GLG LIFE TECH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its *Internal Control-Integrated Framework*. Based upon its assessment, management concluded that, as of December 31, 2016, the Company's internal control over financial reporting was effective.

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

March 27, 2017

Brian Meadows (Signed)
President and Chief Financial Officer

March 27, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
GLG Life Tech Corporation

We have audited the accompanying consolidated financial statements of GLG Life Tech Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of GLG Life Tech Corporation as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about GLG Life Tech Corporation's ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 29, 2017

GLG LIFE TECH CORPORATION

Consolidated Statements of Financial Position
As at December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Note	December 31, 2016	December 31, 2015 Restated - Note 4	Janauary 1, 2015 Restated - Note 4
ASSETS				
Current Assets				
Cash		$ 1,562,524	$ 2,326,765	$ 954,599
Short-term investments		-	-	186,898
Accounts receivable	6	2,209,271	2,821,324	2,083,483
Sales taxes recoverable	7	662,240	1,220,619	5,666
Inventory	8	7,838,059	12,571,996	16,654,136
Prepaid expenses and other advances	9	788,369	702,779	1,295,663
Total Current Assets		13,060,463	19,643,483	21,180,445
Property, Plant, and Equipment	10,11	42,066,695	56,394,674	50,722,132
Total Assets		$ 55,127,158	$ 76,038,157	$ 71,902,577
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Current Liabilities				
Short-term loans	12	$ 65,637,794	$ 70,009,287	$ 61,494,436
Accounts payable and accruals		19,521,154	21,507,819	17,590,842
Interest payable		21,354,102	16,558,538	8,439,711
Deferred revenue		302,827	-	-
Due to related parties	15	7,974,276	3,646,295.00	1,006,575
Total Current Liabilities		114,790,153	111,721,939	88,531,564
Long-term loans	12	-	2,407,268	2,010,965
Due to related parties	15	27,158,725	27,913,376	23,052,323
Liabilities on derivatives	12,15	606,002	205,917	81,165
Total Liabilities		142,554,880	142,248,500	113,676,017
EQUITY				
Shareholders' Deficiency				
Share capital	16	197,849,958	197,116,227	196,270,208
Contributed surplus		29,232,154	29,019,218	28,608,515
Accumulated other comprehensive income		13,183,038	11,541,694	11,536,910
Deficit		(327,692,872)	(303,887,482)	(278,189,073)
Total Shareholders' Deficiency	22	(87,427,722)	(66,210,343)	(41,773,440)
Total Liabilities and Shareholders' Deficiency		$ 55,127,158	$ 76,038,157	$ 71,902,577

Going concern (Note 3)
Commitments (Note 23)
Contingencies (Note 25)
See Accompanying Notes to the Consolidated Financial Statements
APPROVED ON BEHALF OF THE BOARD:

"Sophia Leung " Director

"Brian Palmieri " Director

GLG LIFE TECH

Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Year ended December 31	
	2016	**2015**
REVENUE	$ 18,952,906	$ 30,365,180
COST OF SALES (Note 18)	(19,342,379)	(28,795,773)
GROSS PROFIT (LOSS)	(389,473)	1,569,407
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Note 18)	(11,758,501)	(11,690,503)
OTHER INCOME (EXPENSES)		
Bad debt recovery	445,580	(711,723)
Foreign exchange gain (loss)	1,849,419	(2,240,502)
Extinguishment of accounts payable	214,684	-
Interest expense	(11,259,171)	(10,905,321)
Interest income	14,316	34,688
Inventory impairment - obsolescence	(1,120,339)	(1,793,722)
Other income (expenses)	565,843	(859,595)
Prepaid expenses recovery (provision)	(90,381)	107,739
Property, plant and equipment impairment (Note 11)	(2,277,367)	(1,910,635)
Sales taxes recovery	-	2,701,758
	(11,657,416)	(15,577,313)
NET LOSS	(23,805,390)	(25,698,409)
OTHER COMPREHENSIVE INCOME		
Foreign Currency Translation Adjustment	1,641,344	4,784
TOTAL COMPREHENSIVE LOSS	$ (22,164,046)	(25,693,625)
NET LOSS PER SHARE		
Basic & Diluted (Note 19)	$ (0.63)	$ (0.68)
Weighted Average Number of Shares Outstanding		
Basic and diluted	37,890,336	37,871,909

See Accompanying Notes to the Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Changes in Shareholders' Deficiency
As at December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Restricted Shares		Common Shares Amount		Contributed Surplus		Accumulated Other Comprehensive Income ("AOCI")		Restated Deficit (note 4)		Total Shareholders' Equity
Balance as at December 31, 2014	36,417,124	1,341,212	$	196,270,208	$	28,608,516	$	11,536,910	$	(278,189,073)	$	(41,773,439)
Balance, January 1, 2015	36,417,124	1,341,212		196,270,208	$	28,608,516	$	11,536,910	$	(278,189,073)	$	(41,773,440)
Issuance of restricted shares	-	150,000		-		-		-		-		-
Vested restricted shares	55,193	(55,193)		-		-		-		-		-
Forfeited restricted shares	-	(18,000)		-		-		-		-		-
Share-based compensation	-	-		846,019		410,703		-		-		1,256,722
Change in foreign currency translation	-	-		-		-		4,784		-		4,784
Net loss	-	-		-		-		-		(25,698,409)		(25,698,409)
Balance as at December 31, 2015	36,472,317	1,418,019	$	197,116,227	$	29,019,219	$	11,541,694	$	(303,887,482)	$	(66,210,343)
Balance, January 1, 2016	36,472,317	1,418,019	$	197,116,227	$	29,019,218	$	11,541,694	$	(303,887,482)	$	(66,210,343)
Vested restricted shares	447,170	(447,170)										-
Share-based compensation	-	-		733,731		212,936		-		-		946,667
Change in foreign currency translation	-	-		-		-		1,641,344		-		1,641,344
Net loss	-	-		-		-		-		(23,805,390)		(23,805,390)
Balance as at December 31, 2016	36,919,487	970,849	$	197,849,958	$	29,232,154	$	13,183,038	$	(327,692,872)	$	(87,427,722)

See Accompanying Notes to the Condensed Interim Consolidated Financial Statements

GLG LIFE TECH CORPORATION

Consolidated Statements of Cash Flows
For the years ended December 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Year ended December 31	
	2016	**2015**
Cash Flows From Operating Activities		
Net loss	$ (23,805,390)	$ (25,698,409)
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation (Note 16)	946,667	1,256,722
Depreciation of property, plant and equipment (Note 10)	5,490,725	6,321,827
Bad debt recovery	(445,580)	711,723
Inventory impairment	1,120,339	1,793,722
Property, plant and equipment impairment (Note 11)	2,268,813	1,894,251
Loss on disposal of property, plant and equipment	8,555	16,384
Prepaid expenses (recovery)	90,381	(107,739)
Sales taxes recovery	-	(2,701,758)
Unrealized foreign exchange (gain) loss	(1,436,512)	4,029,829
Change in biological assets	-	119,788
Exitinguishement of accounts payable	(214,684)	-
Interest expenses - noncurrent	3,276,222	3,947,451
Changes in non-cash working capital items (Note 17)	13,012,335	14,007,569
Net cash from (used in) operating activities	311,871	5,591,359
Cash Flows From Investing activities		
Sale of short term investment	-	203,261
Proceeds on disposal of property, plant and equipment	1,421	20,326
Purchase of property, plant and equipment	(595,200)	(1,439,194)
Net cash used in investing activities	(593,779)	(1,215,607)
Cash Flow From Financing activities		
Repayment of short-term loans	(20,161)	(100,726)
Advances from related parties	212,959	-
Repayment of related party loans	-	(463,682)
Interest paid	(218,591)	(201,671)
Net cash from (used in) financing activities	(25,793)	(766,079)
Effect of exchange rate changes on cash	(456,540)	(2,237,507)
Net Change In Cash	(764,241)	1,372,166
Cash, beginning of year	2,326,765	954,599
Cash, end of year	$ 1,562,524	$ 2,326,765

See Accompanying Notes to the Consolidated Financial Statements

Supplemental Cash Flow Information (Note 17)

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 27, 2017, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended December 31, 2016, could result in restatement of these consolidated financial statements.

3. GOING CONCERN

These consolidated financial statements have been prepared in accordance with IFRS accounting policies, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due. For the year ended December 31, 2016, the Company incurred a net loss of $23,805,390 (2015 - $25,698,409). As at December 31, 2016, the Company had an accumulated deficit of $327,692,872(2015 - $303,887,482), working capital deficiency of $101,729,690 (2015 - $92,078,456) and cash inflow from operating activities of $311,871 (2015 –$5,591,359).

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

The Company's operating assets and main manufacturing operations originate in China; the Company is therefore subject to the considerations and risks of operating in China. These include risks associated with the political and economic environment, foreign currency exchange and the legal system in China. Changes in the political and economic policies of the People's Republic of China ("PRC") government

3. GOING CONCERN, continued

may materially and adversely affect the Company's business, financial condition and results of operations and may result in the Company's inability to sustain growth and expansion. There is also no assurance that the Company will not be adversely affected by changes in other governmental policies or any unfavorable change in the political, economic or social conditions, laws or regulations, or the rate or method of taxation in China.

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

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

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

3. GOING CONCERN, continued

a timely basis or at all, and which may be given retroactive effect. As a result, the Company may not be aware of a violation of these policies and rules until after the occurrence of the violation.

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

Regarding risk associated with financial instruments generally, as of December 31, 2016 and 2015, substantially all bank loans were held by Chinese banks and state-owned capital management companies ("SOCMC"). The Company has provided its banks and SOCMCs guarantees and collateral agreements which could enable the banks and SOCMCs to exercise their rights against the Company's assets, because the Company has not made its principal or interest payments on time. Should the banks exercise their respective rights, it could have a significant impact on the Company's ownership of its assets, and ultimately, its operations. The Company has provided collateral and guarantor agreements in multiple provinces in China, of which each is subject to local provincial rules. There is additional risk that the Company may be assessed additional interest and penalties. To the best of the Company's knowledge, the banks have not taken any action on their assets to date.

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

Finally, in the ordinary course of business, the Company is from time to time involved in legal proceedings and litigation. Presently, there are no legal proceedings and litigations that recently have had, or to the Company's knowledge, are reasonably possible to have, a material impact on the Company's financial positions, results of operations or cash flows. The Company did not accrue any loss contingencies in this respect as of December 31, 2016 and 2015, as the Company did not consider an unfavourable outcome in any material respects in these legal proceedings and litigations to be probable.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at the acquisition date at fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date. Acquisition costs are expensed in the period that they are incurred.

b) Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. The Company has determined that none of its subsidiaries operate in a hyper-inflationary economic environment. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard ("IAS") 21. For the analysis of the parent entity, the primary determining factors regarding revenue and labour, material and other costs were inconclusive. As a result, the secondary factors were considered. The secondary factors indicated that Canadian Dollars ("CAD") will be the primary currency in the future for financing activities. Therefore, the functional currency for GLG Canada is CAD. The reporting currency for the Company is CAD.

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

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

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

c) Basis of consolidation

These consolidated financial statements include the following subsidiaries:

	Jurisdiction of incorporatior	Ownership Interest 2016	Ownership Interest 2015	Functional Currency
Subsidiaries				
Agricultural High Tech Developments Limited	Marshall Islai	100%	100%	HKD
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%	RMB
Qingdao Runde Biotechnology Company Limited	China	100%	100%	RMB
GLG Life Tech US, Inc.	USA	100%	100%	USD
0833416 BC Limited (formerly "GLG Weider Sweet Naturals Corporation")	Canada	55%	55%	USD

As of July 20th, 2016, four of five of the Company's 100% owned Chinese Wholly-Owned Foreign Enterprises ("WOFEs") were consolidated into a single entity (Chuzhou Runhai Stevia High Tech Company Limited or "Runhai") under Chinese law – and, significantly, Runhai is approved to become a Joint Stock Company ("JSC"). Post consolidation of the four China subsidiaries, the Company retains its 100% ownership of Runhai and all of the consolidated assets of the previous four China subsidiaries.

The three subsidiaries consolidated into Runhai are:

Anhui Bengbu HN Stevia High Tech Development Company Limited
Qingdao Runhao Stevia High Tech Company Limited
Dongtai Runyang Stevia High Tech Company Limited

Subsidiaries are fully consolidated from the date on which control is transferred to the Company, until the date on which control ceases. Control is achieved when the Company is exposed or has rights to variable returns from its involvement with these subsidiaries, and has the ability to use its power to affect the amount of these returns.

All intercompany transactions and balances are eliminated on consolidation.

d) Financial instruments

Fair value measurement

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Financial instruments, continued

Financial assets

The Company determines the classification of its financial assets at initial recognition, depending on the nature and purpose of the financial asset. All financial assets, except financial assets at fair value through profit or loss ("FVTPL"), are recognized initially at fair value plus directly attributable transaction costs. The Company has not designated any of its financial assets as FVTPL. A financial asset is derecognized when the rights to receive cash flows from the asset have expired.

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

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

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

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

The Company's financial assets include cash and accounts receivable. The Company classifies these financial assets as "loans and receivables". The carrying value of accounts receivable approximates their fair value due to their immediate or short term to maturity, or their ability for liquidation at comparable amounts.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment loss.

The effective interest method is a method of calculating the amortized cost of a financial asset/liability and of allocating interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial asset/liability to its fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

d) Financial instruments, continued

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition, depending on the nature and purpose of the financial liability. All financial liabilities, except financial liabilities at FVTPL, are recognized initially at fair value plus directly attributable transaction costs. The Company has designated its derivative liabilities as financial liabilities at FVTPL. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

The Company's other financial liabilities include short-term loans, accounts payables, interest payable, long-term loans, and amounts due to related parties. The Company classifies these financial liabilities as "Other financial liabilities". The carrying value of short-term loans, accounts payable, interest payable and current amounts due to related parties approximate their fair value due to their immediate or short term to maturity.

The Company's long-term loans, and long-term amounts due to related parties are recorded at amortized cost. The liabilities on derivatives are recorded at fair value using level 2 inputs. See note 13 and note 16 for details on the assumptions for the level 2 fair value determination.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

e) Impairment

Financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables that are not assessed for impairment individually, these are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date of impairment is reversed and does not exceed what the amortized cost would have been had the impairment not been recognized.

f) Non-financial assets with finite useful lives

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

f) Non-financial assets with finite useful lives, continued

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

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

g) Cash

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

h) Accounts receivable and concentration of credit risks

Accounts receivable are stated at amortized cost less any impairment. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in existing accounts receivable. The Company determines the allowance based on historical write-off experience and customer economic data.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the accounts receivable are made up of a small number of customers. It is the Company's policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices. Each new customer is analyzed individually for creditworthiness. A review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and through a review of the trade receivables' aging analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made only with payment in advance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

h) Accounts receivable and concentration of credit risks, continued

However, based on current facts and circumstances, the Company believes that it does not require collateral to support the carrying value of the accounts receivable.

i) Inventory

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

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

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

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

j) Property, plant and equipment

Recognition and measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary for use. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Land use rights have been accounted for as an asset in the consolidated financial statements. However, all lands in China are owned by the Chinese government (the "Government"). In accordance with the terms as established by Chinese law, the Government may sell the right to use the land for a specific period of time. If in the public interest there is a need to re-develop the land, the Government may revoke the right at any time. The purpose of the land use is restricted. In the event that the land is used for purposes outside the scope of the purpose for which they were granted, the Government could revoke such rights. Land use rights are recorded at cost less accumulated amortization and are amortized over 50 years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

j) Property, plant and equipment, continued

Recognition and measurement, continued

Subsequent costs

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

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

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

Gains and losses

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

Amortization

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

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

Amortization is provided over the term of the lease on leasehold and land use rights. Amortization is not provided for construction in progress until the assets are ready for use.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

k) Capitalization of interest

Interest on long term debt associated with the construction of long-term assets is capitalized into property, plant and equipment, where the borrowing cost is attributable to the acquisition, construction or production of a qualifying asset until the facilities are substantially completed.

For funds borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization would be the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

For non-specific funds borrowed and being used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization would be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalizes during a period shall not exceed the amount of borrowing costs it incurred during that period. The capitalization rate for the year ended December 31, 2016, was nil %.

l) Revenue recognition

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

m) Provisions

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

n) Share-based payments

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

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

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

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

o) Comprehensive income

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

p) Earnings per share

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

q) Earnings per share, continued

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

r) Income taxes

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

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

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

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

s) Change in accounting policies

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with a date of initial application of January 1, 2016:

IAS 16, Property Plant and Equipment ("PPE") and IAS 41, Agriculture

IAS 16 and IAS 41 are amended to distinguish bearer plants from other biological assets and to require bearer plants to be classified as PPE and accounted for under IAS 16. This change in accounting policy has applied retrospectively.

Consolidated Balance Sheets as at January 1, 2015

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Property, Plant, and Equipment	50,480,025	242,107	50,722,132
Biological asset	242,107	(242,107)	-
Total assets	71,902,577	-	71,902,577
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Deficit	(278,189,073)	-	(278,189,073)
Total Liabilities and Shareholders' Deficiency	71,902,577	-	71,902,577

Consolidated Balance Sheets as at December 31, 2015

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Property, Plant, and Equipment	56,173,834	220,840	56,394,674
Biological asset	210,149	(210,149)	-
Total assets	76,027,466	10,691	76,038,157
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Deficit	(303,898,173)	10,691	(303,887,482)
Total Liabilities and Shareholders' Deficiency	76,027,466	10,691	76,038,157

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

s) Change in accounting policies, continued

Consolidated Statements of Operations and Comprehensive Loss for the year ended December 31, 2015

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
COST OF SALES	(28,806,464)	10,691	(28,795,773)
NET LOSS	(25,709,100)	10,691	(25,698,409)

Consolidated Statements of Cash Flows for the year ended December 31, 2015

	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Cash Flows From Operating Activities	(25,709,100)	10,691	(25,698,409)
Net loss			
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	6,332,518	(10,691)	6,321,827
Net cash from (used in) operating activities	5,591,359	-	5,591,359

t) New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the "IASB" or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective as of December 31, 2016, and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

- IAS 12 Income Taxes: Amendments to clarify the recognition of a deferred tax asset for unrealized losses, effective for annual periods beginning on or after January 1, 2017.

- IFRS 9 Financial Instruments: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

- IFRS 15 Revenue from contracts with customers: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

t) New standards, amendments and interpretations not yet effective, continued

to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service, effective for annual periods beginning on or after January 1, 2018.

- IFRS 16 Leases: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model, effective for annual periods beginning on or after January 1, 2019.

The Company does not expect the impact of such changes on the financial statements to be material.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

a) Judgments

Going concern

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

Functional currency determination

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

a) Judgments, continued

Recognition of deferred tax assets

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

Determination of Stevia Cash Generating Unit

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

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

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

Determination of Monk Fruit Unit

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

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

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

Impairment of Long-lived Assets

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

a) Judgments, continued

The Company assesses impairment by comparing the recoverable amount of a long-lived asset, CGU, or CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation. These estimates and assumptions could affect the Company's future results if the current estimates of future performance and fair values change. These determinations will affect the amount of amortization expense on the long-lived assets. See Note 12 for further details.

b) Uncertainty estimation

Inventories

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

Depreciation and Amortization

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

Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes, commitments under contractual and other commercial obligations. Contingent losses are recognized by a charge to income when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the financial statements and the amount can be reasonably estimated. Significant changes in assumptions such as the likelihood and estimates of the amount of a loss could result in recognition of additional liabilities.

Income Tax Estimates

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS, continued

b) Uncertainty estimation, continued

Sales Tax Recoverable

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

Allowance for Doubtful Accounts

The Company makes allowances for doubtful accounts based on its best estimate of the amount of probable credit losses in existing accounts receivable. These are determined based on historical write-off experiences and customer economic data.

Share-based Compensation

Estimating fair value for granted stock options and restricted shares requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the year along with the assumptions and model used for estimating fair value for stock-based compensation transactions are disclosed in Note 16.

(Expressed in Canadian Dollars)

6. ACCOUNTS RECEIVABLE

		December 31, 2016		December 31, 2015
Current				
Accounts receivable	$	5,815,571	$	7,232,043
Allowance for doubtful accounts		(3,606,300)		(4,410,719)
	$	2,209,271	$	2,821,324

	Total
Allowance for doubtful accounts ("AFDA")	
As at January 1, 2015	3,053,135
Increase in AFDA	1,357,584
As at December 31, 2015	4,410,719
Decrease in AFDA	(804,419)
As at December 31, 2016	3,606,300

The aging analysis of trade receivables is as follows:

					Past due but not impaired					
		Total		Neither past due nor impaired		<90 days		91-18 days		>180 days
December 31, 2016	$	2,209,271	$	1,656,798	$	532,731	$	19,742	$	-
December 31, 2015	$	2,821,324	$	2,185,860	$	635,464	$	-	$	-

As of December 31, 2016, trade receivable balances have no aging over twelve months. No accounts receivable has been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries.

7. SALES TAXES RECOVERABLE

The taxes include value-added taxes (“VAT”) paid on purchases in China and Goods and Services Tax (“GST”) paid in Canada. These taxes are recoverable from the respective authorities upon filing of the prescribed returns.

For the year ended December 31, 2016, the Company recorded a sales taxes recovery of $nil (2015 – $2,701,758) relating to the utilization of VAT in China.

(Expressed in Canadian Dollars)

8. INVENTORY

		December 31, 2016		December 31, 2015
Raw material	$	1,703,736	$	1,648,386
Work in progress		2,021,721		2,437,136
Finished goods		4,112,602		8,486,474
	$	7,838,059	$	12,571,996

For the year ended December 31, 2016, the Company recorded an inventory impairment of $1,120,339 (2015 - $1,793,722). In 2016, raw materials, changes in work in progress and finished goods included in cost of sales amounted to $14,002,992 (2015 - $22,416,504).

The carrying amounts of inventory have been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries.

9. PREPAID EXPENSES

		December 31, 2016		December 31, 2015
Prepayment for raw material	$	472,097	$	330,568
Prepayment for utilities		94,262		233,415
Insurance		66,930		41,401
Rent and deposits		18,903		86,625
Others		136,177		10,770
	$	788,369	$	702,779

For the year ended December 31, 2016, the Company recorded a prepaid expenses provision of $90,381 (2015 – recovery of $ 107,739).

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Ion exchange resin equipment	Manufacturing equipment	Buildings & construction in progress	Leasehold & land use rights	Computer equipment & software	Motor vehicles & furniture and fixture	Bearer plants	Total
Costs								
As at December 31, 2014	$ 4,830,880	$ 32,597,712	$ 40,024,399	$ 5,466,072	$ 790,772	$ 1,094,007	$ 242,107	$ 85,045,949
Additions	363,912	672,997	-	8,864	6,802	17,206	-	1,069,781
Impairment	(1,609,374)	(1,297,463)	-	-	(170,327)	(182,220)	-	(3,259,383)
Disposals	-	-	(202,565)	-	(147,567)	(96,043)	-	(446,175)
Foreign currency adjustments	1,704,398	7,562,645	9,046,473	755,138	105,125	147,201	33,943	19,354,923
As at December 31, 2015	$ 5,289,816	$ 39,535,892	$ 48,868,307	$ 6,230,075	$ 584,806	$ 980,150	$ 276,050	$ 101,765,096
Additions	118,770	507,857	56,808	39,470	17,376	50,941	-	791,222
Impairment	(1,412,421)	(6,758,820)	-	-	(29,722)	(287,078)	-	(8,488,041)
Disposals	-	(1,782)	-	(79,901)	(35,494)	(32,445)	-	(149,622)
Foreign currency adjustments	(1,777,928)	(7,791,965)	(5,314,113)	(580,082)	(50,655)	(88,291)	-	(15,603,034)
As at December 31, 2016	$ 2,218,237	$ 25,491,182	$ 43,611,002	$ 5,609,562	$ 486,311	$ 623,277	$ 276,050	$ 78,315,621
Accumulated depreciation								
As at December 31, 2014	$ 2,445,464	$ 18,623,180	$ 11,110,331	$ 673,514	$ 549,150	$ 922,178	$ -	$ 34,323,817
Amortization	174,046	2,671,625	2,078,641	140,133	77,528	43,834	55,210	5,241,018
Disposals	-	-	(12,135)	-	(138,081)	(92,234)	-	(242,450)
Impairment	(303,192)	(813,629)	-	-	(119,165)	(163,998)	-	(1,399,984)
Foreign currency adjustments	701,521	4,076,108	2,339,295	137,313	70,788	122,996	-	7,448,021
As at December 31, 2015	$ 3,017,839	$ 24,557,284	$ 15,516,132	$ 950,960	$ 440,221	$ 832,776	$ 55,210	$ 45,370,422
Amortization	317,736	2,289,838	1,560,358	117,402	29,147	14,445	70,832	4,399,758
Disposals	-	(1,603)	-	(72,522)	(31,945)	(22,408)	-	(128,478)
Impairment	(632,609)	(5,302,431)	-	-	(25,818)	(258,370)	-	(6,219,228)
Foreign currency adjustments	(1,149,150)	(4,054,572)	(1,772,174)	(83,231)	(39,228)	(75,193)	-	(7,173,548)
As at December 31, 2016	$ 1,553,816	$ 17,488,516	$ 15,304,316	$ 912,609	$ 372,377	$ 491,250	$ 126,042	$ 36,248,926
Net book value								
As at December 31, 2015	2,271,977	14,978,608	33,352,175	5,279,115	144,585	147,374	220,840	56,394,674
As at December 31, 2016	664,421	8,002,666	28,306,686	4,696,953	113,934	132,027	150,008	42,066,695

The carrying amounts of Property, plant and equipment have been pledged as general collateral for the line of credit facilities available to the Chinese subsidiaries (Note 12).

(Expressed in Canadian Dollars)

10. PROPERTY, PLANT AND EQUIPMENT, continued

Land use rights in China have remaining terms ranging from 42.25 to 42.5 years.

Amortization expense is included in the consolidated statement of operations under the following categories:

		2016		2015
Cost of sales	$	3,314,154	$	4,612,638
Selling, general and administrative expense		2,176,571		1,709,189
	$	5,490,725	$	6,321,827

Amortization expense for the year ended Dececmber 31, 2016, consists of $4,290,226 (2015 - $5,185,808) relating to current year amortization on property, plant and equipment and $1,217,283 (2015 - $1,146,710) relating to amortization capitalized to inventory during the year ended December 31, 2015, and amortized into income during the year ended December 31, 2016.

11. IMPAIRMENT OF FINITE LIFE INTANGIBLE ASSETS AND TANGIBLE ASSETS

During the years ended December 31, 2016 and 2015, the Company determined there were several indicators of potential impairment of the carrying value of the Company's long-lived assets. The indicators of impairment were as follows:

- Recurring losses, negative working capital and an accumulated deficit as at December 31, 2016 $327,692,872 (2015 - $303,877,482).

As a result of the indicators above, impairment tests were carried out on the Company's cash generation units, whereby the Company's Stevia operations and the Company's Monk Fruit operations are both separate CGU's. The impairment test resulted in $2,268,813 and (2015 - $1,894,251) impairment expense recognized in net loss for the years ended December 31, 2016 and 2015. The impairment charges recorded in 2016 and 2015 were items of plant and equipment that are not in use, redundant, or abandoned as they are not generating cash inflows. The carrying values of these idle assets were fully impaired to $ nil as at December 31, 2016.

11. IMPAIRMENT OF FINITE LIFE INTANGIBLE ASSETS AND TANGIBLE ASSETS, continued

During the years ended December 31, 2016 and 2015, the recoverable amount of the Company's Stevia operations and Monk Fruit operations was determined on the basis of FVLCS because the FVLCS is considered to be the higher amount between VIU and FVLCS. The FVLCS is determined based on third-party valuation reports for each CGU, on each facility operating within a CGU and for each major asset class within each operating facility and on the other unobservable inputs. Management's estimates of the FVLCS of buildings, manufacturing equipment, ion exchange resin equipment, computer and software, and furniture and fixtures are classified as level 3 in the fair value hierarchy as not all significant inputs are based on observable market data (unobservable inputs). FVLCS of land use rights are classified as level 2 inputs.

The primary method of valuing land use rights is the comparable sales approach which considers the recent land use right sales transactions for similar terms in the same or similar markets. Building and construction in progress are valued using the replacement costs method less applicable disposal costs. The valuators considered the buildings' size and structures, time since acquisition and other specific opportunities associated with the properties. Replacement costs are calculated using the current material and labour prices and engineering costs to construct the same buildings. The fair value is discounted by the residual ratio based on consideration of construction type, renovation, and useful function, and maintenance of the buildings.

The primary method of appraisal for ion exchange resin equipment, manufacturing equipment, computer and software, and furniture and fixtures is the replacement cost method. Under the premise of continuous use, replacement cost is determined on the basis of the current market value of the assets as if they are to be re-acquired and commissioned. Through on-site inspection and a comprehensive technical analysis, a residual ratio is determined, which is used in calculating the estimated value.

FVLCS of the CGU's are calculated by deducting estimated disposal costs including selling costs from the appraised values.

(Expressed in Canadian Dollars)

12. SHORT-TERM AND LONG-TERM LOANS

The Company's short-term loans consisted of borrowings from various banks in China $63,386,713 (2015 - $70,009,287) and loan from private lenders $2,251,081 which was reclassified from long term loan in 2015 (2015- 2,407,268) as follows:

Bank loans as at December 31, 2016:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 579,005	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,404,049	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	1,930,018	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	1,887,557	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	9,953,427	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,440,141	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,282,816	79,184,858	On Demand	11.97%	Bank of Communication
	3,369,324	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	8,207	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	1,331,712	6,900,000	July 26, 2017	5.82%	Huishang Bank
	5,790,053	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,410,404	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$ 63,386,713	328,425,578			

Bank loans as at December 31, 2015:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 639,304	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,966,841	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	2,131,015	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	2,084,132	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	10,990,090	51,572,096	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	17,048,118	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	16,874,410	79,184,858	On Demand	11.97%	Bank of Communication
	3,720,214	17,457,477	On Demand	9.24%	China Cinda Assets Management Jiangsu Branch
	9,062	42,523	On Demand	8.83%	China Cinda Assets Management Jiangsu Branch
	1,491,710	7,000,000	July 1, 2016	5.82%	Huishang Bank
	6,393,044	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,661,430	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$ 70,009,287	328,525,978			

The Company has continuously worked with its Chinese banks and SOCMC's on restructuring its debt during the year ended 2016.

(Expressed in Canadian Dollars)

12. SHORT-TERM AND LONG-TERM LOANS, continued

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

Short-term borrowing from private lenders:

December 31, 2014	$	2,010,965
Additions		1,284,948
Repayments		(1,210,365)
Foreign currency translation		321,720
December 31, 2015	$	2,407,268
Additions		27,536
Repayments		(27,536)
Foreign currency translation		(156,188)
December 31, 2016	$	2,251,081

Short–term borrowing from private lenders consists of two loans.

The first loan principal and accrued interest amount as of December 31, 2016, is $1,306,202 (2015 - $1,200,118) and bears interest at 11.50% per annum, compounding quarterly. The loan will be payable on October 31, 2017 and does not have any attached covenants.

The second loan principal and accrued interest amount as of December 31, 2016, is $1,847,283 (2015 - $1,647,834) and bears interest at 20% per annum, compounding quarterly. The loan will be payable on October 20, 2017 and does not have any attached covenants. This loan provides a repayment option to the lender in either RMB or USD using a fixed foreign exchange rate of 6.1234 RMB/USD. This option results in a liability of $33,506 (2015 - $10,711), which is accounted as liabilities on derivatives and included in unrealized foreign exchange losses. The fair value of the liability on derivatives was calculated using the Black-Scholes model with the following assumptions:

	2016	2015
Risk free interest	0.98%	1.06%
Expected life of the loan	1 year	3 years
Expected foreign currency volalitity	3.14%	3.73%

(Expressed in Canadian Dollars)

13. ACCOUNTS PAYABLE AND ACCRUALS

		December 31, 2016		December 31, 2015
Accounts Payable	$	4,330,608	$	5,017,450
Payroll liabilities		547,213		433,335
Accrued liabilities		3,418,279		4,716,675
Construction liabilities		6,275,582		6,985,516
Other payables		4,922,400		4,326,863
Advance from customers		27,072		27,980
	$	19,521,154	$	21,507,819

14. INCOME TAXES

a) Income tax expenses

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

		2016		2015
Earnings (loss) for the year	$	(23,805,390)	$	(25,709,100)
Expected income tax (recovery)	$	(6,189,000)	$	(6,684,000)
Change in statutory, foreign tax, foreign exchange rates and other		1,748,000		141,000
Permanent Difference		4,553,000		2,215,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses		4,988,000		(1,747,000)
Change in unrecognized deductible temporary differences		(5,100,000)		6,075,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

14. INCOME TAXES - continued

b) Deferred income taxes

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

		2016	Expiry Date Rang		2015	Expiry Date Range
Temporary Differences						
Property and equipment	$	1,765,000	No expiry date	$	1,484,000	No expiry date
Canadian eligible capital (CEC) and other		1,584,000	No expiry date		3,728,000	No expiry date
Share issue costs		-			3,000	2036 to 2039
Allowable capital losses		15,732,000	No expiry date		15,732,000	No expiry date
Non-capital losses available for future period		110,003,000	2017 to 2036		128,578,000	2016 to 2035

Tax attributes are subject to review, and potential adjustments, by tax authorities.

c) Uncertain tax positions

The Company believes there are no significant unrecognized tax benefits to be recorded. In 2016, the Company has accrued $nil (2015 - $nil) interest and penalties related to income taxes in the Statement of Operations.

The Company is subject to taxes in different countries. Taxes and fiscal risks recognized in the consolidated financial statements reflect the Company's best estimates of the outcome based on the facts known at the date of statement of financial position in each individual entity. These facts may include, but are not limited to, change in tax laws and/or, interpretation thereof in the various jurisdictions where the Company operates. They may have an impact on the income tax as well as the resulting assets and liabilities. Any differences between tax estimates and final tax assessments are charged to the Statement of Operations in the period in which they are incurred.

(Expressed in Canadian Dollars)

15 RELATED PARTIES TRANSACTIONS AND BALANCES

a) Transactions with key management personnel

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

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

		2016		2015
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$	973,466	$	1,012,624
Share-based benefits	$	915,571	$	1,161,300
Total remuneration	$	1,889,037	$	2,173,924

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately $1,700,000.

Key management did not exercise stock options granted under the Company's stock option plan in the 2016 and 2015 fiscal years.

b) Amount due to related parties

As of December 31, 2016, the Company has accrued $1,875,913 (2015 - $1,811,886) including 3% interest per annum in consulting fees to the Company's Chairman and Chief Executive Officer.

As of December 31, 2016, the Company has loans obtained under numerous credit facility agreements starting from April 2012 to November 2013 from the Company's Chairman and Chief Executive Officer that, along with accrued interest, total $25,282,811 (2015 - $24,595,160). The loan proceeds were used for corporate working capital purposes. Amended agreements specify that the loans are repayable within 72 months of the date of borrowing.

As of December 31, 2016, the Company has a loan from a direct family member of the Company's Chairman and Chief Executive Officer that, along with accrued interest, totaling $6,974,276 (2015 - $6,159,251) in order to provide working capital required for monk fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 20% per annum and repayable within 6 months to 36 months of the loan date, depending on the debt facility agreement. As at December 31, 2016 these loans are all due within 12 months and are classified as current on the statement of Financial Position.

(Expressed in Canadian Dollars)

15. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

b) Amount due to related parties, continued

The combined total of the above loans, including the accrued interest, is $32,257,088 (2015 - $30,754,411) of which $6,974,276 (2015 - $2,841,335) in current liabilities. These loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed (either USD or RMB), or, at the Lender's discretion, in the alternate currency.

These loans provide a repayment option to the lenders in either RMB or USD using a fixed foreign exchange rate of 6.1234 RMB/USD. This option results in a liability of $572,496 (2015 - $195,206), which is accounted as liabilities on derivatives and unrealized foreign exchange losses. The assumptions for the fair value determination of the liability are the same as those outlined in Note 12.

Loan balance as of December 31, 2016

		Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$	7,739,070	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
		1,333,013	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
		4,244,192	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
		335,661	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
		2,175,438	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
		2,487,592	October 15, 2015	On demand	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$**	**18,314,965**					
Accrued interest		**13,942,122**					
	$	**32,257,088**					

Loan balance as of December 31, 2015

		Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$	9,996,730	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
		2,159,129	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
		3,085,979	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
		346,021	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
		4,823,840	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
		2,727,681	October 15, 2015	April 15, 2016	Unsecured	Category 3	Direct family member of CEO
	$	**23,139,380**					
Payments		**(757,863)**	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
		(2,246,104)	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$**	**20,135,413**					
Accrued interest		**10,618,998**					
	$	**30,754,411**					

Category 1: China 10 year benchmark government bond rate plus 1100 basis points
Category 2: US 10 year benchmark government bond rate plus 1100 basis points for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points for loans issued in RMB
Category 3: 20%

(Expressed in Canadian Dollars)

15. RELATED PARTIES TRANSACTIONS AND BALANCES, continued

b) Amount due to related parties, continued

As of September 15, 2016, the Company has renewed a loan of $1,000,000 (2015 - $800,000) from a Director of the Company to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full within twelve months of the Disbursement Date. As of December 31, 2016, the total amount due to this related party including interest was $1,000,000 (2015 -$805,260) and is classified under current liabilities.

Loan balance as of December 31, 2016

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
Principal amounts	$ 1,000,000	September 15, 2016	September 30, 2017	15.00%	Director
Accrued interests	$ -				
	$ 1,000,000				

Loan balance as of December 31, 2015

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
Principal amounts	$ 800,000	September 15, 2015	September 15, 2016	15.00%	Director
Accrued interests	$ 5,260				
	$ 805,260				

16. SHARE CAPITAL

a) Common shares

As at December 31, 2016 and 2015, there are 37,890,336 common shares issued and outstanding with no par value. An unlimited number of common shares are authorized with no par value. The holders of common shares are entitled to one vote per share.

On March 6, 2015, the Company granted 150,000 restricted shares vesting in 3 years to the Company's Chairman and Chief Executive Officer in recognition of his service to the Company.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL, continued

b) Warrants

On August 27, 2013, the Company issued 1,154,494 units consisting of common share purchase warrants according to loan agreements with a related party (see Note 15). As of December 31, 2016, the purchase warrants expired unexercised.

	Warrants	Weighted Average Exercise Price
Balance as at December 31, 2014	1,154,494	$ 1.00
Granted	-	-
Exercised	-	-
Expired/cancelled/forfeited	(1,154,494)	1.00
Balance as at December 31, 2015	-	-
Granted	-	-
Exercised	-	-
Expired/cancelled/forfeited	-	-
Balance as at December 31, 2016	-	$ -

c) Share-based payments

i) Share-based compensation

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

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

ii) Stock options

Under the Plan, options granted are non-assignable and the number of common shares available for issue is a maximum of 10% of the issued and outstanding common shares of the Company, inclusive of any restricted shares granted under the Plan. The maximum term of an option is five years after the date of grant. The exercise price may not be less than the closing price of the Company's shares

16. SHARE CAPITAL, continued

ii) Stock options, continued

on the last business day immediately preceding the date of grant options, and have a vesting period from 1 year to 3 years.

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

The Company recorded share-based payments in the amount of $212,936 (2015 - $410,703), of which $118,995 related to stock options issued during the year ended December 31, 2015 (2015 - $108,886), and $93,941 (2015 - $301,817) related to stock options granted in previous years.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL, continued

c) Share-based payments, continued

ii) Stock options

The following weighted-average fair value of stock options granted during the years ended December 31, 2016 and 2015, and the principal assumptions used in applying the Black-Scholes option to determine their fair value at grant date were as follows:

	2016	**2015**
Risk-free interest rate	-	0.46%
Annualized volatility	-	358.94%
Expected option life	-	5 years
Expected forfeiture per year	-	5%
Dividend rate	-	0%

A continuity of stock options is as follows:

	Stock Options	Weighted Average Exercise Price
Balance as at December 31, 2014	2,723,669	$ 1.36
Granted	767,000	0.38
Exercised	-	-
Expired/cancelled/forfeited	(81,280)	7.81
Balance as at December 31, 2015	3,409,389	0.64
Granted	-	0
Exercised	-	-
Expired/cancelled/forfeited	(315,197)	3.14
Balance as at December 31, 2016	3,094,222	$ 0.64

(Expressed in Canadian Dollars)

16. SHARE CAPITAL, continued

c) Share-based payments, continued

ii) Stock options, continued

The following summarizes information about the stock options outstanding and exercisable at December 31, 2016:

Exercise price	Number outstanding at December 31, 2016	Number exercisable at December 31, 2016	Remaining contractual life (years)	Expiry Date
$0.53	1,231,322	1,231,322	1.51	July 4, 2018
$1.11	783,500	783,500	1.64	August 20, 2018
$0.55	320,400	231,100	2.30	April 20, 2019
$0.56	15,000	10,000	2.37	May 14, 2019
$0.38	744,000	321,000	3.18	March 6, 2020
	3,094,222	2,576,922		

The weighted average excersie price of option for the year ended December 31, 2016, was $0.64 per option (2015 -$1.0).

No options were granted in 2016. The weighted average estimated fair value at the date of the grant of common share options granted in 2015 was $0.35 per option.

iii) Restricted shares

The Company recorded share-based payments in the amount of $733,732 (2015 - $846,019), which related to restricted shares granted in previous years. Those were valued using the stock price at the date of issue, recognized over the vesting period of the restricted shares.

(Expressed in Canadian Dollars)

16. SHARE CAPITAL, continued

c) Share-based payments, continued

iii) Restricted shares, continued

A continuity of Restricted Shares is as follows:

	Restricted Shares
Balance as at December 31, 2014	1,341,212
Granted	166,920
Exercised	-
Vested	(55,193)
Expired/cancelled/forfeited	(34,920)
Balance as at December 31, 2015	1,418,019
Granted	-
Exercised	-
Vested	(447,170)
Expired/cancelled/forfeited	-
Balance as at December 31, 2016	970,849

The vesting periods for restricted shares into unrestricted common shares as at December 31, 2016 are as follows:

Number of restricted share as at December 31, 2016	Vesting period (years)	Performance based
520,849	3.44	Yes
100,000	0.30	Yes
200,000	4.40	Yes
150,000	1.18	Yes
970,849	2.95	

(Expressed in Canadian Dollars)

17. SUPPLEMENTARY INFORMATION

Supplementary cash flow information is as follows:

		2016		2015
Accounts receivable	$	576,487	$	(1,449,564)
Taxes recoverable		458,479		1,486,805
Inventory		2,670,118		4,486,960
Prepaid expenses		(230,678)		824,510
Accounts payable and accruals		2,692,834		1,332,182
Interest payable		6,542,268		7,088,706
Deferred revenue		302,827		-
Due to related party (current)		-		237,970
Changes in non-cash working capital items	$	13,012,335	$	14,007,569
Interest paid	$	(218,591)	$	54,192

As at December 31, 2016, $6,133,698 (2015 - $6,985,516) of property, plant and equipment is included in accounts payable and accruals.

During the year ended December 31, 2016, $2,407,268 (2015 - $ nil) in long – term loans were reclassified to short term loans. Also, $3,912,477 (2015 - $ 2,841,035) in amount due to related parties was re-classified from long – term to current liabilities.

(Expressed in Canadian Dollars)

18. COST OF SALES AND EXPENSES

		2016		2015
Cost of sales				
Direct cost of sales	$	15,609,412	$	23,499,695
Depreciation and amortization		3,314,154		4,612,638
Freight & others		418,813		683,440
Total	$	19,342,379	$	28,795,773
Selling, general and administrative expenses				
Direct expenses	$	9,581,930	$	9,981,314
Depreciation and amortization		2,176,571		1,709,189
Total	$	11,758,501	$	11,690,503
Supplementary information:				
Salaries and wages	$	3,076,020	$	2,538,477

19. LOSS PER SHARE

The following table sets forth the calculation of the basic and diluted loss per share for the year ended December 31, 2016, and restated 2015 numbers.

		2016		2015
Numerator:				
Net Loss after tax	$	(23,805,390)	$	(25,698,409)
Denominator:				
Weighted average number of shares outstanding - basic		37,890,336		37,854,469
Weighted average number of shares outstanding - diluted		37,890,336		37,871,909
Loss per share - basic	$	(0.63)	$	(0.68)
Loss per share - diluted	$	(0.63)	$	(0.68)

The total number of anti-dilutive options excluded from the calculation for the year ended December 31, 2016, was 3,094,222 (2015 – 3,409,389).

(Expressed in Canadian Dollars)

20. SEGMENTED INFORMATION

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

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

The Company's chief operating decision makers are the CEO and CFO. They review the operations and performance of the Company.

Non-current assets by geographical locations are as follows:

	2016	2015
China	$ 41,985,871	$ 56,351,357
North America	80,824	43,317
	$ 42,066,695	$ 56,394,674

20. SEGMENTED INFORMATION, continued

Revenue to external customers by geographical locations is as follows:

	2016	2015
China	$ 1,889,612	$ 5,063,736
North America	17,063,294	25,301,444
	$ 18,952,906	$ 30,365,180

During the year ended December 31, 2016, two customers (2015 – three customers) of the Natural Sweeteners CGU individually represented 20% or more of total consolidated revenue. The sales to these customers represented approximately 50% (2015 – 70%) of total consolidated revenue.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

a) Credit risk

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

The Company's primary credit risk is on its cash and cash equivalents, short-term investments and accounts receivable. The Company has a high concentration of credit risk as the accounts receivable were owed by two major customers that make up 50% of the total accounts receivable. The amounts disclosed in the consolidated statements of financial position are net of allowances for doubtful accounts, which are estimated by the Company's management based on prior experience and an assessment of the current economic environment. Significant management estimates are used to determine the allowance for doubtful accounts. The allowance for doubtful accounts is calculated by taking into account factors such as the Company's historical collection and write-off experience, the number of days the counterparty is past due, ongoing discussion with the customers and the status of the account. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Company's accounts receivable. Given the current economic environment, the Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

(Expressed in Canadian Dollars)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

a) Credit risk, continued

Allowance for credit losses		**2016**		**2015**
Openning balance	$	4,410,719	$	3,053,135
Increase(decrease) in AFDA		(804,419)		1,357,584
Ending Balance	$	3,606,300	$	4,410,719

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in Note 22. It also manages liquidity risk by continually monitoring actual and projected cash flows to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the undiscounted contractual maturities of the Company's financial liabilities at December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
Financial liabilities	**0 to 12 months**	**12 to 24 months**	**0 to 12 months**	**12 to 24 months**
Accounts payable and accrued liabilities	$ 19,521,154	-	$ 21,507,819	-
Deferred revenue	302,827	-	-	-
Short-term loans	65,637,794	-	70,009,287	-
Long-term loans	-	-	-	2,407,268
Interest payable	21,354,102	-	16,558,538	-
Due to related parties	7,974,276	27,158,725	3,646,295	27,913,376
	$ 114,790,153	27,158,725	$ 111,721,939	30,320,644

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk

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

i) Interest rate risk

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

ii) The Company is exposed to interest rate risk on its short-term loans and amounts due to related parties at December 31, 2016. The interest rates on these financial instruments fluctuate based on the bank prime rate. As at December 31, 2016, with other variables unchanged, a 100-basis point change in the bank prime rate would have a net effect of approximately $992,083 (December 31, 2015 - $1,016,495) on profit or loss.

iii) Foreign exchange risk

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

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

(Expressed in Canadian Dollars)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

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

		December 31, 2016				
		RMB balance		HK balance		US balance
Total financial assets	¥	46,163,035	HK$	2,273	$	453,698
Total financial liabilities		(526,293,789)		-		(758,470)
Net foreign exchange risk exposure	¥	(480,130,754)	HK$	2,273	$	(304,772)

		December 31, 2015				
		RMB balance		HK balance		US balance
Total financial assets	¥	16,804,102	HK$	323	$	615,771
Total financial liabilities		(485,290,545)		-		(744,796)
Net foreign exchange risk exposure	¥	(468,486,443)	HK$	323	$	(129,025)

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 (loss) of approximately $ 930,000 (2015 - $998,000).

(Expressed in Canadian Dollars)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS, continued

c) Market risk, continued

ii) Foreign exchange risk, continued

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

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

	December 31, 2016	December 31, 2015
	US$	US$
Financial assets		
Cash	779,168	804,349
Accounts receivable	1,775,593	2,084,410
Financial liabilities		
Accounts payable and accruals	(5,467,784)	(5,147,730)
Interest payable	(678,475)	(325,661)
Short-term loan	(1,676,604)	-
Long-term loan	-	(1,739,251)
Due to related party	(24,889,936)	(22,220,062)
Net foreign exchange risk exposure	(30,158,038)	(26,543,945)

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 (2015 - $305,798).

22. CAPITAL DISCLOSURE

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

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

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

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

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged for the year ended December 31, 2016.

23. COMMITMENTS

a) Operating leases

The Company renewed two five -year operating leases with respect to land and production equipment at the Qingdao Runde factory in China. The leases expired on December 31, 2016, and renewed for another five-year term. The annual minimum lease payments are approximately $101,000 (RMB 500,000).

The Company signed a 20 years land rental agreement in Qingdao. The agreement was signed on Feb 16, 2005 and expires on Feb 16, 2025. The terms are as follows:

- In the first 5 years the rent expense is approximately $2,000 (10,000CNY) per year
- In the second 5 years the rent expense is approximately $2,300 (11,680CNY) per year
- In the third 5 years the rent expense is approximately $2,733 (13,642CNY) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is $3,200 (15,934CNY) per year

With the same vendor the Company also signed another rental agreement from Nov 8, 2006 to Nov 7, 2036. The annual rental expense is approximately $5,703 (28,576CNY).

(Expressed in Canadian Dollars)

23 COMMITMENTS, continued

a) Operating leases, continued

The Company's current office premises are leased under a eight-year agreement beginning August 1, 2016, and will expire on July 31, 2024. The lease payments for the year ended December 31, 2016, totals $151,609 (2015 – $164,586).

The minimum cash payments related to the above are summarized below:		Amount
2016	$	232,010
2017		296,030
2018		296,030
2019		328,040
Thereafter		1,004,310
Total	$	2,156,420

24. STATUTORY SURPLUS RESERVE

The Company's subsidiaries in China are required to make appropriations to a statutory surplus reserve in the amount of 10% of the after-tax net income as determined under the Chinese GAAP in accordance with the legal requirements in China until the statutory surplus reserve is equal to 50% of the entities' registered capital. Statutory surplus reserve is established for the purpose of offsetting accumulated losses, expending productions or increasing share capital. No appropriation of statutory surplus reserve is made for the year ended December 31, 2016. As at December 31, 2016, the Company's statutory surplus reserve was in the amount of $nil (2015 - $nil).

25. CONTINGENCIES

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. These actions were tolled pending further developments with the United States litigation. However, the plaintiffs in these parallel Canadian lawsuits had thereafter agreed to discontinue their actions. They have obtained an entered consent dismissal order in the British Columbia action, bringing that action to an end. They also filed the application necessary to obtain a discontinuance of the Ontario action with the court in Ontario; the Ontario Superior Court has since entered the order discontinuing the action. This brings to an end all shareholder actions previously brought against GLG.