

**GLYCONEX INCORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' review 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' review report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

To GlycoNex Incorporation

Introduction

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine 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

November 11, 2021

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 independent auditors’ report 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
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
 (THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2021 AND 2020
 ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

ASSETS		Notes	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 90,862	6	\$ 152,740	10	\$ 285,013	18
1136	Financial assets at amortised cost -	6(3)						
	current		265,308	19	326,216	21	236,352	15
1170	Accounts receivable, net		88	-	16	-	54	-
1200	Other receivables		6,874	-	235	-	117	-
1220	Current income tax assets		144	-	193	-	175	-
1410	Prepayments	6(4)	27,671	2	19,605	1	20,774	1
1470	Other current assets		6	-	155	-	-	-
11XX	Total current assets		<u>390,953</u>	<u>27</u>	<u>499,160</u>	<u>32</u>	<u>542,485</u>	<u>34</u>
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		13,480	1	19,983	1	11,861	1
1600	Property, plant and equipment	6(6)	1,028,755	72	1,054,652	67	1,061,849	65
1760	Investment property, net	6(8)	-	-	-	-	-	-
1780	Intangible assets	6(9)(27)	-	-	-	-	-	-
1840	Deferred income tax assets		-	-	-	-	1,340	-
1900	Other non-current assets		193	-	249	-	971	-
15XX	Total non-current assets		<u>1,042,428</u>	<u>73</u>	<u>1,074,884</u>	<u>68</u>	<u>1,076,021</u>	<u>66</u>
1XXX	Total assets		<u>\$ 1,433,381</u>	<u>100</u>	<u>\$ 1,574,044</u>	<u>100</u>	<u>\$ 1,618,506</u>	<u>100</u>

(Continued)

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2021 AND 2020
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C GAAS)

LIABILITIES AND EQUITY		Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2130	Contract liabilities - current	6(19)	\$ 24	-	\$ 295	-	\$ 413	-
2150	Notes payable		1,350	-	900	-	-	-
2200	Other payables	6(10)	18,191	1	22,815	2	19,697	1
2230	Current income tax liabilities		-	-	-	-	19	-
2300	Other current liabilities		440	-	1,563	-	2,528	-
21XX	Total current liabilities		<u>20,005</u>	<u>1</u>	<u>25,573</u>	<u>2</u>	<u>22,657</u>	<u>1</u>
Non-current liabilities								
2500	Financial liabilities at fair value	6(2)						
	through profit or loss - non-current		-	-	-	-	-	-
2530	Corporate bonds payable	6(11)	-	-	-	-	-	-
2600	Other non-current liabilities	6(12)	8,749	1	8,894	-	8,951	1
25XX	Total non-current liabilities		<u>8,749</u>	<u>1</u>	<u>8,894</u>	<u>-</u>	<u>8,951</u>	<u>1</u>
2XXX	Total liabilities		<u>28,754</u>	<u>2</u>	<u>34,467</u>	<u>2</u>	<u>31,608</u>	<u>2</u>
Equity attributable to owners of parent								
	Share capital	6(15)						
3110	Common stock		974,818	68	975,078	62	959,131	59
3130	Certificates of bond-to-stock conversion		-	-	-	-	15,947	1
	Capital surplus	6(16)						
3200	Capital surplus		563,634	39	724,073	46	724,050	45
	Accumulated deficit	6(17)						
3350	Accumulated deficit		(125,792)	(9)	(159,996)	(10)	(111,953)	(7)
	Other equity interest	6(18)						
3400	Other equity interest		(8,033)	-	422	-	(277)	-
3XXX	Total equity		<u>1,404,627</u>	<u>98</u>	<u>1,539,577</u>	<u>98</u>	<u>1,586,898</u>	<u>98</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 1,433,381</u>	<u>100</u>	<u>\$ 1,574,044</u>	<u>100</u>	<u>\$ 1,618,506</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
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT LOSS PER SHARE AMOUNTS)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three months ended September 30				Nine months ended September 30			
			2021		2020		2021		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	\$ 130	100	\$ 136	100	\$ 984	100	\$ 296	100
5000	Operating costs	6(24)(25)	(69)	(53)	(81)	(60)	(509)	(52)	(229)	(78)
5950	Gross profit		61	47	55	40	475	48	67	22
	Operating expenses	6(24)(25)								
6100	Selling expenses		(1,091)	(839)	(1,270)	(934)	(3,273)	(333)	(3,763)	(1271)
6200	General and administrative expenses		(12,123)	(9325)	(11,169)	(8212)	(38,160)	(3878)	(40,672)	(13741)
6300	Research and development expenses		(35,048)	(26960)	(38,953)	(28642)	(102,342)	(10400)	(116,471)	(39348)
6000	Total operating expenses		(48,262)	(37124)	(51,392)	(37788)	(143,775)	(14611)	(160,906)	(54360)
6900	Operating loss		(48,201)	(37077)	(51,337)	(37748)	(143,300)	(14563)	(160,839)	(54338)
	Non-operating income and expenses									
7100	Interest income	6(3)(20)	658	506	786	578	2,103	214	2,282	771
7010	Other income	6(7)(21)	6,855	5273	4,839	3558	16,097	1636	14,974	5059
7020	Other gains and losses	6(2)(22)	(4)	(3)	32,872	24171	(702)	(72)	31,018	10479
7050	Finance costs	6(23)	-	-	(235)	(173)	-	-	(2,475)	(836)
7000	Total non-operating income and expenses		7,509	5776	38,262	28134	17,498	1778	45,799	15473
7900	Loss before income tax		(40,692)	(31301)	(13,075)	(9614)	(125,802)	(12785)	(115,040)	(38865)
7950	Income tax expense	6(26)	-	-	-	-	-	-	-	-
8200	Net loss		(\$ 40,692)	(31301)	(\$ 13,075)	(9614)	(\$ 125,802)	(12785)	(\$ 115,040)	(38865)
	Other comprehensive income (loss)									
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss									
8316	Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(5)(18)	(\$ 3,207)	(2467)	(\$ 4,473)	(3289)	(\$ 5,886)	(598)	\$ 8,899	3007
8300	Total other comprehensive income (loss) for the period		(\$ 3,207)	(2467)	(\$ 4,473)	(3289)	(\$ 5,886)	(598)	\$ 8,899	3007
8500	Total comprehensive loss for the period		(\$ 43,899)	(33768)	(\$ 17,548)	(12903)	(\$ 131,688)	(13383)	(\$ 106,141)	(35858)
	Loss attributable to:									
8610	Owners of the parent		(\$ 40,692)	(31301)	(\$ 13,075)	(9614)	(\$ 125,802)	(12785)	(\$ 115,040)	(38865)
	Comprehensive loss attributable to:									
8710	Owners of the parent		(\$ 43,899)	(33768)	(\$ 17,548)	(12903)	(\$ 131,688)	(13383)	(\$ 106,141)	(35858)
	Loss per share (in dollars)	6(28)								
9750	Basic loss per share		(\$ 0.42)		(\$ 0.15)		(\$ 1.30)		(\$ 1.38)	
9850	Diluted loss per share		(\$ 0.42)		(\$ 0.15)		(\$ 1.30)		(\$ 1.38)	

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent										
		Capital			Capital Reserves					Other Equity Interest		
										Unrealised gains or losses on financial assets measured at fair value through other comprehensive income	Unearned compensation of restricted stock to employees	Total equity
	Notes	Common stock	Certificates of bond-to-stock conversion	Advance receipts for share capital	Additional paid in capital	Stock warrants	Restricted stocks to employees	Others	Accumulated deficit			
<u>Nine months ended September 30, 2020</u>												
		\$ 761,610	\$ -	\$ 14,314	\$ 777,874	\$ -	\$ 4,366	\$ -	(\$ 251,564)	(\$ 4,924)	(\$ 821)	\$ 1,300,855
		-	-	-	-	-	-	-	(115,040)	-	-	(115,040)
	6(18)	-	-	-	-	-	-	-	-	8,899	-	8,899
		-	-	-	-	-	-	-	(115,040)	8,899	-	(106,141)
	6(15)	50,000	-	(14,314)	48,850	-	-	-	-	-	-	84,536
	6(14)	-	-	-	284	-	-	9	-	-	-	293
	6(17)	-	-	-	(251,564)	-	-	-	251,564	-	-	-
	6(11)	-	-	-	-	6,661	-	-	-	-	-	6,661
	6(11)	141,841	15,947	-	140,238	(6,661)	-	-	-	-	-	291,365
	6(14)	7,500	-	-	-	-	6,668	-	-	-	(14,168)	-
	6(5)(18)	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	3,087	(3,087)	-	-
	6(14)	-	-	-	3,813	-	(3,813)	-	-	-	-	-
	6(14)	(1,820)	-	-	-	-	(2,675)	-	-	-	4,495	-
	6(14)	-	-	-	-	-	-	-	-	-	9,329	9,329
		\$ 959,131	\$ 15,947	\$ -	\$ 719,495	\$ -	\$ 4,546	\$ 9	(\$ 111,953)	\$ 888	(\$ 1,165)	\$ 1,586,898
<u>Nine months ended September 30, 2021</u>												
		\$ 975,078	\$ -	\$ -	\$ 719,518	\$ -	\$ 4,546	\$ 9	(\$ 159,996)	\$ 31	\$ 391	\$ 1,539,577
		-	-	-	-	-	-	-	(125,802)	-	-	(125,802)
	6(18)	-	-	-	-	-	-	-	-	(5,886)	-	(5,886)
		-	-	-	-	-	-	-	(125,802)	(5,886)	-	(131,688)
	6(17)	-	-	-	-	-	-	-	-	-	9,329	9,329
	6(5)(18)	-	-	-	(159,996)	-	-	-	159,996	-	-	-
		-	-	-	-	-	-	-	10	(10)	-	-
	6(14)	-	-	-	156	-	(156)	-	-	-	-	-
	6(14)	(260)	-	-	-	-	(443)	-	-	-	703	-
	6(14)	-	-	-	-	-	-	-	-	-	(3,262)	(3,262)
		\$ 974,818	\$ -	\$ -	\$ 559,678	\$ -	\$ 3,947	\$ 9	(\$ 125,792)	(\$ 5,865)	(\$ 2,168)	\$ 1,404,627

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

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

		Nine months ended September 30	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 125,802)	(\$ 115,040)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(8)(24)	29,824	30,959
Amortisation	6(9)(24)	289	5,625
Net loss on financial liabilities at fair value through profit or loss	6(2)(22)	-	690
Gain on disposal of investment property	6(22)	-	(31,997)
Interest income	6(20)	(2,103)	(2,282)
Interest expense	6(23)	-	2,475
Compensation costs of restricted stocks to employees	6(14)	(3,262)	9,329
Compensation costs of common stock for cash	6(14)	-	293
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(72)	(54)
Other receivables		(6,646)	53
Prepayments		(8,066)	(15,182)
Other current assets		149	20
Other non-current assets		-	(176)
Changes in operating liabilities			
Contract liabilities - current		(271)	296
Notes payable		450	(2,105)
Other payables		(2,671)	1,652
Other current liabilities		(1,123)	1,084
Other non-current liabilities		(119)	(98)
Cash outflow generated from operations		(119,423)	(114,458)
Interest received		2,110	2,218
Interest paid		-	(1,001)
Income taxes refund		49	65
Net cash flows used in operating activities		(117,264)	(113,176)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in financial assets measured at amortised cost		60,908	(174,652)
Acquisition of property, plant and equipment	6(29)	(5,880)	(1,167)
Proceeds from disposal of financial asset at fair value through other comprehensive income - non-current	6(5)	617	10,208
Increase in refundable deposits (shown as other non-current assets)		(137)	-
Proceeds from disposal of investment properties	6(8)	-	65,472
Increase in other non-current assets		(96)	(40)
Net cash flows provided by (used in) investing activities		55,412	(100,179)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Issuance of convertible bonds	6(11)	-	300,000
Redemption of bonds	6(11)	-	(200)
Cost on issuance of convertible bonds		-	(3,939)
Issuance of common stock for cash	6(15)	-	85,686
Cost on issuance of common stock for cash (shown as deduction of capital reserve)		-	(1,150)
Decrease in deposits received (shown as other non-current liabilities)		(26)	(771)
Net cash flows (used in) provided by financing activities		(26)	379,626
Net (decrease) increase in cash and cash equivalents		(61,878)	166,271
Cash and cash equivalents at beginning of period		152,740	118,742
Cash and cash equivalents at end of period		<u>\$ 90,862</u>	<u>\$ 285,013</u>

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