

**GLYCONEX INCORPORATION AND  
SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REVIEW REPORT OF INDEPENDENT**  
**ACCOUNTANTS**  
**NOVEMBER 30, 2018 AND 2017**

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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

***Introduction***

We have reviewed the accompanying consolidated balance sheets of GlycoNex Incorporation and its subsidiary (the “Group”) as at September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods 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 September 30, 2018 and 2017, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods 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  
November 9, 2018

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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 SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017  
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
 (THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2018 AND 2017  
 ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

ASSETS		Notes	<u>September 30, 2018</u>		<u>December 31, 2017</u>		<u>September 30, 2017</u>	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 332,501	20	\$ 442,921	24	\$ 479,287	25
1110	Financial assets at fair value	6(2) and						
	through profit or loss - current	12(4)	-	-	50,804	3	50,747	3
1136	Financial assets at amortised cost -	6(3)						
	current		60,562	4	-	-	-	-
1170	Accounts receivable, net		104	-	200	-	-	-
1200	Other receivables		291	-	239	-	212	-
1220	Current income tax assets		290	-	441	-	406	-
1410	Prepayments		28,754	2	12,628	1	7,207	1
1476	Other current financial assets	12(4)	-	-	87,252	4	83,600	4
1479	Other current assets		501	-	1,233	-	1,128	-
11XX	<b>Total current assets</b>		<u>423,003</u>	<u>26</u>	<u>595,718</u>	<u>32</u>	<u>622,587</u>	<u>33</u>
<b>Non-current assets</b>								
1517	Financial assets at fair value	6(4)						
	through other comprehensive							
	income - non-current		17,040	1	-	-	-	-
1523	Available-for-sale financial assets -	12(4)						
	non-current		-	-	13,389	1	17,741	1
1600	Property, plant and equipment	6(5)	1,139,729	69	1,170,808	63	1,179,616	62
1760	Investment property, net	6(6)	36,164	2	37,224	2	37,578	2
1780	Intangible assets	6(7)(23)	37,323	2	45,856	2	48,700	2
1840	Deferred income tax assets		1,176	-	1,176	-	1,302	-
1990	Other non-current assets		1,626	-	2,264	-	2,107	-
15XX	<b>Total non-current assets</b>		<u>1,233,058</u>	<u>74</u>	<u>1,270,717</u>	<u>68</u>	<u>1,287,044</u>	<u>67</u>
1XXX	<b>Total assets</b>		<u>\$ 1,656,061</u>	<u>100</u>	<u>\$ 1,866,435</u>	<u>100</u>	<u>\$ 1,909,631</u>	<u>100</u>

(Continued)



GLYCONEX INCORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(THE CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2018 AND 2017  
ARE REVIEWED, NOT AUDITED IN CONFORMITY WITH R.O.C. GAAS)

LIABILITIES AND EQUITY		Notes	September 30, 2018		December 31, 2017		September 30, 2017	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>								
2130	Contract liabilities - current	6(16)	\$ 92	-	\$ -	-	\$ -	-
2150	Notes payable		2,863	-	2,128	-	2,798	-
2200	Other payables	6(8)	11,335	1	13,463	1	13,609	1
2230	Current income tax liabilities		-	-	24	-	-	-
2300	Other current liabilities		415	-	1,317	-	409	-
21XX	<b>Total current liabilities</b>		14,705	1	16,932	1	16,816	1
<b>Non-current liabilities</b>								
2570	Deferred income tax liabilities		-	-	-	-	85	-
2600	Other non-current liabilities	6(9)(10)	9,335	-	8,255	-	8,133	-
25XX	<b>Total non-current liabilities</b>		9,335	-	8,255	-	8,218	-
2XXX	<b>Total liabilities</b>		24,040	1	25,187	1	25,034	1
<b>Equity attributable to owners of parent</b>								
<b>Share capital</b>		6(11)(12)						
3110	Common stock		765,035	46	764,985	41	777,835	41
<b>Capital reserve</b>		6(11)(13)						
3200	Capital reserve		1,103,837	67	1,306,493	70	1,328,201	69
<b>Retained earnings</b>		6(14)						
3350	Accumulated deficit		( 217,688)	( 13)	( 203,641)	( 11)	( 103,144)	( 5)
<b>Other equity interest</b>		6(15)						
3400	Other equity interest		( 11,310)	( 1)	( 18,736)	( 1)	( 18,189)	( 1)
3500	Treasury stocks	6(12)	( 7,853)	-	( 7,853)	-	( 100,106)	( 5)
3XXX	<b>Total equity</b>		1,632,021	99	1,841,248	99	1,884,597	99
<b>Significant contingent liabilities and unrecognised contract commitments</b>		9						
3X2X	<b>Total liabilities and equity</b>		\$ 1,656,061	100	\$ 1,866,435	100	\$ 1,909,631	100

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

GLYCONEX INCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017  
(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			
			2018		2017		2018		2017	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	<b>Operating revenue</b>	6(16) and 12(5)	\$ 247	100	\$ -	-	\$ 700	100	\$ 521	100
5000	<b>Operating costs</b>	6(20)(21)	( 148)	( 60)	-	-	( 376)	( 54)	( 290)	( 55)
5950	<b>Gross profit</b>		<u>99</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>324</u>	<u>46</u>	<u>231</u>	<u>45</u>
	<b>Operating expenses</b>	6(20)(21)								
6100	Selling expenses		( 988)	( 400)	( 1,364)	-	( 3,265)	( 466)	( 4,431)	( 851)
6200	General and administrative expenses		( 11,023)	( 4463)	( 11,352)	-	( 37,981)	( 5426)	( 33,163)	( 6365)
6300	Research and development expenses	6(7)	( 43,888)	( 17768)	( 28,268)	-	( 191,951)	( 27422)	( 76,811)	( 14743)
6000	<b>Total operating expenses</b>		<u>( 55,899)</u>	<u>( 22631)</u>	<u>( 40,984)</u>	<u>-</u>	<u>( 233,197)</u>	<u>( 33314)</u>	<u>( 114,405)</u>	<u>( 21959)</u>
6900	<b>Operating loss</b>		<u>( 55,800)</u>	<u>( 22591)</u>	<u>( 40,984)</u>	<u>-</u>	<u>( 232,873)</u>	<u>( 33268)</u>	<u>( 114,174)</u>	<u>( 21914)</u>
	<b>Non-operating income and expenses</b>									
7010	Other income	6(17)	6,071	2458	5,034	-	15,823	2261	10,453	2006
7020	Other gains and losses	6(2)(18)	( 1,756)	( 711)	684	-	( 1,126)	( 161)	1,666	320
7050	Finance costs	6(19)	-	-	( 281)	-	-	-	( 702)	( 135)
7000	<b>Total non-operating income and expenses</b>		<u>4,315</u>	<u>1747</u>	<u>5,437</u>	<u>-</u>	<u>14,697</u>	<u>2100</u>	<u>11,417</u>	<u>2191</u>
7900	<b>Loss before income tax</b>		<u>( 51,485)</u>	<u>( 20844)</u>	<u>( 35,547)</u>	<u>-</u>	<u>( 218,176)</u>	<u>( 31168)</u>	<u>( 102,757)</u>	<u>( 19723)</u>
7950	Income tax expense	6(22)	-	-	-	-	-	-	( 387)	( 74)
8200	<b>Net loss</b>		<u>( \$ 51,485)</u>	<u>( 20844)</u>	<u>( \$ 35,547)</u>	<u>-</u>	<u>( \$ 218,176)</u>	<u>( 31168)</u>	<u>( \$ 103,144)</u>	<u>( 19797)</u>
	<b>Other comprehensive income (loss)</b>									
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>									
8316	Unrealised gains from financial assets measured at fair value through other comprehensive income	6(4)(15)	( \$ 71)	( 29)	\$ -	-	\$ 2,716	388	\$ -	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		767	311	-	-	767	110	-	-
	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>									
8362	Unrealised (losses) gains on valuation of available-for-sale financial assets	6(15) and 12(4)	-	-	( 2,724)	-	-	-	( 68)	( 13)
8300	<b>Total other comprehensive income (loss) for the period</b>		<u>\$ 696</u>	<u>282</u>	<u>( \$ 2,724)</u>	<u>-</u>	<u>\$ 3,483</u>	<u>498</u>	<u>( \$ 68)</u>	<u>( 13)</u>
8500	<b>Total comprehensive loss for the period</b>		<u>( \$ 50,789)</u>	<u>( 20562)</u>	<u>( \$ 38,271)</u>	<u>-</u>	<u>( \$ 214,693)</u>	<u>( 30670)</u>	<u>( \$ 103,212)</u>	<u>( 19810)</u>
	<b>Loss attributable to:</b>									
8610	Owners of the parent		<u>( \$ 51,485)</u>	<u>( 20844)</u>	<u>( \$ 35,547)</u>	<u>-</u>	<u>( \$ 218,176)</u>	<u>( 31168)</u>	<u>( \$ 103,144)</u>	<u>( 19797)</u>
	<b>Comprehensive loss attributable to:</b>									
8710	Owners of the parent		<u>( \$ 50,789)</u>	<u>( 20562)</u>	<u>( \$ 38,271)</u>	<u>-</u>	<u>( \$ 214,693)</u>	<u>( 30670)</u>	<u>( \$ 103,212)</u>	<u>( 19810)</u>
	<b>Loss per share (in dollars)</b>	6(24)								
9750	<b>Basic loss per share</b>		<u>( \$ 0.68)</u>		<u>( \$ 0.47)</u>		<u>( \$ 2.88)</u>		<u>( \$ 1.37)</u>	
9850	<b>Diluted loss per share</b>		<u>( \$ 0.68)</u>		<u>( \$ 0.47)</u>		<u>( \$ 2.88)</u>		<u>( \$ 1.37)</u>	

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

GLYCONEX INCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent							
		Capital Reserves			Other Equity Interest				
Notes	Common stock	Capital surplus	Restricted stocks to employees	Accumulated deficit	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income	Unrealised gains or losses on available-for-sale financial assets	Unearned compensation of restricted stock to employees	Treasury stocks	Total equity
<u>2017</u>									
	\$ 769,935	\$ 1,414,817	\$ -	(\$ 97,886 )	\$ -	(\$ 286 )	\$ -	(\$ 100,106 )	\$ 1,986,474
	-	-	-	( 103,144 )	-	-	-	-	( 103,144 )
6(15)	-	-	-	-	-	( 68 )	-	-	( 68 )
	-	-	-	( 103,144 )	-	( 68 )	-	-	( 103,212 )
6(14)	-	( 97,886 )	-	97,886	-	-	-	-	-
6(11)	7,900	-	11,270	-	-	-	( 19,170 )	-	-
6(11)	-	-	-	-	-	-	1,335	-	1,335
	<u>\$ 777,835</u>	<u>\$ 1,316,931</u>	<u>\$ 11,270</u>	<u>(\$ 103,144 )</u>	<u>\$ -</u>	<u>(\$ 354 )</u>	<u>(\$ 17,835 )</u>	<u>(\$ 100,106 )</u>	<u>\$ 1,884,597</u>
<u>2018</u>									
	\$ 764,985	\$ 1,295,936	\$ 10,557	(\$ 203,641 )	\$ -	(\$ 4,706 )	(\$ 14,030 )	(\$ 7,853 )	\$ 1,841,248
	-	-	-	-	( 4,706 )	4,706	-	-	-
	<u>764,985</u>	<u>1,295,936</u>	<u>10,557</u>	<u>( 203,641 )</u>	<u>( 4,706 )</u>	<u>-</u>	<u>( 14,030 )</u>	<u>( 7,853 )</u>	<u>1,841,248</u>
	-	-	-	( 218,176 )	-	-	-	-	( 218,176 )
6(15)	-	-	-	-	3,483	-	-	-	3,483
	-	-	-	( 218,176 )	3,483	-	-	-	( 214,693 )
6(14)	-	( 203,641 )	-	203,641	-	-	-	-	-
6(11)	1,750	-	3,410	-	-	-	( 5,160 )	-	-
6(4)	-	-	-	488	( 488 )	-	-	-	-
6(11)	-	2,639	( 2,639 )	-	-	-	-	-	-
6(11)	( 1,700 )	-	( 2,425 )	-	-	-	4,125	-	-
6(11)	-	-	-	-	-	-	5,466	-	5,466
	<u>\$ 765,035</u>	<u>\$ 1,094,934</u>	<u>\$ 8,903</u>	<u>(\$ 217,688 )</u>	<u>(\$ 1,711 )</u>	<u>\$ -</u>	<u>(\$ 9,599 )</u>	<u>(\$ 7,853 )</u>	<u>\$ 1,632,021</u>

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



GLYCONEX INCORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)  
(REVIEWED, NOT AUDITED)

	Notes	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 218,176 )	(\$ 102,757 )
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on disposal of investments	6(18)	-	( 2,795 )
Depreciation and amortisation	6(20)	42,750	39,012
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(18)	( 19 )	1,413
Interest income	6(17)	( 3,042 )	( 3,882 )
Interest expense	6(19)	-	702
Compensation costs of restricted stocks to employees	6(11)	5,466	1,335
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		50,823	151,795
Notes receivable, net		-	460
Accounts receivable, net		96	31
Other receivables		9	1,176
Current income tax assets		-	1,102
Prepayments		( 16,126 )	1,271
Other current assets		732	( 672 )
Changes in operating liabilities			
Notes payable		426	( 180 )
Other payables		( 1,817 )	( 2,238 )
Other current liabilities		( 810 )	( 44 )
Other non-current liabilities		( 72 )	67
Cash (outflow) inflow generated from operations		( 139,760 )	85,796
Interest received		3,116	3,934
Income tax received		259	-
Income tax paid		( 132 )	( 387 )
Net cash flows (used in) provided by operating activities		( 136,517 )	89,343
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in financial assets measured at amortised cost - current		26,690	-
Proceeds from disposal of available-for-sale financial assets - non-current		-	5,788
Acquisition of property, plant and equipment	6(26)	( 1,462 )	( 231,015 )
Increase in intangible assets	6(26)	-	( 18,397 )
Decrease in refundable deposits		120	-
Increase in other non-current assets		( 100 )	( 400 )
Proceeds from disposal of financial asset at fair value through other comprehensive income - non-current		1,697	-
Acquisition of financial asset at fair value through other comprehensive income - non-current		( 2,000 )	-
Net cash flows provided by (used in) investing activities		24,945	( 244,024 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in deposits received		1,152	2,980
Net cash flows provided by financing activities		1,152	2,980
Net decrease in cash and cash equivalents		( 110,420 )	( 151,701 )
Cash and cash equivalents at beginning of period		442,921	630,988
Cash and cash equivalents at end of period		\$ 332,501	\$ 479,287

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