

**GLYCONEX INCORPORATION AND  
SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
MARCH 31, 2017 AND 2016**

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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 March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 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

May 10, 2017

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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 MARCH 31, 2017 AND 2016 ARE UNAUDITED BUT REVIEWED)

Assets	Notes	March 31, 2017		December 31, 2016		March 31, 2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 585,873	29	\$ 630,988	31	\$ 702,964	33
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		202,320	10	202,160	10	207,059	10
1150	Notes receivable, net		-	-	460	-	-	-
1170	Accounts receivable, net		234	-	31	-	75	-
1200	Other receivables		496	-	1,440	-	1,712	-
1220	Current income tax assets		1,542	-	1,508	-	2,951	-
1410	Prepayments		8,859	1	8,478	1	8,293	-
1476	Other current financial assets	6(3)	83,600	4	83,600	4	173,600	8
1479	Other current assets		420	-	456	-	2	-
11XX	<b>Total current assets</b>		<u>883,344</u>	<u>44</u>	<u>929,121</u>	<u>46</u>	<u>1,096,656</u>	<u>51</u>
<b>Non-current assets</b>								
1523	Available-for-sale financial assets -	6(4)						
	non-current		22,351	1	22,597	1	36,964	2
1600	Property, plant and equipment	6(5)	1,001,589	50	1,023,474	50	919,880	43
1760	Investment property, net	6(6)	38,284	2	-	-	-	-
1780	Intangible assets	6(7)(22)	54,389	3	57,233	3	65,766	3
1840	Deferred income tax assets		1,302	-	1,301	-	4,027	-
1915	Prepayments for equipments	6(5)	-	-	333	-	4,789	1
1990	Other non-current assets		2,304	-	2,488	-	1,509	-
15XX	<b>Total non-current assets</b>		<u>1,120,219</u>	<u>56</u>	<u>1,107,426</u>	<u>54</u>	<u>1,032,935</u>	<u>49</u>
1XXX	<b>Total assets</b>		<u>\$ 2,003,563</u>	<u>100</u>	<u>\$ 2,036,547</u>	<u>100</u>	<u>\$ 2,129,591</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 MARCH 31, 2017 AND 2016 ARE UNAUDITED BUT REVIEWED)

Liabilities and Equity	Notes	March 31, 2017		December 31, 2016		March 31, 2016	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>							
2150	Notes payable	\$ 3,969	-	\$ 6,296	-	\$ 2,111	-
2200	Other payables	32,494	2	38,019	2	22,943	1
2230	Current income tax liabilities	26	-	-	-	-	-
2300	Other current liabilities	268	-	453	-	203	-
21XX	<b>Total current liabilities</b>	<u>36,757</u>	<u>2</u>	<u>44,768</u>	<u>2</u>	<u>25,257</u>	<u>1</u>
<b>Non-current liabilities</b>							
2570	Deferred income tax liabilities	84	-	85	-	699	-
2600	Other non-current liabilities	6,017	-	5,220	-	20,146	1
25XX	<b>Total non-current liabilities</b>	<u>6,101</u>	<u>-</u>	<u>5,305</u>	<u>-</u>	<u>20,845</u>	<u>1</u>
2XXX	<b>Total liabilities</b>	<u>42,858</u>	<u>2</u>	<u>50,073</u>	<u>2</u>	<u>46,102</u>	<u>2</u>
<b>Equity attributable to owners of parent</b>							
<b>Share capital</b> 6(11)							
3110	Common stock	769,935	38	769,935	38	769,935	36
<b>Capital reserve</b> 6(12)							
3200	Capital surplus	1,414,817	71	1,414,817	70	1,492,622	70
<b>Retained earnings</b> 6(13)(21)							
3350	Accumulated deficit	( 127,257)	( 6)	( 97,886)	( 5)	( 91,943)	( 4)
<b>Other equity</b> 6(14)							
3400	Other equity interest	3,316	-	( 286)	-	5,128	-
3500	Treasury stocks	( 100,106)	( 5)	( 100,106)	( 5)	( 92,253)	( 4)
3XXX	<b>Total equity</b>	<u>1,960,705</u>	<u>98</u>	<u>1,986,474</u>	<u>98</u>	<u>2,083,489</u>	<u>98</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b> 9							
3X2X	<b>Total liabilities and equity</b>	<u>\$ 2,003,563</u>	<u>100</u>	<u>\$ 2,036,547</u>	<u>100</u>	<u>\$ 2,129,591</u>	<u>100</u>

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

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

Items	Notes	Three months ended March 31			
		2017		2016	
		AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(15)	\$ 432	100	\$ 109	100
5000 <b>Operating costs</b>	6(19)(20)	( 222)	( 51)	( 42)	( 39)
5950 <b>Gross profit</b>		210	49	67	61
<b>Operating expenses</b>	6(19)(20)				
6100 Selling expenses		( 1,461)	( 338)	( 406)	( 373)
6200 General and administrative expenses		( 9,461)	( 2190)	( 8,824)	( 8095)
6300 Research and development expenses		( 20,406)	( 4724)	( 14,568)	( 13365)
6000 <b>Total operating expenses</b>		( 31,328)	( 7252)	( 23,798)	( 21833)
6900 <b>Operating loss</b>		( 31,118)	( 7203)	( 23,731)	( 21772)
<b>Non-operating income and expenses</b>					
7010 Other income	6(16)	2,393	554	2,337	2144
7020 Other gains and losses	6(2)(17)	( 378)	( 88)	7,467	6851
7050 Finance costs	6(18)	( 211)	( 49)	( 211)	( 194)
7000 <b>Total non-operating revenue and expenses</b>		1,804	417	9,593	8801
7900 <b>Loss before income tax</b>		( 29,314)	( 6786)	( 14,138)	( 12971)
7950 Income tax expense	6(21)	( 57)	( 13)	-	-
8200 <b>Net loss</b>		( \$ 29,371)	( 6799)	( \$ 14,138)	( 12971)
<b>Other comprehensive income (loss)</b>					
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8362 Unrealized gain (loss) on valuation of available-for-sale financial assets	6(4)(14)	\$ 3,602	834	( \$ 21,618)	( 19833)
8399 Income tax relating to the components of other comprehensive income	6(14)(21)	-	-	2,594	2380
8300 <b>Total other comprehensive income (loss) for the year</b>		\$ 3,602	834	( \$ 19,024)	( 17453)
8500 <b>Total comprehensive loss for the year</b>		( \$ 25,769)	( 5965)	( \$ 33,162)	( 30424)
<b>Profit (loss), attributable to:</b>					
8610 Owners of the parent		( \$ 29,371)	( 6799)	( \$ 14,138)	( 12971)
<b>Comprehensive income attributable to:</b>					
8710 Owners of the parent		( \$ 25,769)	( 5965)	( \$ 33,162)	( 30424)
<b>Loss per share (in dolloars)</b>	6(23)				
9750 <b>Basic loss per share</b>		( \$ 0.39)		( \$ 0.19)	
9850 <b>Diluted loss per share</b>		( \$ 0.39)		( \$ 0.19)	

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	Equity attributable to owners of the parent					Total equity
		Share capital	Capital reserve		Other equity		
		Common stock	Additional paid-in capital	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	
<u>For the three-month period ended March 31,2016</u>							
Balance at January 1, 2016		\$ 769,935	\$ 1,492,622	(\$ 77,805)	\$ 24,152	(\$ 92,253)	\$ 2,116,651
Comprehensive income							
Net loss for the period		-	-	( 14,138)	-	-	( 14,138)
Other comprehensive loss for the period	6(14)	-	-	-	( 19,024)	-	( 19,024)
Balance at March 31, 2016		<u>\$ 769,935</u>	<u>\$ 1,492,622</u>	<u>(\$ 91,943)</u>	<u>\$ 5,128</u>	<u>(\$ 92,253)</u>	<u>\$ 2,083,489</u>
<u>For the three-month period ended March 31,2017</u>							
Balance at January 1, 2017		\$ 769,935	\$ 1,414,817	(\$ 97,886)	(\$ 286)	(\$ 100,106)	\$ 1,986,474
Comprehensive income							
Net loss for the period		-	-	( 29,371)	-	-	( 29,371)
Other comprehensive loss for the period	6(14)	-	-	-	3,602	-	3,602
Balance at March 31, 2017		<u>\$ 769,935</u>	<u>\$ 1,414,817</u>	<u>(\$ 127,257)</u>	<u>\$ 3,316</u>	<u>(\$ 100,106)</u>	<u>\$ 1,960,705</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 three-month periods ended March 31	
		2017	2016
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 29,314 )	(\$ 14,138 )
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on disposal of investments	6(17)	( 804 )	( 6,879 )
Depreciation and amortization	6(19)	11,229	8,990
Net gain on financial assets at fair value through profit or loss	6(2)(17)	( 160 )	( 9 )
Interest income	6(16)	( 1,414 )	( 1,695 )
Interest expense	6(18)	211	211
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss-current		-	( 60,000 )
Notes receivable, net		460	456
Accounts receivable, net		( 203 )	65
Other receivables		976	10,194
Current income tax assets		( 34 )	( 121 )
Prepayments		( 381 )	( 3,835 )
Other current assets		36	19
Changes in operating liabilities			
Notes payable		( 1,076 )	675
Other payables		( 4,504 )	( 4,852 )
Current income tax liabilities		( 26 )	-
Other current liabilities		( 185 )	( 541 )
Other non-current liabilities		( 23 )	( 341 )
Cash outflow generated from operations		( 25,212 )	( 71,801 )
Interest received		1,437	1,837
Net cash flows used in operating activities		( 23,775 )	( 69,964 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in other current financial assets		-	100,000
Proceeds from disposal of available-for-sale financial assets-non-current		4,592	23,476
Acquisition of equipment	6(24)	( 23,458 )	( 575 )
Increase in prepayments for equipment	6(5)	-	( 1,309 )
Increase in deferred expenses		( 69 )	( 136 )
Increase in intangible assets	6(24)	( 3,225 )	( 15,250 )
Net cash flows (used in) from investing activities		( 22,160 )	106,206
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in deposits received		820	-
Net cash flows from financing activities		820	-
Net (decrease) increase in cash and cash equivalents		( 45,115 )	36,242
Cash and cash equivalents at beginning of period		630,988	666,722
Cash and cash equivalents at end of period		\$ 585,873	\$ 702,964

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