ASLAN Pharmaceuticals Limited and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2019 and 2018 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
ASLAN Pharmaceuticals Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of ASLAN Pharmaceuticals Limited and its subsidiaries (collectively, the "Group") as of June 30, 2019 and 2018, the consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended June 30, 2019 and 2018, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". 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 caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2019 and 2018, and of its consolidated financial performance for the three-month periods then ended June 30, 2019 and 2018, as well as of its consolidated financial performance and its consolidated cash flows for the six-month peirods then ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Dien Sheng Chang and Yi Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 26, 2019

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2019 (Reviewed) Amount	%	December 31, 2018 (Audited) Amount	%	June 30, 2018 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 466,327	38	$ 883,598	55	$ 1,369,317	66
Prepayments	4,481	1	5,612	-	6,033	-
Total current assets	470,808	39	889,210	55	1,375,350	66
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Notes 7 and 16)	1,859	-	1,834	-	-	-
Financial assets at fair value through other comprehensive income (Notes 8 and 16)	5,802	1	5,723	-	-	-
Property, plant and equipment (Note 9)	3,070	-	8,815	1	11,268	-
Right-of-use assets (Notes 3, 4, 5 and 10)	26,709	2	-	-	-	-
Intangible assets (Notes 11 and 16)	715,076	58	705,456	44	703,169	34
Refundable deposits	4,456	-	5,260	-	5,841	-
Total non-current assets	756,972	61	727,088	45	720,278	34
TOTAL	$ 1,227,780	100	$ 1,616,298	100	$ 2,095,628	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	$ 110,726	9	$ 162,475	10	$ 102,170	5
Other payables (Notes 12 and 20)	67,033	6	81,995	5	72,745	3
Lease liabilities - current (Notes 3, 4, 5 and 10)	7,417	1	-	-	-	-
Total current liabilities	185,176	16	244,470	15	174,915	8
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 13)	442,313	36	427,138	26	295,943	14
Lease liabilities - non-current (Notes 3, 4, 5 and 10)	19,404	2	-	-	-	-
Other non-current liabilities (Note 20)	10,156	1	8,852	1	14,804	1
Total non-current liabilities	471,873	39	435,990	27	310,747	15
Total liabilities	657,049	55	680,460	42	485,662	23
EQUITY (Note 15)						
Ordinary shares	1,602,489	131	1,602,489	99	1,601,289	77
Capital surplus	3,472,083	282	3,469,709	215	3,465,763	165
Accumulated deficits	(4,425,703)	(361)	(4,045,093)	(250)	(3,359,468)	(160)
Other equity	(78,138)	(7)	(91,267)	(6)	(97,618)	(5)
Total equity	570,731	45	935,838	58	1,609,966	77
TOTAL	$ 1,227,780	100	$ 1,616,298	100	$ 2,095,628	100

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

Chairman: Carl Firth

Chief Executive Officer: Carl Firth

Head of Finance: Kiran Asarpota

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except loss Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Note 16)	$ -	-	$ -	-	$ 92,359	100	$ -	-
OPERATING COSTS (Note 16)	-	-	-	-	13,084	14	-	-
GROSS PROFIT	-	-	-	-	79,275	86	-	-
OPERATING EXPENSES (Notes 14, 17 and 20)								
General and administrative	(58,801)	-	(91,829)	-	(128,266)	(138)	(173,700)	-
Research and development	(164,593)	-	(248,577)	-	(301,578)	(327)	(412,524)	-
Total operating expenses	(223,394)	-	(340,406)	-	(429,844)	(465)	(586,224)	-
LOSS FROM OPERATIONS	(223,394)	-	(340,406)	-	(350,569)	(379)	(586,224)	-
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,341	-	2,164	-	4,466	5	3,959	-
Other gains and losses (Note 17)	(4,900)	-	11,511	-	(7,350)	(8)	3,859	-
Finance costs (Notes 4 and 17)	(6,299)	-	(3,366)	-	(12,447)	(13)	(6,640)	-
Total non-operating income and expenses	(8,858)	-	10,309	-	(15,331)	(16)	1,178	-
LOSS BEFORE INCOME TAX	(232,252)	-	(330,097)	-	(365,900)	(395)	(585,046)	-
INCOME TAX EXPENSE (Notes 4 and 18)	(14,620)	-	(288)	-	(14,710)	(16)	(288)	-
NET LOSS FOR THE PERIOD	(246,872)	-	(330,385)	-	(380,610)	(411)	(585,334)	-
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15)								
Items that will not be reclassified subsequently to profit or loss:								
Exchange differences on translation to the presentation currency	4,703	-	57,898	-	13,129	14	36,583	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ (242,169)	-	$ (272,487)	-	$ (367,481)	(397)	$ (548,751)	-
LOSS PER SHARE (Note 19)								
Basic and diluted	$ (1.54)		$ (2.23)		$ (2.38)		$ (4.21)	

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

Chairman: Carl Firth	Chief Executive Officer: Carl Firth	Head of Finance: Kiran Asarpota

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Ordinary Shares (Note 15)		Capital Surplus (Note 15)					
	Shares	Amount	Ordinary Shares	Share Options Reserve	Total	Accumulated Deficits	Exchange Differences on Translating Foreign Operations (Note 15)	Total Equity
BALANCE AT JANUARY 1, 2018	130,128,940	$ 1,301,289	$ 2,476,406	$ 183,817	$ 2,660,223	$ (2,774,134)	$ (134,201)	$ 1,053,177
Issuance of ordinary shares for cash (Note 15)	30,000,000	300,000	956,108	-	956,108	-	-	1,256,108
Transaction costs attributable to issue of new ordinary shares	-	-	(160,479)	-	(160,479)	-	-	(160,479)
Recognition of employee share options by the Company (Note 20)	-	-	-	9,911	9,911	-	-	9,911
Net loss for the six months ended June 30, 2018	-	-	-	-	-	(585,334)	-	(585,334)
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	36,583	36,583
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	(585,334)	36,583	(548,751)
BALANCE AT JUNE 30, 2018	160,128,940	$ 1,601,289	$ 3,272,035	$ 193,728	$ 3,465,763	$ (3,359,468)	$ (97,618)	$ 1,609,966
BALANCE AT JANUARY 1, 2019	160,248,940	$ 1,602,489	$ 3,273,317	$ 196,392	$ 3,469,709	$ (4,045,093)	$ (91,267)	$ 935,838
Recognition of employee share options by the Company (Note 20)	-	-	-	2,374	2,374	-	-	2,374
Net loss for the six months ended June 30, 2019	-	-	-	-	-	(380,610)	-	(380,610)
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	13,129	13,129
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	(380,610)	13,129	(367,481)
BALANCE AT JUNE 30, 2019	160,248,940	$ 1,602,489	$ 3,273,317	$ 198,766	$ 3,472,083	$ (4,425,703)	$ (78,138)	$ 570,731

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

Chairman: Carl Firth

Chief Executive Officer: Carl Firth

Head of Finance: Kiran Asarpota

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (365,900)	$ (585,046)
Adjustments for:		
Depreciation expenses	7,858	3,392
Amortization expenses	74	92
Finance costs	12,447	6,640
Interest income	(4,466)	(3,959)
Compensation costs of share-based payment transactions	4,814	30,174
Loss on disposal of property, plant and equipment	2,183	-
Unrealized loss (gain) on foreign exchange, net	2,527	(5,579)
Loss on lease modification	1,990	-
Changes in operating assets and liabilities		
Decrease (Increase) in prepayments	1,208	(3,730)
Decrease in trade payables	(53,953)	(16,098)
Decrease in other payables	(22,643)	(16,083)
Cash used in operations	(413,861)	(590,197)
Interest received	4,466	3,959
Interest paid	(369)	-
Income tax paid	(14,710)	(288)
Net cash used in operating activities	(424,474)	(586,526)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(93)	(1,212)
Proceeds from disposal of property, plant and equipment	102	-
Increase in refundable deposits	(1,027)	(911)
Payments for intangible assets	-	(680,461)
Net cash used in investing activities	(1,018)	(682,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(4,165)	-
Proceeds from issuance of ordinary shares	-	1,256,108
Payments for transaction costs attributable to issuance of ordinary shares	-	(145,880)
Net cash (used in) generated from financing activities	(4,165)	1,110,228
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	12,386	28,415

(Continued)

	For the Six Months Ended June 30	
	2019	**2018**
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (417,271)	$ (130,467)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	883,598	1,499,784
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 466,327	$ 1,369,317

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

Chairman: Carl Firth

Chief Executive Officer: Carl Firth

Head of Finance: Kiran Asarpota

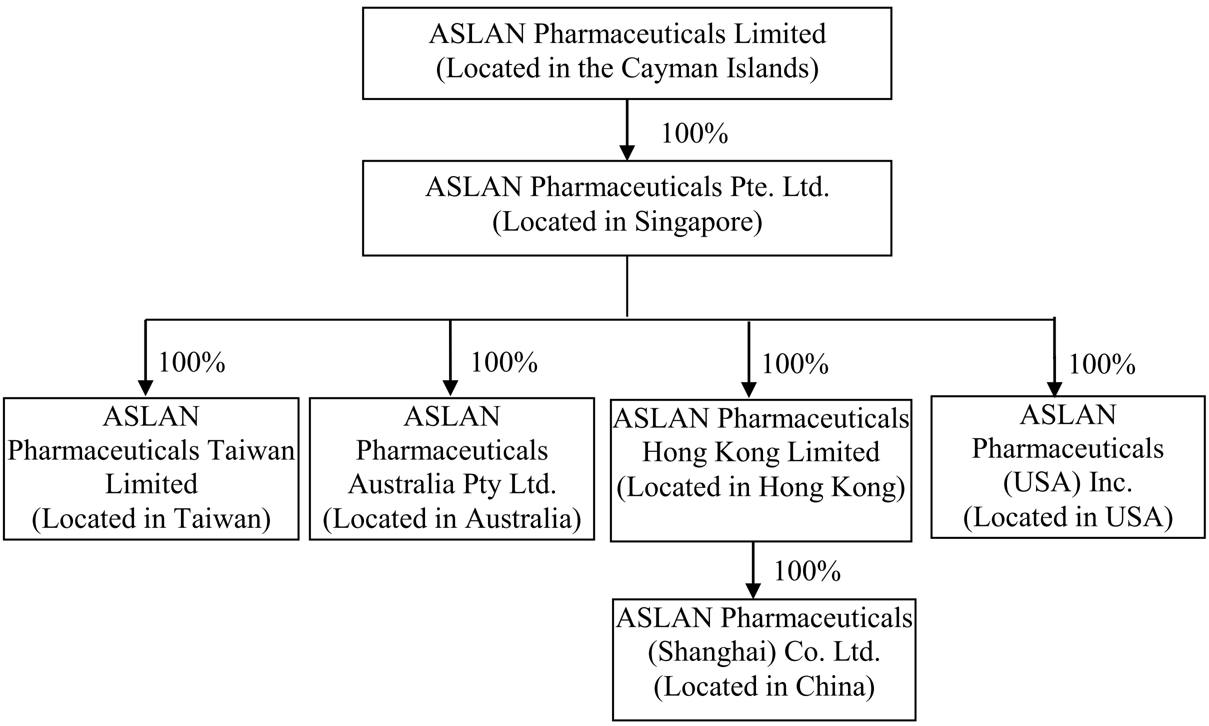
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASLAN Pharmaceuticals Limited (the "Company") was incorporated in the Cayman Islands in June 2014 as the listing vehicle for the initial public offering and listing on the Taipei Exchange ("TPEx") in Taiwan. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the development of novel drugs for Asia prevalent cancers.

The main businesses and intragroup relationships of the Group were as follows as of June 30, 2019:

Name	Place of Incorporation	Date of Incorporation	Main Business
ASLAN Pharmaceuticals Limited	Cayman Islands	June 2014	Investment holding
ASLAN Pharmaceuticals Pte. Ltd.	Singapore	April 2010	New drug research and development
ASLAN Pharmaceuticals Taiwan Limited	Taiwan	November 2013	New drug research and development
ASLAN Pharmaceuticals Australia Pty Ltd.	Australia	July 2014	New drug research and development
ASLAN Pharmaceuticals Hong Kong Limited	Hong Kong	July 2015	New drug research and development
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	China	May 2016	New drug research and development
ASLAN Pharmaceuticals (USA) Inc.	United States of America	October 2018	New drug research and development



The Company's shares have been listed on the TPEx since June 1, 2017. In addition, the Company also increased capital through a new share issuance by a depositary institution in order to sponsor its issuance of American Depositary Shares (ADSs), which have been listed on the Nasdaq Global Market, on May 4, 2018.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in the New Taiwan dollar in accordance with the TPEx requirements.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on July 26, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   IFRS 16 "Leases"

   IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

   Definition of a lease

   The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

   The Group as lessee

   The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

4) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 6%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 18,318
Less: Recognition exemption for short-term leases	(7,994)
Less: Recognition exemption for leases of low-value assets	(34)
Undiscounted amounts on January 1, 2019	$ 10,290
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 9,898
Lease liabilities recognized on January 1, 2019	$ 9,898

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Total effect on assets (right-of-use assets)	$ -	$ 9,898	$ 9,898
Lease liabilities - current	$ -	$ 6,695	$ 6,695
Lease liabilities - non-current	$ -	3,203	$ 3,203
Total effect on liabilities		$ 9,898	

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and accounts payable arising from cash-settled share-based payment arrangements which are measured at fair value.

c. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation.

See Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Refer to the summary of significant accounting policies for the consolidated financial statements for the year ended December 31, 2018, unless otherwise stated below.

1) Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and the default fine arises from lease termination. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

If a change in the scope of the lease, or the consideration of a lease, that was no part of the original terms and conditions of the lease takes place, and both the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract, the Group shall account for a lease modification as a separate lease. For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group shall remeasure the lease liaibility by discounting the revised lease payments using a revised discount rate.

The Group shall account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease, and shall make a corresponding adjustment to the right-of-use asset for all other lease modification.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

For the critical accounting judgments and key sources of estimation uncertainty and assumption applied in these consolidated financial statements, refer to the consolidated financial statements for the year ended December 31, 2018, unless otherwise stated below.

Lease terms - 2019

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee’s operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occur.

Lessees’ Incremental Borrowing Rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee’s credit spread adjustments and specific lease adjustments, such as the nature of the assets and collateral, are also taken into account.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	$ 53	$ 71	$ 46
Deposits in banks	466,274	883,527	1,369,271
	$ 466,327	$ 883,598	$1,369,317

Deposits in banks consisted of highly liquid time deposits that were readily convertible to known amounts of cash and were subject to an insignificant risk or changes in value.

The market rate of time deposits at the end of the reporting period were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits	0% - 2.83%	2.57%	2.29%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2019	December 31, 2018	June 30, 2018
Non-current			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets - warrants	$ 1,859	$ 1,834	$ -

In July 2018, the Group acquired warrants to subscribe for ordinary shares of DotBio Pte. Ltd., as detailed in Note 16 (under the heading of "Nanyang Technological University").

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2019	December 31, 2018	June 30, 2018
Non-current			
Investments in equity instruments at FVTOCI			
Foreign unlisted ordinary shares	$ 5,802	$ 5,723	$ -

In July 2018, the Group acquired ordinary shares of DotBio Pte. Ltd., as detailed in Note 16 (under the heading of Nanyang Technological University), which were not held for trading. The management believes that to recognize short-term fluctuations in the investments' fair value in profit or loss would not be consistent with the Group's purpose of holding the investments. As a result, the Group elected to designate the investments in equity instruments as at FVTOCI.

9. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Other Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1, 2018	$ 6,266	$ 1,042	$ 14,072	$ 21,380
Additions	795	15	402	1,212
Effect of foreign currency exchange differences	194	30	394	618
Balance at June 30, 2018	$ 7,255	$ 1,087	$ 14,868	$ 23,210
Accumulated depreciation				
Balance at January 1, 2018	$ 3,423	$ 425	$ 4,378	$ 8,226
Depreciation expenses	848	160	2,384	3,392
Effect of foreign currency exchange differences	117	17	190	324
Balance at June 30, 2018	$ 4,388	$ 602	$ 6,952	$ 11,942
Carrying amounts at June 30, 2018	$ 2,867	$ 485	$ 7,916	$ 11,268
Cost				
Balance at January 1, 2019	$ 8,464	$ 1,106	$ 14,919	$ 24,489
Additions	93	-	-	93
Disposals	(1,581)	(28)	(6,805)	(8,414)
Effect of foreign currency exchange differences	115	15	201	331
Balance at June 30, 2019	$ 7,091	$ 1,093	$ 8,315	$ 16,499
Accumulated depreciation				
Balance at January 1, 2019	$ 5,444	$ 768	$ 9,462	$ 15,674
Depreciation expenses	995	156	2,519	3,670
Disposals	(1,208)	(15)	(4,906)	(6,129)
Effect of foreign currency exchange differences	75	10	129	214
Balance at June 30, 2019	$ 5,306	$ 919	$ 7,204	$ 13,429
Carrying amounts at January 1, 2019	$ 3,020	$ 338	$ 5,457	$ 8,815
Carrying amounts at June 30, 2019	$ 1,785	$ 174	$ 1,111	$ 3,070

No impairment assessment was performed for the six months ended June 30, 2019 and 2018 as there was no indication of impairment.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over the estimated useful life of 3 years.

10. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	June 30, 2019
Carrying amounts	
Buildings	$ 26,709

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Additions to right-of-use assets	$ 26,709	$ 26,709
Depreciation charge for right-of-use assets		
Buildings	$ 2,441	$ 4,188

b. Lease liabilities - 2019

	June 30, 2019
Carrying amounts	
Current	$ 7,417
Non-current	19,404
	$ 26,821

Discount rate for lease liabilities was as follows:

	June 30, 2019
Buildings	6%

c. Material lease-in activities and terms

The Group leases office buildings with lease terms of 3 years. These arrangements do not contain purchase options at the end of the lease terms.

The office buildings leases across the Group contain extension options. These terms are used to maximize operational flexibility in terms of managing contracts. In cases in which the Group is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities. If the payments associated with the optional period are included within lease liabilities, there will be an increase in lease liabilities of $21,401 thousand as of June 30, 2019.

d. Other lease information

2019

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Expenses relating to short-term leases	$ 2,502	$ 5,587
Expenses relating to low-value asset leases	$ 8	$ 19
Total cash outflow for leases	$ 5,134	$ 10,140

The Group leases certain office buildings which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	June 30, 2019
Lease commitments	$ 4,066

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018	June 30, 2018
Not later than 1 year	$ 15,082	$ 18,755
Later than 1 year and not later than 5 years	3,236	8,810
	$ 18,318	$ 27,565

11. INTANGIBLE ASSETS

	Licenses	Computer Software	Total
Cost			
Balance at January 1, 2018	$ 2,177	$ 1,191	$ 3,368
Additions	680,375	86	680,461
Effect of foreign currency exchange differences	20,298	36	20,334
Balance at June 30, 2018	$ 702,850	$ 1,313	$ 704,163

(Continued)

	Licenses	Computer Software	Total
Accumulated amortization			
Balance at January 1, 2018	$ -	$ 875	$ 875
Amortization expenses	-	92	92
Effect of foreign currency exchange differences	-	27	27
Balance at June 30, 2018	$ -	$ 994	$ 994
Carrying amounts at June 30, 2018	$ 702,850	$ 319	$ 703,169
Cost			
Balance at January 1, 2019	$ 705,236	$ 1,317	$ 706,553
Effect of foreign currency exchange differences	9,691	18	9,709
Balance at June 30, 2019	$ 714,927	$ 1,335	$ 716,262
Accumulated amortization			
Balance at January 1, 2019	$ -	$ 1,097	$ 1,097
Amortization expenses	-	74	74
Effect of foreign currency exchange differences	-	15	15
Balance at June 30, 2019	$ -	$ 1,186	$ 1,186
Carrying amounts at January 1, 2019	$ 705,236	$ 220	$ 705,456
Carrying amounts at June 30, 2019	$ 714,927	$ 149	$ 715,076

(Concluded)

The intangible assets, namely licenses, include the acquisition in January 2018 of exclusive and worldwide rights to develop, manufacture and commercialize varlitinib from Array Biopharma Inc. and in August 2016 of ASLAN005 from Exploit Technologies Pte Ltd., respectively. The information related to these license agreements is further disclosed in Note 16.

As of June 30, 2019, December 31, 2018 and June 30, 2018, the aforementioned intangible assets are not amortized since they are not yet available for use. Instead they would be tested for impairment, by comparing the recoverable amounts with the carrying amounts, annually and whenever there is an indication that they may be impaired. For the six months ended June 30, 2019 and 2018, there was no impairment loss recognized.

Computer software is amortized on a straight-line basis over the estimated useful life of 3 years.

12. OTHER PAYABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Payables for cash-settled share-based payment transactions (Note 20)	$ 21,703	$ 20,449	$ 16,936
Payables for salaries and bonuses	19,154	35,243	25,450
Payables for professional fees	16,612	20,806	21,135
Interest payables	6,869	1,541	-
Others	2,695	3,956	9,224
	$ 67,033	$ 81,995	$ 72,745

13. LONG-TERM BORROWINGS

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured borrowings			
Loans from government	$ 227,015	$ 222,094	$ 221,567
Other long-term borrowings	125,810	124,104	-
Interest payables	89,488	80,940	74,376
	$ 442,313	$ 427,138	$ 295,943

a. Loans from government

On April 27, 2011, the Singapore Economic Development Board (EDB) awarded the Company a repayable grant (the "Grant") not exceeding SGD10 million (approximately $222 million) to support the Company's drug development activities over a five-year qualifying period commencing February 24, 2011 (the "Project"). The Project was successfully implemented, resulting in substantially the full amount of the Grant being disbursed to the Company.

In the event any of the Company's clinical product candidates achieve commercial approval after Phase 3 clinical trials, the Company will be required to repay the funds disbursed to the Company under the Grant plus interest of 6%. Until the Company has fulfilled its repayment obligations under the Grant, the Company has ongoing update and reporting obligations to the EDB. In the event the Company breaches any of its ongoing obligations under the Grant, EDB can revoke the Grant and demand that the Company repay the funds disbursed to the Company under the Grant.

As of June 30, 2019, December 31, 2018 and June 30, 2018, the amounts of funds disbursed to the Company plus accrued interest were $317 million, $303 million and $296 million, respectively.

b. Other long-term borrowings

On May 12, 2014, ASLAN Pharmaceuticals Pte. Ltd. obtained a loan facility of US$4.5 million from CSL Finance Pty Ltd. The amount was based on 75% of research and development costs approved by CSL Finance Pty Ltd. at each drawdown period. The loan is repayable within 10 years from the date of the facility agreement. Interest on the loan is computed at 6% plus LIBOR and is payable on a quarterly basis.

Mandatory prepayment of the loan is required upon a successful product launch occurring before maturity of the loan.

As of June 30, 2019, December 31, 2018 and June 30, 2018, the amounts of funds disbursed to the Company plus accrued interest were $133 million, $126 million and nil, respectively.

14. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

ASLAN Pharmaceuticals Pte. Ltd. adopted a defined contribution plan, which is a post-employment benefit plan, under which ASLAN Pharmaceuticals Pte. Ltd. pays fixed contributions into the Singapore Central Provident Fund on a mandatory basis. ASLAN Pharmaceuticals Pte. Ltd. has no further payment obligations once the contributions have been paid. The contributions are recognized as “employee compensation expenses” when they are due.

ASLAN Pharmaceuticals Taiwan Limited adopted a pension plan under the Labor Pension Act (LPA) of the ROC, which is a state-managed defined contribution plan. Under the LPA, ASLAN Pharmaceuticals Taiwan Limited makes monthly contributions to its Taiwan-based employees’ individual pension accounts at 6% of monthly salaries and wages.

For the three months ended June 30, 2019 and 2018 and the six months ended June 30, 2019 and 2018, the total expenses for such employee benefits in the amount of $2.4 million, $2.9 million, $6.3 million and $6.8 million were recognized, respectively.

15. EQUITY

a. Ordinary shares

	June 30, 2019	December 31, 2018	June 30, 2018
Number of shares authorized	500,000,000	500,000,000	200,000,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 2,000,000
Number of shares issued and fully paid	160,248,940	160,248,940	160,128,940
Shares issued	$ 1,602,489	$ 1,602,489	$ 1,601,289

The issued ordinary shares with a par value of $10 entitle holders with the rights to vote and receive dividends.

On January 22, 2018, the Company received the official letter No. 1060049975 from the FSC of approval of the issuance of ordinary shares for the purpose of sponsoring the issuance of American Depository Receipts. On March 27, 2018, the Company filed the registration statement, form F-1, with the U.S. Securities and Exchange Commission (SEC) for the initial public offering in the United States of its American Depositary Shares (ADS) representing shares of ordinary shares. The registration statement for listing its ADSs in the Nasdaq Global Market was declared effective by the SEC, and the Company held the initial public offering of its ADSs on May 4, 2018.

The actual units of ADSs for this offering were 6,000,000, and each ADS represents five of the Company’s ordinary shares, which in total represents 30,000,000 ordinary shares. The offering price per ADS was US$7.03, equivalent to a price per ordinary share of NT$41.72. The payment of this fundraising was fully collected as of May 8, 2018, and the record date for this capital increase was May 8, 2018.

On September 10, 2018, the Company’s board of directors proposed to increase authorized shares to

$5,000 million and it was resolved by the extraordinary shareholders' meeting on October 30, 2018.

For long-term development purposes, on November 7, 2018, the board of directors resolved to issue ordinary shares ranging from 15,000,000 to 40,000,000 shares for cash sponsoring the issuance of American Depository Receipts. On December 5, 2018, the Company received the approval letter No.1070344286 from the FSC for issuing ordinary shares for sponsoring the issuance of American Depository Receipts.

Due to Taiwan regulatory restrictions around pricing, the Company cannot issue American Depository Receipts at this time. As more than 6 months have passed since the original approval, the Company is therefore withdrawing this application to issue ADRs on June 27, 2019. The Company will pursue alternative methods of fundraising including but not limited to licensing, issuing Taiwan equity and issuing ADRs in the near future.

b. Capital surplus

	June 30, 2019	December 31, 2018	June 30, 2018
Arising from issuance of new share capital	$ 3,273,317	$ 3,273,317	$ 3,272,035
Arising from employee share options	198,766	196,392	193,728
	$ 3,472,083	$ 3,469,709	$ 3,465,763

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the Company may declare dividends by ordinary resolution of the Company's board of directors, but no dividends shall exceed the amount recommended by the directors of the Company.

The Company may set aside out of the funds legally available for distribution, for equalizing dividends or for any other purpose to which those funds may be properly applied, either employed in the business of the Company or invested in such investments as the directors of the Company may from time to time think fit.

The accumulated deficits for 2018 and 2017 approved by the shareholders' meetings on June 21, 2019 and June 15, 2018, respectively, were as follows:

	For the Year Ended December 31	
	2018	2017
Accumulated deficits at the beginning of the year	$ (2,774,134)	$ (1,565,714)
Net loss for the year	(1,270,959)	(1,208,420)
Accumulated deficits at the end of the year	$ (4,045,093)	$ (2,774,134)

d. Others equity items

Exchange differences on translating the financial statements of foreign operations:

	For the Six Months Ended June 30	
	2019	**2018**
Balance at January 1	$ (91,267)	$ (134,201)
Exchange differences on translation to the presentation currency	13,129	36,583
Balance at June 30	$ (78,138)	$ (97,618)

16. LICENSE AGREEMENTS

Array Biopharma

The Company entered into a license agreement in 2011 with Array Biopharma Inc. ("Array") to develop Array's pan-HER inhibitor, ARRY-543 (which the Company refers to as ASLAN001 or varlitinib), for the treatment or prevention of any disease or condition in humans, without upfront payments. Under the license agreement, the Company agreed to fund and globally develop ASLAN001 through proof of concept, initially targeting patients with gastric cancer through a development program conducted in Asia.

Upon achievement of proof of concept, the Company agreed to collaborate or out-license to third parties for the further phase 3 development and commercialization. Under the license agreement, the Company agreed to pay Array 50% of the proceeds from out-licensing as royalties.

On January 3, 2018, the Company entered into a new license agreement with Array pursuant to which the Company obtained an exclusive, worldwide license to develop, manufacture and commercialize varlitinib for all human and animal therapeutic, diagnostic and prophylactic uses. This new license agreement replaces and supersedes the previous collaboration and license agreement with Array dated July 12, 2011.

Under the new license agreement, the Company agreed to use commercially reasonable efforts to obtain approval by the U.S. FDA or the applicable health regulatory authority and commercialize varlitinib.

In consideration of the rights granted under the agreement, the Company made an initial upfront payment to Array of US$12 million in January 2018 and an additional payment US$11 million in June 2018, respectively, that were capitalized as a separately acquired intangible asset. In addition, the Company will be required to pay up to US$30 million if certain development milestones are achieved, US$20 million if certain regulatory milestones are achieved, and up to US$55 million if certain commercial milestones are achieved. The Company is also required to pay Array tiered royalties in the low tens on net sales of varlitinib. The royalty obligations will continue on a country-by-country basis through the later of the expiration of the last valid patent claim for varlitinib or ten years after the first commercial sale of varlitinib in a given country. As of June 30, 2019, the Company did not accrue for the above contingent payments since the milestones are not achieved.

If within two years of the date of the new license agreement the Company sublicenses varlitinib and is paid an upfront payment, Array will be further entitled to receive one-half of the portion of any such upfront payment that exceeds a specified amount. In the event that the base royalty under a sublicense agreement is 20% or less, the Company will only be required to share with Array one-half of the amount actually received by the Company under such sublicense agreement in lieu of the tiered royalties described above, provided that the royalty paid in such case shall in no event be less than a royalty in the high single digit range.

If the Company undergoes a change in control during a defined period following execution of the new license agreement, Array will also be entitled to receive a low to mid single-digit percentage of the proceeds resulting from the change in control. Unless earlier terminated, the agreement will continue on a country-by-country basis until the expiration of the respective royalty obligations in such country. Upon such expiration in such country, Array will grant to the Company a perpetual, royalty-free, non-terminable, non-revocable, non-exclusive license to exploit certain know-how in connection with the development, manufacturing and/or commercialization of varlitinib for all human and animal therapeutic, diagnostic and prophylactic uses in such country. Either party may terminate the agreement (i) in the event of the other party's material breach of the agreement that remains uncured for a specified period of time or (ii) the insolvency of the other party. In addition, if there is a change in control, the Company may also terminate the agreement without cause at any time upon 180 days advance notice to Array.

Bristol-Myers Squibb

The Company entered into a license agreement with Bristol-Myers Squibb in 2011, and the Company received exclusive rights to develop and commercialize BMS-777607 (which the Company refers to as ASLAN002) in China, Australia, Korea, Taiwan and other selected Asian countries, without upfront payments. Bristol-Myers Squibb retains the exclusive rights in the rest of the world. Under the license agreement, the Company would fund and develop ASLAN002 through proof of concept under a development plan that would initially target gastric cancer and lung cancer.

After the Company completed the phase 1 clinical trial, Bristol-Myers Squibb licensed the exclusive rights from the Company to further the development and commercialization of ASLAN002 worldwide. Under the terms of the license agreement, the Company has received an upfront payment of US$10 million ($323 million) in 2016. The Company is eligible to receive additional payments upon Bristol-Myers Squibb's achievement of development and regulatory milestones in the future. Bristol-Myers Squibb also purchased the related research materials, supplies, research documentation and clinical trial results that are used for further developing ASLAN002 from the Company in the amount of US$1 million ($42 million) which was delivered in 2016. Furthermore, the Company is eligible to receive royalty payments on future worldwide sales generated by Bristol-Myers Squibb.

Almirall

In 2012, the Company originally entered into a global licensing agreement with Almirall to develop DHODH inhibitor, LAS186323, which the Company refers to as ASLAN003, for rheumatoid arthritis (excluding any topical formulation), without upfront payments. Under the license agreement, the Company agreed to fund and develop ASLAN003 to the end of Phase 2 through a development program conducted in the Asia-Pacific region.

The original license agreement was replaced by a new agreement, executed in December 2015 and amended in March 2018, granting an exclusive, worldwide license to develop, manufacture and commercialize ASLAN003 products for all human diseases with primary focus on oncology diseases, excluding topically-administered products embodying the compound for keratinocyte hyperproliferative disorders, and the non-melanoma skin cancers basal cell carcinoma, squamous cell carcinomas and Gorlin Syndrome. Under the license agreement, Almirall is eligible to receive milestone payments and royalties based on the sales generated by the Company and/or sublicensees. The related cost of revenue in the amount of $3 million (US$0.1 million) payable to Almirall was recognized as operating costs accordingly.

CSL

The Company entered into a global license agreement with CSL Limited ("CSL"), in May 2014, to develop the anti-IL13 receptor monoclonal antibody, CSL334 (which the Company refers to as ASLAN004) and antigen binding fragments thereof, for the treatment, diagnosis or prevention of diseases or conditions in humans, without upfront payments. This license agreement was amended in May 31, 2019, pursuant to which the Company obtained an exclusive, worldwide license to certain intellectual property owned or licensed by CSL, including patents and know-how, to develop, manufacture for clinical trials and commercialize ASLAN004 for the treatment, diagnosis or prevention of diseases or conditions in humans. Our development under such agreement is currently focused on the treatment of respiratory and inflammatory conditions, and in particular, atopic dermatitis.

Under the amended agreement, the Company is generally obligated to use diligent efforts to develop ASLAN004 products in accordance with the development plan, to obtain marketing approvals for ASLAN004 products worldwide and to commercialize ASLAN004 products, either by itself or through sublicensees.

In consideration of the rights granted to the Company under the amended agreement, the Company will make a first payment of US$30 million to CSL upon commencement of a Phase 3 clinical trial of ASLAN004. The Company will also be required to pay up to an aggregate of US$95 million to CSL if certain regulatory milestones are achieved, up to an aggregate of US$655 million if certain sales milestones are achieved and tiered royalties on net sales of ASLAN004 products ranging between a mid-single digit percentage and 10%.

Hyundai Pharm Co., Ltd.

In October 2015, the Company entered into a license agreement with Hyundai Pharm Co., Ltd. ("Hyundai"). Under the terms of the license agreement, the Company granted Hyundai options to acquire the rights to use its intellectual property to develop and commercialize varlitinib for the treatment of cholangiocarcinoma (i.e., CCA) in South Korea, and the Company has received an option payment of US$0.25 million ($8.1 million) from Hyundai in 2016. The Company was eligible for additional regulatory and commercial milestones payments as well as royalties on product sales.

In February 2019, the Company made a payment of 10 million (US$325,000) to Hyundai in order to buy back the rights to commercialize varlitinib in CCA and recorded as operating costs.

Exploit Technologies Pte Ltd. ("ETPL")/P53 Laboratory

The Company entered into a licensing agreement with ETPL, in August 2016, to license Intellectual Property (IP) arising from a research collaboration with ETPL's P53 Laboratory. The IP focuses on generation of novel immuno-oncology antibodies targeting recepteur d'origine nantais ("RON") and such antibodies are referred to by the Company collectively as ASLAN005. The license fee of SG$0.1 million ($2.2 million) is capitalized as a separately acquired intangible asset. Under the license agreement, the Company has the exclusive rights to develop and commercialize ASLAN005 worldwide. ETPL is eligible to receive up to an aggregate of SG$12 million ($266.2 million) in milestone payments if certain development and commercial milestones are achieved, as well as royalties calculated based on any sales generated by the Company.

In August 2016, the Company and ETPL's P53 Laboratory entered into a three-year research collaboration agreement. Under the terms of the agreement, the Company will be responsible for the design of innovative clinical development programs, in collaboration with P53 Laboratory, which will continue to be responsible for the preclinical development of the antibody assets.

Nanyang Technological University

The Company entered into a licensing and research collaboration agreement with Nanyang Technological University (NTU) in October 2016, for the development of modybodies against three targets of the Company's choice. The agreement expired in April 2018, but the Company retained continuing rights: a half share ownership in the resulting IP, together with an exclusive option to obtain global rights to develop and commercialize the modybodies, with such option exercisable until October 2018. In July 2018, the technology for modybodies was separated from NTU and licensed to a new company, DotBio Pte. Ltd. In exchange for the Company's giving up its residual rights and options in respect to the technology, the Company received 599,445 shares of DotBio Pte. Ltd. equivalent to SG$255,000 (see Note 8), together with 599,445 units of warrant to subscribe for the same number of shares at a subscription price of $0.32

which was the same value per share as applied to other new investors in this round (see Note 7); in addition, the Company also retained a right of first refusal to take an exclusive license for any modybodies produced by DotBio Pte. Ltd. that are based on the work generated from the collaborative agreement between NTU and the Company. However, as the right of first refusal did not limit DotBio Pte. Ltd.'s ability to direct the use of the asset, or to obtain substantially all the remaining benefits from the asset, this would not prevent DotBio Pte. Ltd. from obtaining control of the asset. Accordingly, the Company recognized the non-cash gain arising from the derecognition and recorded it as other income of $5.6 million for the year ended December 31, 2018, because it was not a good or service that was an output of the Company's ordinary activities.

BioGenetics Co. Ltd.

In February 2019, the Company entered into a licensing agreement with BioGenetics to grant exclusive rights to commercialize varlitinib in South Korea in exchange for an upfront payment of $61 million (US$2 million) and up to US$11 million in sales and development milestone payments. The Company is also eligible to receive tiered double digit royalties on net sales up to the mid-twenties. The Company granted the license that has been transferred to BioGenetics, and BioGenetics is able to use and benefit from the license. BioGenetics is also responsible for obtaining initial and all subsequent regulatory approvals of varlitinib in South Korea. Since the Company has no other performance obligation in addition to the license, the Company recognized the upfront payment as revenue in February 2019, and the amount was fully collected in March 2019.

In March 2019, the Company entered into another licensing agreement with BioGenetics to grant exclusive rights to commercialize ASLAN003 in South Korea in exchange for an upfront payment of $31 million (US$1 million) and up to US$8 million in sales and development milestone payments. The Company is also eligible to receive tiered double digit royalties on net sales from the high-teens to the mid-twenties range. The Company granted the license that has been transferred to BioGenetics, and BioGenetics is able to use and benefit from the license. BioGenetics is also responsible for obtaining initial and all subsequent regulatory approvals of ASLAN003 in South Korea. Since the Company has no other performance obligation in addition to the license, the Company recognized the upfront payment as revenue in March 2019, and the amount was fully collected in April 2019. Under the in-license agreement to develop ASLAN003 with Almirall, Almirall is eligible to receive a payment of 10% (ten per cent) of the proceeds from the out-licensing of ASLAN003. The related cost of revenue in the amount of $3 million (US$0.1 million) payable to Almirall was recognized as operating costs accordingly.

17. LOSS BEFORE INCOME TAX

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Net foreign exchange (losses) gains	$ (875)	$ 10,350	$ (3,434)	$ 2,603
Loss on disposal of property, plant and equipment	(2,053)	-	(2,183)	-
Loss on lease modification	(1,990)	-	(1,990)	-
Others	18	1,161	257	1,256
	$ (4,900)	$ 11,511	$ (7,350)	$ 3,859

b. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on government loans	$ 3,393	$ 3,366	$ 6,774	$ 6,640
Other interest expenses	2,668	-	5,304	-
Interest on lease liabilities	238	-	369	-
	$ 6,299	$ 3,366	$ 12,447	$ 6,640

c. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Right-of-use assets	$ 2,441	$ -	$ 4,188	$ -
Property, plant and equipment	1,827	1,732	3,670	3,392
Computer software	31	49	74	92
	$ 4,299	$ 1,781	$ 7,932	$ 3,484

All depreciation and amortization expenses are recorded as general and administrative expenses for the six months ended June 30, 2019 and 2018.

d. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term benefits	$ 35,970	$ 64,905	$ 85,709	$ 124,965
Post-employment benefits	2,382	2,859	6,297	6,751
Share-based payments (Note 20)				
Equity-settled share-based payments	1,854	5,027	2,374	9,911
Cash-settled share-based payments	(5,851)	3,206	2,440	20,263
Total employee benefits expense	$ 34,355	$ 75,997	$ 96,820	$ 161,890
Summary of employee benefits expense by function				
General and administrative expenses	$ 22,669	$ 51,167	$ 69,467	$ 98,453
Research and development expenses	11,686	24,830	27,353	63,437
	$ 34,355	$ 75,997	$ 96,820	$ 161,890

e. Employees' compensation and remuneration of directors

Under the Company's Articles of Incorporation, the Company shall accrue employees' compensation and remuneration of directors at the rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The Company had accumulated deficits for the six months ended June 30, 2019 and 2018; therefore, no compensation for employees and remuneration of directors was accrued.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAXES

Income Tax Recognized in Profit or Loss

	For the Six Months Ended June 30	
	2019	**2018**
Current tax		
In respect of the current period	$ 14,710	$ 288

a. Cayman Islands

The Company is incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

b. Singapore

ASLAN Pharmaceuticals Pte. Ltd. is subject to the statutory corporate income tax rate of 17%. Since ASLAN Pharmaceuticals Pte. Ltd. entered into a licensing agreement with BioGenetics, ASLAN Pharmaceuticals Pte. Ltd collected upfront payments of US$2 million in March 2019 and US$1 million in April 2019, respectively, from BioGenetics, and was subject to withholding taxes at a 15% withholding tax rate in compliance with local regulation in South Korea. The Group hence recognized income tax expense at an amount of $13.9 million (US$0.45 million).

c. Taiwan

ASLAN Pharmaceuticals Taiwan Limited, incorporated in Taiwan, is subject to the statutory corporate income tax rate of 20%. The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

The income tax returns through 2017 have been assessed by the tax authorities.

d. Australia

ASLAN Pharmaceuticals Australia Pty Ltd., incorporated in Australia, is subject to the statutory corporate income tax rate of 30%. ASLAN Pharmaceuticals Australia Pty Ltd. has no taxable income for the six months ended June 30, 2019 and 2018, and therefore, no provision for income tax is required.

e. Hong Kong

ASLAN Pharmaceuticals Hong Kong Limited, incorporated in Hong Kong, is subject to the statutory corporate income tax rate of 16.5%. Under the Hong Kong tax law, ASLAN Pharmaceuticals Hong Kong Limited is exempted from income tax on its foreign derived income and there are no withholding taxes in Hong Kong on the remittance of dividends. ASLAN Pharmaceuticals Hong Kong Limited has no taxable income for the six months ended June 30, 2019 and 2018, and therefore, no provision for income tax is required.

f. China

ASLAN Pharmaceuticals (Shanghai) Co. Ltd., incorporated in China, is subject to the statutory corporate income tax rate of 25%. ASLAN Pharmaceuticals (Shanghai) Co. Ltd. has no taxable income for the six months ended June 30, 2019 and 2018, and therefore, no provision for income tax is required.

g. United States of America

ASLAN Pharmaceuticals (USA) Inc., incorporated in Delaware, USA in October 2018, is subject to the statutory federal income tax rate of 21% and state income tax rate of 8.7%. ASLAN Pharmaceuticals (USA) Inc. has no taxable income for the six months ended June 30, 2019, and therefore, no provision for income tax is required.

19. LOSS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Basic and diluted loss per share	$ (1.54)	$ (2.23)	$ (2.38)	$ (4.21)

The loss and weighted-average number of ordinary shares outstanding used in the computation of loss per share are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Loss used in the computation of loss per share	$ (246,872)	$ (330,385)	$ (380,610)	$ (585,334)
Weighted average number of ordinary shares in computation of losses per share	160,249	147,931	160,249	139,079

If the outstanding employee share options issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted loss per share. Potential ordinary shares arising from the aforementioned anti-dilutive outstanding employee share options are 2,370,640 and 6,962,053 shares for the six months ended 2019 and 2018, respectively.

20. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan

Under the Company's employee share option plan, qualified employees of the Company and its subsidiaries were granted 825,833 options in September 2017, 1,032,250 options in July 2016, 2,477,336 options in July 2015, 680,625 options in July 2014, 619,250 options in July 2013, 669,750 options in July 2012, 910,000 options in July 2011, and 661,000 options in July 2010. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages once they have vested. No performance conditions were attached to the plan. The Company has no legal constructive obligation to repurchase or settle the options in cash.

The board of directors of the Company, as of July 26, 2016, resolved to double the number of shares underlying each outstanding award granted previously to reflect the subdivision ratio of the share split made in connection with the corporate restructuring of May 27, 2016. The exercise price for each award previously granted was correspondingly adjusted by a decrease of 50%. The modification did not cause any incremental adjustments to the fair value of the granted awards.

As of June 30, 2019, there are 14,227,545 ordinary shares issuable on the exercise of share options outstanding under the Company's equity incentive plans.

Information on employee share options granted in September 2017 is as follows:

	For the six months Ended June 30			
	2019		2018	
	Number of Options	Weighted-average Exercise Price (US$)	Number of Options	Weighted-average Exercise Price (US$)
Balance at January 1	698,167	$ 1.28	755,833	$ 1.28
Options forfeited	(67,000)	1.28	-	-
Balance at June 30	631,167	1.28	755,833	1.28
Options exercisable, end of period	-	-	-	-
Weighted-average fair value of options granted (US$)	$0.62		$0.62	

Information on employee share options granted in July 2016, 2015, 2014, 2013, 2012, 2011 and 2010 is as follows:

	For the six months Ended June 30			
	2019		2018	
	Number of Options	Weighted-average Exercise Price (US$)	Number of Options	Weighted-average Exercise Price (US$)
Balance at January 1	6,822,523	$ 1.41	6,887,523	$ 1.41
Options forfeited	(32,167)	2.26	-	-
Balance at June 30	6,790,356	1.41	6,887,523	1.41
Options exercisable, end of period	6,595,294	1.38	5,825,816	1.25
Weighted-average fair value of options granted (US$)	$0.89		$0.89	

Information on outstanding options as of June 30, 2019 is as follows:

September 2017		July 2016		July 2015		July 2014		July 2013		July 2012		July 2011		July 2010	
Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)
$38.50	8.2	$2.26	7	$1.36-$1.88	6	$1.36	5	$0.80-$1.36	4	$0.80	3	$0.20-$0.80	2	$0.20-$0.80	1

Options granted in September 2017 and July of 2016, 2015, 2014, 2013, 2012, 2011 and 2010 were priced using the binomial option pricing model, and the inputs to the model are as follows:

	September 2017	July 2016	July 2015	July 2014	July 2013	July 2012	July 2011	July 2010
Grant-date share price	NT$38.50	US$2.26	US$1.88	US$1.36	US$1.36	US$1.25	US$0.80	US$0.80
Exercise price	NT$38.50	US$2.26	US$1.36-$1.88	US$1.36	US$0.80-$1.36	US$0.80	US$0.20-$0.80	US$0.20-$0.80
Expected volatility	38.33%	39.34%	36.37%	50.86%	50.58%	52.25%	54.26%-54.44%	59.16%
Expected life (in years)	10	10	10	10	10	10	10	10
Expected dividend yield	-	-	-	-	-	-	-	-
Risk-free interest rate	1.1027%	1.46%	2.43%	2.58%	2.5%	1.61%	2.96%-3.22%	2.954%

Expected volatility was based on the average annualized historical share price volatility of comparable companies before the grant date.

Compensation cost recognized were $1.9 million, $5.0 million, $2.4 million and $9.9 million for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, respectively.

Long Term Incentive Plan

On July 30, 2018 and August 23, 2017, the Company's board of directors approved the 2018 and 2017 Senior Management Team (SMT) Long Term Incentive Plans (the "2018 LTIP" and "2017 LTIP"), respectively, which outlines awards that may be granted to qualified employees of the Company. These plans are applicable to the SMT of the Company and are used for long-term retention of key management. The LTIPs are each valid for ten years, and grantees of the bonus entitlement units can exercise their rights once they have vested. The Company shall pay the intrinsic value of the units awarded to the employees at the date of exercise of their awards, if redeemed by an employee.

As of June 30, 2019, there are 241,142 bonus entitlement units which have been granted under the 2018 LTIP by the Company. For the 241,142 units under the 2018 LTIP, they will vest in thirds each year after the first, second, and third anniversary of the award. The value of the 2018 LTIP will be linked to the ADS price. All of the 2018 LTIP granted bonus entitlement units remained outstanding as of June 30, 2019.

The Company's 2018 LTIP is described as follows:

	For the Six Months Ended June 30	
	2019	**2018**
Balance at January 1	241,142	-
Awards forfeited	(38,141)	-
Balance at June 30	203,001	-
Balance exercisable, end of period	-	-

As of June 30, 2019, there are 1,566,000 bonus entitlement units which have been granted under the 2017 LTIP by the Company. For the 1,462,000 units under the 2017 LTIP which were granted in 2017, they will vest in thirds each year after the first, second, and third anniversary of the award, and for the 104,000 units under the 2017 LTIP which were granted in 2018, they will vest in halves each year after the second and third anniversary of the award.

The value of the 2017 LTIP, which was originally measured based on the quoted share price, will be changed retrospectively at a 5:1 conversion ratio of the Taiwan share price to the ADS price due to the modification of the 2017 LTIP approved by the board of directors on July 30, 2018. As this shall be a modification of a cash-settled award that remains a cash-settled award after the modification, any increase or decrease in the value of the liability shall be recognized immediately in profit or loss.

The Company's 2017 LTIP is described as follows:

	For the Six Months Ended June 30	
	2019	**2018**
Balance at January 1	1,479,334	1,462,000
Awards granted	-	104,000
Awards forfeited	(164,667)	-
Balance at June 30	1,314,667	1,566,000
Balance exercisable, end of period	487,333	-

Each bonus entitlement unit grants the holders of the 2018 LTIP and the 2017 LTIP a conditional right to receive an amount of cash equal to the per-unit fair market value of the Company's ordinary shares and ADSs, respectively, on the settlement date. The LTIPs qualify as cash-settled share-based payment transactions. The Company recognizes the liabilities in respect of its obligations under the LTIPs, which are measured based on the Company's quoted market price of its ADSs at the reporting date, and takes into account the extent to which the services have been rendered to date.

Regarding the Company's 2018 and 2017 LTIPs, the respective quoted fair value of the awards on the grant date was US$7.90 and NT$33.45 (or US$1.10), based on the closing price per ADS on July 30, 2018 and the Taiwan share price on August 23, 2017, respectively. The quoted fair value on the reporting date is based on the closing price per ADS of US$3.07 and US$3.60 as of June 30, 2019 and December 31, 2018 and the closing price of Taiwan share price of NT$40.65 (or US$1.72) as of June 30, 2018, respectively.

The Company recognized (reversed) total expenses of $(5.9 million), $3.2million, $2.4million and $20.2

million in respect of the LTIP for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, respectively. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Company recognized compensation liabilities of $21.7 million, $20.4 million and $16.9 million as current (classified as other payables), respectively, and $10.2 million, $8.9 million and $14.8 million as non-current, respectively.

21. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to safeguard cash as well as maintain financial liquidity and flexibility to support the development of its product candidates and programs as a going concern through the optimization of the debt and equity balance.

The Group's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to business growth opportunities and changes in economic conditions. The capital structure of the Group mainly consists of borrowings and equity of the Group. Key management personnel of the Group review the capital structure periodically. In order to maintain or balance the overall capital structure, the Group may adjust the amounts of long-term borrowings, or the issuance of new shares capital or other equity instruments.

As of June 30, 2019, there were no changes in the Group's capital management policy, and the Group is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ -	$ 1,859	$ 1,859
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ 5,802	$ -	$ 5,802

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ -	$ 1,834	$ 1,834
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ 5,723	$ -	$ 5,723

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair values of unlisted equity investments are measured on the basis of the prices of recent investment by third parties with the consideration of other factors that market participants would take into account.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of warrants are determined using option pricing models where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. As of June 30, 2019, the historical volatility used was 42.33%.

c. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	$ 1,859	$ 1,834	$ -
Financial assets at amortized cost (1)	470,783	888,858	1,375,158
Financial assets at FVTOCI			
Equity instruments	5,802	5,723	-
Financial liabilities			
Financial liabilities at amortized cost (2)	598,369	651,159	453,922

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise trade payables, partial other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Group's financial risk management objective is to monitor and manage the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. In order to minimize the effect of financial risks, the Group devoted time and resources to identify and evaluate the uncertainty of the market to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency transactions, which exposed the Group to foreign currency risk.

The Group's significant financial assets and liabilities denominated in foreign currencies were as follows:

	June 30, 2019		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
SGD	$ 1,344	22.92	$ 30,791
Financial liabilities			
Monetary items			
SGD	14,981	22.92	343,324

	December 31, 2018		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
SGD	$ 2,298	22.41	$ 51,502
Financial liabilities			
Monetary items			
SGD	13,516	22.41	303,034

	June 30, 2018		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
SGD	$ 1,367	22.37	$ 29,635
Financial liabilities			
Monetary items			
SGD	13,231	22.37	295,943

Sensitivity analysis

The Group is mainly exposed to the Singapore dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the relevant foreign currency. The rate of 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A positive number below indicates a decrease in pre-tax loss where the New Taiwan dollar strengthens 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax loss, and the balances below would be negative.

	For the Six Months Ended June 30	
	2019	**2018**
Profit or loss		
SGD*	$ (15,627)	$ (13,315)

* This is mainly attributable to the exposure to outstanding deposits in banks and loans in foreign currency at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at fixed interest rates.

The sensitivity analysis below is determined based on the Group's exposure to interest rates for fixed rate borrowings at the end of the reporting period, and is prepared assuming that the amounts of liabilities outstanding at the end of the reporting period are outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the six months ended June 30, 2019 and 2018 would have decreased/increased by $2.4 million and $1.5 million, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties and financial institutions, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group transacted with a large number of unrelated customers and thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents that are deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of long-term borrowings and ensures compliance with loan covenants. The Group evaluates that, based upon the current operating plan, the existing capital resources will be sufficient to fund the anticipated operations for at least the next 12 months.

23. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of Key Management Personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	$ 18,032	$ 20,490	$ 35,048	$ 41,183
Post-employment benefits	892	1,039	1,774	2,255
Share-based payments	(5,417)	5,837	3,299	25,450
	$ 13,507	$ 27,366	$ 40,121	$ 68,888

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

24. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2

4) Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Note 7

10) Intercompany relationships and significant intercompany transactions: Table 3

11) Information on investees: Table 4

b. Information on investments in mainland China: Table 5

25. SEGMENT INFORMATION

The Group's chief operating decision maker, the chief executive officer, reviews the Group's consolidated results when making decisions about the allocation of resources and when assessing performance of the Group as a whole, and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. The basis of information reported to the chief operating decision maker is the same as the Group's consolidated financial statements. As the Group's long-lived assets are substantially located in and derived from Asia, no geographical segments are presented.

The following is an analysis of the Group's revenue from its major products and services.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Out-licensing	$ -	$ -	$ 92,359	$ -

Out-licensing is the revenue generated from out-licensing to BioGenetics in the amount of $92 million. See Note 16 for details.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (In Thousands)	Ending Balance (In Thousands)	Actual Borrowing Amount (In Thousands)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Australia Pty. Ltd.	Other receivables	Yes	US$ 4,362 ($ 133,929)	US$ 4,217 ($ 130,670)	US$ 1,100 ($ 34,069)	6.45%	Short-term financing	$ -	Operating turnover	$ -	-	$ -	$ 516,888	$ 516,888	1, 2
		ASLAN Pharmaceuticals Hong Kong Limited.	Other receivables	Yes	US$ 2,850 ($ 89,980)	US$ 2,850 ($ 88,307)	US$ 1,550 ($ 48,027)	2.00%	Short-term financing	-	Operating turnover	-	-	-	516,888	516,888	1, 2

Note 1: Restriction on loan amount

a. The amount loaned to a company that has a business relationship with the Company shall not exceed the monetary value of the previous year’s business dealings or 4% of the net worth of the Company, whichever is lower. The aggregate value of loans shall not exceed 10% of the net worth of the Company.

b. The amount loaned to a company that has short-term financing needs shall not exceed 4% of the net worth of the Company. The aggregate value of loans shall not exceed 40% of the net worth of the Company.

Note 2: Accumulated balance of short-term loans between non-R.O.C. companies in which the Company holds, directly or indirectly, 100% of the voting shares are not subject to the limit of 40% of the net worth of the Company. However, in accordance with Article 3, subparagraph 4 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the aggregate and separate value of loans shall not exceed 100 % of the net worth of the lender Company.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2019				Note
				Shares	Carrying Amount (Note)	Percentage of Ownership (%)	Fair Value	
ASLAN Pharmaceuticals Pte. Ltd.	Shares DotBio Pte. Ltd.	-	Financial assets at FVTOCI	599,445	$ 5,802	2.56	$ 5,802	-

TABLE 3

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transactions Details			% of Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	ASLAN Pharmaceuticals Limited	ASLAN Pharmaceuticals Taiwan Limited	From parent company to subsidiary	Other payables	$ 124	Note	0.01
		ASLAN Pharmaceuticals Pte. Ltd.	From parent company to subsidiary	Other payables	205	Note	0.02
1	ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Australia Pty Ltd.	Between subsidiaries	Other receivables	37,548	Note	3.06
		ASLAN Pharmaceuticals Australia Pty Ltd.	Between subsidiaries	Other payables	322	Note	0.03
		ASLAN Pharmaceuticals Australia Pty Ltd.	Between subsidiaries	Interest income	1,098	Note	1.19
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	Other receivables	21,438	Note	1.75
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	Other payables	20,188	Note	1.64
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	General and administrative expense	20,077	Note	21.74
		ASLAN Pharmaceuticals Hong Kong Limited	Between subsidiaries	Other receivables	51,104	Note	4.16
		ASLAN Pharmaceuticals Hong Kong Limited	Between subsidiaries	Interest income	456	Note	0.49
		ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	Between subsidiaries	Other receivables	1,786	Note	0.15

Note: For the transactions between the Company and related parties, the terms are similar to those transactions with unrelated parties.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2019 (In Thousands)	December 31, 2018 (In Thousands)	Shares	%	Carrying Amount			
ASLAN Pharmaceuticals Limited	ASLAN Pharmaceuticals Pte. Ltd.	Singapore	New drugs research	US$ 154,843	US$ 149,843	121,853,313	100	$ 437,030	$ (354,796)	$ (354,796)	Subsidiary
ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Taiwan Limited	Taiwan	New drugs research	US$ 167	US$ 167	500,000	100	4,716	(3,828)	(3,828)	Subsidiary
	ASLAN Pharmaceuticals Australia Pty Ltd.	Australia	New drugs research	-	-	1	100	(36,190)	(9,098)	(9,098)	Subsidiary
	ASLAN Pharmaceuticals Hong Kong Limited	Hong Kong	New drugs research	-	-	1	100	(49,014)	(11,145)	(11,145)	Subsidiary
	ASLAN Pharmaceuticals (USA) Inc.	United States of America	New drugs research	US$ 0.1	-	1,000,000	100	3	-	-	Subsidiary

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital (In Thousands)	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of June 30, 2019	Accumulated Inward Remittance of Earnings as of June 30, 2019	Note
					Outflow	Inflow							
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	New drug research and development	US$ 1,550	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	($ 10,692)	100	($ 10,692)	$ 424	Not applicable	Note 3

Investee	Accumulated Investment in Mainland China as of June 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	Not applicable	Not applicable	Not applicable

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company registered in a third region.
c. Others.

Note 2: Recognition of investment gains (losses) was calculated based on the investee’s reviewed financial statements.

Note 3: The amount was eliminated upon consolidation.