

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 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 GlycoNex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the consolidated statements of changes in equity and of cash flows for the six 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 the “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 June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six months then ended in accordance with the “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

August 12, 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
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2020 AND 2019
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

ASSETS			June 30, 2020		December 31, 2019		June 30, 2019	
	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 249,449	15	\$ 118,742	9	\$ 194,813	14
1136	Financial assets at amortised cost -	6(3)						
	current		225,015	14	61,700	5	55,900	4
1170	Accounts receivable, net		101	-	-	-	85	-
1200	Other receivables		375	-	106	-	129	-
1220	Current income tax assets		151	-	245	-	197	-
1410	Prepayments	6(4)	24,322	2	5,592	-	3,947	-
1470	Other current assets		240	-	20	-	394	-
11XX	Total current assets		499,653	31	186,405	14	255,465	18
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		22,623	1	13,171	1	14,483	1
1600	Property, plant and equipment	6(6) and 8	1,071,371	66	1,090,989	82	1,110,816	78
1760	Investment property, net	6(8)	33,689	2	34,396	3	35,103	2
1780	Intangible assets	6(9)(27)	-	-	5,159	-	10,600	1
1840	Deferred income tax assets		1,340	-	1,339	-	1,829	-
1900	Other non-current assets		1,142	-	755	-	979	-
15XX	Total non-current assets		1,130,165	69	1,145,809	86	1,173,810	82
1XXX	Total assets		\$ 1,629,818	100	\$ 1,332,214	100	\$ 1,429,275	100

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2020 AND 2019
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

LIABILITIES AND EQUITY			June 30, 2020		December 31, 2019		June 30, 2019	
	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(19)	\$ 407	-	\$ 117	-	\$ 70	-
2150	Notes payable		-	-	2,203	-	2,947	-
2200	Other payables	6(10)	16,048	1	17,751	1	11,490	1
2230	Current income tax liabilities		19	-	24	-	-	-
2300	Other current liabilities		1,408	-	1,444	-	1,553	-
21XX	Total current liabilities		17,882	1	21,539	1	16,060	1
Non-current liabilities								
2500	Non-current financial liabilities at fair value through profit or loss	6(2)	287	-	-	-	-	-
2530	Corporate bonds payable	6(11) and 8	102,877	6	-	-	-	-
2600	Other non-current liabilities	6(12)(13)	8,985	1	9,820	1	9,402	1
25XX	Total non-current liabilities		112,149	7	9,820	1	9,402	1
2XXX	Total liabilities		130,031	8	31,359	2	25,462	2
Equity attributable to owners of parent								
Share capital		6(14)(15)						
3110	Common stock		817,290	50	761,610	57	764,245	53
3130	Certificates of bond conversion	6(11)	102,000	6	-	-	-	-
3140	Advance receipts for share capital		-	-	14,314	1	-	-
Capital reserve		6(16)						
3200	Capital reserve		676,734	41	782,240	59	785,440	55
Accumulated deficit		6(17)						
3350	Accumulated deficit		(100,940)	(6)	(251,564)	(19)	(130,855)	(9)
Other equity interest		6(18)						
3400	Other equity interest		4,703	1	(5,745)	-	(7,164)	-
3500	Treasury stocks	6(15)	-	-	-	-	(7,853)	(1)
3XXX	Total equity		1,499,787	92	1,300,855	98	1,403,813	98
Significant contingent liabilities and unrecognised contract commitments		9						
Significant events after the reporting period		11						
3X2X	Total liabilities and equity		\$ 1,629,818	100	\$ 1,332,214	100	\$ 1,429,275	100

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended June 30				Six months ended June 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)	\$ 63	100	\$ 157	100	\$ 160	100	\$ 490	100
5000 Operating costs	6(24)(25)	(106)	(168)	(118)	(75)	(148)	(93)	(393)	(80)
5950 Gross (loss) profit		(43)	(68)	39	25	12	7	97	20
Operating expenses	6(24)(25)								
6100 Selling expenses		(1,164)	(1848)	(472)	(301)	(2,493)	(1558)	(1,000)	(204)
6200 General and administrative expenses		(16,953)	(26909)	(14,636)	(9322)	(29,503)	(18439)	(25,450)	(5194)
6300 Research and development expenses		(40,999)	(65078)	(64,562)	(41122)	(77,518)	(48449)	(117,266)	(23932)
6000 Total operating expenses		(59,116)	(93835)	(79,670)	(50745)	(109,514)	(68446)	(143,716)	(29330)
6900 Operating loss		(59,159)	(93903)	(79,631)	(50720)	(109,502)	(68439)	(143,619)	(29310)
Non-operating income and expenses									
7100 Interest income	6(3)(20)	801	1271	693	441	1,496	935	1,567	320
7010 Other income	6(7)(21)	5,116	8121	5,634	3589	10,135	6335	11,266	2299
7020 Other gains and losses	6(2)(22)	(604)	(959)	(1,092)	(696)	(1,854)	(1159)	(36)	(7)
7050 Finance costs	6(23)	(1,460)	(2317)	-	-	(2,240)	(1400)	-	-
7000 Total non-operating income and expenses		3,853	6116	5,235	3334	7,537	4711	12,797	2612
7900 Loss before income tax		(55,306)	(87787)	(74,396)	(47386)	(101,965)	(63728)	(130,822)	(26698)
7950 Income tax expense	6(26)	-	-	(33)	(21)	-	-	(33)	(7)
8200 Net loss		(\$ 55,306)	(87787)	(\$ 74,429)	(47407)	(\$ 101,965)	(63728)	(\$ 130,855)	(26705)
Other comprehensive income (loss)									
Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316 Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	6(5)(18)	\$ 17,387	27598	(\$ 70)	(45)	\$ 13,372	8357	\$ 360	73
8300 Total other comprehensive income (loss) for the period		\$ 17,387	27598	(\$ 70)	(45)	\$ 13,372	8357	\$ 360	73
8500 Total comprehensive loss for the period		(\$ 37,919)	(60189)	(\$ 74,499)	(47452)	(\$ 88,593)	(55371)	(\$ 130,495)	(26632)
Loss attributable to:									
8610 Owners of the parent		(\$ 55,306)	(87787)	(\$ 74,429)	(47407)	(\$ 101,965)	(63728)	(\$ 130,855)	(26705)
Comprehensive loss attributable to:									
8710 Owners of the parent		(\$ 37,919)	(60189)	(\$ 74,499)	(47452)	(\$ 88,593)	(55371)	(\$ 130,495)	(26632)
Loss per share (in dollars)	6(28)								
9750 Basic loss per share		(\$ 0.68)		(\$ 0.98)		(\$ 1.26)		(\$ 1.73)	
9850 Diluted loss per share		(\$ 0.68)		(\$ 0.98)		(\$ 1.26)		(\$ 1.73)	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Equity attributable to owners of the parent										Treasury stocks	Total equity	
	Notes	Common stock	Certificates of bond conversion	Advance receipts for share capital	Capital reserve	Stock warrants	Restricted stocks to employees	Others	Other Equity Interest				
									Accumulated deficit	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income			Unearned compensation of restricted stock to employees
Six months ended June 30, 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	6(18)	-	-	-	-	-	-	-	(130,855)	-	-	-	(130,855)
Other comprehensive income for the period		-	-	-	-	-	-	-	-	360	-	-	360
Total comprehensive loss		-	-	-	-	-	-	-	(130,855)	360	-	-	-
Capital reserve used to offset against accumulated deficit	6(17)	-	-	-	(317,218)	-	-	-	317,218	-	-	-	(130,495)
Vesting of restricted stocks to employees	6(14)	-	-	-	2,198	-	(2,198)	-	-	-	-	-	-
Retirement of restricted stocks to employees	6(14)	(790)	-	-	-	-	(1,179)	-	-	-	-	-	-
Balance at June 30, 2019	6(14)	\$ 764,245	\$ -	\$ -	\$ 779,914	\$ -	\$ 5,526	\$ -	(\$ 130,855)	(\$ 3,612)	(\$ 3,552)	(\$ 7,853)	\$ 1,403,813
Six months ended June 30, 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	6(18)	-	-	-	-	-	-	-	(101,965)	-	-	-	(101,965)
Other comprehensive income for the period		-	-	-	-	-	-	-	-	13,372	-	-	13,372
Total comprehensive loss		-	-	-	-	-	-	-	(101,965)	13,372	-	-	-
Issuance of common stock for cash	6(15)	50,000	-	(14,314)	48,850	-	-	-	-	-	-	-	(88,593)
Compensation costs of common stock for cash	6(14)	-	-	-	284	-	-	9	-	-	-	-	84,536
Capital reserve used to offset against accumulated deficit	6(17)	-	-	-	(251,564)	-	-	-	251,564	-	-	-	293
Issuance of convertible bonds	6(11)	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	6(11)	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of restricted stocks to employees	6(14)	7,500	102,000	-	90,621	(4,360)	-	-	-	-	-	-	6,661
Disposal of financial assets at fair value through other comprehensive income-non-current	6(14)	-	-	-	-	-	6,668	-	-	-	(14,168)	-	188,261
Vesting of restricted stocks to employees	6(14)	-	-	-	-	-	-	-	1,025	(1,025)	-	-	-
Retirement of restricted stocks to employees	6(14)	(1,820)	-	-	3,813	-	(3,813)	-	-	-	-	-	-
Compensation costs of restricted stocks to employees	6(14)	-	-	-	-	-	(2,675)	-	-	-	-	-	-
Balance at June 30, 2020	6(14)	\$ 817,290	\$ 102,000	\$ -	\$ 669,878	\$ 2,301	\$ 4,546	\$ 9	(\$ 100,940)	\$ 7,423	(\$ 2,720)	\$ -	\$ 1,499,787

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Six months ended June 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(\$ 101,965)	(\$ 130,822)
Adjustments			
Adjustments to reconcile profit (loss)			
Contract liabilities to revenue	6(19)	(120)	-
Depreciation	6(6)(8)(24)	20,925	21,498
Amortisation	6(9)(24)	5,474	6,174
Net gain on financial assets at fair value through profit or loss	6(2)(22)	-	(2)
Net loss on financial liabilities at fair value through profit or loss	6(22)	690	-
Interest income	6(20)	(1,496)	(1,567)
Interest expense	6(23)	2,240	-
Compensation costs of restricted stocks to employees	6(14)	7,774	1,857
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		(101)	(57)
Other receivables		(174)	34
Prepayments		(18,730)	8,575
Other current assets		(220)	(45)
Changes in operating liabilities			
Contract liabilities - current		410	9
Notes payable		(2,105)	1,046
Other payables		(2,198)	(4,091)
Other current liabilities		(36)	117
Other non-current liabilities		-	(59)
Cash outflow generated from operations		(89,339)	(97,211)
Interest received		1,488	1,507
Interest paid		(907)	-
Income taxes refund		-	182
Income tax paid		-	(92)
Net cash flows used in operating activities		(88,758)	(95,614)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in financial assets measured at amortised cost - current			
Proceeds from disposal of financial asset at fair value through other comprehensive income - non-current	6(5)	(163,315)	35,300
Acquisition of property, plant and equipment	6(29)	(3,920)	-
Decrease in refundable deposits		(929)	(838)
Increase in other non-current assets		(1)	-
Net cash flows (used in) provided by investing activities		(36)	(120)
CASH FLOWS FROM FINANCING ACTIVITIES			
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 common stock for cash (shown as deduction of "capital reserve")		(1,150)	-
Decrease in deposits received		(771)	(84)
Net cash flows provided by (used in) financing activities		379,826	(84)
Net increase (decrease) in cash and cash equivalents		130,707	(61,356)
Cash and cash equivalents at beginning of period		118,742	256,169
Cash and cash equivalents at end of period		\$ 249,449	\$ 194,813

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