

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016, 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 6, 2017

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 audit 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 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, 2017 AND 2016
ARE UNAUDITED BUT REVIEWED)

ASSETS		Notes	September 30, 2017		December 31, 2016		September 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 479,287	25	\$ 630,988	31	\$ 698,839	34
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		50,747	3	202,160	10	202,024	10
1150	Notes receivable, net		-	-	460	-	-	-
1170	Accounts receivable, net		-	-	31	-	-	-
1200	Other receivables		212	-	1,440	-	915	-
1220	Current income tax assets		406	-	1,508	-	1,464	-
1410	Prepayments		7,207	1	8,478	1	8,058	-
1476	Other current financial assets	6(3)	83,600	4	83,600	4	73,600	4
1479	Other current assets		1,128	-	456	-	227	-
11XX	Total current assets		<u>622,587</u>	<u>33</u>	<u>929,121</u>	<u>46</u>	<u>985,127</u>	<u>48</u>
Non-current assets								
1523	Available-for-sale financial assets -	6(4)						
	non-current		17,741	1	22,597	1	27,877	1
1600	Property, plant and equipment	6(5)	1,179,616	62	1,023,474	50	990,845	48
1760	Investment property, net	6(6)	37,578	2	-	-	-	-
1780	Intangible assets	6(7)(23)	48,700	2	57,233	3	60,077	3
1840	Deferred income tax assets		1,302	-	1,301	-	4,028	-
1915	Prepayments for equipment	6(5)	-	-	333	-	1,346	-
1990	Other non-current assets		2,107	-	2,488	-	2,718	-
15XX	Total non-current assets		<u>1,287,044</u>	<u>67</u>	<u>1,107,426</u>	<u>54</u>	<u>1,086,891</u>	<u>52</u>
1XXX	Total assets		<u>\$ 1,909,631</u>	<u>100</u>	<u>\$ 2,036,547</u>	<u>100</u>	<u>\$ 2,072,018</u>	<u>100</u>

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GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2017 AND 2016
ARE UNAUDITED BUT REVIEWED)

LIABILITIES AND EQUITY		Notes	September 30, 2017		December 31, 2016		September 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2150	Notes payable		\$ 2,798	-	\$ 6,296	-	\$ 1,327	-
2200	Other payables	6(8)	13,609	1	38,019	2	25,214	1
2300	Other current liabilities		409	-	453	-	183	-
21XX	Total current liabilities		<u>16,816</u>	<u>1</u>	<u>44,768</u>	<u>2</u>	<u>26,724</u>	<u>1</u>
Non-current liabilities								
2570	Deferred income tax liabilities		85	-	85	-	-	-
2600	Other non-current liabilities	6(9)(10)	8,133	-	5,220	-	20,113	1
25XX	Total non-current liabilities		<u>8,218</u>	<u>-</u>	<u>5,305</u>	<u>-</u>	<u>20,113</u>	<u>1</u>
2XXX	Total liabilities		<u>25,034</u>	<u>1</u>	<u>50,073</u>	<u>2</u>	<u>46,837</u>	<u>2</u>
Equity attributable to owners of parent								
Share capital 6(11)(12)								
3110	Common stock		777,835	41	769,935	38	769,935	37
Capital reserve 6(11)(13)								
3200	Capital surplus		1,328,201	69	1,414,817	70	1,414,817	68
Retained earnings 6(14)(22)								
3350	Accumulated deficit		(103,144)	(5)	(97,886)	(5)	(63,137)	(3)
Other equity								
3400	Other equity interest	6(15)	(18,189)	(1)	(286)	-	(2,137)	-
3500	Treasury stocks	6(12)	(100,106)	(5)	(100,106)	(5)	(94,297)	(4)
3XXX	Total equity		<u>1,884,597</u>	<u>99</u>	<u>1,986,474</u>	<u>98</u>	<u>2,025,181</u>	<u>98</u>
Significant contingent liabilities and unrecognized contract commitments 9								
3X2X	Total liabilities and equity		<u>\$ 1,909,631</u>	<u>100</u>	<u>\$ 2,036,547</u>	<u>100</u>	<u>\$ 2,072,018</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				
		2017		2016		2017		2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(16)	\$ -	-	\$ -	-	\$ 521	100	\$ 203	100
5000	Operating costs	6(20)(21)	-	-	(1)	-	(290)	(55)	(92)	(46)
5950	Gross profit (loss)		-	-	(1)	-	231	45	111	54
	Operating expenses	6(20)(21)								
6100	Selling expenses		(1,364)	-	(405)	-	(4,431)	(851)	(1,218)	(600)
6200	General and administrative expenses		(11,352)	-	(9,127)	-	(33,163)	(6365)	(30,420)	(14985)
6300	Research and development expenses		(28,268)	-	(14,387)	-	(76,811)	(14743)	(43,785)	(21569)
6000	Total operating expenses		(40,984)	-	(23,919)	-	(114,405)	(21959)	(75,423)	(37154)
6900	Operating loss		(40,984)	-	(23,920)	-	(114,174)	(21914)	(75,312)	(37100)
	Non-operating income and expenses									
7010	Other income	6(17)	5,034	-	1,976	-	10,453	2006	6,591	3247
7020	Other gains and losses	6(2)(18)	684	-	(260)	-	1,666	320	6,239	3073
7050	Finance costs	6(19)	(281)	-	(211)	-	(702)	(135)	(632)	(311)
7000	Total non-operating income and expenses		5,437	-	1,505	-	11,417	2191	12,198	6009
7900	Loss before income tax		(35,547)	-	(22,415)	-	(102,757)	(19723)	(63,114)	(31091)
7950	Income tax expense	6(22)	-	-	-	-	(387)	(74)	(23)	(11)
8200	Net loss		(\$ 35,547)	-	(\$ 22,415)	-	(\$ 103,144)	(19797)	(\$ 63,137)	(31102)
	Other comprehensive income (loss)									
	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(4)(15)	(\$ 2,724)	-	\$ 344	-	(\$ 68)	(13)	(\$ 29,582)	(14572)
8399	Income tax relating to the components of other comprehensive income	6(15)(22)	-	-	-	-	-	-	3,293	1622
8300	Total other comprehensive income (loss) for the period		(\$ 2,724)	-	\$ 344	-	(\$ 68)	(13)	(\$ 26,289)	(12950)
8500	Total comprehensive loss for the period		(\$ 38,271)	-	(\$ 22,071)	-	(\$ 103,212)	(19810)	(\$ 89,426)	(44052)
	Loss attributable to:									
8610	Owners of the parent		(\$ 35,547)	-	(\$ 22,415)	-	(\$ 103,144)	(19797)	(\$ 63,137)	(31102)
	Comprehensive loss attributable to:									
8710	Owners of the parent		(\$ 38,271)	-	(\$ 22,071)	-	(\$ 103,212)	(19810)	(\$ 89,426)	(44052)
	Loss per share (in dollars)	6(24)								
9750	Basic loss per share		(\$ 0.47)		(\$ 0.30)		(\$ 1.37)		(\$ 0.83)	
9850	Diluted loss per share		(\$ 0.47)		(\$ 0.30)		(\$ 1.37)		(\$ 0.83)	

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

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

		Equity attributable to owners of the parent							
		Share Capital	Capital Reserves			Other Equity Interest			
Notes	Common stock	Capital surplus	Restricted stocks to employees	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets	Unearned compensation of restricted stock to employees	Treasury stocks	Total equity	
For the nine-month period ended September 30, 2016									
		\$ 769,935	\$ 1,492,622	\$ -	(\$ 77,805)	\$ 24,152	\$ -	(\$ 92,253)	\$ 2,116,651
	6(14)	-	(77,805)	-	77,805	-	-	-	-
		-	-	-	-	-	(2,044)	(2,044)	-
		-	-	-	(63,137)	-	-	-	(63,137)
	6(15)	-	-	-	-	(26,289)	-	-	(26,289)
		<u>\$ 769,935</u>	<u>\$ 1,414,817</u>	<u>\$ -</u>	<u>(\$ 63,137)</u>	<u>(\$ 2,137)</u>	<u>\$ -</u>	<u>(\$ 94,297)</u>	<u>\$ 2,025,181</u>
For the nine-month period ended September 30, 2017									
		\$ 769,935	\$ 1,414,817	\$ -	(\$ 97,886)	(\$ 286)	\$ -	(\$ 100,106)	\$ 1,986,474
	6(14)	-	(97,886)	-	97,886	-	-	-	-
	6(11)	7,900	-	11,270	-	(19,170)	-	-	-
	6(11)	-	-	-	-	1,335	-	-	1,335
		-	-	-	(103,144)	-	-	-	(103,144)
	6(15)	-	-	-	-	(68)	-	-	(68)
		<u>\$ 777,835</u>	<u>\$ 1,316,931</u>	<u>\$ 11,270</u>	<u>(\$ 103,144)</u>	<u>(\$ 354)</u>	<u>(\$ 17,835)</u>	<u>(\$ 100,106)</u>	<u>\$ 1,884,597</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,	
		2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before income tax		(\$ 102,757)	(\$ 63,114)
Adjustments to reconcile loss before tax to net cash generated from (used in) operating activities			
Income and expenses having no effect on cash flows			
Gain on disposal of investments	6(18)	(2,795)	(6,680)
Depreciation and amortization	6(20)	39,012	27,026
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(18)	1,413	(974)
Interest income	6(17)	(3,882)	(4,639)
Interest expense	6(19)	702	632
Compensation costs of restricted stocks to employees	6(11)	1,335	-
Changes in assets/liabilities relating to operating activities			
Net changes in operating assets relating to operating activities			
Financial assets at fair value through profit or loss-current		151,795	(54,471)
Notes receivable, net		460	456
Accounts receivable, net		31	140
Other receivables		1,176	10,584
Current income tax assets		1,102	1,366
Prepayments		1,271	(3,600)
Other current assets		(672)	(206)
Net changes in operating liabilities relating to operating activities			
Notes payable		(180)	(109)
Other payables		(2,238)	(2,687)
Other current liabilities		(44)	(561)
Other non-current liabilities		67	(795)
Cash generated from (used in) operations		85,796	(97,632)
Interest received		3,934	4,887
Income tax paid		(387)	(23)
Net cash generated from (used in) operating activities		<u>89,343</u>	<u>(92,768)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other current financial assets		-	200,000
Increase in available-for-sale financial assets-non-current		-	(4,800)
Proceeds from disposal of available-for-sale financial assets-non-current		5,788	29,971
Acquisition of equipment	6(25)	(231,015)	(79,618)
Increase in prepayments for equipment	6(5)	-	(1,346)
Increase in deferred expenses		(400)	(2,028)
Increase in intangible assets	6(25)	(18,397)	(15,250)
Net cash (used in) generated from investing activities		<u>(244,024)</u>	<u>126,929</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in deposits received		2,980	-
Redemption of treasury shares		-	(2,044)
Net cash generated from (used in) financing activities		<u>2,980</u>	<u>(2,044)</u>
Net (decrease) increase in cash and cash equivalents		(151,701)	32,117
Cash and cash equivalents at beginning of period		630,988	666,722
Cash and cash equivalents at end of period		<u>\$ 479,287</u>	<u>\$ 698,839</u>

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