accordance with Chinese GAAP and the accounting laws of the People's Republic of China mandate accounting practices that are not entirely consistent with IFRS. Converting Chinese GAAP financial statements into IFRS can be complex, and there is a risk that material differences between the standards will not be identified. Chinese accounting laws require that an annual "statutory audit" be performed in accordance with the People's Republic of China accounting standards and that the books of account of Foreign Invested Enterprises be maintained in accordance with Chinese accounting laws. Article 14 of the PRC Wholly Foreign-Owned Enterprise Law requires Wholly Foreign-Owned Enterprises (such as our subsidiaries in China) to submit certain periodic fiscal reports and statements to designated financial and tax authorities, at the risk of business license revocation. There is no guarantee that we and our subsidiaries will be able to continue to comply with the legal and accounting systems in China without incurring additional expense, or at all, which would restrict our ability to do business and would have a material adverse effect on our business operations and financial condition.

The enforcement of substantive rights in China differs from Canadian and United States procedures. Foreign Invested Enterprises and Wholly Foreign-Owned Enterprises are Chinese registered companies and enjoy the same status as other Chinese registered companies in business-to-business dispute resolution. Although, as a practical matter, the Chinese legal infrastructure should not present any significant impediment to the operation of Foreign Invested Enterprises, there is no guarantee that we or our subsidiaries will be able to enforce our rights in the same manner and to the same extent as in Canada or the United States.

In addition, the understanding of and respect for intellectual property rights in China is still developing, and there are uncertainties involved in their protection and the enforcement of such protection. Our failure to adequately protect our intellectual property could lead to the loss of a competitive advantage that could not likely be compensated by a damages award.

We may not be successful in restructuring outstanding Chinese debt either before or after it becomes due.

The Company holds significant debt in China from several different banks, collateralized through its assets in China, which it may not be able to repay as originally scheduled. While historically it has had success in restructuring such debt, there is no guarantee that it will be able to do so in the future. The Company continues to maintain positive relationships with the banks to help mitigate this risk and to explore debt restructuring options, and while we have historically been successful in restructuring significant portions of our debt, we cannot ensure that we will continue to do so with other debt currently due or that may become due in the future.

New Chinese tax laws may subject us to significant additional taxes in China.

Under China's Enterprise Income Tax Law, or the New EIT Law, and its implementing rules, which became effective in 2008, an enterprise established outside of China may be considered a "resident enterprise" if its "place of actual management" is situated in China. If so, the enterprise would be treated in a manner similar to a local Chinese enterprise for enterprise income tax purposes. Under the implementing rules of the New EIT Law, "place of actual management" means the place where substantial and overall management and control over the production and operations, personnel, accounting, and properties of the enterprise are located. Because the New EIT Law and its

implementing rules are new, it is unclear how tax authorities will determine tax residency based on the facts of each case.

If the Chinese tax authorities determine that we are a "resident enterprise" for Chinese enterprise income tax purposes, unfavorable Chinese tax consequences could follow. First, we may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as Chinese enterprise income tax reporting obligations. Second, although under the New EIT Law and its implementing rules dividends paid to us from our Chinese subsidiaries would qualify as "tax-exempt income," such dividends may be subject to a 10% withholding tax, as the Chinese foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for Chinese enterprise income tax purposes. Finally, it is possible that future guidance issued with respect to the new "resident enterprise" classification could result in a situation in which a 10% withholding tax is imposed on dividends we pay to our non-Chinese shareholders and with respect to gains derived by our non-Chinese shareholders from transferring our Common Shares. We are monitoring the possibility of "resident enterprise" treatment and are evaluating appropriate organizational changes to avoid this treatment, to the extent possible.

If we were treated as a "resident enterprise" by Chinese tax authorities, we would be subject to tax in both Canada and China, and our Chinese tax may not be creditable against our Canadian tax. In addition, we have not accrued any tax liability associated with the possible payment of dividends from our Chinese subsidiaries. Such a tax would be an added expense appearing on our income statement, which would reduce our net income.

We may become subject to additional compliance costs in the People's Republic of China.

Our operations in China are subject to laws and regulations in the People's Republic of China relating to the processing, packaging, storage, distribution, advertising, labeling, quality, and safety of food products. The failure by us and our subsidiaries to comply with applicable laws and regulations could subject us to administrative penalties, injunctive relief, civil remedies and even criminal responsibilities, including but not limited to fines, injunctions, recalls of our products suspension of operating activities and cancellation of our business license. It is possible that changes to such laws, more rigorous enforcement of such laws or our current or past practices could have a material adverse effect on our business, operating results and financial condition. Further, additional environmental, health or safety issues relating to matters that are not currently known to management may result in unanticipated liabilities and expenditures.

We may have difficulty establishing adequate management, legal and financial controls in the People's Republic of China.

The People's Republic of China has historically not had the same standard as Canada and the United States in terms of management and financial reporting concepts and practices, as well as modern banking, computer and other control systems. Our subsidiaries may have difficulty in hiring and retaining a sufficient number of qualified employees to work in the People's Republic of China. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data, preparing financial statements, books of account and corporate records and instituting business practices that meet Canadian and United States standards which would adversely impact our ability to effectively manage our future growth.

We may be subject to regulations relating to acquisitions of Chinese companies by foreign entities and if we are unable to comply with such regulations we may be subject to fines or sanctions imposed by the Chinese government.

On October 21, 2005, the China State Administration of Foreign Exchange, or SAFE, issued a notice, known as "Circular 75," which sets forth a regulatory framework for acquisitions of Chinese businesses involving offshore companies owned by Chinese residents or passport holders, known as "round-trip" investments or acquisitions. Among other things, Circular 75 provides that if a round-trip investment in a Chinese corporation by an offshore corporation controlled by Chinese residents occurred prior to the issuance of Circular 75, certain Chinese residents were required to submit a registration form to the local SAFE branch to register their ownership interests in the offshore corporation prior to March 31, 2006. Circular 75 also provides that, prior to establishing or assuming control of an offshore corporation for the purpose of obtaining financing for that offshore corporation using the assets or equity interests in an onshore enterprise in China, each Chinese resident or passport holder who is an ultimate controller of such offshore corporation, whether an individual or a legal entity, must complete certain registration procedures with the relevant local SAFE branch. Such Chinese residents must also amend the registration if there is

a material event affecting the offshore corporation, such as, among other things, a change in share capital, a transfer of shares, or if such corporation is involved in a merger, acquisition or a spin-off transaction or uses its assets in China to guarantee offshore obligations.

At present, it is unclear whether Circular 75 requires Chinese shareholders of our corporation to register. We will attempt to comply, and attempt to ensure that all of our shareholders subject to these rules comply, with the relevant requirements. We cannot, however, assure the compliance of all of our China-resident shareholders. Any failure to comply with the relevant requirements could subject us to fines or sanctions imposed by the Chinese government, including restrictions on certain of our subsidiaries' ability to pay dividends to us and our ability to increase our investment in those subsidiaries.

In 2006, six Chinese regulatory authorities, including the Chinese Ministry of Commerce and the Chinese Securities Regulatory Commission, jointly promulgated regulations entitled Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "M&A Rules"). The M&A Rules established additional procedures and requirements that make merger and acquisition activities by foreign investors more time-consuming and complex, including, in some circumstances, advance notice to the Ministry of Commerce of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise. Compliance with the M&A Rules, and any related approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit our ability to complete acquisitions of domestic Chinese companies, which could affect our ability to expand our business or maintain our market share.

We may be subject to Chinese regulations relating to employee stock options granted to Chinese citizens and if we are unable to comply with such regulations, we may be subject to fines and legal sanctions in China.

On March 28, 2007, SAFE issued the Application Procedure for Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plans or Stock Option Plans of Overseas Listed Companies, also known as "Circular 78". Under Circular 78, Chinese individuals who participate in an employee stock option holding plan or a stock option plan of an overseas listed corporation are required, through a Chinese domestic agent or Chinese subsidiary of the overseas listed corporation, to register with SAFE and complete certain other procedures. We and our Chinese employees who have been granted restricted stock or stock options are subject to Circular 78 because we are an overseas listed corporation. However, in practice, significant uncertainties exist with respect to the interpretation and implementation of Circular 78. We cannot provide any assurance that we or our Chinese employees will be able to comply with, qualify under, or obtain any registration required by Circular 78. In particular, if we or our Chinese employees fail to comply with the provisions of Circular 78, we or such Chinese employees may be subject to fines and legal sanctions imposed by SAFE or other Chinese governmental authorities, which could result in a material adverse effect to our business operations.

Our ability to provide loans or capital contributions to our Chinese subsidiaries may be limited by Chinese law.

Chinese regulation of direct investment and loans by offshore holding companies to Chinese entities may delay or limit us from making capital contributions or loans to our Chinese subsidiaries. Any capital contributions or loans that we, as an offshore entity, make to our Chinese subsidiaries are subject to Chinese regulations. For example, any loans we make to our Chinese subsidiaries cannot exceed the difference between the total amount of investment our Chinese subsidiaries are approved to make under relevant Chinese laws and the respective registered capital of our Chinese subsidiaries, and must be registered with the local branch of the SAFE as a procedural matter. In addition, capital contributions from us to our Chinese subsidiaries must be approved by the PRC Ministry of Commerce or its local counterpart. There is no assurance that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our Chinese subsidiaries or to fund our operations may be negatively affected, which could adversely affect their liquidity and our ability to fund our working capital and expansion projects and meet our obligations and commitments to local Chinese governments related to establishing our stevia operations.

Pursuing or enforcing shareholder actions against our Chinese subsidiaries may be limited.

Because many of the directors and executive officers of our subsidiaries are Chinese citizens and reside in China, it may be difficult, if not impossible, to acquire jurisdiction over these persons in the event a lawsuit is initiated against our subsidiaries, or their directors and officers by a shareholder or group of shareholders. Furthermore, because the majority of our subsidiaries' assets are located in the People's Republic of China it would also be very difficult to access those assets to satisfy an award entered against us or our subsidiaries in a Canadian court.

Businesses operating in China may be subject to greater risk of violating US or other anti-corruption legislation.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits US public companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Non-US companies, including some that may compete with our company, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur in China. We can make no assurance, however, that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences, including adverse publicity and damage to our reputation that may have a material adverse effect on our business, financial condition and results of operations.

The Chinese government has been adopting increasingly stringent environmental protection and safety in production requirements which could hurt our business.

The continuance of our operations depends upon compliance with the applicable environmental, safety in production and other regulations. Any change in the scope or application of these laws and regulations may limit our production capacity or increase our cost of operations and could therefore have an adverse effect on our business operations, financial condition and operating results. Our failure to comply with these laws and regulations could result in fines, penalties or legal proceedings being commenced against us. There can be no assurance that the Chinese government will not impose additional or stricter laws or regulations, compliance with which may cause us to incur significant capital expenditures which we may not be able to pass on to our customers.

DIVIDEND POLICY

We have not declared or paid any dividends on the Common Shares since incorporation, and it is not anticipated that any dividends will be declared or paid in the immediate or foreseeable future. Any decision to pay dividends will be made by our board of directors on the basis of earnings, financial requirements and other conditions existing at such future time. An agreement we have with a customer relating to their prepayment for stevia extract contains a provision preventing us from paying dividends during the term of the agreement.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares, of which 37,890,336 Common Shares were issued and outstanding as at the date of this Annual Information Form.

All of the Common Shares rank equally as to voting rights, participation in a distribution of our assets on liquidation, dissolution or winding-up and the entitlement to dividends. The holders of the Common Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each of the Common Shares carries with it the right to one vote. We have authorized no other class or series of our share capital.

In the event of the liquidation, dissolution or winding-up of us or other distribution of our assets, the holders of the Common Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after we have paid out our liabilities. Distributions in the form of dividends, if any, will be set by our board of directors.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in our articles and the *Business Corporations Act* (British Columbia). Generally speaking, substantive changes to the share capital require the approval of the shareholders by special resolution (at least 2/3 of the votes cast).

MARKET FOR SECURITIES

As of the date hereof, GLG Life Tech's Common Shares are listed on the TSX under the symbol "GLG". The following sets out the price range and total volumes traded or quoted on the TSX on a monthly basis for each month of 2016.

Month	High	Low	Close	Volume
December	0.25	0.19	0.24	334,600

November	0.32	0.23	0.23	113,000
October	0.40	0.28	0.32	220,400
September	0.44	0.38	0.39	87,700
August	0.46	0.43	0.43	88,000
July	0.48	0.39	0.43	284,400
June	0.56	0.31	0.46	924,300
May	0.31	0.26	0.29	122,700
April	0.35	0.28	0.30	257,800
March	0.30	0.27	0.30	287,300
February	0.34	0.22	0.32	515,000
January	0.22	0.17	0.22	856,000

PRIOR SALES

The following table summarizes the issuance by us of Common Shares within the 12-month period before the date of this Annual Information Form.

Date of Issue	Number of Common Shares Issued	Issue Price ($)
	Nil	
Total	**Nil**	

The following table summarizes the issuances by us of stock options within the 12-month period before the date of this Annual Information Form.

Date of Issue	Number of Options Issued	Option Exercise Price ($)
	Nil	
Total	**Nil**	

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of the Company, there are no securities of the Company in escrow or subject to contractual restriction:

DIRECTORS AND OFFICERS

The directors are elected by the shareholders at each annual general meeting and typically hold office until the next annual general meeting at which time they may be re-elected or replaced. Casual vacancies on the Board are filled by the remaining directors and the persons filling those vacancies hold office until the next annual general meeting at which time they may be re-elected or replaced. The officers are appointed by the Board and hold office at the pleasure of the Board.

Collectively, as at the date of this Annual Information Form, the directors and executive officers of GLG Life Tech, as a group, own 5,875,405 Common Shares, representing approximately 15.5% (14.3% on a fully diluted basis) of the issued and outstanding Common Shares.

The following table sets forth the names and municipalities of residence of all the directors and executive officers of the Company, as well as the positions and offices held by such persons and their principal occupations.

Name and Municipality of Residence	Position with GLG Life Tech	Principal Occupations for the past 5 years	Director Since
Dr. Luke Zhang Heze, Shangdong Province China	Chief Executive Officer, Chairman and Director	Chief Executive Officer, Chairman and Director of GLG Life Tech Corporation	June 21, 2005
Brian Palmieri[(1) (2)] Cody, Wyoming United States	Vice Chairman and Director	Vice Chairman and Director of GLG Life Tech Corporation	June 21, 2005
He Fangzhen [(1)(3)(4)] Jinan, Shangdong Province, China	Director	Retired Chief Engineer	May 7, 2008
Dr. Hong Zhao Guang[(1)] Beijing, China	Director	Director & Commissioner with the Aged Chinese Healthcare Association	August 5, 2010
Paul Block, Connecticut[(1)] United States	Director	CEO, SVP Worldwide	March 11, 2015
Sophia Leung[(1)(2)(3)(4)] Vancouver, British Columbia Canada	Director	Board Director of ExGen Resources Inc.	February 2, 2007
Liu Yingchun[(1)(2)(3)(4)] Heze, Shangdong Province China	Director	Credit Director, Heze Industrial and Commercial Bank (1997 – 2000)	June 17, 2008
Brian Meadows Delta, British Columbia, Canada	President, Chief Financial Officer and Corporate Secretary	President, Chief Financial Officer of GLG Life Tech Corporation	N/A

Notes:

(1) Independent Director
(2) Member of the Audit Committee
(3) Member of Compensation Committee
(4) Member of Corporate Governance and Nominating Committee

The following is a brief description of the background of the directors and executive officers of GLG Life Tech Corporation.

Directors and Executive Officers

Dr. Luke Zhang (Director, Chief Executive Officer and Chairman)

Dr. Zhang is a Canadian citizen and currently resides in China. He was appointed as our Chairman and as director on June 21, 2005 and as our President on September 6, 2007. On May 15, 2008, Dr. Zhang was named our Chief Executive Officer. Dr. Zhang received his PhD in Pharmacology from Vanderbilt University and has worked in international business for over 20 years. Dr. Zhang received his medical degree in China previously. He is a non-independent director.

Brian Meadows (President, Chief Financial Officer and Corporate Secretary)

Mr. Meadows resides in Delta, British Columbia and was appointed as our Chief Financial Officer on October 9, 2007. Mr. Meadows has 20 years' experience in the telecommunications industry in both North America and Europe and prior to his engagement as our Chief Financial Officer Mr. Meadows worked for Telus Corporation. He has held senior financial and business development roles in several start-up companies in Europe earlier in his career (1996-2001) as well as having worked with large public companies in Canada in both financial and operational roles. Mr. Meadows holds both the Certified Financial Analyst (CFA) designation as well as the Certified Management Accountant (CMA) designation. He obtained his international MBA from the University of Glasgow in 1995 and a Bachelor of Business Administration from Wilfrid Laurier University in 1987. Mr. Meadows was appointed as our Corporate Secretary on May 19, 2009. Mr. Meadows was appointed as our President in November, 2011.

Brian Palmieri (Director and Vice-Chairman)

Mr. Palmieri resides in Cody, Wyoming and was appointed as our Chief Executive Officer and a director on June 21, 2005. On May 15, 2008, Mr. Palmieri relinquished his role as our Chief Executive Officer and was named our President and Vice-Chairman. On October 1, 2010, Mr. Palmieri relinquished his role as our President. Mr. Palmieri is an independent director.

Prior to his involvement with us, Mr. Palmieri's time has been divided between the following businesses in which he is a principal:

American Tool and Die Inc., the principal business of which is metals manufacturing and of which he is president,

Palco International Inc. and AAFAB International Inc., the principal business of both being international trading and consulting and of which he serves as president.

He Fangzhen (Director)

Mr. Fangzhen was appointed as one of our directors on May 7, 2008. Mr. Fangzhen is a specialist in manufacturing and production. With over 40 years of experience, his expertise as a chief engineer lies in optimizing manufacturing plant and personnel, particularly in China. His specialties include planning, operational structure, maintenance, safety, quality control and risk management as well as the assignment, training and supervision of production and technology personnel. Mr. Fangzhen graduated from Taiyuan Polytechnic University in China. Mr. He is an independent director.

Dr. Hong Zhao Guang (Director)

Dr. Hong Zhao Guang is an active leader in both the academic and business communities in China. Receiving his degree from Shanghai First Medical College, he has been the vice president of Beijing Anzhen Hospital and the vice director of the Cardiovascular Disease Expert Consulting Committee for the Ministry of Public Health in China. Currently Dr. Hong is directing commissioner with the Aged Chinese Healthcare Association and the vice group leader for physicians at Capital Medical Science University, one of the top ranking academic medical institution in China. Dr. Hong has written and edited more than ten books and published more than one hundred academic theses and five hundred articles for the scientific community. During the last 15 years, Dr. Hong has devoted his time to the education of citizens throughout China on the importance of wellness, health and an active lifestyle, including the prevention of diabetes and cardiovascular diseases. His books have been read by more than 70 million people and his lectures heard by over 200 million people in China. Dr. Hong is an independent director.

Paul Block (Director)

Paul Block was appointed as our newest director on March 11, 2015. He brings to GLG's Board a wealth of senior executive experience in the global food and beverage and high intensity sweetener industries, particularly in the areas of sales, marketing, and business development. Mr. Block is presently Chief Executive Officer of SVP Worldwide. Previously, Mr. Block served as Chief Executive Officer of Merisant Worldwide Company, Inc. and the Whole Earth Sweetener Co., LLC. While at Merisant, Mr. Block oversaw the company's well-recognized line of sweeteners, including the Equal® sweetener brand. Prior to joining Merisant, Mr. Block held C-level positions at Sara Lee Coffee and Tea Consumer Brands, Allied Domecq Spirits USA and Groupe Danone. Mr. Block has been a key figure in developing the global stevia tabletop market through his role as CEO at Merisant and the Whole Earth

Sweetener Co., LLC., launching the successful Pure Via® line of tabletop zero calorie stevia sweeteners. Mr. Block is an independent director.

Sophia Leung (Director)

Madame Leung resides in Vancouver, British Columbia and was appointed as one of our directors on February 2, 2007. Madame Leung has served in political positions on a national level, including as special advisor in international trade to Canada's prime minister from 2004-2006, parliamentary secretary for National Revenue of Canada from 2000-2004 and Member of Parliament of Canada 1997–2004. Madame Leung is currently a director of ExGen Resources Inc. Inc. She is an independent director.

Liu Yingchun (Director)

Madame Yingchun was elected as one of our directors on June 17, 2008. Madame Yingchun graduated from Shandong Economical College and has over 20 years of experience in finance and accounting. She has worked for several major banks and insurance companies in China including China Bank and the Industrial and Commercial Bank of China. She is a certified economist and financial analyst. Mrs. Liu is currently audit director and controller of HeZe Industrial and Commercial Bank. She also has experience in internal control and investment management. Madame Yingchun is an independent director.

Corporate Cease Trade Orders

Except as described below, during the ten years preceding the date of this Management Proxy Circular, no proposed director of the Corporation has, to the knowledge of the Corporation, been:

(a) a director, chief executive officer or chief financial officer of any company that:

(i) was the subject of a cease trade or similar order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than thirty consecutive days (an "Order") while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the company that is the subject of the Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

On April 10, 2012, Mr. Meadows and Dr. Zhang were the subject of a management cease trade order ("MCTO") issued by the BCSC as a result of the Company having not filed its audited financial statements, management's discussion and analysis and annual information form. The CTO was revoked on June 18, 2013, by the BCSC.

Individual Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties and Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of GLG will be subject with respect to the operations of GLG. Certain of the directors and officers of GLG also serve as directors and officers of other companies. Situations may arise where the directors and officers will be engaged in direct competition with GLG. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the *Business Corporations Act* (British Columbia).

If a conflict of interest arises at a meeting of the Board of Directors of GLG, any director in a conflict will disclose his interest and abstain from voting on such matter.

CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for the supervision of the management of the Company's business and affairs. The Board of Directors is currently composed of seven directors, six of whom the Company considers to be independent as set out below. The Board of Directors considers a member to be independent if he has no direct or indirect material relationship with the Company which, in the view of the Board of Directors, would reasonably be perceived to materially interfere with the exercise of the director's independent judgment. The Board's current composition is as follows:

Dr. Luke Zhang – non-independent

Brian Palmieri – independent

Dr. Hong Zhao Guang – independent

Sophia Leung – independent

Paul Block – independent

He Fangzhen – independent

Liu Yingchun - independent

Dr. Luke Zhang is an executive officer and significant shareholder of the Company; hence, he is not considered to be independent of management.

Committees of our Board of Directors

We have three board committees, being the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

Audit Committee

The Audit Committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Committee is responsible for overseeing the work of the auditors and pre-approving non-audit services. The Committee also reviews our annual and interim financial statements and news releases containing information taken from our financial statements prior to their release. The Committee is responsible for reviewing the acceptability and quality of our financial reporting and accounting standards and principles and any proposed material changes to them or their application.

The current members of the Audit Committee are Madame Sophia Leung (Chairwoman), Madame Liu Yingchun, and Brian Palmieri. Each member of the Audit Committee is "independent" within the meaning Canadian Securities laws. The Audit Committee has a published charter which is attached to our AIF and is attached as Appendix A to this Annual Information Form. The Charter is available at www.sedar.com and is also posted on our website, www.glglifetech.com.

Education and Experience of Members of the Audit Committee

The Audit Committee reports to the Board of Directors, and is responsible for assisting in the Board of Directors' oversight of the reliability and integrity of the accounting principles and practices, financial statements, other financial reporting, and disclosure practices followed by management of the Company and its subsidiaries.

All members of the Audit Committee members are independent.

All of the members of the Audit Committee are financially literate based on their experience as a chief executive, financial officer or officers and directors of public and/or private organizations.

Pre-Approval Policies and Procedures of Non-Audit Services

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. As a matter of practice the Audit Committee, and or the audit committee chairman acting on behalf of the Audit Committee, will generally pre-approve all audit and permitted non-audit services to be performed by the external auditors and identifies and reviews the types of non-audit services or mandates that it considers to be incompatible with the principles underlying the independence of the external auditors.

External Auditor Service Fees

The aggregate fees for professional services rendered by the Company's auditor, Davidson & Company, LLP, for the years ended December 31, 2016, and December 31, 2015, are as follows:

Fiscal years ended December 31	**2016**	**2015**
Audit Fees (for audit of the Company's annual financial statements for the respective year and assistance with the Company's quarterly financial statements)	$475,000	$525,000
Audit-Related Fees	$9,500	$10,500
Total Audit and Audit-Related Fees	$484,500	$535,500
Tax Fees (for preparation of tax returns)	$5,000	$5,000
All Other Fees	$0	$0

Total Fees	**$489,500**	**$540,500**

Compensation Committee

The Compensation Committee was established on March 18, 2008, and assists the board of directors in fulfilling its oversight responsibilities relating to compensation. The Committee's role includes establishing a remuneration and benefits plan for directors, executives and other key employees and reviewing the adequacy and form of compensation of directors and senior management. The Committee oversees the development and implementation of compensation programs in order to support our business objectives and attract and retain key executives. The Committee also reviews and makes recommendations to our board of directors regarding our incentive compensation equity-based plans.

The members of the Compensation Committee are, Madame Sophia Leung, Madame Liu Yingchun, and Mr. He Fangzhen. Each member of the Compensation Committee is "independent" within the meaning of Canadian Securities laws.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee was established on March 18, 2008, and assists the board of directors in fulfilling its oversight responsibilities relating the board of director's relationship with senior management. The Committee's role includes developing and monitoring the effectiveness of our system of corporate governance, assessing the effectiveness of individual directors, the board of directors, and various board committees, and is responsible for appropriate corporate governance and proper delineation of the roles, duties and responsibilities of management, the board of directors and its committees. The Committee is responsible for recommending to the board of directors a set of corporate governance principles and reviewing these principles at least once a year. The Committee oversees our investor relations and public relations activities. In addition, the Committee is responsible for identifying and recommending candidates qualified to become directors and board committee members and to ensure that an effective Chief Executive Officer succession plan is in place.

The members of the Corporate Governance and Nominating Committee are Madame Sophia Leung, Madame Liu Yingchun and Mr. He Fangzhen. Each member of the Corporate Governance and Nominating Committee is "independent" within the meaning of Canadian Securities laws.

LEGAL PROCEEDINGS

On December 14, 2011, a putative class action lawsuit was filed against the Company, its Chief Executive Officer and Chief Financial Officer ("defendants") in the U.S. District Court for the Southern District of New York. On January 26, 2012, a very similar putative class action lawsuit against the same defendants was filed in the U.S. District Court for the Southern District of New York. These lawsuits were consolidated into a single case on March 21, 2012, and a consolidated complaint was filed on May 10, 2012. After the defendants moved to dismiss the consolidated complaint, the plaintiffs filed an amended consolidated complaint on March 15, 2013. The defendants filed a motion to dismiss the amended consolidated complaint on March 29, 2013, which the Court granted on January 31, 2014, and dismissed this consolidated action with prejudice. The deadline to appeal this dismissal ruling has passed, and the judgment in defendants' favour has become final.

On August 31, 2012, the company was served with proposed class action law suits filed in the Supreme Court of British Columbia and in the Ontario Superior Court of Justice which named the Company, its Chief Executive Officer and Chief Financial Officer. A tolling agreement had been executed to hold these matters in abeyance pending developments in similar litigation in the United States. After the United States litigation was resolved in GLG's favour, both the B.C. lawsuit and the Ontario lawsuit have been discontinued, bringing an end to the Canadian shareholder lawsuits.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, the Company is not aware of any material interest, direct or indirect, of (i) any shareholder that is a direct or indirect beneficial owner of, or who exercises control or direction over, more than 10%

of the voting rights attached to the Common Shares, (ii) any of our directors or executive officers or our subsidiaries' directors or executive officers, or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into within the three most recently completed financial years or during the current financial year, that has materially affected or will materially affect the Company.

AUDITORS, REGISTRAR AND TRANSFER AGENT

AUDITORS

Davidson & Company, LLP was appointed as the auditors of the Corporation effective September 15, 2014.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Trust Company of Canada at its principal offices at 510 Burrard Street, Second Floor, Vancouver, British Columbia V6C 3B9.

INTEREST OF EXPERTS

The Corporation's auditors are Davidson & Company LLP, who have prepared an independent auditors' report dated March 29, 2017, in respect of the Corporation's consolidated financial statements as at December 31, 2016 and 2015. Davidson & Company has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and the rules of the US Securities and Exchange Commission.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business or as otherwise disclosed herein, there are no other material contracts entered into within the most recently completed financial year or before the most recently completed financial year that are still in effect.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the most recent Management Proxy Circular dated May 19, 2016, for the Company's annual general meeting of shareholders that involved the election of directors held on June 28, 2016. Additional financial information is provided in the Company's most recent audited financial statements. A copy of these documents may be obtained upon request from the Chief Financial Officer or may be obtained from SEDAR at www.sedar.com under the company name, GLG Life Tech Corporation.

APPENDIX A

AUDIT COMMITTEE CHARTER

GLG LIFE TECH CORPORATION
(THE "COMPANY")

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of the Company. The role of the Committee is to provide oversight of the Company's financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies. This includes helping directors meet their responsibilities, facilitating better communication between directors and the external auditor, enhancing the independence of the external auditor, increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Company's external auditor is ultimately accountable to the Board and the Committee as representatives of the Company's shareholders.

The Company shall provide appropriate funding, as determined by the Committee, to permit the Committee to perform its duties under this Charter, to compensate its advisors and to compensate any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee, at its discretion, has the authority to initiate investigations, and hire legal, accounting or other outside advisors or experts to assist the Committee, as it deems necessary to fulfill its duties under this Charter.

Duties and Responsibilities of the Audit Committee

External Auditor

- To be directly and solely responsible, subject to shareholder approval, for the appointment, compensation, retention and oversight of any independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) engaged by the Company for the purpose of preparing or issuing an audit report or related work, with each such auditor reporting directly to the Committee.

- To obtain and review annually a report from the independent auditor describing (i) the independent auditor's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review or peer reviews or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues, and (iii) all relationships between the independent auditor and the Company.

- To review with the independent auditor any accounting adjustments that were noted or proposed by the independent auditor but that were "passed" (as immaterial or otherwise), and communications between the audit team and the independent auditor's national office respecting auditing or accounting issues presented by the engagement, and any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the independent auditor to the Company, or any other material written communication provided by the independent auditor to the Company's management.

- To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.

- To pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services.

- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Company on any aspect of its certification of the Company's financial statements:

    (a) No member of the audit team that is auditing a business of the Company can be hired into that business or into a position to which that business reports for a period of three years after the audit;

    (b) No former partner or employee of the external auditor may be made an officer of the Company or any of its subsidiaries for three years following the end of the individual's association with the external auditor;

    (c) The CFO must approve all office hires from the external auditor; and

    (d) The CFO must report annually to the Committee on any hires within these guidelines during the preceding year.

- To ensure that the head audit partner assigned by the external auditor to the Company, as well as the audit partner charged with reviewing the audit of the Company, are changed at least every five years, to consider issues related to the timing of such rotation and the transition to new lead and reviewing partners, and to consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm, and report any conclusions on these issues to the Board.

- To review with the independent auditor the critical accounting policies and practices used by the Company, all alternative treatments of financial information within generally accepted accounting principles that the independent auditor has discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor.

- To review, at least annually, the relationships between the Company and the external auditor in order to establish the independence of the external auditor.

Financial Information and Reporting

- To review the Company's annual audited financial statements with the CEO and CFO and then the full Board.

- To review the interim financial statements with the CEO and CFO.

- To review and discuss with management and the external auditor, as appropriate:

    (a) The annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and,

    (b) Earnings guidance and other releases containing information taken from the Company's financial statements prior to their release.

- To review the quality and not just the acceptability of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

- To review with the CFO any earnings guidance to be issued by the Company and any news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

Oversight

- To review the internal audit staff functions, including:

  (a) The purpose, authority and organizational reporting lines;

  (b) The annual audit plan, budget and staffing; and

  (c) The appointment and compensation of the controller, if any.

- To review with management its assessment of the effectiveness of and adequacy of the Company's internal control structure and procedures for financial reporting (the "Internal Controls"), review with the independent auditor the attestation to and report on the assessment made by management, and consider with management and the independent auditor whether any changes to the Internal Controls are appropriate in light of management's assessment or the independent auditor's attestation.

- To review and monitor the Company's major financial risks and risk management policies and the steps taken by management to mitigate those risks.

- To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.

- To review with the CEO and CFO of the Company any report on significant deficiencies in the design or operation of the Internal Controls that could adversely affect the Company's ability to record, process, summarize or report financial data, any material weaknesses in Internal Controls identified to the auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's Internal Controls.

- To review and approve any related-party transactions, after reviewing each such transaction for potential conflicts of interest and other improprieties.

- To establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. To adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns.

- In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

Membership

- The Committee shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and is otherwise "unrelated" or "independent" as required under applicable securities rules or applicable stock exchange rules.

- Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

- All members of the Committee must be "financially literate" (i.e., have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement). In addition, if required by applicable additional securities regulators or stock exchange rules, at least one member of the Committee shall qualify as a "financial expert" within the meaning of such rules and regulations.

Procedures

- The Board shall appoint one of the directors elected to the Committee as the Chair of the Committee (the "Chair"). In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.

- The Chair will appoint a secretary (the "Secretary") who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.

- No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum.

- The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.

- The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the bylaws of the Company or otherwise determined by resolution of the Board.

- The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants, as it deems appropriate.

- The Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations and shall discuss with the CEO or the CFO such records and other matters considered appropriate.

- The Committee has the authority to communicate directly with the internal and external auditors.

Policy for Reporting Violations and Complaints

The Company's policy for reporting violations and complaints is attached as Annex A.

Reports

- The Committee shall produce the following reports and provide them to the Board:

(d) An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.

(c) A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

ANNEX A

GLG LIFE TECH CORPORATION
POLICY FOR REPORTING VIOLATIONS AND COMPLAINTS

I. Introduction

One of our Company's most valuable assets is its integrity. Protecting this asset is the job of everyone in the Company. We have established the GLG Life Tech Corporation Code of Ethics to help our employees understand and comply with the laws and regulations applicable to our business and to maintain the highest standards of ethical conduct. This policy is meant to supplement our Code of Ethics by encouraging employees to report any suspected violations or concerns as to compliance with laws, regulations, public disclosure requirements, our Code of Ethics or other Company policies, or any complaints or concerns regarding the Company's accounting, internal accounting controls, or auditing matters.

II. Obligation to Report Suspected or Actual Violations; Anonymous Reporting

A. Reporting Generally

It is every employee's obligation to report suspected or actual violations of laws, government rules and regulations, the Company's Code of Ethics or other Company policies. You should also report any suspected violations of the laws and rules that govern the reporting of the Company's financial performance, and any complaint or concern regarding the Company's accounting, internal accounting controls, public disclosure requirements, or auditing matters.

You may report any such matters directly to your supervisor or manager or by the procedures set forth below. As noted below, supervisors and managers are required to report to a Compliance Officer any time they receive a report of a concern about our compliance with laws, the Code of Ethics or other Company policy, any notice of any suspected wrong-doing by any Company employee, officer or director, or any complaint or concern about the Company's accounting, internal accounting controls, public disclosure or auditing matters. The Compliance Officers who should be notified are either of the following:

Brian Meadows
President and Chief Financial Officer
GLG Life Tech Corporation
Suite 100 – 10271 Shellbridge Way
Richmond, B.C., V6X 2W8
Canada

Georald Ingborg
Legal Counsel of the Company
Fasken Martineau DuMoulin LLP
#2900 – 550 Burrard Street
Vancouver, B.C., V6C 0A3
Canada

III. Treatment and Retention of Complaints and Reports

Each supervisor and manager shall report any suspected violation, concern or complaint reported to such person by employees or other sources to a Compliance Officer to assure proper treatment and retention of complaints, concerns or notices of potential violations. In addition, employees should take note that persons outside the Company may report complaints or concerns about suspected violations, or concerns regarding internal accounting controls, accounting or auditing matters. Any such concerns or complaints should be reported immediately on receipt to a Compliance Officer.

Supervisors and managers as well as the Compliance Officers shall promptly consider the information, reports or notices received by them under this policy or otherwise. The Compliance Officers shall take appropriate action,

including investigation, if appropriate, in accordance with the law, governmental rules and regulations, the Company's Code of Ethics and otherwise consistent with good business practice.

Upon a report to a Compliance Officer, all notices or reports of suspected violations, complaints or concerns received pursuant to this policy shall be recorded in a log, indicating the description of the matter reported, the date of the report and the disposition thereof, and the log shall be retained for five years. The log shall be maintained by the Compliance Officers.

IV. Statement of Non-Retaliation

It is a federal crime for anyone to retaliate intentionally against any person who provides truthful information to a law enforcement official concerning a possible violation of any federal law. Moreover, the Company will not permit any form of intimidation or retaliation by any officer, employee, contractor, subcontractor or agent of the Company against any employee because of any lawful act done by that employee to:

- provide information or assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of laws, rules, regulations, the Company's Code of Ethics, or any Company policies; or

- file, testify, participate in, or otherwise assist in a proceeding relating to a violation of any law, rule or regulation.

Any such action is a violation of Company policy and should be reported immediately under this policy.

V. Statement of Confidentiality

The Company will, to the extent reasonably possible, keep confidential both the information and concerns reported under this policy, and its discussions and actions in response to those reports and concerns. In the course of its investigation, however, the Company may find it necessary to share information with others on a "need to know" basis.