BAYLIN
TECHNOLOGIES

ANNUAL INFORMATION FORM

**FOR THE FINANCIAL YEAR
ENDED DECEMBER 31, 2017**

FEBRUARY 28, 2018

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the "Annual Information Form") is stated as at February 28, 2018. Unless otherwise noted or the context otherwise indicates, "Baylin", the "Company", "we", "us" and "our" refer to Baylin Technologies Inc. For an explanation of capitalized terms and expressions and certain defined terms, please refer to the "Glossary of Terms" at Appendix "A" of this Annual Information Form.

Forward-Looking Statements

Certain statements contained in this Annual Information Form, and in certain documents incorporated by reference herein, about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "forward-looking statements"). The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "projects", "seeks", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Discussions containing forward-looking statements include, among other places, those under "Business of the Company" and "Risk Factors". Forward-looking statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments including projected growth in the antenna and related industries, and other factors we believe are appropriate and reasonable in the circumstances, but there can be no assurance that such assumptions and estimates will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors, which are discussed in greater detail in the "Risk Factors" section of this Annual Information Form: risks relating to a recent significant acquisition; risks relating to our dependence on the success of our key customers; risks relating to receiving a significant portion of our revenue from a limited number of customers; risks relating to our dependence on design integration with our customers; risks relating to our dependence on maintaining our existing strategic relationships with customers and on forming new strategic relationships; risks relating to our ability to attract new customers due to our existing relationships with their competitors; risks relating to our dependence on our operating subsidiaries; risks relating to our failure to execute on our growth strategy; risks relating to our dependence on key personnel; risks relating to our ability to attract and retain qualified employees; risks relating to doing business in the antenna solutions industry, including our ability to respond to emerging technologies and evolving consumer trends in a timely and cost-effective manner; risks relating to significant competition in our industry; risks relating to significant competition reducing our revenue and customer base; risks relating to significant competition and rapid technological change in the global markets for our products and services; risks relating to our failure to develop new products; risks relating to our investment in research and development; risks relating to leverage risk and restrictive covenants; risks relating to access to capital; risks relating to our failure to protect our intellectual property rights; risks relating to intellectual property infringement; risks relating to our failure to protect our customers' intellectual property; risks relating to our ability to meet our customers' orders due to the limited number of manufacturing locations; risks relating to delays or shutdowns of our manufacturing facilities; risks relating to the outsourcing of our plating and painting operations to third parties; risks relating to the likelihood of fluctuating results of operations; risks relating to historically decreasing selling prices of our products; risks relating to variations of our gross margin; risks relating to seasonality of our business; risks relating to environmental liabilities; risks relating to disruption of our business due to potential future acquisitions; risks relating to investment in new business strategies and acquisitions; risks relating to product liability and warranty; risks relating to operating cashflow; risks relating to doing business overseas, including foreign currency and interest rate fluctuations, economic instability and limitations on repatriation of earnings; risks relating to conditions in the State of Israel ("Israel"), the Republic of Korea ("South Korea"), the People's Republic of China ("China") and the Socialist Republic of Vietnam ("Vietnam"), where our material subsidiaries carry on their business; risks relating to our use of chops in China; risks relating to enforceability of judgments overseas; risks relating to additional regulatory burden and related expenses as a public company; and risks relating to influence by 2385796 Ontario Inc. (our "Principal Shareholder"). The foregoing list is not exhaustive of all the factors that could affect us.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results to differ materially from those anticipated in such forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this Annual Information Form. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

Trademarks, Business Names and Service Marks

This Annual Information Form includes trademarks, such as "Galtronics", "PEAR" and "EXTENT", or any variation thereof, which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trademarks and trade names referred to in this Annual Information Form may appear without the ® or™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. See also "Business of the Company — Intellectual Property". This Annual Information Form also includes references to trademarks and trade names of other companies, which trademarks and trade names are the property of their respective owners.

Presentation of Financial Information

All references in this Annual Information Form to "Fiscal 2017" are to the Company's fiscal year ended December 31, 2017; to "Fiscal 2016" are to the Company's fiscal year ended December 31, 2016; and to "Fiscal 2015'' are to the Company's fiscal year ended December 31, 2015.

Effective January 1, 2017, Baylin changed its presentation currency from United States dollars ("USD") to Canadian dollars ("CAD"). In accordance with guidance provided in IAS 21 – *The Effects of Changes in Foreign Exchange Rates* and other International Financial Reporting Standards ("IFRS"), the Company has applied the change retrospectively and has restated financial information in this Annual Information Form for prior years into Canadian dollars using the exchange rate in effect at the date of the change. The Company presents its consolidated financial statements in Canadian dollars. In this Annual Information Form, all references to “$”, or “dollars” are to Canadian dollars. Amounts are stated in Canadian dollars unless otherwise indicated. All of the financial data contained in this Annual Information Form relating to the Company has been prepared using IFRS.

Non-GAAP Measures

This Annual Information Form includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

BACKGROUND AND CORPORATE STRUCTURE

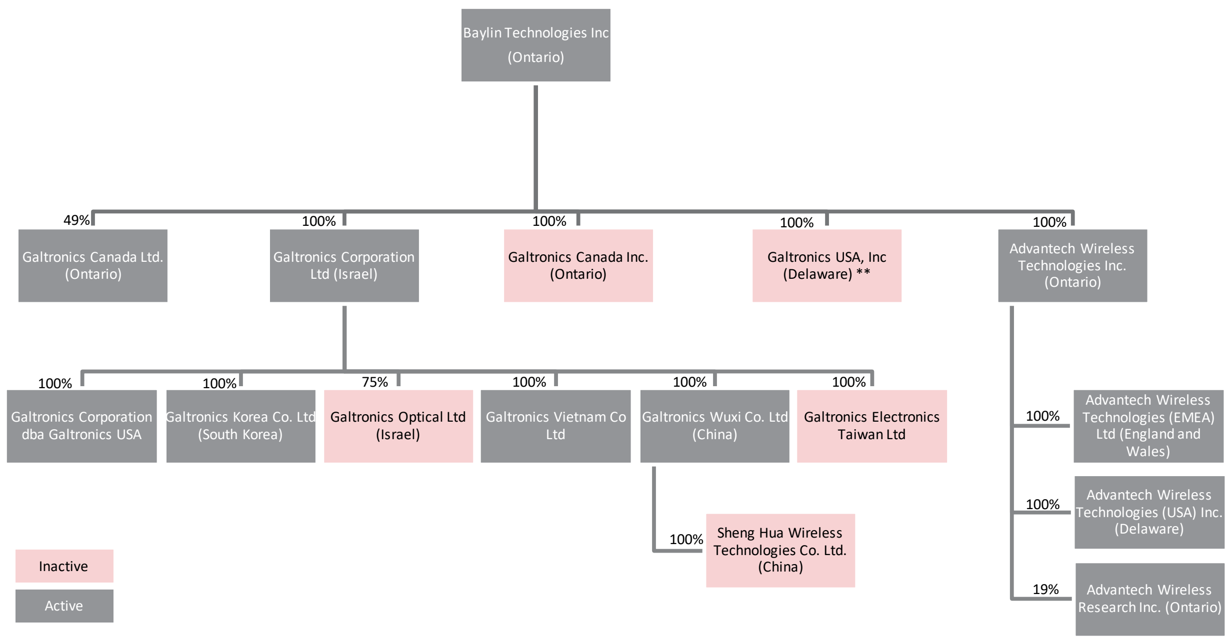
Name, Address and Incorporation

Baylin Technologies Inc. was incorporated under the *Business Corporations Act* (Ontario) on September 24, 2013. The Company’s registered office is located at 4711 Yonge Street, Suite 500, Toronto, Ontario, M2N 6K8, Canada and its head office is located at 675 Cochrane Drive, East Tower, Suite 610, Markham, ON L3R 0B8 Canada.

The Company’s common shares (“Common Shares”) are posted and listed for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “BYL”.

Intercorporate Relationships

The organization chart below indicates the intercorporate relationships of the Company and its material subsidiary entities as of the date of this Annual Information Form, together with the jurisdiction of incorporation or constitution of each such entity.



General Development of the Business

Our business was first established 40 years ago in Israel. In accordance with our business strategy of building close, long-term relationships with our customers, we have since established a sales and marketing presence and/or design and manufacturing facilities in Israel, China, South Korea, Vietnam and the United States where our current key customers carry on their businesses. In 2015, we realigned our corporate structure and the Company's headquarters and main knowledge base was moved to Toronto, Canada.

Our proximity to our customers enables us to work closely with them in the antenna design and prototyping process, and to minimize the ramp-up time from design to production and the lead time to delivery of the final products. However, there are certain risks associated with having operations in multiple jurisdictions. See "Risk Factors".

History

Our business was established in Israel in 1978. In 2010, following a strategic review, our Board of Directors implemented an internal reorganization to spinoff or divest our noncore business divisions in order to focus on our core competencies as a provider of innovative antenna solutions.

In 2010, we also decided to invest in the development of antenna technology for wireless infrastructure with a focus on distributed antenna systems ("DAS") as wireless infrastructure was identified as a vertical market with high growth potential that plays to our existing strengths in research and innovation leadership, manufacturing excellence and global platform. After two years of research and development ("R&D"), our proprietary single-input single-output ("SISO") and multiple-input multiple-output ("MIMO") technology based antennas were tested and approved by leading global network carriers including AT&T and Verizon. In 2013 we introduced our DAS and small cell system antenna products at major congresses including the 2013 Mobile World Congress in Barcelona and congresses in the United States.

As a result of this growth, the Company completed its initial public offering of Common Shares for net proceeds of approximately $41.2 million.

In 2013, the Company was selected to meet the technical requirements of a multi-operator, carrier-grade DAS at the Sydney Cricket Ground in Sydney, Australia, a historic 48,000-person venue. This upgrade turned the Sydney Cricket Ground into the first stadium in Australia with a full MIMO long term evolution ("LTE") capable DAS.

In 2014, the Company unveiled its narrow-beam antenna, designed for use in high-capacity venues such as stadiums, arenas and campuses where high-capacity and narrow-beam wireless coverage is required. The antenna was the industry's first 30/30 all-band stadium antenna that is specially designed to allow high sectorization within a venue.

Also in 2014, the Company's antennas were chosen to upgrade cellular voice and data coverage at the Gila River Arena and Westgate Entertainment District. In 2014, the Company's antennas were also installed in the upgraded DAS for the University of Phoenix Stadium, home of the National Football League's Arizona Cardinals. The upgrade permitted approximately 72,000 fans to use their mobile devices and benefit from a fast wireless network in the stadium.

In 2015, Galtronics core iDAS and oDAS antennas were chosen to upgrade cellular voice and data coverage and small cell sites at the following stadium venues: Minnesota Vikings Superdome, Great American Ball Park, Comerica Park, Chicago O'Hare Airport, Las Vegas Convention Center, Comerica Park, University of Akron, Citifield, Ralph Wilson Stadium, along with several Canadian premier stadiums located in Montreal, Toronto, Ottawa and Calgary. For DAS antenna installations, several hundred deployments were made in the State of New York and specifically the Long Island region including the World Trade Center and Hudson Yards.

Our antennas are often used in state of the art facilities for wireless coverage. In 2016 Galtronics antennas were used in permanent installations at NRG stadium in Houston prior to Super Bowl LI as well in nine Houston hotels and the Houston CRB Convention Center and Houston City Center. Galtronics stadium antennas are also used at many stadiums, airports, arenas and universities throughout Canada and the United States.

In December 2016, the Company raised gross proceeds of $5.75 million from a public offering of Commons Shares. Of these funds, $3.0 million was ear marked for research and development related to entering the base station antenna ("BSA") market.

In 2017, the Company made significant changes to the DAS, small cell section of the business in order to develop products that would align with its customers' requirements in the coming years and to obtain expertise in the BSA market. In March 2017, the Company hired its Chief Operating Officer, Jerry Kirshman. His industry knowledge and leadership abilities immediately generated positive results in product development, sales opportunities and process efficiencies.

In March 2017, the Company announced the approval of a densification antenna from a Tier One carrier as well as the grand opening of its 18,000 square foot R&D Centre of Excellence in Tempe, Arizona.

In June 2017, an evaluation of overall group engineering capabilities resulted in the decision to cease operations at our facility in Tiberias, Israel. Research and design work being performed at that location has been re-allocated to our US and Canadian R&D Centres. Locating R&D closer to our customers who are located in North America has been welcomed by the industry.

In June 2017, the Company announced the approval of its small cell antenna into the field for all bands and uniform gain. This pseudo omni small cell canister antenna can be colour matched in the factory for expert camouflage in the field.

Michael Wolfe was hired as the Company's full time Chief Financial Officer on July 31, 2017, following an extensive search.

In August 2017, the Embedded Solutions product group announced a contract award with a worldwide technology original equipment manufacturer ("OEM"). In November 2017, the Company announced a partnership with Canadian firm Edgewater Wireless, whereby Galtronics is supplying an antenna specifically designed for Edgewater's multi-channel Wi-Fi solutions.

In November 2017, the DAS, small cell and BSA product group gained approval for their 12 port multiband small cell antenna by a tier one North American carrier.

In November 2017, the Company completed a public offering of 8,441,490 Common Shares at a price of $2.35 per Common Share, for gross proceeds of $19,837,501, which further strengthened its liquidity position. The Common Shares issued pursuant to the public offering were qualified by a prospectus supplement dated November 20, 2017 to a short form base shelf prospectus dated November 16, 2017.

Recent Developments

In January 2018, the Company appointed 30 year industry veteran, Dr. Simon Yang (formerly of Airgain, Inc.), as Vice President of the Embedded Solutions engineering team in Tempe, Arizona. Also in January, the Company announced the shipment of antennas to Amalie Arena in Tampa, Florida in preparation for the NHL All Star Weekend.

In January 2018, the Company acquired the radio frequency, terrestrial microwave and antenna equipment divisions ("Advantech RF & MW") of Advantech Wireless Inc. and certain of its affiliates, through newly incorporated, wholly-owned subsidiaries of the Company. The purchase price for the acquisition was $49,000,000, subject to customary adjustments. The purchase price was satisfied through $48,000,000 in cash and the issuance of 308,642 Common Shares at a deemed price of $3.24 per Common Share. The Company intends to file a business acquisition report as required by Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

To fund a portion of the purchase price for the acquisition, the Company entered into a credit agreement with Crown Capital Partners Inc., pursuant to which Crown provided a $33 million term loan. A total of 682,500 common share purchase warrants were issued to Crown in connection with the term loan. Each warrant entitles the holder thereof to purchase one Common Share at an exercise price of $3.37 per Common Share until January 17, 2023.

Pursuant to the terms of the acquisition, Advantech Wireless Inc. may be entitled to additional compensation of between $0.75 million and $3 million per year in each of the 2018 and 2019 calendar years conditional on the business meeting certain EBITDA targets in those years.

In connection with the acquisition, Advantech Wireless Inc. entered into a consulting agreement with the Company, pursuant to which Advantech will provide the services of its principals David and Stella Gelerman for two years. In consideration for these services, Advantech will receive a fee of $2,500,000, payable, as to one-half, in cash in quarterly instalments and, as to one-half, through 385,802 Common Shares issued at closing of the acquisition with a deemed price of $3.24 per share. The trading of such shares is subject to certain time release restrictions for a period of up to 24 months following the closing of the acquisition.

In February 2018, the Company announced that it signed a master purchase agreement with a Tier 1 Global Wireless OEM which will be instrumental as 5G opportunities present themselves

BUSINESS OF THE COMPANY

GALTRONICS

Galtronics is a global provider of innovative antenna solutions with 40 years' experience in designing, producing and supplying antennas. We strive to meet our customers' wireless solution needs by being their trusted partner from initial design to production. Our antennas and shelf products are custom engineered to meet the specifications for our customers' mobile, embedded and wireless infrastructure needs. Since establishing Galtronics in 1978, the business has grown into an international platform with operations in North America and Asia.

Industry

Antennas are required for all wireless communications. As mobile communications and wireless connectivity become increasingly essential to our daily lives, there is a large and growing demand for mobile and embedded solutions products such as smartphones, tablets and home networking products. The antenna industry has grown, and is expected to continue to grow with the proliferation of mobile devices and the exponential growth in mobile data traffic. These trends place new demands on designers and manufacturers of mobile devices, and have resulted in a need for increasingly complex, innovative and highly engineered antenna solutions. Moreover, the rise in data traffic and consumer expectations for network connectivity anytime and anywhere, are placing significant strain on cellular networks, especially in large, high-density public venues. Innovative antennas for wireless infrastructure help solve these problems by enabling or enhancing wireless connectivity in areas where there is no (or limited) coverage and, more importantly, increasing mobile data capacity.

Primary Lines of Business

Antennas have a wide range of domestic and industrial applications in a large number of sectors, including broadcasting, communication, infrastructure, medicine, transportation and manufacturing. Within the global antenna industry, we design and manufacture three primary antenna product lines:

Mobile, Networking, Internet of Things ("IoT")

The mobile device market is growing and is highly competitive, dominated by a few large OEMs of smartphones, tablets and other mobile devices. A key driver for growth in mobile devices is the reduced dependency on landlines and increasing consumer demand for more sophisticated mobile devices with:

- greater functionality;
- more variety of connectivity options and design flexibility; and
- more mobile data capacity or throughput (no longer just voice data, mobile devices must also be able to deliver images and videos).

Embedded Solutions

Wireless embedded solutions devices encompass a variety of products that provide wireless internet connectivity and mobile data capacity. The wireless Embedded Solutions business is important to the overall communication system because the demand for spectrum is growing rapidly and it is essential that broadcasters channel usage efficiently through the proper bands to prevent over-congestion of the network. The network carriers and service providers use a variety of broadband products to help channel the cable, satellite, data and voice traffic from homes and businesses. These products include:

- embedded small cell products, which provide better broadband data coverage for carriers, especially indoor coverage (this includes sub-6Ghz 5G products);
- emerging 5G mmWave products in which all antenna shall be embedded and integrated with mmWave radio;
- Connected Vehicles products, which include V2V and V2X establish critical data for autonomous driving;
- home networking devices, such as Wi-Fi routers which enable wireless connectivity and facilitate interoperability of the various wireless communication devices used within the home;
- set-top boxes which source digital content from cable and satellite television providers;
- IoT home automation products, such as connected lights that have wireless communication capabilities, which enable users to monitor their homes and manage their energy consumption remotely;
- IoT utility products such as smart meters, which enable utility companies to monitor and bill for utility usage remotely; and
- land mobile radio products which provide two-way radio communications for a variety of markets including public safety, transportation, education and manufacturing;

The key drivers for growth in the networking market include:

- an increase in data usage (which is compounding annually);
- the growth in devices per person;
- HD video and gaming on mobile device;

- Massive data requirements on autonomous driving;
- the onset of wireless wearable devices which creates substantial growth in data collection points;
- an increase in the use of wireless networking devices which are designed to reduce the number of landline physical connections; and
- an increase in the connection of home appliances to domestic wireless networks (such as smart televisions, set-top boxes and streamers, as well as a multitude of other home automation appliances).

DAS, Small Cell and BSA

New types of antennas for wireless infrastructure, more commonly known as DAS and small cell system antennas, represent both a complement and an alternative to traditional cellular base station technology (e.g. macro cell) and base tower stations where large antennas are mounted on poles, towers and existing structures. They also provide a solution to the lack of coverage in areas not well served by such traditional wireless infrastructure solutions. For example, poor signal strength may be a result of the location of the base station or cellular tower in an area with many other tall buildings that block signals, and connection and data transmission delays may be a result of insufficient mobile data capacity to support the areas served. DAS and small cell system antennas can enable or enhance wireless connectivity in areas where there is no or limited coverage and, more importantly, increase mobile data capacity. DAS and small cell systems improve the overall wireless system performance through offsetting traffic at peak times by organizing the radio frequency (“RF”) noise, processing it and streaming it more efficiently through the wider mobile ecosystem.

A key driver for growth in this area is the increase in mobile data traffic, especially in large public venues such as airports, train stations, sports facilities, shopping malls, universities and hospitals. Other drivers of growth include current problems with network capacity overload and a trend towards fourth and fifth generation (“4G and 5G”) and long term evolution (“LTE”) network deployment.

Competition

The antenna industry is highly competitive. This is due to rapid technological advancements and evolving consumer trends and demands for anytime and anywhere connectivity.

Mobile, Networking, IoT

Competition in the mobile antenna market is characterized by high barriers to entry due to, among other factors:

- a small pool of large OEM customers;
- the RF technology and business expertise required to design and develop antennas that meet the specifications of the mobile communication devices;
- the specialized equipment and tools required to prototype, test and produce the antennas; and

- the manufacturing knowhow and capacity to meet volume and time requirements on purchase orders.

In addition to RF technology expertise and manufacturing knowhow, company reputation and relationship with key customer contacts are also critical, as customers are often under tight time pressures and prefer working with a trusted partner with the technical knowhow and execution capacity for the job. However, despite the high barriers to entry, there are hundreds of small and customized antenna producers competing in the mobile business but only a very small group of companies have a significant market share in the space. We compete primarily with other antenna designers and producers who provide the full scope of design and manufacturing services, as opposed to contract manufacturers who are only engaged to manufacture the antennas based on the design specifications, instructions and bill of materials provided by the OEM customers.

Embedded Solutions

Competition in the wireless networking antenna business is also characterized by high barriers to entry due to, among other factors:

- a small pool of large OEM and ODM customers;

- the RF technology and business expertise required to design and develop antennas that meet the specifications of the networking devices, which typically require more mobile data capacity per device than in mobile devices;

- the specialized equipment and tools required to prototype, test and produce the antennas and build expertise and knowhow on system integration of an embedded system, which include system level design and performance test.

- the manufacturing knowhow to meet time requirements on purchase orders and continual development of supply chains which support sustained business growth with high quality products.

- Ever increasing customer driven performance specifications creating higher levels of product complexity.

As with mobile devices, company reputation and relationships with key customer contacts are also critical with embedded solutions antennas.

DAS, Small Cell and BSA

Competition in wireless infrastructure is also characterized by high barriers to entry due to, among other factors:

- the capital investment required to develop the core technology and products;

- the longer lead time to market due to testing and approval processes undertaken by the network carriers; and

- the longer sales cycle as DAS and small cell system antennas are used in infrastructure build-out projects with long project time lines.

Given the substantial time and cost investment required, there are only a few large antenna designers and producers who typically offer distributed antenna system antennas as one part of their product offerings rather than as their core focus.

Key Competitors

Key competitors in each of the mobile, broadband and wireless infrastructure business with whom we compete include:

Business	**Key Competitors**
Mobile, Networking, IoT	*Designers and Producers:* Partron Co. Ltd., Ethertronics Inc. and EMW Corporation. *Others:* Amphenol T&M Antennas Inc., SkyCross Inc. Tyco, Speed, Airgain and Sunway
Embedded Solutions	Wistron NeWeb Corp., Ethertronics Inc., Amphenol T&M Antennas Inc., Laird Technologies (a subsidiary of Laird PLC) and Airgain, Inc.
DAS, Small Cell and BSA	*Producers of DAS and small cell system antennas:* Andrew Corporation (a subsidiary of CommScope Inc.), Huber + Suhner AG, KathreinWerke KG and JMA Wireless.

In addition to competition from other antenna producers, we also face competition from our OEM customers' in-house research and development and design teams. In response to consumer price pressures on mobile devices and supply chain demands, a certain number of our OEM customers are relying on their own engineers to design, prototype and test antennas for their mobile devices, and are only outsourcing the manufacturing of the antennas. We compete with in-house design teams by demonstrating our 40 year track record of leading innovation and our extensive antenna design capabilities. In addition, while in-house design teams typically focus their resources on the products under development we are able to draw on our vast experience from designing antennas for a wide array of products using different RF technology platforms for customers across different sectors.

Competitive Strengths

We believe our competitive strengths have enabled us to successfully anticipate, respond and adapt our business to evolving technology and consumer trends over the years, and will enable us to continue to innovate and grow our business. Our key competitive strengths include the following:

- **blue-chip customer base** – we have developed a strong, blue-chip customer base that includes the leaders in the mobile and embedded solutions and DAS, and small cell businesses, with relationships of up to 40 years;

- **proven track record of leading innovation** – we have partnered with our customers to develop many "industry firsts", and both our antennas and our customers' products have been recognized for their innovation;

- **vertically integrated capabilities** – our in-house design and manufacturing capabilities enable us to offer a "one-stop shop" antenna solution to our customers and enable us to better manage production costs and preserve margins;

- **strong management and technical team** – our recently enhanced management and technical team has the necessary manufacturing, operational and financial experience and RF technology expertise to lead our continued growth; and

- **strategically located facilities near our key customers** – the proximity of our design and manufacturing facilities to our key customers' facilities enables us to work closely with their engineers to develop antennas that meet the specific requirements for their products, respond quickly to changes in product design and minimize lead time on purchase orders.

Research and Development

We analyze market trends and challenges, evaluate emerging wireless technologies and innovate to address anticipated customer needs. Our highly qualified engineering team consists of 98 engineers in total, comprised of PhD's, Masters of Science and Bachelor degrees.

Our in-house reliability, testing and rapid prototyping capabilities enable us to develop new products and secure the quality and reliability level from early design stages. We also have technological design centres in Ottawa, Seoul, Wuxi and Phoenix, which enable us to work side-by-side with our customers' engineers and research and development teams in those regions to develop antenna solutions that meet their specific functionality and industrial design requirements.

With experience in RF technology research and innovation gained from working on thousands of products for customers in a variety of sectors, our design engineering team is able to offer a broad perspective on our customers' design challenges.

Through extensive investment in research and development, we have developed a wide array of innovations for embedded antenna solutions and are advancing our existing products by conducting research and development in emerging technologies.

Intellectual Property

As a technology solutions provider, one of our key competitive strengths is our technological innovation and execution knowhow. Accordingly, we have an extensive intellectual property and patent portfolio to protect our proprietary technologies and designs. Most of our key products and innovations are filed as "core technology patent" or "utility patent" for specific product protection which enables us to continue to develop and expand our product portfolio.

In accordance with industry practice, we rely on a combination of patent, trademark, trade secret laws and contractual confidentiality provisions to protect our intellectual property. We seek to avoid disclosure of our intellectual property and proprietary information by requiring employees to execute nondisclosure, confidentiality and assignment of intellectual property agreements. Such agreements require our employees to assign to us all intellectual property developed in the course of their employment or engagement. However, monitoring the unauthorized use of our intellectual property is difficult and the enforcement of our intellectual property rights may be unsuccessful or prohibitively expensive. The failure to protect, monitor and enforce our intellectual property could adversely affect our business. See "Risk Factors – Failure to protect our intellectual property rights".

Products

We design and produce innovative antennas of high quality and design for our customers in the mobile, networking and wireless infrastructure lines of business. Since inception, we have custom designed, engineered and manufactured over 1 billion antennas for our customers.

Antennas for Mobile, Networking and IoT Devices

We work with our OEM customers to design and produce antennas that meet the technological and physical specifications and functionality of their mobile devices such as smartphones, tablets, laptops, routers and M2M. Our mobile antennas have evolved with technological advancements and changing trends and needs. For example, before 2006, a typical mobile phone had one external antenna such as a retractable antenna at the top of the handset, whereas a typical mobile device today has between three and seven antennas that are embedded within the handset.

Our product offering for mobile devices are mainly embedded antennas for use in handsets, tablets and other mobile devices.

Antennas for Embedded Solutions

We work with our OEM and ODM customers to design and produce antennas that meet the technological and physical specifications and functionality of their Wi-Fi routers, gateway, home networking devices, land mobile radio products.

Our product offering for high performance embedded solutions includes device-specific antenna designs for Wi-Fi routers, gateway devices for top carriers in smart home connectivity, set-top boxes and land mobile radio products.

Antennas for DAS, Small Cell and BSA

We work with our network carrier customers and other businesses to design and produce DAS and small cell system antennas that support their wireless coverage and mobile data capacity requirements.

Our product offering for wireless infrastructure includes our indoor DAS antennas, outdoor DAS antennas and small cell system antennas using SISO and MIMO technology. Our DAS antennas are approved by key network carriers. Our antennas are used in connection with small cell industry systems.

Manufacturing

Our manufacturing facilities in China, South Korea and Vietnam enable us to provide optimized antenna designs, cost-effective manufacturing and minimal lead time to market.

In particular, our vertically integrated world class manufacturing facility in Wuxi, China has given us a competitive advantage over our competitors because:

- it was custom designed and built for maximum efficiency and high volume capacity (with capacity to run 24 hours a day, 7 days a week), which enables us to meet our customers’ production demands under tight timelines;

- it is supported by our manufacturing software which enables us to semi automate and monitor our production process and which provides real-time feedback on run rates, quality control and product traceability;

- it is equipped with state-of-the-art equipment, including new technologies such as two shot molding it houses;

- it is centrally located in China with easy access to railroads and airports, which minimizes delivery time, costs and related risks and enables us to provide timely delivery to our customers; and

- it is located within less than three hours of the majority of our raw materials suppliers, which enables us to optimize our supply chain management including minimizing inventory of raw materials and reducing related costs and risks.

During 2016, we consolidated our two Vietnam manufacturing buildings into one which resulted in a lower overall fixed cost base and we continue to allocate production volume to that facility which has resulted in a significantly improved factory utilization. Combined with improved efficiencies this world class plant demonstrated a significant year on year improvement again in 2017.

Currently, we have capacity to increase production to over 300 million antennas per year in our existing facilities.

Our RF technology expertise, our vertically integrated in-house design and manufacturing capabilities and our proximity to our customers enable us to offer our customers a “one-step shop” antenna solution. Some of our manufacturing capabilities are outsourced as we do not have in-house capabilities such as plating. We maintain an agreement with sub-contractors in China and Vietnam for such processes.

Our full design and manufacturing capabilities are as follows:

Manufacturing Facility	Production Capabilities	Products Made	Estimated Annual Capacity
China	design, prototyping, RF design and testing, tool designing, plastics injection molding, precision stamping, two-shot molding, and manual and semi-automated assembly	mobile, embedded and DAS, small cell antennas	150 million antennas
South Korea	design, prototyping, RF testing, laser direct structuring	mobile and embedded antennas	20 million antennas
Vietnam	process design, prototyping, RF testing, laser direct structuring (LDS), plating and assembly	mobile and embedded antennas	180 million antennas

We continually assess emerging technologies in manufacturing tools and machinery and invest in such tools and machinery to add to or enhance our production capabilities, in order to meet growing production demands for innovative and complex antennas for mobile and home networking devices.

The primary raw materials used in our antennas are plastic, metal, flexible printed circuit boards, cables, RF connectors and springs, all of which can be easily obtained from a large number of suppliers globally. As part of our supply chain management optimization strategy to reduce lead time, inventory and shipping costs and related risks, we source the majority of our raw materials from suppliers located within three hours of our manufacturing facilities in China, Vietnam and South Korea. To ensure we receive competitive pricing, gain buying power while maintaining flexibility, we work with a small number of select suppliers that meet our quality standards, analyze their costs in detail and do not enter into long-term supply arrangements. We also conduct periodic quality control audits of our suppliers.

Sales and Marketing

In accordance with our business strategy of partnering with our key customers, we have established sales and marketing functions in each of the geographical areas where our key customers are located, including:

- South Korea – to service our key customers.
- United States – to service our key global customers and North American customers including most carriers; and
- Canada – to service our key customers in the North American wireless infrastructure including Bell, Telus, Rogers and Freedom Mobile.

As the mobile and embedded solutions lines of business are dominated by a small number of large OEMs, and as customers require antenna solutions that are engineered to meet their specific requirements, our sales and marketing approach is to sell directly to the OEMs, or their key EMS, by establishing a close working relationship with them. To facilitate building relationships with our customers, each customer or prospective customer is assigned a relationship management team comprised of both sales and marketing as well as design personnel.

Conversely, as DAS, small cell and BSA markets are more standardized requiring only slight adjustments for different RF platforms, our sales and marketing approach in that business is to build our portfolio of DAS and small cell system antennas and enter into additional distribution arrangements to sell our products. We have entered into several distribution agreements with major distributers in North America to distribute our DAS antennas in the Canadian and United States market. We also participate in several high profile industry trade shows including Mobile World Congress and engaged in direct sales through our website CRM tool.

Employees

As at February 28, 2018, we employed 1,078 employees. Set out below is a breakdown of our employees by location and key function:

Entity / Facility	R&D and Engineering	Production, Supply Chain Management and Quality Control	Sales and Marketing	Corporate and Administration	Total
Baylin HQ	0	0	0	9	9
Galtronics (U.S.)	13	0	14	1	28
Galtronics Korea	32	9	8	34	83
Galtronics (China)	4	595	9	18	626
Galtronics (Vietnam)	0	319	4	9	332

Pursuant to the Company Law of China, all Chinese businesses must have a Legal Representative who, according to Article 38 of the General Principles of Civil Law of China "is the responsible person who acts on behalf of the legal person in exercising its functions and powers". The Legal Representative may take whatever actions are necessary for, among other things, (i) the general administration of the company (including the appointment and termination of any officer or employee); (ii) the consummation of legal transaction; or (iii) the allocation or acquisition of assets. In accordance with Galtronics China's articles, the Chairman of Galtronics China, shall be the Legal Representative. Currently, Mr. Jeffrey C. Royer is the Chairman of Galtronics China and its Legal Representative. To mitigate against the risk that the Company may have difficulty terminating the Legal Representative, Mr. Royer has signed and affixed the Company Chop on an undated termination letter removing him as the Legal Representative of Galtronics China, which letter is being kept with the Company's corporate records at the Miller Thomson LLP Toronto office. In addition, to further mitigate against the Company losing effective control of Galtronics China, its General Manager, Mr. Mark Waddell, has also signed and affixed the Company Chop on an undated termination letter removing him as General Manager of Galtronics China, which letter is also kept with the Company's corporate records at the Miller Thomson LLP Toronto office. See "Risk Factors – If the custodians or authorized users of our corporate chops fail to fulfill their responsibilities or misappropriate or misuse these corporate instruments, our business and operations could be materially and adversely affected" for a description of the risks associated with the chops of Galtronics China.

Global Platform and Facilities

Consistent with our strategy of building close working relationships with our key customers, we have established our research and development, design, manufacturing, sales and marketing and corporate facilities and functions in proximity to our key customers.

We carry on our operations through leased or owned facilities in Canada, South Korea, Vietnam, China and the United States as set out in the table below:

Entity	Location	Description	Size	Ownership
Baylin	Ontario, Canada	Registered office and corporate headquarters	270 m^2	Leased; lease expires October 31, 2018 unless renewed
Galtronics China and Sheng Hua Wireless	Wuxi, China (near Shanghai)	China headquarters, warehouses, production hall, tool shop	Land 22,999 m^2 Building 8,349 m^2	Building owned with right to use lands until December 31, 2052[(1)]
Galtronics China	Wuxi, China	Production hall and warehouse	6,223 m^2	Leased; lease expires June 30, 2019
Galtronics Korea	Suwon, South Korea *(near Seoul)*	R&D, sales and marketing	627 m^2	Leased; lease expires July 2018
Galtronics Korea	Bupyeong (near Seoul)	Production Tech, QA, SCM	330 m^2	Leased; lease expires December 2019
Galtronics U.S.	Arizona, United States	R&D and sales support	1,729 m^2	Leased; lease expires Dec 2024
Galtronics Vietnam	Vietnam	Vietnam headquarters and production hall	Land 8,227 m^2 Building 5,680 m^2	Leased; lease expires April 2019

Note:

(1) Under the laws of China, land is owned either by the state or by rural collective organizations. The usual tenure of land use rights for industrial use is up to 50 years. As such, Galtronics China does not own its own land in China, but rather has contractually been granted land use rights in respect of its properties.

Owned Properties

China

Galtronics China maintains its headquarters, warehouse and certain production lines at No 1, Xishi Road, Wuxi New District, Jiangsu Province, China 214028, which is also the headquarter of Sheng Hua Wireless. Pursuant to the State-Owned Land Use Right Transfer Contract between the Land Administration Bureau, Wuxi City, Jangsu Province and the Certificate for Use of State-Owned Land issued by the Wuxi Administration of Land and Resources on March 16, 2004, the land on which our Wuxi facility is constructed was leased to Galtronics China by the Land Administration Bureau, Wuxi City for a period of 50 years, which period concludes on December 31, 2052. The full rental cost for the land was paid in the first year of the contract. Galtronics China can apply to renew the land contract at its termination. If Galtronics China applies and its application is rejected, the Land Administration Bureau, Wuxi City, must compensate Galtronics China for the erected buildings. If Galtronics China does not apply to have the contract renewed, the land and buildings thereon revert to the Land Administration Bureau, Wuxi City.

ADVANTECH

In January 2018, Baylin acquired Advantech RF & MW, a leading wireless broadband communications solution provider for commercial, critical infrastructure, government and military clients. Advantech RF & MW's solutions allow clients to achieve reliable connectivity anywhere in the world. Advantech RF & MW designs turnkey terrestrial and satellite communications solutions that maximize performance and minimize operational costs.

Advantech RF & MW designs and manufactures customizable radio frequency and microwave products for highly specialized wireless communications markets. For over 25 years, Advantech RF & MW has developed significant innovations including pioneering the use of Gallium Nitride ("GaN") technology to create smaller, lighter, and more powerful products.

Industry

Topography or distance can limit communications. Terrestrial and satellite communications solutions are required to economically and effectively deliver voice and data to challenging regions around the world. These solutions are depended upon for global commerce, public safety (e.g. police departments, emergency response personnel) and military field operations, all requiring reliable and secure communication. These communications solutions require radio frequency and microwave components.

Radio frequency ("RF") is any of the electromagnetic wave frequencies that lie in the range extending from around 20 kHz to 300 GHz, roughly the frequencies used in radio communication.

Microwave transmission is the transmission of information or energy by microwave radio waves. Microwaves are widely used for point-to-point communications because their small wavelength allows conveniently-sized antennas to direct them in narrow beams, which can be pointed directly at the receiving antenna. This allows nearby microwave equipment to use the same frequencies without interfering with each other, as lower frequency radio waves do. The high frequency of microwaves gives the microwave band a very large information-carrying capacity; the microwave band has a bandwidth 30 times that of all the rest of the radio spectrum below it.

Primary Lines of Business

Advantech RF & MW products are designed and produced for customers in the following verticals: (i) broadcast; (ii) maritime and cruise ships; (iii) government and military; (iv) homeland security; (v) direct-to-home satellite; (vi) oil and gas; and, (vii) wireless communications.

Radio Frequency Components

Radio frequency components are the fundamental components required by any communication device for its proper functioning. With advancements in mobile telecommunication networks (i.e., 4G and 5G), the market has seen high demand for tuners and switchers for offering precise functionality to other radio frequency devices such as demodulators and power amplifiers.

Competition

Key competitors of Advantech RF & MW include:

Communications & Power Industries ("CPI")	Headquartered in Palo Alto, California, CPI is a manufacturer of electronic components and subsystems focused primarily on communications and defense markets. CPI develops, manufactures and distributes technology solutions used in the generation, amplification, transmission and reception of microwave signals for commercial and military applications. CPI serves customers in the communications, defense, medical, industrial and scientific markets.
Comtech EF Data USA	Headquartered in Tempe, Arizona, Comtech EF Data USA is a subsidiary of Comtech Telecommunications Corp. and supplier of satellite bandwidth efficiency and link optimization and a vendor for satcom infrastructure equipment.
Teledyne Paradise Datacom	Headquartered in State College, Pennsylvania, Teledyne Paradise Datacom is a subsidiary of Teledyne Technologies Incorporated which designs, manufactures and sells satellite modems, solid state power amplifiers, low noise amplifiers, block up converters and associated redundancy subsystems. Teledyne delivers satellite communications products around the world.

Competitive Strengths

Key competitive strengths of Advantech RF & MW include the following:

- ***proven track record of leading innovation*** - One of Advantech RF & MW's signature accomplishments is the introduction of the second generation GaN products for tactical markets. These are high performance block up converters and high power amplifiers that have overall size, weight and power reductions on the order of 50 per cent of previous versions. The company has also developed new state of the art GaN line of amplifiers for radars and troposcattering communication links; and

- ***product offering*** - The most advanced and complete line of satcom radio frequency products including solid state power amplifiers, frequencies converters, transceivers, satcom antennas and antenna controllers. Covers all satellite bands including L, S, C, X, Ku, Ka band from 1 GHz to 31 GHz. Advanced new line of amplifiers based on GaN technology which provides higher efficiency and reliability in a fraction of size and weight and with up to 70% less energy consumption.

Research and Development

Advantech RF & MW has received several international awards for R&D since 2013 and its contribution to technological advances in the industry has been widely recognized. Advantech RF & MW is currently involved in the following R&D activities:

- a new generation of GaN solid state power amplifiers for satcom communication designed to allow higher bandwidth transmission as required by Ultra HD 4k and 8k video standards;
- advanced antenna control systems for ka band high throughput satellites;
- advanced radar technology for military and civilian applications;

- advanced troposcattering communication systems;
- integrated military communication networks; and
- unique disaster recovery communication networks.

Intellectual Property

Advantech RF & MW's fundamental intellectual property is based on 30 years of advanced microwave solid state design and manufacturing. Advantech RF & MW are world leaders in this field and technology pioneers. It has developed unique manufacturing technologies custom designed for its products unique RF combining technologies and active biasing circuits to enhance performance of GaN chip components which will allow us to obtain the highest RF power and widest frequency band in the industry.

Products

Advantech RF & MW designs and produces innovative products of high quality and design including the following:

- ***RF Components:*** (i) GaN-based power amplifiers (block up converters, solid state power amplifiers ("SSPAs") and solid state power block ("SSPBs") converters); (ii) Gallium arsenide ("GaAs") based power amplifiers; (iii) indoor-frequency converters; (iv) outdoor-frequency converters; and (v) transceivers.

- ***MW Components:*** (i) point- to-point microwave radios; and, (ii) network management software.

- ***Antennas & Controllers:*** (i) fixed antennas; (ii) mobile antennas; and, (iii) antenna controllers.

Sales and Marketing

With locations in North America, South America and Europe, Advantech RF & MW maintains a global presence. As a result, the Company's sales and marketing strategy for Advantech RF & MW involves plans to deploy equipment for thousands of ground systems in over 150 countries.

Employees

As at February 28, 2018, Advantech RF & MW employed 182 employees. Set out below is a breakdown of the employees by location and key function:

Entity / Facility	R&D and Engineering	Production, Supply Chain Management and Quality Control	Sales and Marketing	Corporate and Administration	Total
Advantech Wireless Technologies Inc.	36	94	15	20	165
Advantech Wireless Technologies (USA) Inc.	0	0	4	1	5
Advantech Wireless Technologies (EMEA) Inc.	1	3	4	1	9
Advantech Wireless Technologies Inc. (on behalf of an entity to be formed under the laws of Brazil)	0	1	1	1	3

Facilities

Advantech RF & MW has the following leased facilities:

Entity	Location	Description	Size	Ownership
Advantech Wireless Technologies Inc.	Quebec, Canada	Registered office and corporate headquarters, R&D, manufacturing, sales and support	52,040 sq. ft.	Leased; lease expires December 30, 2018 unless renewed
Advantech Wireless Technologies Inc.	Ontario, Canada	Warehouse and service centre	40,736 sq. ft.	Leased; lease expires January 17, 2019 unless renewed
Advantech Wireless Technologies (USA) Inc.	Georgia, USA	Sales and support	1,875 sq. ft.	Leased; lease expires February 28, 2019
Advantech Wireless Technologies (EMEA) Inc.	St. Ives, UK	Sales and support and service centre	7,102 sq. ft.	Leased; month-month unless renewed
Advantech Wireless Technologies Inc. (on behalf of an entity to be formed under the laws of Brazil)	São Paulo, Brazil	Sales and support	1,076 sq. ft.	Leased; lease expires May 31, 2020

DIVIDENDS AND DIVIDEND POLICY

The Company has not paid dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the development and enhancement of its products and to otherwise invest in the Company's business.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As of February 28, 2018, the Company had 31,207,356 Common Shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to receive notice of, attend and vote at, meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Common Share carries the right to one vote. Holders of Common Shares are entitled to receive any dividends declared by the Company in respect of the Common Shares, subject to the rights of the holders of other classes ranking in priority to the Common Shares with respect of the payment of dividends. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Shares are also entitled to receive, on a *pro rata* basis, the remaining property and assets of the Company available for distribution after payment of all of its liabilities and subject to the rights of the holders of other classes ranking in priority to the Common Shares. For a description of the Company's dividend policy, see "Dividends and Dividend Policy" above.

Preferred Shares

Preferred shares will be issuable at any time and from time to time in one or more series. Each series of preferred shares shall consist of such number of shares and shall have such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of preferred shares, except as otherwise provided in the terms specific to a series of preferred shares or as required by law, will not be entitled to vote at meetings of holders of Common Shares. The preferred shares of each series will rank on parity with the preferred shares of every other series and will be entitled to preference over the Common Shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and distribution of any property or assets in the event of the liquidation, dissolution or winding up of the Company. As of the date of this Annual Information Form, no preferred shares have been issued.

Advance Notice Requirements for Director Nominations

The Company's bylaws provide that shareholders seeking to nominate candidates for election as directors must provide timely notice in writing. To be timely, a shareholder's notice must be received at the registered office of the Company (i) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "Notice Date") of the date of the annual meeting was made, notice by a shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made. The bylaws also prescribe the proper written form for a shareholder's notice. These provisions may preclude shareholders from making nominations for directors at an annual or special meeting of shareholders.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed for trading on the TSX under the symbol "BYL". The following table sets forth the market price ranges and trading volumes of the Common Shares on the TSX, as reported by the TSX, for the periods indicated below:

Month	Price per Common Share Monthly High	Price per Common Share Monthly Low	Common Shares Total Monthly Volume
February 2018	4.10	3.56	760,877
January 2018	$4.12	$3.06	1,283,098
December 2017	$3.44	$2.36	730,370
November 2017	$3.12	$2.10	869,631
October 2017	$2.10	$1.90	30,300
September 2017	$2.05	$1.87	30,415
August 2017	$2.12	$1.87	66,189
July 2017	$2.38	$1.95	49,795
June 2017	$2.40	$2.10	172,022
May 2017	$2.49	$2.25	119,437
April 2017	$2.35	$1.95	183,641
March 2017	$2.09	$1.87	128,195
February 2017	$2.12	$1.95	47,700
January 2017	$2.30	$2.05	101,307

Prior Sales

During Fiscal 2017, the Company issued the following securities not listed or quoted on a marketplace:

Deferred Share Units[(1)]

Date of Issue	Number of Common Shares Underlying
January 1, 2017	6,301
February 1, 2017	6,458
March 1, 2017	6,491
April 1, 2017	5,952
May 1, 2017	5,469
June 1, 2017	5,736
July 1, 2017	6,093
August 1, 2017	6,679
September 1, 2017	6,510
October 1, 2017	11,097
November 1, 2017	6,208
December 1, 2017	4,603

Stock Options[(2)]

Date of Issue	Number of Common Shares Issuable on Exercise of Options	Exercise Price	Expiry Date
March 30, 2017	685,000	$1.98	March 30, 2022
August 8, 2017	500,000	$2.00	August 8, 2022

Notes:

(1) Issued pursuant to the Company's deferred share unit plan.
(2) Issued pursuant to the Company's stock option plan.

SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this Annual Information Form, to the Company's knowledge, the following securities are subject to a contractual restriction on transfer:

Number of Common Shares Subject to Contractual Restriction Transfer(1)	**Percentage of Class**	**Date Contractual Restriction on Transfer Ends**
48,225	0.15%	March 30, 2018
48,225	0.15%	June 29, 2018
48,225	0.15%	September 28, 2018
48,225	0.15%	December 31, 2018
48,225	0.15%	March 29, 2019
48,225	0.15%	June 28, 2019
48,226	0.15%	September 30, 2019
48,226	0.15%	December 31, 2019

Note:

(1) The Common Shares were issued in connection with the Company's acquisition of Advantech RF & MW and related consulting agreement with Advantech Wireless Inc. In consideration for the services provided by David and Stella Gelerman under the consulting agreement, Advantech will receive a fee of $2,500,000, payable, as to one-half, in cash in quarterly instalments and, as to one-half, through 385,802 Common Shares. The Common Shares were issued at closing of the acquisition in certificated form bearing legends which restrict the trading of such shares for a period of up to 24 months following the closing of the acquisition.

DIRECTORS AND OFFICERS

Directors

The following table sets out, as at the date of this Annual Information Form, for each of our directors, the person's name, province or state, and country of residence, position(s) with us, the date on which he became a director, his principal occupation and previously held positions for the last five years. Our directors are expected to hold office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and province or state and country of residence	Age	Position with the Company	Director since	Principal occupation for past five years	Number and % of securities held
Jeffrey C. Royer - Ontario, Canada	62	Chairman and Director, Baylin	September, 2013	Director and Chairman of Galtronics since 2010, prior to which he served as Director and Co-chairman of Galtronics from 2001-2010	15,780,379[2)] Common Shares – (50.6%)
Randy L. Dewey - Ontario, Canada	50	President & CEO, Baylin	September, 2013	President and CEO of the Company since April 1, 2015 Director of Galtronics since November, 2010.	40,000 Common Shares – (0.13%)
Stockwell Day - British Columbia, Canada	67	Director, Baylin	November, 2013[(3)]	Strategic advisor and consultant since 2011, prior to which he served as a Member of Parliament with the Canadian federal government from 2000-2011	9,263 Common Shares – (0.03%))
Douglas A. Jones - Ontario, Canada	79	Director, Baylin	November, 2013[(1)]	Consultant at Douglas A. Jones Consulting Services since June, 2003	11,783 Common Shares – (0.04%)
Barry J. Reiter - Ontario, Canada	69	Director, Baylin	November, 2013[(3)]	Senior Partner and Chair of the Technology, Media and Entertainment and of the Corporate Governance and Director Protection Groups of Bennett Jones LLP	13,300 Common Shares – (0. 04%)
Don Simmonds - Ontario, Canada	62	Director, Baylin	November, 2013[(1) (3)]	Chief Executive Officer of Blyth Investments Inc. prior to which he was the Chief Executive Officer of Crossroads Television System ("CTS").	51,303 Common Shares – (0.2%)
Harold M. Wolkin - Ontario, Canada	66	Vice Chairman, Director, Baylin	November, 2013[(1)]	Senior executive and investment banker	319,802 Common Shares – (1.0%)
David Gelerman - Quebec, Canada	63	Director, Baylin	February, 2018	Founder and CEO, Advantech Wireless, Inc.	694,444 Common Shares – (2.2%)

Notes:

(1) Member of the Audit Committee.
(2) The Company's Chairman, Mr. Jeffrey C. Royer, exercises control and direction over 2385796 Ontario Inc., which is beneficially owned by an associate of Mr. Royer. 2385796 Ontario Inc. owns 13,231,929 Common Shares. Associates of Mr. Royer also own 2,548,450 Common Shares.
(3) Member of the Corporate Governance and Compensation Committee.

Executive Officers Who Serve as Directors

The following table sets out, as at the date hereof, for each of our executive officers, the person's name, province or state, and country of residence and position(s) with us.

Name and province or state and country of residence	Age	Position with the Company	Executive since	Principal occupation for past five years	Number and % of securities held
Randy L. Dewey, Ontario Canada	50	President and Chief Executive Officer	April, 2015	President and Chief Executive Officer of Company since April 1, 2015	40,000 Common Shares-(0. 13%)

Executive Officers Who Do Not Serve as Directors

The following table sets out, as at the date hereof, for each of our executive officers, the person's name, province or state, and country of residence and position(s) with us.

Name and province or state and country of residence	Age	Position with the Company	Executive since	Principal occupation for past five years	Number and % of securities held
Michael Wolfe Ontario Canada	52	Chief Financial Officer	July, 2017	Chief Financial Officer	10,000 Common Shares – (0.03%)
Jerry Kirshman New Jersey, USA	52	COO & President, Americas	March, 2017	Vice President Sales and Marketing, CCI.	76,848 Common Shares – (0.25%)
Mike Moon Seoul, South Korea	57	President, Asia Pacific	July, 2014	Executive Vice-President, Galtronics Mobile Business 2014-2017. Previously Vice-President of Samsung Electro-Mechanics and President of Samsung E-M America.	47,595 Common shares - (0.15%)

As a group, the directors and executive officers beneficially own, or control or direct, directly, 17,054,717 Common Shares, representing approximately 54.6% of the equity and voting interest in the Company.

Biographies

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Executive Officers

Randy L. Dewey, President and Chief Executive Officer and Director, Baylin

Mr. Dewey was appointed President and Chief Executive Officer of Baylin and its operating subsidiary, Galtronics Corporation on April 1, 2015. Mr. Dewey currently sits on the board of directors for Baylin and (BY) Medimor Ltd. He was the President of NaviStone Financial, a management consulting firm, from January 2008 to March 2015. During that time, from March 2010 to January 2012, Randy was also the Chief Executive Officer of SuomiTV Finland, a media and broadcast corporation. He served as Executive Vice President of Jameson Bank from August 2008 to February 2010. From 2003 to 2008 Mr. Dewey was the Vice President and General Manager of Dofasco Automotive, a tier 1 automotive systems supplier.

Randy was also the Managing Director of IHDG, the largest manufacturer, distributor and marketer of wall coverings in the world from 1999 to 2003. He received a college diploma in Industrial Hygiene Technology in 1991 from Lambton College in Ontario and a BBA and MBA (Finance) with honours from Baker Center of Graduate Studies in Michigan. Randy has continued his executive education at Wharton School of Business, Queens University, the Ivey School of Business and Rotman School of Management.

Michael Wolfe, Chief Financial Officer, Baylin

Mr. Wolfe has over 25 years' experience in private equity, business valuation, manufacturing, finance and accounting. Prior to joining Baylin, Michael was the Chief Financial Officer of several mid-market Canadian companies including Masstech Group Inc., a software company in the broadcast industry. As a General Partner at VenGrowth Capital Partners Inc., Michael had a successful track record in acquisitions, management buyouts, growth financings and re-capitalizations in diverse industries such as cable, broadcast, manufacturing, insurance, oil field services and global logistics. Michael has also served as a director on several private and public companies including audit and other independent committees. He earned a CPA, CA designation, a Chartered Business Valuator designation and an MBA from McMaster University.

Mike Moon, President, Asia Pacific

Mr. Moon is a seasoned mobile technology sales and marketing executive with multicultural and multilingual experience. In his 30 years working with Samsung, he has more than 15 years' experience working in Samsung EM America, where he was promoted to President of American operations and his most recent position was as corporate Vice President for Samsung Electro-Mechanics at the Korean head office. Mr. Moon is noted for his leadership capabilities as well as his extensive network of contacts in the antenna and electronic components marketplace.

Jerry Kirshman, COO and President, Americas/EMEA

Prior to joining Galtronics in 2017, Mr. Kirshman was Vice President of Sales and Marketing at Communications Components, Inc. (CCI), where he lead CCI to become one of the dominant Base Station Antenna Providers to North American Wireless Operators. In the 3G era, Mr. Kirshman championed CCI's growth with network-combining co-location equipment and power amplifiers thereby reducing tower equipment costs and operational expenses for operators at tens of thousands of cell sites. Previously Mr. Kirshman was Vice President of Sales and Marketing at KMW where he led their entry into the Wireless Base Station market place for antennas and filters designed specifically for wireless operators and global OEMs. Mr. Kirshman was Sales Director, DAS and Ancillary Products for the Americas at Ericsson, where he successfully introduced Ericsson's DAS Systems giving Ericsson their first major win and as a Microwave/RF Engineer designing and development Phase Array Antenna Systems, performing Radar System propagation studies and Radar Transceiver Design. Mr. Kirshman holds a Bachelor of Science Degree in Electrical Engineering Technology from State University of New York at Farmingdale and studied marketing at Adelphi University.

Directors

Jeffrey C. Royer, Chairman

Mr. Royer is a private investor with interests in telecommunications, broadcasting, medical device manufacturing, hospitality, professional sports and real estate. Mr. Royer has been a Director of Shaw Communications Inc. since 1995 and is a member of its Audit

Committee. Mr. Royer serves as Chairman of Galtronics and (BY) Medimor Ltd. and has served as a director of more than 30 private companies and not-for-profit organizations. Mr. Royer is a General Partner of the Arizona Diamondbacks Baseball Club. Mr. Royer received his Bachelors of Arts in Economics from Lawrence University.

Randy L. Dewey

Please refer to "Directors and Officers – Executive Officers" for Mr. Dewey's biography.

Stockwell Day

Mr. Day is a strategic advisor and consultant. He has served at the provincial and federal levels of government for over 25 years. From 1986 to 2000, Mr. Day served with the Alberta government in a variety of roles including Minister of Labour, Minister of Social Services, Provincial Treasurer and Minister of Finance. From 2000 to 2011, Mr. Day served as a Member of Parliament with the Canadian federal government, holding various positions including Leader of the Official Opposition, Minister of Public Safety, Minister of International Trade, Minister for the Asia-Pacific Gateway, Senior Minister Responsible for British Columbia and President of the Treasury Board. Mr. Day did not seek re-election in 2011. He is currently a strategic advisor to McMillan LLP. Mr. Day attended the University of Victoria and has an Honorary Doctorate from the University of St. Petersburg, Russia and from Trinity Western University in Fort Langley, British Columbia.

Mr. Day serves on a number of boards including Telus Corporation, WesternOne Inc., the Centre for Israel and Jewish Affairs, the Canada-India Business Council and the Canada-China Business Council.

Douglas A. Jones

Mr. Jones has an extensive background in the communications industry in Canada, the United States and Europe, spanning four decades in RF network development, sales and marketing, acquisitions, product development, and manufacturing. Mr. Jones has 33 years of experience with Motorola in all aspects of the business, five of these years as Vice President, Director Canadian Land Mobile operations, and ten years with Sinclair Technologies as President and Chief Executive Officer. Mr. Jones formed Douglas A. Jones Consulting Services in 2003, which provides consulting and advisory services to this same industry drawing on the knowledge base developed over these years.

Mr. Jones is a past director of Kaval Technologies, Sinclair Technologies, and for 15 years (1997 – 2012) he was a member of the Association of Public Safety Communications Officials (U.S.A.), as a communications industry representative.

Barry J. Reiter

Mr. Reiter is a senior partner of Bennett Jones LLP, and acts as the Chair of both the Corporate Governance & Director Protection Group and the Technology, Media & Entertainment Group. His practice focuses on corporate governance, finance and development. Mr. Reiter regularly advises boards, standing and special board committees, directors, management and in-house counsel on governance and director protection issues. Formerly a law professor at the Faculty of Law, University of Toronto, Mr. Reiter holds a Bachelors of Arts from York University, an LLB from Osgoode Hall Law School and a Bachelor of Civil Law from Oxford University.

Mr. Reiter is an experienced director and has served on and chaired boards and a variety of board committees. His current board roles include the Advisory Council of StarTech.com Ltd., and his former board roles include 724 Solutions Inc., Algorithmics Inc., Alliance Atlantis Communications Inc., Avotus Corporation, Battery Technologies Inc., Craig Wireless Systems Ltd., Delta Hotels, Eco Waste Solutions Inc., Efos Inc., Lava Systems Inc., Lorus Therapeutics Inc., MOSAID Technologies Incorporated, NexgenRx Inc., Ontario Chapter of the Institute of Corporate Directors, Pharos Life Corporation, RBC Technology Ventures Inc., SkyPower Corporation, Syncapse Corp. and Telepanel Systems Inc. These positions have provided Mr. Reiter with hands-on experience with issues ranging from board composition, development, evaluation, succession, protection and compensation, to major corporate transactions, and friendly and hostile takeover bids and proxy contests.

Don Simmonds

Mr. Simmonds is an International Advisor to selected corporate entities. He is the former Chairman and Chief Executive Officer of CTS (now known as YesTV), a CRTC regulated Canadian television broadcaster. He was a founder of the Lenbrook Group in 1977, a private business incubation company perhaps best known for having created Clearnet Communications, one of Canada's leading wireless networks that was sold in 2001 to Telus Mobility. In 2008, Mr. Simmonds, along with his brothers and late father, was inducted into the Canadian Telecommunications Hall of Fame.

Harold M. Wolkin, Vice-Chairman

Mr. Wolkin is an accomplished investment banker and financial analyst with over 30 years of experience. In 1983, Mr. Wolkin joined BMO Nesbitt Burns as a senior research analyst. Mr. Wolkin went on to serve as managing director in the Diversified Industries Group of BMO Capital Markets from August 1983 to January 2008. He represented BMO Nesbitt Burns as a lead underwriter for a number of Canada's largest equity offerings from 1992 to 2008. He was also responsible for the origination and the successful marketing of a large number of initial public offerings and equity financings for a wide range of issuers.

Most recently, Mr. Wolkin served as Executive Vice-President and Head of Investment Banking for Dundee Capital Markets. Since 2004, he has also served on a number of public company boards and not-for-profit organizations. He currently serves as a director of Diamond Estates Wines & Spirits Inc. and Plymouth Realty Capital Corp. which trade on the TSX Venture Exchange. He was also President of the CFA Society of Toronto.

Mr. Wolkin has been a member of the Chartered Financial Institute since 1980 and is a certified chartered financial analyst. He received a Bachelor of Arts in Economics from York University and a Masters of Arts in Economics and Finance from the University of Toronto. Mr. Wolkin is also a graduate and a member of the Institute of Corporate Directors.

David Gelerman

Mr. Gelerman is a visionary engineer, innovator and businessman with over 40 years of experience. In 1988, Mr. Gelerman founded Advantech Wireless Inc., serving as President and CEO for the last 30 years. Steering the company from a start-up to become a dominant global player in the satellite ground communication business, both in RF and networking. Through organic growth and acquisition, the company became one of the largest exporters in Quebec.

In 2018, after the acquisition of the RF business by Baylin Technologies, Inc., Mr. Gelerman carries on forward with the Satellite Networking business, keeping in tradition and with continued strengths as a best-in-class industry leader, leading the pace of innovation with one of the most advanced VSAT satellite network platforms.

Prior to founding the company, Mr. Gelerman held various management and design engineering positions at Nortel Networks, in the Transmission Networks Division, where he led teams that developed several multibillion dollar microwave terrestrial radio systems. Mr. Gelerman holds a Master's of Science degree in Electrical Engineering (MSEE), specializing in Wireless Communications and Broadcasting.

Cease Trade Orders and Bankruptcies

None of our directors or executive officers is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including us) that, while that person was acting in that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation in each case for a period of more than 30 consecutive days.

Except as set out below, none of our directors, or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company (i) is as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Mr. Reiter became a director of Syncapse Corp. ("Syncapse"), a private social media marketing management company, in May 2012 and resigned shortly before the appointment of a receiver in July 2013. The assets of Syncapse were subsequently sold under receivership.

In October 2007, Mr. Dewey became the Interim Chief Executive Officer of Art Manufacturing Company ("AMC") to assist it with its restructuring efforts. AMC filed for protection under the Companies' Creditors Arrangement Act seven months later.

Mr. Wolfe was a director of Roll-Tite Inc. when a senior lender appointed a receiver in December 2008. Mr. Wolfe was also a director of Numatech Industries Inc. when the creditors enforced their security to realize on all of the assets of the company and its subsidiaries in July 2009. Mr. Wolfe was an officer of Masstech Group Inc. until June 2015. In August 2015, Masstech Group Inc. filed an assignment under Section 49 of the Bankruptcy and Insolvency Act (Canada). The assets were acquired by Masstech Innovations Inc., a company owned by Covington Fund II Inc.

Penalties or Sanctions

None of our directors or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company, has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest between us and our directors, executive officers or other members of management as a result of their outside business interests as at the date of this Annual Information Form. However, as certain of our directors and officers also serve as directors and officers of other companies, it is possible that a conflict of interest may arise between their duties to us and their duties to such other companies. See “Directors and Officers” and “Interest of Management and Others in Material Transactions”.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee and the Audit Committee Charter

The audit committee of the Company (the “Audit Committee”) is composed of three directors, each of whom must be financially literate and independent of the Company’s management as required by NI 52-110. The Audit Committee is composed of Harold Wolkin, Douglas Jones and Don Simmonds, all of whom are financially literate and independent. Mr. Wolkin is the chair of the Audit Committee. The relevant education and experience of each member of the Audit Committee is described as part of their respective biographies. See “Directors and Officers – Biographies”.

Each proposed member of the Audit Committee possesses:

- an understanding of the accounting principles used by the Company to prepare its financial statements;

- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and

- an understanding of internal controls and procedures for financial reporting.

The Board of Directors has adopted a written charter for the Audit Committee (the “Mandate of the Audit Committee”) which sets out the Audit Committee’s responsibilities, and includes among other things, the following: (i) reviewing and recommending to the Board of Directors for approval of our Company’s quarterly and annual financial statements and related management discussion and analysis; (ii) recommending to the Board of Directors and overseeing the external auditors of our Company; (iii) reviewing significant accounting estimates and judgments; (iv) reviewing and approving, if appropriate, major changes to our Company's accounting principles and practices; and (v) pre-approving all audit and non-audit services to be provided to us or our subsidiaries by the external auditors in a manner consistent with NI 52-110.

A copy of the Mandate of the Audit Committee is attached to this Annual Information Form as Appendix "B".

External Auditor Service Fees

In Fiscal 2017 and 2016, the Company was billed the following fees by its external auditors, PricewaterhouseCoopers LLP:

	Fiscal 2017	**Fiscal 2016**
Audit Fees	$ 271,188	$ 273,674
Tax Fees	$ 64,108	$ 64,277
All Other Fees	$ 193,629	$ 107,993
Total Fees Paid	**$ 528,926**	**$ 445,945**

Notes:

- "Audit Fees" include fees necessary to perform the annual audit of the consolidated financial statements.
- "Tax Fees" include fees for all tax services including fees for tax compliance, tax advice and tax planning.
- "Other Fees" include fees for products and services provided by the auditor other than those included.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form, and all other information contained in this Annual Information Form. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected.

Risks Related to the Acquisition of Advantech RF & MW

Possible failure to realize expected returns

The Company currently anticipates that the acquisition of Advantech RF & MW will be accretive. However, this expectation is based on historical results and representations and warranties provided in the asset purchase agreement which may materially change. Historic and current performance of Advantech RF & MW may not be indicative of success in future periods. There can be no assurance that the Advantech RF & MW business will achieve anticipated levels of revenue and profitability or otherwise perform as expected. There is a risk that some or all of the expected benefits will fail to materialize, or may not occur within the time periods anticipated by management. The realization of some or all of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

Integration and future performance of the business

The Company may be unable to successfully integrate Advantech RF & MW due to a number of factors including diversion of management attention, strains on the Company's infrastructure, difficulties in integrating operations and personnel, entry into unfamiliar markets, or unanticipated legal liabilities or tax, accounting or other issues. A failure to successfully integrate Advantech RF & MW may be disruptive to the Company's operations and negatively impact the Company's revenue or increase the Company's expenses.

Potential liabilities and limited indemnification

There may be liabilities and contingencies related to Advantech RF & MW that the Company failed to discover or was unable to quantify in its due diligence conducted prior to completion of the acquisition. The Company may not be adequately indemnified for these liabilities and contingencies. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations.

Risks Related to Our Business

Dependence on the success of our customers

We are dependent on the continued success, viability, financial stability and growth of our customers. Our customers are primarily OEMs in the mobile and broadband markets, which are subject to rapid technological change, intense competition and short product life cycles, as well as continually evolving consumer preferences and demands. Any of these factors may impact our customers' business and results of operations, which in turn, may decrease their demand for our products, adversely affecting our business and results of operations. See also "Risk Factors – We recognize a significant portion of our revenue from a limited number of customers" below for our discussion on customer concentration risks.

We recognize a significant portion of our revenue from a limited number of customers. The loss of, or a significant reduction in, orders from one or more of our major customers would adversely affect our business, results of operations and financial condition.

We recognize a significant portion of our revenue from a limited number of customers. We recognized an aggregate of 51% and 52% of our revenue, directly and indirectly, from our largest customer and its subcontractors for the years ended December 31, 2017 and 2016, respectively. We anticipate that we will continue to be dependent on a limited number of customers in any given year for a significant portion of our revenue.

Additionally, we do not enter into long-term contracts or purchase commitments with our customers, and we have no contractual arrangements for future sales of our products to existing customers. We sell our antennas by entering into purchase orders with our customers. The loss of one or more of our significant customers, any material reduction in orders by any significant customer, or our failure to qualify our new products with a significant customer could materially and adversely affect our business, results of operations and financial condition.

We may have difficulty selling our products if our OEM customers do not design our products into their systems. The nature of the design process requires us to incur expenses prior to recognizing revenue associated with those expenses, which may adversely affect our business, results of operations and financial condition.

We devote significant time and resources in working with our OEM customers' system designers to understand their future needs and to provide products that we believe will meet those needs. Our ability to compete in the future will depend, in a large part, on our ability to design products to ensure compliance with our customers' and potential customers' specifications. We expect to invest significant time and resources and to incur significant expenses to design our products to comply with our customers' specifications.

We often incur significant expenditures in the development of a new product without any assurance that our customers' system designers will select our product for use in their applications. We often are required to anticipate which product designs will generate demand in advance of our customers expressly indicating a need for that particular design. Even if our customers' system designers select our products, a substantial period of time will elapse before we generate revenue related to the significant expenses we have incurred.

We depend on maintaining our existing strategic relationships with customers and on forming new strategic relationships

In the past, we have relied in significant part on our strategic relationships with customers that are technology leaders in our markets. We continue to pursue the expansion of such relationships and the formation of new strategic relationships, but we may not be able to do so successfully. These relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet their tight development schedules. Accordingly, we may have to devote a substantial amount of our resources to our strategic relationships, which could detract from or delay our completion of other important development projects. Delays in development could impair our relationships with our strategic customers and negatively impact sales of the products under development.

Our relationships with certain customers may deter their competitors from buying our products

Our relationships with certain customers may deter other potential customers who compete with our customers from buying our products, particularly if we developed a new technology for one of our key customers. Our inability to attract new customers could seriously impact our revenue and materially and adversely affect our business, results of operations and financial condition.

Dependence on our subsidiaries

We are a holding company and substantially all of our operations are carried out by our subsidiaries, most of which are incorporated or formed outside Canada. We have no direct operations and no significant assets other than the shares of our subsidiaries and cash proceeds from public offerings or any other financings. Accordingly, we are dependent on the cash flows from our subsidiaries to meet our obligations. The ability of our subsidiaries to provide us with payments may be constrained by factors such as: the cash flows generated by operations, investment activities and financing activities; and the level of taxation, particularly corporate profits and withholding taxes. If we are unable to receive sufficient cash from our subsidiaries, we may be required to incur indebtedness, raise funds in a public or private equity or debt offering, or sell some or all of our assets. There can be no assurance that any such financing will be available on satisfactory terms or that it will be sufficient.

We may be subject to limitations on the repatriation of earnings in each of the countries where we, including our subsidiaries, do business. There can be no assurance that arbitrary changes in exchange controls in each of the countries where we do business will not take place, which may adversely impact our ability to receive cash payments from our subsidiaries and the ability of investors to recover their investment. Over the years, the Company has received dividends from its subsidiary, Galtronics China. In accordance with applicable Chinese laws, Galtronics China is only permitted to distribute up to 90% of its after-tax earnings. Although the government of South Korea does not routinely limit the repatriation of funds, it reserves the right to do so in exceptional circumstances, such as in situations where the repatriation of funds may harm its international balance of payments, cause excessive fluctuations in interest or exchange rates, or threaten the stability of its domestic financial markets.

Failure to execute on growth strategy

The successful implementation of our growth strategy depends on many factors including our ability to leverage our competitive strengths, maintain key customer relationships, diversify our customer base, identify and make strategic acquisitions and keep pace with innovation, as well as certain factors which are beyond our control including general economic conditions and consumer confidence in future economic conditions.

If we fail to execute any one or more of our growth strategies or fail to fully realize the benefits expected to result from such strategies, our business and results of operations, our ability to continue to grow, our ability to remain competitive and our ability to maintain our market share could be materially adversely impacted. Our successes to date are no indication of future results, and there can be no assurance that any of our growth strategies will maintain or generate increased sales, or maintain or improve profit margins, even if we are successful in implementing those growth strategies.

Dependence on key personnel

Our ongoing and future success depends in part on our key personnel, including executive managers, engineers and other highly skilled personnel who are responsible for conducting research and development and developing new technologies and products to keep us competitive and help us anticipate new customer demands and consumer trends.

If we are unable to retain our key personnel or to continue to hire and retain such skilled personnel, our business, results of operations and ability to compete may be adversely affected. Any departures of such personnel would also disrupt our business and may result in the loss of additional personnel.

Our ability to attract and retain qualified employees

Our success depends in part on our ability to meet our labour needs while controlling the costs associated with hiring or subcontracting, and training new employees. If we fail to hire and retain qualified employees, our operations and ability to compete, including our manufacturing productivity and time to market, may be materially adversely affected.

All of our employees in our Wuxi, China facilities (except management) are unionized. Although we have a good relationship with the union in China, the maintenance of a productive and efficient labour environment in China cannot be assured. Protracted and extensive work stoppages or labour disruptions such as strikes or lockouts could have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, changes in labour laws and rising wages in China may result in a material increase to our labour costs, which we may not be able to offset with higher revenues or pass on to our customers. Accordingly, any such increase to our labour costs may adversely affect our competitive advantage over high cost manufacturers and our gross margins may decline.

To ensure adequate production capacity, we are required to anticipate future demand for our products. The timing and size of orders can be unpredictable and orders often have short turnaround times. If we receive more orders than anticipated we may need to increase production capacity by increasing our workforce. We may have difficulty recruiting skilled workers into our workforce in a timely manner to respond to such orders. For example, we use a local staffing agency to help us recruit workers from the areas within and surrounding Wuxi. In Vietnam, we use job matching websites and postings on bulletin boards of local labour administration offices, as well as an outsourcing labour service in case of unexpected demand.

Accordingly, we may experience delays that could adversely affect our ability to meet customers' delivery schedules, which could harm our reputation and cause us to lose market share. Conversely, if we receive fewer orders than anticipated we may need to decrease production capacity by reducing our workforce. During such manufacturing slowdowns we may incur significant labour costs if we are required to give employees notice prior to any layoff or to pay severance for any extended layoff. Furthermore, temporary slowdowns may adversely affect our future access to skilled labour, as employees who are laid off may seek employment elsewhere.

Rapidly evolving technologies and consumer trends

The industry in which we operate is characterized by rapid technological change and evolving consumer trends. Our competitors may develop technologies and products which compete with our technologies and products. Such competitor technologies and products may prove to be more effective and/or less costly than our products. There can be no assurance that our products will be competitive with the products of our competitors or that we will be able to keep pace with technological developments and changes in consumer trends. Such technological advances and evolving consumer trends could make our technologies and products partially or completely redundant or impair future sales, which could have a material adverse impact on our business, results of operations or financial condition. Similarly, if we fail to identify emerging technologies or consumer trends, or respond to such technologies or trends in a timely and cost-effective manner, our ability to sustain or grow our business may suffer.

Significant competition

The industry in which we operate is highly competitive and is dominated by a few large global providers of passive and active RF products and services. Our competitors may have greater financial, management and/or technical resources than us and there can be no assurance that we will be able to keep pace with our competitors. Failure to maintain our competitive position may result in a loss of market share to our competitors, which could have a material adverse effect on our business and results of operations. Partnering with the largest OEMs in the industry requires us to make large capital investments in order to achieve the critical size and scale to meet the demands of our large OEM customers. Failure to make such investments in a timely manner may result in a loss of business and market share, which may adversely affect our business, results of operations and financial condition.

We face intense competition and expect competition to intensify in the future, which could reduce our revenue and customer base

Competition could make it more difficult for us to sell our products, and result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses and failure to increase, or the loss of, market share or expected market share, any of which would likely seriously harm our business, results of operations and financial condition.

Currently, we face competition from a number of well-established companies. A few of our current competitors, and some of our potential competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, sales, marketing and other resources to pursue development, engineering, manufacturing, marketing and distribution of their products than we have. Further, our existing customers or potential customers may develop their own products, purchase competitive products or acquire companies that use alternative methods to achieve similar results as our products. Any of these competitive threats, alone or in combination with others, could seriously harm our business, results of operations and financial condition.

We may be affected by general economic conditions

General economic conditions may affect consumer and business confidence as well as demand for and prices of products and services in each of the mobile, broadband and infrastructure business. During adverse economic conditions, OEMs and customers may delay buying our products and services, reduce purchases, seek greater discounts or even discontinue purchases altogether. Our ability to collect receivables could also be adversely affected.

Global markets for our products and services are highly competitive and subject to rapid technological change, and we may be unable to compete effectively in these markets

All of the markets we address are characterized by continuing technological advancement, changes in customer requirements and evolving industry standards. To compete successfully, we must continually design, develop, manufacture and sell new or enhanced products that provide increasingly higher levels of performance and reliability and meet our customers' changing needs. However, we may not be successful in those efforts if, among other things, our products:

- are not cost effective;
- are not brought to market in a timely manner;
- are not in accordance with evolving industry standards;
- fail to meet market acceptance or customer requirements; or
- are ahead of the market.

Moreover, it is possible that our customers may develop their own products or adopt a competitor's solution for products that they currently buy from us. If that happens, our sales would decline and our business, financial condition and results of operations could be materially adversely affected.

If we fail to develop and successfully market new and enhanced products in a timely manner, our business, results of operations and financial condition could be materially and adversely affected.

Failure to develop new products

As a technology-based company, our ability to compete successfully depends heavily on our ability to ensure a continuing and timely introduction of innovative new products and technologies to the marketplace. We believe we are unique in that we design and develop nearly the entire solution for our products. As a result, we must make significant investments in research and development and currently hold a significant number of patents and have registered and/or have applied to register numerous patents, trademarks and service marks. However, there can be no assurance that we will be successful in designing, manufacturing and marketing new products or enhancing our existing product lines. Our failure to develop and market new products may result in us losing market share to our competitors, which would have a material adverse effect on our business, results of operations and financial condition.

Scale of our operations are significantly smaller than those of our competitors

Our Company and its subsidiaries are significantly smaller than most of our competitors. This means that both of our Company and subsidiaries operate with considerably lower economies of scale and much less manufacturing power than do our larger competitors, and our bargaining power with our larger customers may be more limited.

Investment in research and development may not generate returns

As the industry in which we compete is characterized by rapid technological advancement and continually evolving consumer preferences and demands, the success of our business depends in a large part on our ability to develop new, innovative technologies and our ability to efficiently manufacture and market such products. To this end, we have established manufacturing facilities in China and Vietnam and continue to invest in research and development. However, there can be no assurance that any of our investment in research and development will develop new, marketable products, and even if we are successful in developing new products, there can be no assurance that such products will be accepted by our customers or will generate increased sales or improve profit margins.

Investment in new business strategies and acquisitions could disrupt our ongoing business and present risks not originally contemplated

We have invested, and in the future may invest, in new business strategies or acquisitions. In particular the Company issued common shares in December 2016, in part to fund the incremental $3.0 million of R&D associated with developing products to gain entry into the BSA market. In addition, the Company issued common shares in November 2017, for capital expenditures, working capital and general corporate purposes. Further, in January 2018, we acquired the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless Inc. There can be no assurance that we will be able to profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational, regulatory, or financial problems. Furthermore, acquisitions may involve a number of additional risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances and unidentified pre-closing liabilities and other legal liabilities, some or all of which could have an adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that acquired businesses, products or technologies, if any, will achieve anticipated revenues and income growth. Acquisitions could also result in potentially dilutive issuances of equity securities. A failure to manage our acquisitions strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Leverage Risk and Restrictive Covenants

To fund a portion of the purchase price of the Advantech RF & MW acquisition completed by the Company on January 17, 2018, the Company entered into a credit agreement pursuant to which the Company received a $33 million term loan (the "Term Loan"). The degree to which the Company is leveraged could have material adverse consequences, including: (i) limiting the Company's ability to obtain additional financing for working capital, capital expenditures, product development, acquisitions and general corporate or other purposes; (ii) having to dedicate a portion of the Company's cash flows from operations to the payment of interest on existing indebtedness and not having such cash flows available for other purposes, including operations, capital expenditures and future business opportunities; (iii) restricting the Company's flexibility and discretion to operate its business; (iv) limiting the Company's ability to declare dividends on its Common Shares; (v) limiting the Company's ability to adjust to changing market conditions; (vi) placing the Company at a competitive disadvantage compared to its competitors that have incurred less debt; and, (vii) making the Company more vulnerable in a downturn in general economic conditions.

The Term Loan contains restrictive covenants of a customary nature, including covenants that limit the discretion of the Board of Directors with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to incur additional indebtedness, to pay dividends or make certain other payments, and to sell or otherwise dispose of significant assets or consolidate with another entity. In addition, there are also a number of financial covenants that require the Company to meet certain financial ratios. Failure to comply with these obligations could result in an event of default which, if not cured or waived, could permit acceleration of the Term Loan and there could be no assurance that the assets of the Company would be sufficient to repay in full such indebtedness. There can also be no assurance that the Term Loan will be able to be refinanced by the Company on commercially reasonable terms, or at all.

Access to Capital

There is no assurance that capital will be available when needed or on favourable terms. Baylin's access to capital and cost of capital will be subject to a number of factors, including general market conditions; the market's perception of Baylin's growth potential; Baylin's current and expected future earnings; Baylin's cash flow; and the market price of Baylin's Common Shares. If the Company is unable to obtain sources of capital, it may not be able to acquire or develop assets, or pursue the development or intensification of properties when strategic opportunities arise.

Failure to protect our intellectual property rights

We believe that our patents, trademarks and other proprietary rights are important to our success and our competitive position. Accordingly, we protect our patents, trademarks and proprietary rights in accordance with industry practice. However, the actions taken by us may be inadequate to prevent imitation of our processes and products by others or to prevent others from claiming violations of their patents, trademarks and proprietary rights by us. In addition, our intellectual property rights may not have the value that we believe they have. If we are unsuccessful in protecting our intellectual property rights, or if another party prevails in litigation against us relating to our intellectual property rights, the value of our innovation could be diminished and our sales and profitability may be adversely impacted. We may also incur significant costs if we are required to change certain aspects of our operations.

The failure to obtain patents with claims of a scope necessary to cover our technology, or the invalidation of our patents, or our inability to protect any of our intellectual property, may weaken our competitive position and may materially and adversely affect our business, results of operations and financial condition.

Intellectual property infringement

Our competitors, as well as a number of other entities and individuals, may claim that we infringe their intellectual property rights. Although we believe that we have secured proper licenses for all third-party processes that are integrated into our products, third parties may assert infringement claims against us in the future. Any such assertion may result in litigation or may require us to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. In addition, such litigation could be disruptive to our ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of our defence against those claims or our attempt to license the intellectual property rights or rework our products to ensure they comply with judicial decisions. Even if we were to prevail, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations. Further, our business agreements with our customers include provisions that would require us to indemnify our customers if they are subject to third-party claims that our product infringes their intellectual property rights. Any of the foregoing could have a significant adverse effect on our business, results of operations and financial condition.

Cyber-security incidents, including data security breaches or computer viruses, could harm our business by exposing us to various liabilities, disrupting our delivery of products and services and damaging our reputation

We rely extensively on information technology systems to operate our business. We receive, process, store and transmit, often electronically, confidential data of our Company and our customers, vendors, employees and others. Despite implemented security measures, our facilities, systems and procedures, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming and/or human errors or other similar events. In particular, unauthorized access to our computer systems or stored data could result in the theft or improper disclosure of confidential or sensitive information, the deletion or modification of records or interruptions in our operations. Any such events, including those involving the misappropriation, loss or other unauthorized disclosure or use of confidential or sensitive information of our Company or our customers, vendors, employees or others, whether by us or a third party, could subject us to civil and criminal penalties; expose us to liabilities to our customers, employees, vendors, third parties or governmental authorities; disrupt our delivery of products and services; and have a negative impact on our reputation. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

Failure to protect our customers' intellectual property

We are exposed to the risk of having our customers' intellectual property such as new product designs being leaked to a third party. For example, theft or improper disposal of scrap antennas designed for a specific customer product may end up in the hands of a "copycat" manufacturer. Though we have implemented stringent processes and strong security measures for handling disposal of scrap antennas to protect our customers' intellectual property, any inadvertent leakage of our customers' intellectual property could result in penalties imposed by our customers by being excluded from new business for a period of time or in the termination of our business relationship and/or legal actions commenced by our customers against us.

Our products are manufactured at a limited number of locations, and any manufacturing problems at a location could adversely affect our ability to meet our customers' orders

Our products are manufactured at a limited number of locations. If we experience manufacturing problems at a particular location, we would be required to transfer manufacturing to a backup location or supplier. We require the use of specialized equipment in our design and production process. Our short ramp-up lead time to production is one of our key competitive strengths. In particular, we manufacture most of our antennas in our Wuxi, China and Hanoi, Vietnam facilities and we manufacture other wireless components in Quebec, Canada. We would not have the capacity to manufacture enough antennas or other components to fill orders if significant manufacturing issues (such as equipment failure, labour unrest or catastrophic loss due to force majeure events such as fires, floods, earthquakes, droughts, loss of power, weather conditions, acts of war, acts of terrorism, political unrest or epidemics) were to arise at those facilities and reduce, delay or prevent the production of our products. This could have a material adverse effect on our business, results of operations or financial condition. Manufacturing problems may also delay shipments, cause a production delay or stoppage for our customers, which may result in a decline in our sales and damage our customer relationships.

We outsource a portion of our plating and painting operations to third parties, and the inability of those parties to meet our product specifications and schedules could harm our business and damage our customer relationships

We outsource a portion of the plating, injection and LDS requirements of our products to subcontractors in China, Vietnam and Korea and are, therefore, subject to the risk that our subcontractors do not provide our customers with the quality and performance that they expect from our products. If we are unable to fulfill customer demand, we may lose revenue opportunities and our reputation could suffer. Quality or performance failures of our products or changes in our subcontract manufacturers' financial or business condition could disrupt our ability to supply quality products to our customers and thereby have a material and adverse effect on our business, results of operations and financial condition. Additionally, we established a plant in Vietnam with the capacity to plate approximately 15 million antennas per month. However, we cannot guarantee that our plant in Vietnam will perform to our expectation nor can we guarantee that it will reduce our dependency for outsourced plating in China.

Our results of operations are likely to fluctuate and may fail to meet or exceed expectations of investors or securities analysts, causing our share price to decline

Our results of operations may fluctuate in the future due to several factors, many of which are outside of our control. Some of the factors that may cause these fluctuations include:

- the level and timing of capital spending of, and orders from, our customers;
- economic and financial conditions specific to our customers;
- changes in market demand for our products or our customers' products;

- the impact of seasonality in our business, particularly during new product launches and peak holiday selling seasons;
- competitive market conditions, including pricing actions by our competitors;
- new product introductions by our competitors or by us;
- changes in domestic and international regulatory environments affecting our business;
- market acceptance of our new or existing products;
- the mix of our customer base, by industry and size; and
- timing of any acquisitions and the financial impact of any such acquisitions.

The selling prices of certain of our products in our markets historically have decreased over time and will likely continue to do so in the future, which could reduce our revenue and gross profits

Selling prices of technology products tend to decrease over time. The average sales prices for our products may decline for a variety of reasons, including competitive pricing pressures, a change in our mix of products, and anticipation of the introduction of new products. Furthermore, average sales prices for our products may decrease over product life cycles.

Our gross profits and financial results will suffer if we are unable to offset any reductions in our selling prices by reducing our costs, developing new or enhanced products on a timely basis with higher selling prices or gross profits, or increasing our sales volumes. A decline in our selling prices in excess of our expectations may harm our business, results of operations and financial condition.

We expect gross margin to vary over time, and our level of gross margin may not be sustainable

Our level of gross margin may not be sustainable and may be adversely affected by numerous factors, including:

- increased price competition;
- changes in customer or product and service mix;
- introduction of new products;
- our ability to reduce production costs;
- increases in material or labour costs; and
- increased warranty costs.

As a result of any of these factors, or other factors, our gross margin may be adversely affected, which in turn would harm our business, results of operations and financial condition.

Seasonality in our business may impact our sales

We have historically experienced higher net sales in our third fiscal quarter compared to other quarters in our fiscal year due in part to the upcoming holiday season demand and due to the typical fourth quarter slowdown as wireless carriers limit changes to their networks in advance of the holiday season. . Actual and anticipated timing of new product launches by our OEM customers can also significantly impact the level of net sales in any particular quarter. However, neither historical seasonal patterns nor historical patterns of product introductions should be considered reliable indicators of our future net sales or financial performance.

Environmental liability risks

The European Parliament and the Council of the European Union adopted a directive on electric and electronic equipment, known as the European Restriction of Hazardous Substances Directive (the “RoHS Directive”). The RoHS Directive came into effect February 13, 2003 and restricts the use of electrical and electronic equipment containing lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers. Our manufacturing processes must continue to comply with the RoHS Directive for the maintenance and successful growth of our business. Our compliance with the RoHS Directive ensures our products are safe, ecofriendly and available for sale to the market.

Any future amendment to the RoHS Directive may lead us to incur substantial costs to change our manufacturing processes, redesign or reformulate, and obtain substitute components for, our products that are subject to compliance with the RoHS Directive. We may also incur significant inventory write downs if certain components held in inventory become non RoHS compliant or we discover that our suppliers have provided us with non RoHS compliant components. We may be subject to civil or criminal liabilities if we mistakenly provide non RoHS compliant products or if we fail to provide RoHS compliant products in a timely manner, in which case we will not be able to offer our products. If we fail to comply with the RoHS Directive, our business may be materially adversely affected.

We may engage in future acquisitions that could disrupt our business, cause dilution to our shareholders and materially and adversely affect our business, results of operations and financial condition

In the future we may acquire other businesses, products or technologies. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, or such acquisitions may be viewed negatively by customers, financial markets or investors. We may also face additional challenges because acquisitions entail numerous risks, including:

- difficulties in the integration of acquired operations, technologies and/or products;

- unanticipated costs associated with the acquisition transaction;

- the diversion of management’s attention from the regular operations of the business and the challenges of managing larger and more widespread operations;

- adverse effects on new and existing business relationships with suppliers and customers;

- risks associated with entering markets in which we have no or limited prior experience;

- the potential loss of key employees of acquired businesses; and delays in realizing or failure to realize the anticipated benefits of an acquisition.

Furthermore, in the event that we are able to identify and consummate any future acquisitions, we could:

- issue equity securities, which would dilute current shareholders' percentage ownership;

- incur substantial debt;

- incur significant acquisition-related expenses;

- assume contingent liabilities; or

- expend significant cash.

Product liability and warranty risks

Our business exposes us to potential product liability risks. Although we maintain global product liability insurance and take precautions to avoid product liability suits, there can be no assurance that we will be able to avoid significant product liability exposure or that our insurance policy will provide adequate protection against potential claims. We also provide warranties on our products pursuant to contractual arrangements with certain of our key customers, requiring us to repair or replace defective products at no additional cost to our customers. If we experience a greater number of warranty claims than budgeted in the normal course, our gross margins could be negatively affected. In addition, product recalls, withdrawals or replacements of our products may harm our reputation and acceptance of our products by our customers, which may adversely affect our business, results of operations and financial condition. They may also increase our competition as some competitors may attempt to differentiate themselves from us by claiming that their products are produced in a manner or geographic area that is insulated from the issues that preceded the recall, withdrawal or replacement of our products. We have not experienced any material defects or recalls in the last years.

Failures in our products or services or in the products or services of our customers or licensees, including those resulting from security vulnerabilities, defects or errors, could harm our business. Our products are inherently complex and may contain defects or errors that are detected only when the products are in use. Further, manufacturing, testing, marketing and use of our products and those of our customers and licensees entail the risk of product liability. Because our products and services are responsible for critical functions in our customers' products and/or networks, security failures, defects or errors in our products or services could have an adverse impact on us, on our customers and/or on the end users of our customers' products. Such adverse impact could include product liability claims or recalls, write-offs of our inventories and/or intangible assets; unfavorable purchase commitments; a shift of business to our competitors; a decrease in demand for connected devices and wireless services; damage to our reputation and to our customer relationships; and other financial liability or harm to our business. Further, security failures, defects or errors in the products of our customers or licensees that are unrelated to our products could, nevertheless, have an adverse impact on our operating results due to a delay or decrease in demand for our products or services generally, and our premium-tier products in particular, among other factors.

Operating cash flow

During Fiscal Years 2017 and 2016, the Company had positive cash flow from operating activities, following negative cash flow from operating activities in Fiscal 2015. The Company anticipates it will have positive cash flow from operating activities for the fiscal year ended December 31, 2018. However, if the Company incurs negative cash flow from operating activities for future financial periods, it may need to deploy a portion of its cash reserves to fund such negative cash flow. There is no assurance that additional and adequate funding will be available to the Company. Failure to obtain such financing could result in delay or indefinite postponement of further development of the Company's business.

Risks Related to Doing Business Overseas

Our business is subject to the risks of international operations

We derive a significant portion of our revenue and earnings from our international operations. Compliance with applicable U.S. and foreign laws and regulations, such as import and export requirements, anticorruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy requirements, environmental laws, labour laws, and anti-competition regulations, increases the costs of doing business in foreign jurisdictions. Although we have implemented policies and procedures to comply with these laws and regulations, a violation by our employees, contractors, or agents could nevertheless occur.

We also could be significantly affected by other risks associated with international activities including, but not limited to, economic and labour conditions, increased duties, taxes and other costs, political instability, and changes in the value of the U.S. dollar versus local currencies. Margins on sales of our products in foreign countries, and on sales of products that include components obtained from foreign suppliers, could be materially adversely affected by foreign currency exchange rate fluctuations and by international trade regulations, including duties, tariffs and antidumping penalties. We are also exposed to credit and collectability risk on our trade receivables with customers in certain international markets. There can be no assurance that we can effectively limit our credit risk and avoid losses.

Foreign currency and interest rate fluctuation risks

We consolidate our financial results in Canadian dollars though our material subsidiaries in China, Vietnam and South Korea and our branch operation in the U.S. operate using U.S. dollars and their local currency. Accordingly, we are exposed to foreign currency risks related to the consolidation of our financial results in Canadian dollars. We are also vulnerable to foreign currency fluctuations in the value of the Canadian dollar relative to other currencies, such as the Chinese Yuan and the South Korean Won, which may impact our financial position and results of operations. In addition, we are exposed to general market fluctuations of interest rates.

Weakening of foreign currencies relative to the U.S. dollar adversely affects the U.S. dollar value of our foreign currency denominated sales and earnings, and generally leads us to raise international pricing, potentially reducing demand for our products. In some circumstances, for competitive or other reasons, we may decide not to raise local prices to fully offset the dollar's strengthening, or at all, which would adversely affect the U.S. dollar value of our foreign currency denominated sales and earnings. Conversely, a strengthening of foreign currencies relative to the U.S. dollar, while generally beneficial to our foreign currency-denominated sales and earnings could cause us to reduce international pricing and incur losses on our foreign currency derivative instruments, thereby limiting the benefit. Additionally, the strengthening of foreign currencies may also increase our cost of product components denominated in those currencies, thus adversely affecting gross margins.

We rarely use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. When we do use such hedging activities, it may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place.

Regulatory risks

With our global operations, we are subject to various laws and regulations, including environmental regulations in each of the jurisdictions in which we conduct our business. Some of our manufacturing facilities use, and some of our products may contain, substances that are regulated in various jurisdictions. See also “Risk factors – Environmental liability risks”.

Laws and regulations may affect our domestic and international operations in a number of areas. The Canadian, U.S. and other foreign laws and regulations affect our activities including, but not limited to, areas of labour, advertising, digital content, consumer protection, real estate, billing, ecommerce, promotions, quality of services, telecommunications, mobile communications and media, television, intellectual property ownership and infringement, tax, import and export requirements, anticorruption, foreign exchange controls and cash repatriation restrictions, data privacy requirements, anti-competition, environmental health and safety.

By way of example, laws and regulations related to International Traffic in Arms Regulations (ITAR) in the United States control the import and export of defence related articles. Such regulations could include, among others, restrictions on the production, manufacture, distribution, and use of certain antennas and other components. The antennas are also subject to certification and regulation by governmental and standardization bodies. These certification processes are extensive and time consuming, and could result in additional testing requirements, product modifications, and delays in product shipment dates, or preclude us from selling certain products.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. This increases the costs of doing business, and any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make our products and services less attractive to our customers, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. We have implemented policies and procedures designed to ensure compliance with these laws and regulations, but there can be no assurance that our employees, contractors, or agents will not violate our policies and procedures designed to ensure compliance with such laws and regulations.

Additional risks related to doing business abroad

As we operate in various international countries, we will become increasingly exposed to additional risks related to operating in foreign markets. We cannot predict the effect of various factors in the countries in which our suppliers, other contractors and our customers are located, including, among others:

- uncertainties of foreign and international legal and regulatory changes, and our cost of compliance with such laws, including trade restrictions and tariffs and labour and employment laws;

- increased challenges in protecting and enforcing our intellectual property rights, particularly in China;

- fluctuations in revenues, cash flow, operating margins and other financial measures due to currency exchange rate fluctuations and restrictions on currency and earning repatriation;

- our exposure to various tax regimes;

- economic trends in international markets;

- increase in transportation costs or delays;

- increase and volatility in labour costs, particularly at our production facilities in Wuxi and Vietnam;

- the presence of corruption in certain countries;

- political unrest, terrorism and economic instability;

- limitations on repatriation of earnings;

- increased complexity and costs of managing operations in Asia due to time zone differences and local language capabilities;

- increased difficulties in, and costs of, enforcing contracts and collection of receivables; and

- regional health issues which may result in economic and social dislocations in these countries in the future.

Any of the foregoing or other factors associated with doing business abroad could have a material adverse effect on our business, financial condition or results of operations.

Our business is subject to socio-political risks

Our operations may be adversely affected by political or economic developments or social instability in the jurisdictions in which we operate, which are not within our control, including, among other things, regulatory delays, the risks of war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions and contracts, a change in taxation policies, economic sanctions, access to or development of infrastructure, jurisdictional boundary disputes, and currency controls. As a result of continuing evolution of an international framework for corporate responsibility and accountability for international crimes, we could also be exposed to potential claims for alleged breaches of international law, health, safety and environmental regulations, and other human rights-based litigation risk. Various countries in which we are active, including, but not limited to, Vietnam, Israel and China, have been subject to recent economic or political instability, disputes and social unrest. The potential deterioration of socio-political security situations (i.e. political instability and/or disputes) poses increased risk, which may result in the cessation of operations as well as the delay in payment or exports.

Conditions in China may affect our business, results of operations and financial condition

Our subsidiary Galtronics China operates and has assets located in China. As a result we are vulnerable to the political, economic, legal and regulatory conditions affecting our business in China. The Chinese economy differs from the economies of most developed countries in a number of respects, including its structure, the level of government involvement, the level of development, the control of foreign exchange and the allocation of resources.

Before its adoption of reform and open door policies beginning in 1978, China was primarily a planned economy. Since that time, China's economy has been undergoing a transition from a planned economy to a more market-oriented economy. Many of the policy changes initiated since 1978 are unprecedented in China, experimental in nature, and are frequently refined and readjusted. Political and social factors may also lead to further refinements and readjustments. Changes in Chinese political, economic, or social conditions, or to the current laws and regulations, or their interpretations may adversely affect us and our profitability and prospects.

Galtronics China is subject to China's rules and regulations on currency conversion. In China, the State Administration for Foreign Exchange ("SAFE") regulates the conversion between RMB and foreign currencies. However, the RMB is not a freely convertible currency. Galtronics China should be allowed to pay outstanding current account obligations in foreign exchange, but will need to present the proper documentation to a designated foreign exchange bank to prove the authenticity of foreign exchange under the current account. While the Chinese government is generally relaxing restrictions on foreign trade and investment, there is no certainty that all future local currency can be repatriated. There can also be no assurance that the availability of foreign currency will be sufficient for Galtronics China to satisfy any other foreign currency obligations. There is also no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency in every instance. The foreign exchange controls may affect our ability to repatriate profits which can have a material adverse effect on our operations. In addition, failure to obtain approval from SAFE for currency conversion on the capital account may impact our capital expenditure plans in China and our ability to expand in accordance with our objectives.

The Chinese legal system is a system based on written statutes that are often incomplete or drafted ambiguously. They are interpreted by the Supreme Peoples' Court and prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, many judges in China take a pragmatic view of the law and seek to resolve problems without necessarily enforcing the legal rights of the aggrieved parties and often exercise substantial discretion in rendering decisions. This may result in the outcome of dispute resolutions not being consistent or predictable as compared to more developed jurisdictions. Furthermore, laws and regulations may have a retroactive effect such that the Company is not aware of any violation by it until sometime after the violation has occurred. As the Chinese legal system develops, changes in such laws and regulations, their interpretation, or their enforcement, may have a material effect on us.

The labour and employment market in China is dynamic. In the future, changes in the labour and employment market in China may be imposed or labour disputes may arise. Such events may increase our costs of operation and affect our business, results of operations and financial condition.

Intellectual property rights in China are still developing and there are uncertainties involved in intellectual property rights protection and the enforcement of such protection. We need to pay special attention to protecting our intellectual property and trade secrets. Failure to do so could lead to the loss of a competitive advantage that may not be compensated for by a damages award.

Galtronics China must hold various permits, business licenses and approvals authorizing its operations and activities which are subject to periodic review and reassessment by the Chinese authorities. Standards of compliance necessary to pass such reviews change from time to time and differ from jurisdiction to jurisdiction, leading to a degree of uncertainty. In order to carry on business operations in China, Galtronics China must be in possession of a valid business license. In order to maintain the business license, Galtronics China must remain in good standing following an annual review and inspection by the regulatory authority. Although the Company believes that Galtronics China is in good standing as of the date of this Annual Information Form, if renewals, or new permits, business licenses, or approvals required in connection with existing or new facilities or activities are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, we may suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to Galtronics China to meet any new level of compliance.

Galtronics China has certain land use rights in China. Under Chinese law, land use rights can be revoked in the public interest, although holders of such appropriated land use rights typically receive compensation. Events in China have shown that the public interest rationale is interpreted quite broadly and the process of land appropriation may be less than transparent.

In China, companies with a foreign ownership component could be required to work within a framework which is different from that imposed on local companies. The Chinese government is opening up opportunities for foreign investment and this process is expected to continue, especially as a result of China's entry into the World Trade Organization. If the Chinese government reverses the current trend of permitting foreign investment and imposes greater restrictions on foreign companies, our ability to conduct business in China could be negatively affected.

Changes, if any, in investment policies or shifts in political attitude in China may adversely affect our business, results of operations and financial condition. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, income taxes, foreign investment, bank lending, export controls, and usage and costs of state controlled transportation services and nationalization or expropriation of property or business. Any events resulting in an adverse impact on the Chinese economy may have an adverse effect on our profitability and prospects.

The economy of China has experienced significant growth in the past 20 years, however, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures from time to time in order to try and encourage or control economic growth and guide the allocation of resources, including certain measures which were put in place to restrict bank lending. Some of these measures may negatively affect us. In addition, such control measures may have a general adverse impact on the Chinese economy that would, in turn, likely have an adverse impact on our business, results of operations and financial condition. Rapid economic growth can lead to growth in the supply of money and rising inflation. If our costs rise disproportionately to our product prices, our business may be materially and adversely affected. Further, the recent threat of nuclear attack by North Korea could escalate and lead to economic in addition to political instability in that region.

If the custodians or authorized users of our corporate chops fail to fulfill their responsibilities or misappropriate or misuse these corporate instruments, our business and operations could be materially and adversely affected.

The chops of Galtronics China are essential to our ability to enter into contracts, conduct banking activities and undertake day-to-day corporate and business activities in China. Galtronics China uses four chops:

- ***Company Chop.*** The Company Chop is used by the General Manager of Galtronics China and is required for the daily operations of Galtronics China. It represents the "signature" of Galtronics China on documents such as contracts, purchase orders, supply orders, customs and import/export documents or employment agreements. Pursuant to Chinese laws and the policies of Galtronics China, it must be used in conjunction with an authorized signature, however, under Chinese laws, the use of the Company Chop alone may be sufficient to bind the Company.

- ***Legal Representative Chop.*** The Legal Representative Chop is evidence of the Legal Representative's signature and may be substituted by the Legal Representative's actual signature. Pursuant to Chinese laws, the person holding the Legal Representative Chop has the power to act on behalf of Galtronics China. In order to bind Galtronics China, this chop must be used in conjunction with the Company Chop.

    - ***Contract Chop.*** The Contract Chop is used by the General Manager of Galtronics China as a substitute to the Company Chop on certain ordinary course agreements with customers and suppliers within the predetermined monetary authorization limit only. Pursuant to Chinese laws and the policies of Galtronics China, it must be used in conjunction with an authorized signature.

- ***Finance Chop.*** The Finance Chop is used on certain banking documents by the financial controller of Galtronics China. Pursuant to Chinese laws and the policies of Galtronics China, it must be used in conjunction with an authorized signature and both are required to access the Galtronics China bank accounts.

In order to maintain the physical security of our chops, we store each chop separately in secured locations accessible only to authorized personnel, who are members of our senior management or custodians appointed by the Company. The Company Chop, the Legal Representative Chop, the Finance Chop and the Contract Chop of Galtronics China are stored in separate locked safe boxes on the premises of Galtronics China. Access to the Legal Representative Chop and the Company Chop is controlled by a custodian. We may also adopt other measures from time to time to protect our chops. Although we have appointed a custodian and have implemented internal control procedures and a formal policy to monitor the authorized personnel and the use of the chops, there is no assurance that such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our chops, we could experience significant disruption to our operations until our chops are replaced.

Under Chinese laws, in the event a chop is lost, stolen or misplaced, the Legal Representative will: (i) cause Galtronics China to publish an announcement of the loss of chops in designated newspapers; (ii) apply to the local Public Security Bureau for the carving of new chops; and (iii) carve the new chops at places designated by the Public Security Bureau. While we have procedures and recourse available to remedy any misuse or misappropriation of our chops, as the chop replacement process would take approximately five business days, there can be no assurance that there would be no adverse effect on our business, results of operations or financial condition due to such disruptions.

Following the Company's initial public offering (the "IPO") in November 2013, Norton Rose Fulbright LLP ("Norton Rose") was initially engaged as the custodian for the Legal Representative Chop and the Company Chop. Norton Rose's closest offices to Galtronics China's facilities in Wuxi, China were in Shanghai, which is two hours from Wuxi. Since Galtronics China required access to the Chops one to two times per day, seven days per week, as the custodial process was implemented, it became apparent that it would be impractical to store the Legal Representative Chop and the Company Chop at Norton Rose's offices in Shanghai. Following Q1 2014, Jiangsu Ruilai Law Firm (the "Custodian") was engaged to act as an agent of Norton Rose to maintain the chops in Wuxi, China and, subsequently, was appointed as custodian for the Legal Representative Chop and the Company Chop in May 2014 pursuant to a company stamp management agreement (the "Custodian Agreement"). In the event that the Custodian Agreement is terminated or in the event that the Company appoints a new custodian, the Company will issue a press release forthwith and file a material change report in accordance with applicable securities laws. In connection with the IPO, the Company agreed to appoint a reputable international custodian as long as reasonably required by the Ontario Securities Commission, as principal regulator of the Company. Furthermore, as the Company and the Custodian continued to implement the logistics of the custodial process in the months following the IPO, it became impractical for the Company and the Custodian to store the Company Chop and the Legal Representative Chop off-site due concerns relating to loss of the chops during transportation thereof as the Custodian was required to attend the offices of Galtronics China with the chops on at least a daily basis. The Legal Representative Chop and the Company Chop are, therefore, now stored in a safe (which is bolted to the floor) and the access code for which is in the sole possession of the Custodian. Although we have established a custodial process where management and the employees of Galtronics China do not have access to the Legal Representative Chop and the Company Chop without the Custodian being present in order to provide the same custody and safeguards as if the Company Chop and Legal Representative Chop were stored off-site, there is no assurance that such procedures will effectively prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our chops, we could experience significant disruption to our operations until our chops are replaced.

If, in particular, during any period we lose effective control of Galtronics China as a result of such misuse or misappropriation, the business activities and economic contribution of such entity could be severely disrupted and we may not be able to recover corporate assets that are sold or transferred out of our control in the event of such misappropriation and we may not have the financial resources to recover such assets or take appropriate legal action.

Since the IPO, the Company has made significant organizational changes and has transformed Galtronics China into a simple manufacturing facility, in part to address the concerns in relation to the Legal Representative Chop and the Company Chop and the fact that the Company had been unable to secure these chops in the manner it had initially contemplated at the time of the IPO. As a result of these changes, the function of the Company's personnel based in China is now almost exclusively to oversee manufacturing operations. Furthermore, the Company has operations in addition to Galtronics China including Galtronics, Galtronics Korea, Galtronics Vietnam and Advantech RF & MW. In Fiscal 2017, 37% of Galtronics' total revenue (based on location of invoicing and collection) was invoiced and collected through the bank accounts of Galtronics China and the remainder was invoiced and collected through one of Galtronics, Galtronics Korea or Galtronics Vietnam. Additionally, the Company is now established in Vietnam which will further diversify its location of revenue generation. Therefore, the Company expects to have the necessary financial resources to pursue the appropriate recourses to recover such corporate assets.

Finally, as part of the relocation of the Company's head office from Israel to Toronto, all financial functions of the Company, including its global cash management operations, are being managed in Canada, under the direction and supervision of the Vice President Finance and Treasurer and the Chief Financial Officer. From an operational standpoint, the international operations of the Company are, therefore, funded directly from Canada and the sales of Galtronics China are now equally split between direct customers of Galtronics China and inter-company sales to the legal entities that are directly interacting with the Company's customers. However, there is no assurance that such changes will protect the Company should there be instances of abuse or negligence of the chops. Misuse or misappropriation of the Company's chops could still result in significant disruption to our operations and could negatively impact the Company as a whole. The Company has provided an undertaking to each of the Securities Regulatory Authorities of the jurisdictions in which the Company is a reporting issuer that it will issue a press release forthwith and file a material change report in accordance with applicable securities laws in the event Galtronics China regains the significance it had to the Company at the time of the IPO in November 2013, which shall occur, without limitation, upon: (i) a significant portion of the Company's cash balance being held in China at any given time; (ii) Galtronics China generating a majority of the Company's revenues; or (iii) the Company becoming dependent on Galtronics China for all or substantially all of its volume manufacturing requirements.

We have procedures in place with our banks in China such that no funds can be transferred with the use of the Finance Chop alone (as an authorized signature from either the Company's Chief Executive Officer or the General Manager of Galtronics China is also required). If we lose effective control of the Finance Chop, the Legal Representative will promptly notify the bank that the Finance Chop has been lost, misplaced or stolen and if one of the authorized signatories is implicated, that such individual is no longer an authorized signatory. In addition, the Company can assume control over the Galtronics China bank accounts through the combined use of the Company Chop and the Legal Representative Chop. Despite the foregoing, however, we may experience temporary delays in accessing our bank accounts in China. This risk is mitigated by the requirement for the signature of the Company's Chief Executive Officer or General Manager of Galtronics China in conjunction with the use of the Finance Chop in banking matters. Additionally, our external auditor may be unable to access documents and information from such entities that may be necessary to complete an audit of the consolidated financial statements of our Company.

The Company may have difficulty exerting control over Galtronics China in the event of Insolvency

The Company has, through its control of the Board of Directors of Galtronics China, comprised of Messrs. Jeffrey Royer and Randy Dewey, the authority to remove both the Legal Representative and the General Manager of Galtronics China at will. In accordance with the constating documents of Galtronics China, the Chairman of Galtronics China is also the Legal Representative. Currently, Mr. Royer holds both positions. Under Chinese laws, the Board of Directors of Galtronics China has the authority to appoint and remove any officer or employee. Accordingly, in his capacity as Chairman, Mr. Royer has the power to cause the Board of Directors of Galtronics China to replace the General Manager. As an additional safeguard, in order to ensure the Company's Board of Directors will have the ability to maintain control over the Legal Representative, Mr. Royer has also signed and chopped an undated resignation letter with respect to his position as Legal Representative and may be terminated and replaced by the Board of Directors if required.

In the event of insolvency of the Company, the Company's Board of Directors should be able to maintain control of Galtronics China in order to liquidate or otherwise transfer the assets of Galtronics China, if required. However, in the event that the Company experiences difficulty in exerting control over Galtronics China's assets, it may be unable to realize the full value of its assets in China for the purposes of carrying out its insolvency liquidation.

Conditions in South Korea may affect our business, results of operations and financial condition

Galtronics Korea is incorporated in South Korea and substantially all of its assets are located in South Korea, as a result we are vulnerable to the political, economic, legal, regulatory and military conditions affecting South Korea. The South Korean market is influenced to a high degree by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the South Korean economy. Adverse developments in the economies of countries that are important export markets for South Korea, such as the United States, Japan and China, or in emerging market economies in Asia or elsewhere, could result in a loss of confidence in the South Korean economy. Any future deterioration of the South Korean economy could adversely affect our business, results of operations and financial condition.

As the South Korean economy develops, its legal and regulatory environment may change. These changes may include: government regulations and investigations into chaebols (South Korean conglomerates), changes to compensation and other social programs that may lead to an increase in the government budget deficit, political uncertainty or increased strife among, or within, political parties in South Korea and export, import and foreign currency restrictions and tariffs. These changes can affect the South Korean economy and we cannot be certain that any such changes would not adversely or disproportionately affect our business, results of operations and financial condition. For example, under applicable South Korean laws, Galtronics Korea is eligible for tax credits in an amount equal to the greater of 50% of the increased expenditures on technology development, including labour costs during a financial year compared with the average expenditures of the past four years, or 25% of the expenditures on technology development during such year. The elimination or reduction of such tax credits may adversely affect our business, results of operations and financial condition. Although the government of South Korea does not routinely limit the repatriation of funds, it reserves the right to do so in exceptional circumstances, such as in situations where the repatriation of funds may harm its international balance of payments, cause excessive fluctuations in interest or exchange rates, or threaten the stability of its domestic financial markets.

Galtronics Korea must hold various approvals authorizing its activities in South Korea. In order to carry on business operations in South Korea, it must: (i) register its incorporation as a company in a registry office; and (ii) complete its business registration in a tax office in the jurisdiction in which it is incorporated. As Galtronics Korea is incorporated by a non-resident of South Korea, the company must also be registered as a foreign investment enterprise pursuant to the Foreign Investment Promotion Act of Korea. Although the Company believes that all such registrations are in good standing as of the date of this Annual Information Form, if renewals or new permits, business licenses, or approvals are required in connection with Galtronics Korea's activities and are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, we may suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to the Company to meet any new level of compliance.

In recent years, there has been a negative concern stemming from the nuclear weapons and ballistic missile capabilities of the Democratic People's Republic of Korea ("North Korea") and uncertainty regarding North Korea's actions and possible responses to or by the international community. Relations between South Korea and North Korea have been tense throughout South Korea's modern history. The level of tension between South Korea and North Korea has fluctuated and may increase or change abruptly as a result of current and future events, including ongoing contacts at the highest levels of the governments of South Korea, North Korea and the United States. Since June 2012, tensions between North Korea, South Korea and the United States have escalated as North Korea conducted, among others, rocket launches and underground nuclear tests. Any further increase or continuation in tensions may occur, resulting in military hostilities, armed conflict or violence in the region, which could have a material adverse effect on our operations and the market value of our Common Shares. To date, the conflict has not had a material effect on our business, results of operations or financial condition.

Conditions in Vietnam may affect our business, results of operations and financial condition

Our manufacturing facility in Vietnam may be affected by the political, economic, legal and regulatory conditions in Vietnam. The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in investment policies or shifts in political attitude in Vietnam may prevent or hinder our business activities and render our proposed projects in Vietnam unprofitable. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign investment, bank lending, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization or expropriation of property or businesses. The laws on foreign investment are still evolving in Vietnam and it is not known how they will evolve. The effect of these factors cannot be accurately predicted.

The Vietnamese legal system is based, at least in part, on written statutes. However, since these laws and regulations are relatively new and the Vietnamese legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties. We cannot predict the effect of future developments in the Vietnamese legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by the superior government. Furthermore, these newly introduced laws may have a retroactive effect applicable to us. These uncertainties may limit legal protections available to us. As the Vietnamese legal system develops, changes in such laws and regulations, including the enforcement of such laws, may have a material effect on us.

The economy in Vietnam has grown significantly in the past 20 years, but the growth has been uneven both geographically and among various sectors of the economy. The government of Vietnam has implemented various measures from time to time in order to try and encourage or control economic growth and guide the allocation of resources. Some of these measures may negatively affect us. In addition, such control measures may have an adverse impact on the Vietnamese economy that would, in turn, likely have an adverse impact on our business, results of operations and financial condition. Rapid economic growth can lead to growth in the supply of money and rising inflation. Our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The Vietnamese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Vietnamese government has implemented measures emphasizing the utilization of market forces for economic reform, reducing state ownership of productive assets and establishing sound corporate governance in business enterprises, a substantial portion of the productive assets in Vietnam are still owned by the Vietnamese government. The continued control of these assets and other aspects of the national economy by the Vietnamese government could have a material and adverse effect on our proposed business.

The Vietnamese government also exercises significant control over Vietnamese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Efforts by the Vietnamese government to slow the pace of growth of the Vietnamese economy could negatively affect our business, results of operations and financial condition.

We may face competition from companies that may have more experience with operations in Vietnam. Additionally, such companies may have longstanding or well-established relationships with desired customers, which may put us at a competitive disadvantage. Our growth strategy may not be successful and we may not be able to compete effectively. We cannot ensure that these and other factors will not impede the success of our international expansion plans or limit our ability to compete effectively in Vietnam.

Difficulty in enforcement of judgements

As we are a holding company, several of our subsidiaries and ta significant portion of our assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws or otherwise. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise. In Fiscal 2017, prior to the Company completing a public offering of Common Shares in November 2017, less than 50% of our cash and cash equivalents were held in Canada, with the balance held in China, Vietnam, US and South Korea.

The Company has subsidiaries incorporated various countries outside of Canada. It may not be possible for shareholders to effect service of process against the Company's officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of our officers for violations of Canadian securities laws or otherwise, it may not be possible to enforce such judgment against those officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law or other claims in original actions instituted in Israel, South Korea, the United States, China or

Vietnam. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

Corruption and Fraud

Our operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. We require all employees to participate in ethics awareness training, which includes policies against giving or accepting money or gifts in certain circumstances. Despite the training and policies, it is possible that we, or some of our employees or contractors, could be charged with bribery or corruption. If we are found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by our employees or contractors, we could be subject to onerous penalties. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair our ability to work with governments or non-governmental organizations. Such convictions or allegations could result in our formal exclusion from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization, reputational impacts and increased investor concern.

Our operations and business could be significantly be harmed by natural disasters

Our subsidiaries in China, Vietnam and South Korea, and various third party contractors and suppliers that we currently use are located in countries that are in seismically active regions of the world where earthquakes and other natural disasters, such as floods and typhoons may occur. Although we maintain insurance for some of the damage that may be caused by natural disasters, our insurance coverage may not be sufficient to cover all of our potential losses and may not cover us for lost business. As a result, a natural disaster in one of these regions could severely disrupt the operation of our business and have a material adverse effect on our financial condition and results of operations.

Shareholder Risk

Market price for Common Shares may be subject to volatility

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of our future results of operations by us or research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;

- competition from new antenna and communications solutions providers or new technological innovations from existing competitors;

- changes in patents and proprietary rights and related regulations;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and

- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

No dividends

We currently do not anticipate paying cash dividends on the Common Shares in the foreseeable future. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors.

We incur significant expenses as a result of being a public company, which may negatively impact our financial performance and could cause our results of operations and financial condition to suffer

We incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time consuming and costly.

Dilution from future sales or issuances of equity securities

We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) to finance our growth or operations, including to finance future acquisitions. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, such future sales and issuances will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, you will suffer dilution of your voting power and we may experience dilution in our earnings per share.

Controlling interest of our Principal Shareholder

Our Principal Shareholder beneficially owns and exercises control and direction over, directly or indirectly, 15,780,379 Common Shares, representing approximately 50.6% of our issued and outstanding Common Shares. As a result, our Principal Shareholder has the effective ability to control all matters submitted to our shareholders for approval, including without limitation the election and removal of directors, amendments to our articles of incorporation and bylaws and the approval of any business combination. This may delay or prevent an acquisition of the Company or cause the market price of our shares to decline. The interests of our Principal Shareholder may not in all cases be aligned with interests of our other shareholders. In addition, our Principal Shareholder may have an interest in pursuing acquisitions, divestitures and other transactions that, in the judgment of its management, could enhance its equity investment, even though such transactions might involve risks to our other shareholders and may negatively affect the market price of the Common Shares.

Future sales of Common Shares by our directors, officers or Principal Shareholder

Subject to compliance with applicable securities laws, our officers, directors, the Principal Shareholder and their affiliates may sell some or all of their Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by our officers, directors, Principal Shareholder and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are from time to time involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth below, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Annual Information Form or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

Related Party Transactions

The Company entered into a service agreement with a company controlled by its principal shareholder, for office space, service of certain employees, administrative support and supplies, computers and communication equipment. The Company terminated the service agreement, in the second quarter of 2017, with no penalty, and secured alternative office space with a non-related party.

On January 17, 2018, the Company entered into a consulting agreement with Advantech Wireless Inc., pursuant to which David Gelerman, a director of the Company, and Mr. Gelerman’s spouse, are to provide consulting services to the Company for a period of two years.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Except as set forth below, the Company has not entered into any material contracts during Fiscal 2017 and up to the date of this Annual Information Form:

- the Company entered into an asset purchase agreement with Advantech Wireless Inc. and certain affiliates thereof dated January 17, 2018, pursuant to which the Company purchased Advantech RF & MW; and

- the Company entered into a credit agreement with Crown Capital Fund IV, LP dated January 17, 2018, pursuant to which Crown Capital Fund IV, LP provided a $33 million term loan to the Company.

INTERESTS OF EXPERTS

The Company's auditor is PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, Licensed Public Accountants, located at 95 King Street South, Suite 201, Waterloo, Ontario, Canada N2J 5A2 and was appointed on August 9, 2016. PwC has informed us that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to Baylin may be found on SEDAR at www.sedar.com.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the Company's management information circular to be mailed and filed in connection with its annual meeting of shareholders scheduled to be held on May 8, 2018.

Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis of Baylin for the year ended December 31, 2017.

APPENDIX "A"
GLOSSARY OF TERMS

"**4G**" means fourth generation of cellular wireless standards.

"**5G**" means fifth generation of cellular wireless standards.

"**Baylin**" or the "**Company**" means Baylin Technologies Inc.

"**Board of Directors**" means the board of directors of the Company.

"**BSA**" base station antenna.

"**CAD**" means Canadian dollars.

"**China**" means the People's Republic of China.

"**Common Shares**" means the common shares in the capital of the Company.

"**DAS**" means distributed antenna system.

"**EBITDA**" means earnings before interest, tax, depreciation and amortization.

"**GAAP**" means Canadian generally accepted accounting principles.

"**Galtronics**" means Galtronics Corporation Ltd.

"**Galtronics China**" means Galtronics Electronics (Wuxi) Co., Ltd.

"**Galtronics Korea**" means Galtronics Korea Ltd.

"**Galtronics Vietnam**" means Galtronics Vietnam Co. Limited.

"**GaN**" means Gallium Nitride.

"**IFRS**" means International Financial Reporting Standards.

"**Israel**" means the State of Israel.

"**LTE**" means long term evolution.

"**Medimor**" means (BY) Medimor Ltd. (formerly known as Galtronics Medical Devices Ltd.).

"**MIMO**" means multiple-input multiple-output.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees*, as may be amended from time to time.

"**North Korea**" means Democratic People's Republic of Korea.

"**ODM**" means original design manufacturer.

"**OEM**" means original equipment manufacturer.

"**Offering**" means the initial public offering of Common Shares completed on November 27, 2013.

"**Principal Shareholder**" means 2385796 Ontario Inc.

"**R&D**" means research and development.

"**RF**" means radio frequency.

"**RMB**" means Renminbi or Chinese Yuan.

"**RoHS Directive**" means European Restriction of Hazardous Substances (RoHS) directive.

"**SAFE"** means State Administration for Foreign Exchange (China).

"**Sheng Hua Wireless**" means Sheng Hua Wireless Technology Co. Ltd.

"**SISO**" single-input single-output.

"**smart**" means self-monitoring, analysis, and reporting technology.

"**South Korea**" means the Republic of Korea.

"**USD**" means United States dollars.

"**Vietnam**" means the Socialist Republic of Vietnam.

APPENDIX “B”
MANDATE OF THE AUDIT COMMITTEE

BAYLIN TECHNOLOGIES INC.
(THE “COMPANY”)

CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
(THE “CHARTER”)

(APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 15, 2013)

Purpose

The Audit Committee (the “**Audit Committee**” or the “**Committee**”) is a committee of the board of directors (the “**Board of Directors**” or the “**Board**”) of the Company. Its primary function is to assist the Board in fulfilling its oversight responsibilities by evaluating and making recommendations to the Board as appropriate with respect to:

- financial reporting;
- the external auditors, including performance, qualifications, independence, and their audit of the Company’s financial statements;
- the performance of the Company’s internal audit function;
- internal controls and disclosure controls;
- financial risk management;
- the Company’s Code of Business Conduct and Ethics (the “**Code**”); and
- related party transactions.

The Audit Committee will also have authority to review and, in its discretion, approve certain matters, in accordance with and within the limitations prescribed by this Charter.

The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Company’s management which is responsible for preparing the Company’s financial statements and it is the Company’s external auditors who are responsible for auditing those financial statements.

Composition and Member Qualification

The Committee shall, subject to applicable exemption available under *National Instrument 52-110 – Audit Committees* (“**NI 52-110**”), be comprised of at least three directors, each of whom shall be an independent director of the Company (as defined below). Pursuant to NI 52-110 (as implemented by the Canadian Securities Administrators and as amended from time to time), a director is considered to be “**independent**” if he or she has no direct or indirect “**material relationship**” with the Company which is a relationship that could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. Notwithstanding the foregoing, a director shall be considered to have a "material relationship" with the Company if he or she falls in one of the categories listed in Schedule "A" attached hereto.

Subject to an applicable exemption available under NI 52-110, all members of the Audit Committee must, to the satisfaction of the Board of Directors, be "financially literate" within the meaning of NI 52-110. NI 52-110 provides that a director will be considered "**financially literate**" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Each member will have, to the satisfaction of the Board, sufficient skills and/or experience as are relevant and will be of contribution to the carrying out of the mandate of the Committee.

Appointment and Term of Office

Each member of the Committee and the Chair of the Committee shall be appointed from and by the Board of Directors, on the recommendation of the Corporate Governance and Nominating Committee, at the time of each annual meeting of the shareholders of the Company, and shall hold office until the next annual meeting.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director.

The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all their powers so long as a quorum remains in office.

Meetings

The Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to filing the quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related management's discussion and analysis ("MD&A") and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

The Audit Committee will meet periodically with management, the internal auditor and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. The Audit Committee shall meet with the external auditors and internal auditors each in a separate session at each regularly scheduled meeting of the Committee at which such auditors are present.

A quorum for the transaction of business at any meeting of the Committee is the presence in person or via tele or videoconference of a simple majority of the total number of members of the Committee. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Meetings of the Committee shall be held from time to time and at such place as the Committee or the Chair of the Committee may determine, within or outside Canada, upon not less than 48 hours' prior notice to each of the members. Meetings of the Committee may be held without 48 hours' prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Committee or the Chairman of the Board shall be entitled to request that the Chair of the Committee call a meeting. A notice of a meeting of the Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting. Members of the Committee may attend meetings of the Committee by tele or videoconference.

The Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Committee will require the vote of a majority of its members present at a meeting at which a quorum is present. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

The Committee shall meet *in camera*, without management, at each meeting of the Committee, and otherwise as considered appropriate by the members of the Committee. Any member of the Committee may move the Committee *in camera* at any time during the course of a meeting, and a record of any decisions made *in camera* shall be maintained by the Chair of the Committee.

Duties and Responsibilities

To fulfill its duties and responsibilities, the Audit Committee shall evaluate and make recommendations to the Board, or approve, as appropriate, with respect to the following matters:

1.1 General Responsibilities

(a) Create and maintain a Committee plan for the year.

(b) Review and assess this Charter at least annually, prepare revisions to its provisions as conditions dictate, and refer its assessment and any proposed revisions to the Corporate Governance and Nominating Committee or the Board.

(c) Report and make recommendations periodically to the Board on the matters covered by this Charter.

(d) Perform any other activities consistent with this Charter, the Company's Articles and By-Laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

1.2 Financial Reporting

(a) Recommend to the Board for approval:

(i) the Company's quarterly and annual financial statements and related MD&A;

(ii) all other financial statements that require approval by the Board, including financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities; and

(iii) financial information for use in press releases, including annual and interim profit or loss press releases,

prior to their publication and/or filing with any governmental body and/or release.

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

(c) Before the release of financial statements and related disclosures to the public, obtain confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the certifications required by the securities regulatory authorities.

(d) Review any litigation, claim or other contingency that could have a material effect on the financial statements.

(e) Review the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting.

(f) Review the status of significant accounting estimates and judgments and special issues (e.g., major transactions, changes in the selection or application of accounting policies, off-balance sheet items, effect of regulatory and financial initiatives).

(g) Review and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the external auditors.

1.3 External Auditor

(a) Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors.

(b) Require, in accordance with applicable law, that the external auditors report directly to the Audit Committee.

(c) Preapprove all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditors in a manner consistent with NI 52-110.

(d) Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.

(e) Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors.

(f) Discuss with the external auditor any (i) difference of opinion with management on material auditing or accounting issues, and (ii) any audit problems or difficulties experienced by the external audit in performing the audit. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

(g) Periodically consult with the external auditors without management present about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

(h) Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company to determine their independence.

(i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

(j) Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the auditor's report to the Audit Committee (and management's response thereto).

1.4 Monitoring Financial Matters, Internal Controls, Management Systems and Disclosure Controls

(a) Oversee management's review of the adequacy of the Company's accounting and financial reporting systems, including with respect to the integrity and quality of the Company's financial statements and other financial information.

(b) Oversee management's review of the adequacy of the Company's internal controls and management systems to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records.

(c) In consultation with the Corporate Governance and Nominating Committee, oversee management's disclosure controls and procedures regarding the Company's financial information to confirm that the Company's financial information that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(d) Review any special audit steps adopted in light of material control deficiencies.

1.5 Risk Management

(a) Review management's assessment and management of financial risk, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Company and how effectively such risks are being managed or controlled.

1.6 Code of Business Conduct and Ethics

(a) Recommend to the Board any significant changes to the Code, monitor compliance with the Code and ensure that management has established a system to enforce the Code. Review appropriateness of actions taken to ensure compliance with the Code and review the results of confirmations and violations thereof.

(b) Oversee procedures in the Code for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(c) Approve any waiver from compliance with the Code for directors and executive officers, promptly report any such waiver to the Board, and ensure appropriate disclosure of any such waiver.

Each of which shall be conducted with the Corporate Governance and Nominating Committee.

1.7 Related Party Transactions

(a) Review and preapprove all proposed related party transactions and situations involving a potential or actual conflict of interest involving a director, member of executive management, or affiliate, that are not required to be dealt with by an "independent committee" pursuant to securities laws, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice.

1.8 Financial Legal Compliance

(a) Review management's monitoring of the Company's systems in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

(b) Review with legal counsel any legal matters that could have a significant effect on the Company's financial statements.

(c) Review with legal counsel the Company's compliance with applicable law and inquiries received from regulators and governmental agencies to the extent they may have a material impact on the financial position of the Company.

1.9 Expense Accounts and Management Perquisites

(a) Recommend to the Board policies and procedures with respect to directors' and executive management's expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors.

1.10 Succession Planning

(a) Consult with the Compensation Committee and Corporate Governance and Nominating Committee on succession planning for the directors and executive management.

1.11 Disclosure of Audit Committee Function

(a) Oversee the preparation of, and recommend to the Board, the disclosure of the Audit Committee's composition and responsibilities and how they were discharged as required to be published annually in the Company's management information circular or annual information form pursuant to applicable law (including NI 52-110).

(b) Approve any other significant information relating to matters within this Charter contained in the Company's disclosure documents.

1.12 Legal Compliance

(a) Oversee management's compliance with laws with respect to the audit function, and recommend to the Board any changes to the Company's practices in these areas.

(b) Satisfy itself that management monitors significant trends in the area of financial reporting, and evaluates their impact on the Company.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

Responsibilities of Committee Chair

The primary responsibility of the Chair of the Audit Committee is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling this Charter and any other matters delegated to it by the Board. To that end, the Committee Chair's duties and responsibilities shall include:

(a) Working with the Board Chair, the Chief Executive Officer and the Corporate Secretary to establish the frequency of Committee meetings and the agendas for such meetings.

(b) Providing leadership to the Committee and presiding over Committee meetings.

(c) Facilitating the flow of information to and from the Committee and fostering an environment in which the Committee members may ask questions and express their viewpoints.

(d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations made by the Committee.

(e) Taking such other steps as are reasonably required to ensure that the Committee carries out this Charter.

Other Organizational Matters

1.13 The members and the Chair of the Committee shall be entitled to receive remuneration for acting in such capacity as the Board may from time to time determine.

1.14 The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

(a) Engage, select, retain, terminate, set and approve the fees and other compensation and other retention terms of special or independent counsel, accountants or other advisors, as it deems appropriate;

(b) obtain appropriate funding to pay, or approve the payment of, such approved fees; at the expense of the Company; and

(c) communicate directly with the internal and external auditors.

1.15 The Committee shall have full access to books, records, facilities, and personnel of the Company, as it deems necessary to carry out its duties.

1.16 The Committee's performance shall be evaluated annually, in accordance with a process developed by the Corporate Governance and Nominating Committee and approved by the Board, and results of that evaluation shall be reported to the Corporate Governance and Nominating Committee and to the Board.

Last Updated: October 15, 2013.

SCHEDULE "A"
DEEMED MATERIAL RELATIONSHIPS

Section 1.4 of NI 52-110 provides that the following individuals are considered to have a "material relationship" with the Company and, as such, would not be considered independent:

(a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

(b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

(c) an individual who:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:

(i) is a partner of a firm that is the issuer's internal or external auditor,

(ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

(iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

(e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

Despite paragraphs (a) to (f) above, an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-110:

An individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

(c) is considered to have a material relationship with the issuer.

For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service."

For purposes of determining whether or not a member has a material relationship with the Company, the terms set out below shall have the following meanings:

"**affiliated entity**" – a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

"**company**" means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

"**control**" means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise, except that an individual will not be considered to control a company if the individual owns, directly or indirectly, ten per cent or less of any class of voting securities of such company and is not an executive officer of such company;

"**executive officer**" of an entity means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policymaking function in respect of the entity; or (f) any other individual who performs a policymaking function in respect of the entity;

"**immediate family member**" means an individual's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother- or sister-in-law, and anyone (other than an employee of either the individual or the individual's immediate family member) who shares the individual's home;

"**person**" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

"**subsidiary entity**" – a person or company is considered to be a subsidiary entity of another person or company if it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other's subsidiary entity.