

GLYCONEX INCORPORATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 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 June 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, of changes in equity and of cash flows for the six-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

August 9, 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.

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

ASSETS		Notes	June 30, 2017		December 31, 2016		June 30, 2016				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1)	\$	516,907	27	\$	630,988	31	\$	664,574	32
1110	Financial assets at fair value	6(2)									
	through profit or loss – current			50,693	3		202,160	10		207,250	10
1150	Notes receivable, net			-	-		460	-		-	-
1170	Accounts receivable, net			90	-		31	-		17	-
1200	Other receivables			6,890	-		1,440	-		3,266	-
1220	Current income tax assets			365	-		1,508	-		1,418	-
1410	Prepayments			3,246	-		8,478	1		7,377	-
1476	Other current financial assets	6(3)		83,600	4		83,600	4		173,600	8
1479	Other current assets			1,667	-		456	-		96	-
11XX	Total current assets			663,458	34		929,121	46		1,057,598	50
Non-current assets											
1523	Available-for-sale financial assets	6(4)									
	– non-current			20,465	1		22,597	1		24,461	1
1600	Property, plant and equipment	6(5)		1,183,856	60		1,023,474	50		914,092	44
1760	Investment property, net	6(6)		37,931	2		-	-		-	-
1780	Intangible assets	6(7)(22)		51,544	3		57,233	3		62,921	3
1840	Deferred income tax assets			1,302	-		1,301	-		4,028	-
1915	Prepayments for equipment	6(5)		-	-		333	-		26,659	1
1990	Other non-current assets			2,351	-		2,488	-		7,712	1
15XX	Total non-current assets			1,297,449	66		1,107,426	54		1,039,873	50
1XXX	Total assets		\$	1,960,907	100	\$	2,036,547	100	\$	2,097,471	100

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

LIABILITIES AND EQUITY		Notes	June 30, 2017		December 31, 2016		June 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2150	Notes payable		\$ 7,676	1	\$ 6,296	-	\$ 2,688	-
2200	Other payables	6(8)(22)	24,536	1	38,019	2	24,863	1
2300	Other current liabilities		1,083	-	453	-	244	-
21XX	Total current liabilities		33,295	2	44,768	2	27,795	1
Non-current liabilities								
2570	Deferred income tax liabilities		84	-	85	-	-	-
2600	Other non-current liabilities	6(9)(10)	5,995	-	5,220	-	20,380	1
25XX	Total non-current liabilities		6,079	-	5,305	-	20,380	1
2XXX	Total liabilities		39,374	2	50,073	2	48,175	2
Equity attributable to owners of parent								
Share capital		6(11)						
3110	Common stock		769,935	39	769,935	38	769,935	37
Capital reserve		6(12)						
3200	Capital surplus		1,316,931	67	1,414,817	70	1,414,817	67
Retained earnings		6(13)(21)						
3350	Accumulated deficit		(67,597)(3)	(97,886)(5)	(40,722)(2)			
Other equity		6(14)						
3400	Other equity interest		2,370	-	(286)	-	(2,481)	-
3500	Treasury stocks	6(11)	(100,106)(5)	(100,106)(5)	(92,253)(4)			
3XXX	Total equity		1,921,533	98	1,986,474	98	2,049,296	98
Significant contingent liabilities and unrecognized contract commitments		9						
Significant events after the reporting period		11						
3X2X	Total liabilities and equity		\$ 1,960,907	100	\$ 2,036,547	100	\$ 2,097,471	100

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 June 30				For the six-month periods ended June 30			
		2017		2016		2017		2016	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15)	\$ 89	100	\$ 94	100	\$ 521	100	\$ 203	100
5000 Operating costs	6(19)(20)	(68)	(76)	(49)	(52)	(290)	(56)	(91)	(45)
5950 Gross profit		<u>21</u>	<u>24</u>	<u>45</u>	<u>48</u>	<u>231</u>	<u>44</u>	<u>112</u>	<u>55</u>
Operating expenses	6(19)(20)								
6100 Selling expenses		(1,606)	(1805)	(407)	(433)	(3,067)	(589)	(813)	(400)
6200 General and administrative expenses		(12,350)	(13876)	(12,469)	(13265)	(21,811)	(4186)	(21,293)	(10489)
6300 Research and development expenses		(28,137)	(31615)	(14,830)	(15776)	(48,543)	(9317)	(29,398)	(14482)
6000 Total operating expenses		(42,093)	(47296)	(27,706)	(29474)	(73,421)	(14092)	(51,504)	(25371)
6900 Operating loss		(42,072)	(47272)	(27,661)	(29426)	(73,190)	(14048)	(51,392)	(25316)
Non-operating income and expenses									
7010 Other income	6(16)	3,026	3400	2,278	2423	5,419	1040	4,615	2273
7020 Other gains and losses	6(2)(17)	1,360	1529	(968)	(1030)	982	189	6,499	3201
7050 Finance costs	6(18)	(210)	(236)	(210)	(223)	(421)	(81)	(421)	(207)
7000 Total non-operating income and expenses		<u>4,176</u>	<u>4693</u>	<u>1,100</u>	<u>1170</u>	<u>5,980</u>	<u>1148</u>	<u>10,693</u>	<u>5267</u>
7900 Loss before income tax		(37,896)	(42579)	(26,561)	(28256)	(67,210)	(12900)	(40,699)	(20049)
7950 Income tax expense	6(21)	(330)	(371)	(23)	(25)	(387)	(75)	(23)	(11)
8200 Net loss		<u>(\$ 38,226)</u>	<u>(42950)</u>	<u>(\$ 26,584)</u>	<u>(28281)</u>	<u>(\$ 67,597)</u>	<u>(12975)</u>	<u>(\$ 40,722)</u>	<u>(20060)</u>
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)(14)	(\$ 946)	(1063)	(\$ 8,308)	(8838)	\$ 2,656	510	(\$ 29,926)	(14742)
8399 Income tax relating to the components of other comprehensive income	6(14)(21)	-	-	699	743	-	-	3,293	1622
8300 Total other comprehensive income (loss) for the period		<u>(\$ 946)</u>	<u>(1063)</u>	<u>(\$ 7,609)</u>	<u>(8095)</u>	<u>\$ 2,656</u>	<u>510</u>	<u>(\$ 26,633)</u>	<u>(13120)</u>
8500 Total comprehensive loss for the period		<u>(\$ 39,172)</u>	<u>(44013)</u>	<u>(\$ 34,193)</u>	<u>(36376)</u>	<u>(\$ 64,941)</u>	<u>(12465)</u>	<u>(\$ 67,355)</u>	<u>(33180)</u>
Loss attributable to:									
8610 Owners of the parent		<u>(\$ 38,226)</u>	<u>(42951)</u>	<u>(\$ 26,584)</u>	<u>(28281)</u>	<u>(\$ 67,597)</u>	<u>(12975)</u>	<u>(\$ 40,722)</u>	<u>(20060)</u>
Comprehensive loss attributable to:									
8710 Owners of the parent		<u>(\$ 39,172)</u>	<u>(44013)</u>	<u>(\$ 34,193)</u>	<u>(36376)</u>	<u>(\$ 64,941)</u>	<u>(12465)</u>	<u>(\$ 67,355)</u>	<u>(33180)</u>
Loss per share (in dollars)	6(23)								
9750 Basic loss per share		<u>(\$ 0.51)</u>		<u>(\$ 0.35)</u>		<u>(\$ 0.89)</u>		<u>(\$ 0.54)</u>	
9850 Diluted loss per share		<u>(\$ 0.51)</u>		<u>(\$ 0.35)</u>		<u>(\$ 0.89)</u>		<u>(\$ 0.54)</u>	

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)

		Equity attributable to owners of the parent					Total equity
		Share capital	Capital reserve		Other equity		
	Notes	Common stock	Additional paid-in capital	Accumulated deficit	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	
<u>For the six-month period ended June 30, 2016</u>							
Balance at January 1, 2016		\$ 769,935	\$ 1,492,622	(\$ 77,805)	\$ 24,152	(\$ 92,253)	\$ 2,116,651
Capital surplus used to offset accumulated deficit	6(13)	-	(77,805)	77,805	-	-	-
Comprehensive loss							
Net loss for the period		-	-	(40,722)	-	-	(40,722)
Other comprehensive loss for the period	6(14)	-	-	-	(26,633)	-	(26,633)
Balance at June 30, 2016		<u>\$ 769,935</u>	<u>\$ 1,414,817</u>	<u>(\$ 40,722)</u>	<u>(\$ 2,481)</u>	<u>(\$ 92,253)</u>	<u>\$ 2,049,296</u>
<u>For the six-month period ended June 30, 2017</u>							
Balance at January 1, 2017		\$ 769,935	\$ 1,414,817	(\$ 97,886)	(\$ 286)	(\$ 100,106)	\$ 1,986,474
Capital surplus used to offset accumulated deficit	6(13)	-	(97,886)	97,886	-	-	-
Comprehensive loss							
Net loss for the period		-	-	(67,597)	-	-	(67,597)
Other comprehensive income for the period	6(14)	-	-	-	2,656	-	2,656
Balance at June 30, 2017		<u>\$ 769,935</u>	<u>\$ 1,316,931</u>	<u>(\$ 67,597)</u>	<u>\$ 2,370</u>	<u>(\$ 100,106)</u>	<u>\$ 1,921,533</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 six-month periods ended June 30	
		2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 67,210)	(\$ 40,699)
Adjustments to reconcile loss before tax to net cash used in operating activities			
Income and expenses having no effect on cash flows			
Gain on disposal of investments	6(17)	(2,795)	(6,824)
Depreciation and amortization	6(19)	24,502	17,979
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(17)	1,466	(200)
Interest income	6(16)	(2,676)	(3,331)
Interest expense	6(18)	421	421
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	(60,000)
Notes receivable, net		460	456
Accounts receivable, net		(59)	123
Other receivables		(5,497)	8,365
Current income tax assets		1,143	1,412
Prepayments		5,232	(2,919)
Other current assets		(1,211)	(75)
Net changes in liabilities relating to operating activities			
Notes payable		(921)	1,252
Other payables		(3,469)	(2,748)
Other current liabilities		630	(500)
Other non-current liabilities		(45)	(317)
Cash generated from (used in) operations		101,766	(87,605)
Interest received		2,723	3,447
Income tax paid		(387)	(23)
Net cash generated from (used in) operating activities		<u>104,102</u>	<u>(84,181)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets – non-current		5,788	27,916
Acquisition of equipment	6(24)	(221,176)	(691)
Increase in prepayments for equipment	6(5)	-	(23,179)
Increase in deferred expenses		(390)	(1,963)
Increase in intangible assets	6(24)	(3,225)	(15,250)
Increase in other non-current assets		-	(4,800)
Decrease in other current financial assets		-	100,000
Net cash (used in) generated from investing activities		<u>(219,003)</u>	<u>82,033</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in deposits received		820	-
Net cash generated from financing activities		<u>820</u>	<u>-</u>
Net decrease in cash and cash equivalents		(114,081)	(2,148)
Cash and cash equivalents at beginning of period		630,988	666,722
Cash and cash equivalents at end of period		<u>\$ 516,907</u>	<u>\$ 664,574</u>

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