

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2020 AND 2019**

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 Glyco Nex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

May 13, 2020

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
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2020 AND 2019
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

ASSETS		Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 340,612	21	\$ 118,742	9	\$ 196,525	13
1136	Financial assets at amortised cost -	6(3)						
	current		164,581	10	61,700	5	108,617	7
1170	Accounts receivable, net		-	-	-	-	278	-
1200	Other receivables		128	-	106	-	173	-
1220	Current income tax assets		268	-	245	-	347	-
1410	Prepayments	6(4)	24,090	1	5,592	-	6,909	1
1470	Other current assets		240	-	20	-	471	-
11XX	Total current assets		529,919	32	186,405	14	313,320	21
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		9,156	1	13,171	1	14,553	1
1600	Property, plant and equipment	6(6) and 8	1,080,885	65	1,090,989	82	1,121,192	75
1760	Investment property, net	6(8)	34,042	2	34,396	3	35,457	2
1780	Intangible assets	6(9)(26)	2,580	-	5,159	-	13,445	1
1840	Deferred income tax assets		1,340	-	1,339	-	1,829	-
1900	Other non-current assets		633	-	755	-	1,169	-
15XX	Total non-current assets		1,128,636	68	1,145,809	86	1,187,645	79
1XXX	Total assets		\$ 1,658,555	100	\$ 1,332,214	100	\$ 1,500,965	100

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2020 AND 2019
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

LIABILITIES AND EQUITY		Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(19)	\$ 24	-	\$ 117	-	\$ 70	-
2150	Notes payable		508	-	2,203	-	1,120	-
2200	Other payables	6(10)	15,986	1	17,751	1	10,305	1
2230	Current income tax liabilities		24	-	24	-	-	-
2300	Other current liabilities		304	-	1,444	-	2,403	-
21XX	Total current liabilities		16,846	1	21,539	1	13,898	1
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(2)	810	-	-	-	-	-
2530	Corporate bonds payable	6(11) and 8	289,725	17	-	-	-	-
2600	Other non-current liabilities	6(12)(13)	9,117	1	9,820	1	9,433	1
25XX	Total non-current liabilities		299,652	18	9,820	1	9,433	1
2XXX	Total liabilities		316,498	19	31,359	2	23,331	2
Equity attributable to owners of parent								
Share capital		6(14)(15)						
3110	Common stock		819,110	49	761,610	57	765,035	51
3140	Advance receipts for share capital		-	-	14,314	1	-	-
Capital reserve		6(16)						
3200	Capital surplus		844,712	51	782,240	59	1,103,837	73
Retained earnings		6(17)						
3350	Accumulated deficit		(298,223)	(18)	(251,564)	(19)	(373,644)	(25)
Other equity interest		6(18)						
3400	Other equity interest		(23,542)	(1)	(5,745)	-	(9,741)	-
3500	Treasury stocks	6(15)	-	-	-	-	(7,853)	(1)
3XXX	Total equity		1,342,057	81	1,300,855	98	1,477,634	98
Significant contingent liabilities and unrecognised contract commitments		9						
3X2X	Total liabilities and equity		\$ 1,658,555	100	\$ 1,332,214	100	\$ 1,500,965	100

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

		Three months ended March 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)	\$ 97	100	\$ 333	100
5000 Operating costs	6(23)(24)	(42)	(43)	(275)	(82)
5950 Gross profit		55	57	58	18
Operating expenses	6(23)(24)				
6100 Selling expenses		(1,329)	(1370)	(528)	(158)
6200 General and administrative expenses		(12,550)	(12938)	(10,814)	(3238)
6300 Research and development expenses		(36,519)	(37649)	(52,704)	(15780)
6000 Total operating expenses		(50,398)	(51957)	(64,046)	(19176)
6900 Operating loss		(50,343)	(51900)	(63,988)	(19158)
Non-operating income and expenses					
7010 Other income	6(3)(7)(20)	5,714	5891	6,506	1948
7020 Other gains and losses	6(2)(21)	(1,250)	(1289)	1,056	316
7050 Finance costs	6(22)	(780)	(804)	-	-
7000 Total non-operating income and expenses		3,684	3798	7,562	2264
7900 Loss before income tax		(46,659)	(48102)	(56,426)	(16894)
7950 Income tax expense	6(25)	-	-	-	-
8200 Net loss		(\$ 46,659)	(48102)	(\$ 56,426)	(16894)
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316 Unrealised (losses) gains on financial assets measured at fair value through other comprehensive income	6(5)(18)	(\$ 4,015)	(4139)	\$ 430	129
8300 Total other comprehensive (loss) income for the period		(\$ 4,015)	(4139)	\$ 430	129
8500 Total comprehensive loss for the period		(\$ 50,674)	(52241)	(\$ 55,996)	(16765)
Loss attributable to:					
8610 Owners of the parent		(\$ 46,659)	(48102)	(\$ 56,426)	(16894)
Comprehensive loss attributable to:					
8710 Owners of the parent		(\$ 50,674)	(52241)	(\$ 55,996)	(16765)
Loss per share (in dollars)	6(27)				
9750 Basic loss per share		(\$ 0.58)	(\$ 0.75)		
9850 Diluted loss per share		(\$ 0.58)	(\$ 0.75)		

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Equity attributable to owners of the parent										Treasury stocks	Total equity
	Capital			Capital Reserves				Other Equity Interest				
	Notes	Common stock	Advance receipts for share capital	Capital surplus	Stock warrants	Restricted stocks to employees	Others	Accumulated deficit	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees		
Three months ended March 31, 2019												
Balance at January 1, 2019		\$ 765,035	\$ -	\$ 1,094,934	\$ -	\$ 8,903	\$ -	(\$ 317,218)	(\$ 3,972)	(\$ 7,378)	(\$ 7,853)	\$ 1,532,451
Net loss for the period		-	-	-	-	-	-	(56,426)	-	-	-	(56,426)
Other comprehensive income for the period	6(18)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	-	-	-	430	-	-	430
Compensation costs of restricted stocks to employees	6(14)	-	-	-	-	-	-	(56,426)	430	-	-	(55,996)
Balance at March 31, 2019		\$ 765,035	-	\$ 1,094,934	-	\$ 8,903	-	(\$ 373,644)	(\$ 3,542)	1,179	(\$ 7,853)	\$ 1,477,634
Three months ended March 31, 2020												
Balance at January 1, 2020		\$ 761,610	\$ 14,314	\$ 777,874	\$ -	\$ 4,366	\$ -	(\$ 251,564)	(\$ 4,924)	(\$ 821)	\$ -	\$ 1,300,855
Net loss for the period		-	-	-	-	-	-	(46,659)	-	-	-	(46,659)
Other comprehensive loss for the period	6(18)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	-	-	-	(4,015)	-	-	(4,015)
Issuance of common stock for cash	6(15)	50,000	(14,314)	48,850	-	-	-	(46,659)	(4,015)	-	-	(50,674)
Compensation costs of common stock for cash	6(14)	-	-	-	-	-	-	-	-	-	-	84,536
Issuance of convertible bonds	6(11)	-	-	284	-	-	9	-	-	-	-	293
Issuance of restricted stocks to employees	6(14)	-	-	-	6,661	-	-	-	-	-	-	6,661
Vesting of restricted stocks to employees	6(14)	7,500	-	-	-	6,668	-	-	-	(14,168)	-	-
Compensation costs of restricted stocks to employees	6(14)	-	-	1,164	-	(1,164)	-	-	-	-	-	-
Balance at March 31, 2020		\$ 819,110	\$ -	\$ 828,172	\$ 6,661	\$ 9,870	\$ 9	(\$ 298,223)	(\$ 8,939)	386	(\$ 14,603)	\$ 1,342,057

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Three months ended March 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 46,659)	(\$ 56,426)
Adjustments			
Adjustments to reconcile profit (loss)			
Contract liabilities to revenue	6(19)	(117)	(61)
Depreciation	6(6)(8)(23)	10,458	10,769
Amortisation	6(9)(23)	2,737	3,104
Net gain on financial assets at fair value through profit or loss	6(2)(21)	-	(2)
Net loss on financial liabilities at fair value through profit or loss	6(2)(21)	690	-
Interest income	6(20)	(695)	(874)
Interest expense	6(22)	780	-
Compensation costs of restricted stocks to employees	6(14)	386	1,179
Compensation costs of common stock for cash	6(14)	293	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	122
Accounts receivable, net		-	(250)
Other receivables	(13)	39
Prepayments	(18,498)	5,613
Other current assets	(220)	(122)
Changes in operating liabilities			
Contract liabilities - current		24	70
Notes payable	(1,597)	(781)
Other payables	(1,595)	(5,340)
Other current liabilities	(1,140)	969
Other non-current liabilities	(31)	(28)
Cash outflow generated from operations	(55,197)	(42,019)
Interest received		663	765
Interest paid	(335)	-
Income tax paid		-	(27)
Net cash flows used in operating activities	(54,870)	(41,281)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets measured at amortised cost - current		(102,881)	(17,417)
Acquisition of property, plant and equipment	6(28)	(269)	(740)
Increase in other non-current assets		(36)	(122)
Net cash flows used in investing activities		(103,186)	(18,279)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of convertible bonds	6(11)	300,000	-
Cost of convertible bonds		(3,939)	-
Issuance of common stock for cash	6(15)	85,686	-
Cost of issuance of common stock for cash		(1,150)	-
Decrease in deposits received		(672)	(84)
Net cash flows provided by (used in) financing activities		379,925	(84)
Net increase (decrease) in cash and cash equivalents		221,870	(59,644)
Cash and cash equivalents at beginning of period		118,742	256,169
Cash and cash equivalents at end of period		\$ 340,612	\$ 196,525

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