

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 2016 AND 2015

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
(TRANSLATED FROM CHINESE)

To GlycoNex Incorporation

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, of changes in equity and of cash flows for the nine-month periods then ended, expressed in thousands of New Taiwan dollars. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Our reviews were made in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taiwan

November 9, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and review report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2016 AND 2015 ARE UNAUDITED BUT REVIEWED)

ASSETS	Notes	September 30, 2016		December 31, 2015		September 30, 2015	
		Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	\$ 698,839	34	\$ 666,722	30	\$ 455,732	21
Financial assets at fair value							
through profit or loss-current	6(2)	202,024	10	147,050	7	146,926	7
Notes receivable, net		-	-	456	-	-	-
Accounts receivable, net		-	-	140	-	3,099	-
Other receivables		915	-	11,747	1	5,991	-
Current income tax assets		1,464	-	2,830	-	2,578	-
Prepayments		8,058	-	4,458	-	10,778	-
Other current financial assets	6(3)	73,600	4	273,600	13	653,600	30
Other current assets		227	-	21	-	85	-
Total Current Assets		<u>985,127</u>	<u>48</u>	<u>1,107,024</u>	<u>51</u>	<u>1,278,789</u>	<u>58</u>
Non-current Assets							
Available-for-sale financial							
assets-non-current	6(4)	27,877	1	75,480	4	72,581	3
Property, plant and equipment	6(5)	990,845	48	925,779	42	715,744	33
Intangible assets	6(6)(21)	60,077	3	68,610	3	71,454	3
Deferred income tax assets		4,028	-	4,027	-	6,366	-
Prepayments for equipment	6(5)	1,346	-	3,480	-	65,237	3
Other non-current assets		2,718	-	1,588	-	1,325	-
Total Non-current Assets		<u>1,086,891</u>	<u>52</u>	<u>1,078,964</u>	<u>49</u>	<u>932,707</u>	<u>42</u>
Total Assets		<u>\$ 2,072,018</u>	<u>100</u>	<u>\$ 2,185,988</u>	<u>100</u>	<u>\$ 2,211,496</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2016 AND 2015 ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY	Notes	September 30, 2016		December 31, 2015		September 30, 2015	
		Amount	%	Amount	%	Amount	%
Current Liabilities							
Notes payable		\$ 1,327	-	\$ 1,678	-	\$ 7,500	-
Other payables	6(7)(21)	25,214	1	43,346	2	25,372	1
Other current liabilities		183	-	744	-	189	-
Total Current Liabilities		<u>26,724</u>	<u>1</u>	<u>45,768</u>	<u>2</u>	<u>33,061</u>	<u>1</u>
Non-current Liabilities							
Deferred income tax liabilities		-	-	3,293	-	3,735	-
Other non-current liabilities	6(8)(21)	20,113	1	20,276	1	35,835	2
Total Non-current Liabilities		<u>20,113</u>	<u>1</u>	<u>23,569</u>	<u>1</u>	<u>39,570</u>	<u>2</u>
Total Liabilities		<u>46,837</u>	<u>2</u>	<u>69,337</u>	<u>3</u>	<u>72,631</u>	<u>3</u>
Equity Attributable to Owners of Parent							
Share Capital 6(10)							
Common stock		769,935	37	769,935	35	769,935	35
Capital Reserve 6(11)							
Capital Surplus		1,414,817	68	1,492,622	68	1,492,622	67
Retained Earnings 6(12)(20)							
Accumulated deficit		(63,137)	(3)	(77,805)	(3)	(53,039)	(2)
Other Equity 6(13)							
Other equity		(2,137)	-	24,152	1	21,600	1
Treasury Stock 6(10)							
		(94,297)	(4)	(92,253)	(4)	(92,253)	(4)
Total equity		<u>2,025,181</u>	<u>98</u>	<u>2,116,651</u>	<u>97</u>	<u>2,138,865</u>	<u>97</u>
Significant contingent liabilities and unrecognized contract commitments 9							
Total Liabilities and Equity		<u>\$ 2,072,018</u>	<u>100</u>	<u>\$ 2,185,988</u>	<u>100</u>	<u>\$ 2,211,496</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(UNAUDITED BUT REVIEWED)

Items	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2016		2015		2016		2015	
		Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	6(14)	\$ -	-	\$ -	-	\$ 203	100	\$ 5,566	100
Operating costs	6(5)(18)(19)	(1)	-	-	-	(92)	(46)	(797)	(14)
Gross (loss) profit		(1)	-	-	-	111	54	4,769	86
Operating expenses	6(5)(6)(9)(18)(19)								
Selling expenses		(405)	-	(395)	-	(1,218)	(600)	(2,000)	(36)
General and administrative expenses		(9,127)	-	(8,158)	-	(30,420)	(14985)	(21,041)	(378)
Research and development expenses		(14,387)	-	(15,967)	-	(43,785)	(21569)	(45,248)	(813)
Total operating expenses		(23,919)	-	(24,520)	-	(75,423)	(37154)	(68,289)	(1227)
Operating loss		(23,920)	-	(24,520)	-	(75,312)	(37100)	(63,520)	(1141)
Non-operating income and expenses									
Other income	6(15)	1,976	-	3,374	-	6,591	3247	11,248	202
Other gains and losses	6(2)(16)	(260)	-	1,123	-	6,239	3073	(135)	(3)
Finance costs	6(17)	(211)	-	(211)	-	(632)	(311)	(632)	(11)
Total non-operating income and expenses		1,505	-	4,286	-	12,198	6009	10,481	188
Loss before income tax		(22,415)	-	(20,234)	-	(63,114)	(31091)	(53,039)	(953)
Income tax expense		-	-	-	-	(23)	(11)	-	-
Net loss		<u>(\$ 22,415)</u>	<u>-</u>	<u>(\$ 20,234)</u>	<u>-</u>	<u>(\$ 63,137)</u>	<u>(31102)</u>	<u>(\$ 53,039)</u>	<u>(953)</u>
Other comprehensive gain (loss)									
Components of other comprehensive loss that will be reclassified to profit or loss									
Unrealized gain (loss) on valuation of available-for-sale financial assets	6(4)(13)	\$ 344	-	(\$ 10,781)	-	(\$ 29,582)	(14742)	(\$ 30,297)	(544)
Income tax attributable to other comprehensive income	6(13)(20)	-	-	1,294	-	3,293	1622	3,636	65
Total other comprehensive gain (loss) for the period		<u>\$ 344</u>	<u>-</u>	<u>(\$ 9,487)</u>	<u>-</u>	<u>(\$ 26,289)</u>	<u>(12950)</u>	<u>(\$ 26,661)</u>	<u>(479)</u>
Total comprehensive loss for the period		<u>(\$ 22,071)</u>	<u>-</u>	<u>(\$ 29,721)</u>	<u>-</u>	<u>(\$ 89,426)</u>	<u>(44052)</u>	<u>(\$ 79,700)</u>	<u>(1432)</u>
Loss attributable to owners of parent									
Owners of the parent		<u>(\$ 22,415)</u>	<u>-</u>	<u>(\$ 20,234)</u>	<u>-</u>	<u>(\$ 63,137)</u>	<u>(31102)</u>	<u>(\$ 53,039)</u>	<u>(953)</u>
Comprehensive loss attributable to owners of parent									
Owners of the parent		<u>(\$ 22,071)</u>	<u>-</u>	<u>(\$ 29,721)</u>	<u>-</u>	<u>(\$ 89,426)</u>	<u>(44052)</u>	<u>(\$ 79,700)</u>	<u>(1432)</u>
Loss per share (in dollars)									
Basic loss per share	6(22)	<u>(\$ 0.30)</u>	<u>0.30</u>	<u>(\$ 0.27)</u>	<u>0.27</u>	<u>(\$ 0.83)</u>	<u>0.83</u>	<u>(\$ 0.70)</u>	<u>0.70</u>
Diluted loss per share	6(22)	<u>(\$ 0.30)</u>	<u>0.30</u>	<u>(\$ 0.27)</u>	<u>0.27</u>	<u>(\$ 0.83)</u>	<u>0.83</u>	<u>(\$ 0.70)</u>	<u>0.70</u>

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Notes	Attributable to owners of the Company					Total equity
		Share Capital	Capital Reserve		Other Equity		
		Common stock	Capital surplus-issued at premium	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	
<u>For the nine-month period ended September 30, 2015</u>							
Balance at January 1, 2015		\$ 769,935	\$ 1,534,022	(\$ 41,400)	\$ 48,261	(\$ 92,253)	\$ 2,218,565
Capital surplus used to offset accumulated deficit	6(12)	-	(41,400)	41,400	-	-	-
Comprehensive income							
Net loss for the period		-	-	(53,039)	-	-	(53,039)
Other comprehensive loss for the period	6(13)	-	-	-	(26,661)	-	(26,661)
Balance at September 30, 2015		<u>\$ 769,935</u>	<u>\$ 1,492,622</u>	<u>(\$ 53,039)</u>	<u>\$ 21,600</u>	<u>(\$ 92,253)</u>	<u>\$ 2,138,865</u>
<u>For the nine-month period ended September 30, 2016</u>							
Balance at January 1, 2016		\$ 769,935	\$ 1,492,622	(\$ 77,805)	\$ 24,152	(\$ 92,253)	\$ 2,116,651
Capital surplus used to offset accumulated deficit	6(12)	-	(77,805)	77,805	-	-	-
Redemption of treasury shares	6(10)	-	-	-	-	(2,044)	(2,044)
Comprehensive income							
Net loss for the period		-	-	(63,137)	-	-	(63,167)
Other comprehensive loss for the period	6(13)	-	-	-	(26,289)	-	(26,289)
Balance at September 30, 2016		<u>\$ 769,935</u>	<u>\$ 1,414,817</u>	<u>(\$ 63,137)</u>	<u>(\$ 2,137)</u>	<u>(\$ 94,297)</u>	<u>\$ 2,025,181</u>

The accompanying notes are an integral part of these consolidated financial statements.

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Notes	For the nine-month periods ended September 30,	
		2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 63,114)	(\$ 53,039)
Adjustments to reconcile loss before tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Gain on disposal of investments	6(16)	(6,680)	(866)
Depreciation and amortization	6(18)	27,026	21,684
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(16)	(974)	347
Interest income	6(15)	(4,639)	(9,760)
Interest expense	6(17)	632	632
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss-current		(54,471)	70,866
Notes receivable, net		456	-
Accounts receivable, net		140	2,868
Other receivables		10,584	(763)
Current income tax assets		1,366	(275)
Prepayments		(3,600)	(9,404)
Other current assets		(206)	825
Net changes in liabilities relating to operating activities			
Notes payable		(109)	6,612
Other payables		(2,687)	339
Other current liabilities		(561)	14
Other non-current liabilities		(795)	(65)
Cash (used in) provided by operations		(97,632)	30,015
Interest received		4,887	9,902
Income tax paid		(23)	-
Net cash flows (used in) provided by operating activities		(92,768)	39,917
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other current financial assets		200,000	(653,600)
Increase in available-for-sale financial assets-non-current		(4,800)	-
Proceeds from disposal of available-for-sale financial assets-non-current		29,971	-
Acquisition of equipment	6(23)	(79,618)	(586,738)
Increase in prepayments for equipment		(1,346)	(41,844)
Increase in deferred charges		(2,028)	(160)
Increase in intangible assets	6(23)	(15,250)	-
Net cash provided by (used in) investing activities		126,929	(1,282,342)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in deposits received		-	410
Redemption of treasury shares		(2,044)	-
Net cash (used in) provided by financing activities		(2,044)	410
Net increase (decrease) in cash and cash equivalents		32,177	(1,242,015)
Cash and cash equivalents at beginning of the period		666,722	1,697,747
Cash and cash equivalents at end of the period		<u>\$ 698,839</u>	<u>\$ 455,732</u>

The accompanying notes are an integral part of these consolidated financial statements.