
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

October 31, 2019

(Commission File No. 001-38475)

ASLAN PHARMACEUTICALS LIMITED

(REG. NO. 289175)

(Translation of registrant's name into English)

CAYMAN ISLANDS

(Jurisdiction of incorporation or organization)

83 CLEMENCEAU AVENUE

#12-03 UE SQUARE

SINGAPORE 239920

(Address of registrant's principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b) (7):

Yes No

Financial Results

On October 31, 2019, ASLAN Pharmaceuticals Limited (the “Company”) issued its financial results for the third quarter ended September 30, 2019 (the “Financial Results”).

A copy of the Financial Results is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Amended and Restated Memorandum and Articles of Association

On June 21, 2019, the Company adopted its Seventh Amended and Restated Memorandum and Articles of Association (the “Restated Articles”). The Restated Articles, among other things, update and amend the requirements needed to convene a shareholders’ meeting, expand upon the powers of directors to convene general meetings and request the register of members, increase the scope of interested director transactions, amend and simplify shareholder petition rights for and on behalf of the Company against the Company’s director(s) and clarify that the Taipei District Court, ROC, may have jurisdiction over such petition.

The description of the Restated Articles does not purport to be complete and is qualified in its entirety by reference to the Restated Articles, a copy of which is attached hereto as Exhibit 99.2 and incorporated by reference herein.

Loan Facilities

On September 30, 2019 and October 25, 2019, the Company entered into a series of loan facilities with certain of the Company’s directors, existing stockholders or affiliates thereof, and others, for an aggregate loan amount of \$2.95 million. The loan facilities provide the Company with additional working capital to support its ongoing research and development programs and clinical studies. The two types of loan facilities are described below:

Convertible Loan Facility

On September 30, 2019, the Company entered into a loan facility with Bukwang Pharmaceutical Co., Ltd., for an amount of \$1.0 million (the “September 2019 Loan Facility”). The September 2019 Loan Facility has a two-year term with a 10% interest rate per annum, commencing upon the date the Company draws down on such facility. The Company has the option to repay the amounts owed under the September 2019 Loan Facility at any time, subject to certain conditions.

The lender will have the right to convert, at their option, any outstanding principal amount plus accrued and unpaid interest under the loan into that number of the Company’s newly issued American Depositary Shares (“ADSs”) calculated by dividing (a) such outstanding principal amount and accrued and unpaid interest under the loan by (b) 90% of the volume-weighted average price of the Company’s ADS on the date of the conversion notice. Each ADS represents five ordinary shares of the Company. The ability to convert is subject to certain conditions, including that the Company’s ordinary shares will have been delisted from the Taipei Exchange (“TPEX”), and expires at the expiry of the term of the loan.

The foregoing description of the September 2019 Loan Facility does not purport to be complete and is qualified in its entirety by reference to the full text of such document, which is attached hereto as Exhibit 99.3 and incorporated by reference herein.

October 2019 Loan Facility

On October 25, 2019, the Company entered into a loan facility with certain existing stockholders/directors, or affiliates thereof, for an aggregate amount of \$1.95 million (collectively, the “October 2019 Loan Facility”). The October 2019 Loan Facility has a two-year term with a 10% interest rate per annum, commencing upon the date the Company draws down the facility, which must be drawn down in full. The Company has the option to repay not less than \$1.0 million of the amounts owed under the October 2019 Loan Facilities at any time, subject to certain conditions. In the event that the Company raises net proceeds of more than \$19.5 million in a financing transaction during the loan term, the Company will be obligated to repay any unpaid portion of the principal amount and accrued interest thereunder within 30 days of the receipt of the proceeds from such financing transaction.

The October 2019 Loan Facility provides that, during the time that any amount is outstanding thereunder, the Company will not (i) incur any finance debt which is secured by a security interest or (ii) carry out or implement any merger, consolidation, reorganization (other than the solvent reorganization of the Company), recapitalization, reincorporation, share dividend or other changes in the capital structure of the Company which may have a material adverse effect on the rights of the lenders, in each case except with the prior written consent of the lenders. In addition, upon an event of default (as defined in the October 2019 Loan Facility), the lenders may declare the principal amounts then outstanding and all interest thereon accrued and unpaid to be immediately due and payable to the lenders.

In the event that the Company draws down on the October 2019 Loan Facility, the Company will issue the lenders warrants (the "Warrants") to purchase an aggregate number of ADSs calculated by dividing (a) 50% of the aggregate principal amount provided to the Company by (b) the Warrant Exercise Price. The "Warrant Exercise Price" is equal to 120% of the volume-weighted average price per ADS on the draw down date, and will be the exercise price per ADS for the Warrants. The Warrants are exercisable only after the Company's ordinary shares have been delisted from TPEx, and will expire on the earlier of (i) the first anniversary of such TPEx delisting or (ii) expiry of the term of the October 2019 Loan Facility. If, by expiry of the term of the October 2019 Loan Facility, (i) the Company's shares have not been delisted from TPEx and (ii) the Warrants have not been exercised, the lenders shall be entitled to receive a further sum equal to 5% of the principal amount per annum, by way of additional interest, payable by the Company upon expiry of the loan term.

The foregoing descriptions of the October 2019 Loan Facility and the Warrants do not purport to be complete and are qualified in their entirety by reference to the full text of such documents, which are attached hereto as Exhibits 99.4 and 99.5, respectively, and incorporated by reference herein.

Exhibits

Exhibit Number	Exhibit Description
99.1	ASLAN Pharmaceuticals Limited Financial Results for the Third Quarter Ended September 30, 2019.
99.2	Seventh Amended and Restated Memorandum and Articles of Association of ASLAN Pharmaceuticals Limited.
99.3	Loan Facility dated September 30, 2019.
99.4	Loan Facility dated October 25, 2019.
99.5	Form of Warrant to purchase American Depositary Shares to be issued to October 2019 Loan Facility lenders.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

ASLAN PHARMACEUTICALS LIMITED
(Registrant)

By: /s/ Kiran Kumar Asarpota

Name: Kiran Kumar Asarpota

Title: VP Finance

Date: October 31, 2019

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In U.S. Dollars)
(Unaudited)

	<u>December 31, 2018</u>	<u>September 30, 2019</u>
	<u>Amount</u>	<u>Amount</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 6)	\$ 28,908,901	\$ 7,993,458
Prepayments	183,599	143,120
Total current assets	<u>29,092,500</u>	<u>8,136,578</u>
NON-CURRENT ASSETS		
Financial assets at fair value through profit or loss (Notes 7 and 16)	60,004	38,006
Financial assets at fair value through other comprehensive income (Notes 8 and 16)	187,244	178,198
Property, plant and equipment, net (Note 9)	288,418	56,152
Right-of-use assets (Notes 3, 4, 5 and 10)	—	794,403
Intangible assets (Notes 11 and 16)	23,080,592	23,077,223
Refundable deposits	172,080	108,077
Total non-current assets	<u>23,788,338</u>	<u>24,252,059</u>
TOTAL ASSETS	<u>\$ 52,880,838</u>	<u>\$ 32,388,637</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade payables	\$ 5,315,737	\$ 2,235,232
Other payables (Notes 12 and 20)	2,682,661	1,892,733
Lease Liabilities – current (Notes 3, 4, 5 and 10)	—	194,437
Total current liabilities	<u>7,998,398</u>	<u>4,322,402</u>
NON-CURRENT LIABILITIES		
Long-term borrowings (Note 13)	13,974,794	14,161,243
Lease Liabilities – non-current (Notes 3, 4, 5 and 10)	—	625,156
Other non-current liabilities (Note 20)	289,613	88,497
Total non-current liabilities	<u>14,264,407</u>	<u>14,874,896</u>
Total liabilities	<u>22,262,805</u>	<u>19,197,298</u>
EQUITY (Note 15)		
Ordinary shares	51,627,219	51,627,219
Capital surplus	111,459,672	111,502,183
Accumulated deficits	(132,468,858)	(149,929,017)
Other reserves	—	(9,046)
Total equity	<u>30,618,033</u>	<u>13,191,339</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 52,880,838</u>	<u>\$ 32,388,637</u>

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In U.S. Dollars)
(Unaudited)

	<u>For the Nine months Ended September 30</u>	
	<u>2018</u>	<u>2019</u>
	<u>Amount</u>	<u>Amount</u>
NET REVENUE (Notes 16)	\$ —	\$ 3,000,000
COST OF REVENUE (Note 16)	—	(425,000)
OPERATING EXPENSES (Notes 14, 17 and 20)		
General and administrative expenses	(8,613,032)	(5,253,502)
Research and development expenses	(22,630,392)	(13,883,992)
LOSS FROM OPERATIONS	<u>(31,243,424)</u>	<u>(16,562,494)</u>
NON-OPERATING INCOME AND EXPENSES		
Interest income	239,694	144,417
Other income (Note 16)	187,244	—
Other gains and losses (Note 17)	170,535	(38,290)
Finance costs (Notes 4 and 17)	(333,367)	(608,502)
Total non-operating income and expenses	<u>264,106</u>	<u>(502,375)</u>
LOSS BEFORE INCOME TAX	<u>(30,979,318)</u>	<u>(17,064,869)</u>
INCOME TAX EXPENSE (Notes 4 and 18)	(14,439)	(395,290)
NET LOSS FOR THE PERIOD (Note 15)	<u>(30,993,757)</u>	<u>(17,460,159)</u>
OTHER COMPREHENSIVE (LOSS) (Note 15)		
Items that will not be reclassified subsequently to profit or loss:		
Unrealised losses on investments in equity instruments at fair value through other comprehensive income	—	(9,046)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (30,993,757)</u>	<u>\$ (17,469,205)</u>
LOSS PER SHARE (Note 19)		
Basic and diluted	<u>\$ (0.21)</u>	<u>\$ (0.11)</u>

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In U.S. Dollars)
(Unaudited)

	<u>Ordinary Shares (Note 15)</u>		<u>Capital Surplus (Note 15)</u>			<u>Accumulated Deficits</u>	<u>Unrealized Valuation Loss on Financial Assets at Fair Value Through Other Comprehensive Income (Note 15 and 16)</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Ordinary Shares</u>	<u>Share Options Reserve</u>	<u>Total</u>			
BALANCE AT JANUARY 1, 2018	130,128,940	\$ 41,514,016	\$ 78,384,290	\$ 5,898,391	\$ 84,282,681	\$ (90,283,261)	\$ —	\$ 35,513,436
Issuance of ordinary shares for cash (Note 15)	30,000,000	10,073,977	32,106,023		32,106,023			42,180,000
Transaction costs attributable to issue of new ordinary shares			(5,388,866)		(5,388,866)			(5,388,866)
Issue of ordinary shares under employee share option plan (Note 20)	120,000	39,226	41,915	(33,141)	8,774			48,000
Recognition of employee share options by the Company (Note 20)				420,044	420,044			420,044
Net loss for the nine months ended September 30, 2018						(30,993,757)		(30,993,757)
Total comprehensive loss for the nine months ended September 30, 2018						(30,993,757)	—	(30,993,757)
BALANCE AT SEPTEMBER 30, 2018	<u>160,248,940</u>	<u>51,627,219</u>	<u>105,143,362</u>	<u>6,285,294</u>	<u>111,428,656</u>	<u>(121,277,018)</u>	<u>—</u>	<u>41,778,857</u>
BALANCE AT JANUARY 1, 2019	160,248,940	\$ 51,627,219	\$105,143,362	\$ 6,316,310	\$ 111,459,672	\$ (132,468,858)	\$ —	\$ 30,618,033
Recognition of employee share options by the Company (Note 20)				42,511	42,511			42,511
Net loss for the nine months ended September 30, 2019						(17,460,159)		(17,460,159)
Other comprehensive loss for the nine months ended September 30, 2019, net of income tax							(9,046)	(9,046)
Total comprehensive loss for the nine months ended September 30, 2019						(17,460,159)	(9,046)	(17,469,205)
BALANCE AT SEPTEMBER 30, 2019	<u>160,248,940</u>	<u>51,627,219</u>	<u>105,143,362</u>	<u>6,358,821</u>	<u>111,502,183</u>	<u>(149,929,017)</u>	<u>(9,046)</u>	<u>13,191,339</u>

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollars)
(Unaudited)

	<u>For the Nine months ended September 30</u>	
	<u>2018</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (30,979,318)	\$ (17,064,869)
Adjustments for:		
Depreciation expenses	174,404	357,074
Amortization expenses	4,726	3,369
Net loss on fair value changes of financial assets at fair value through profit or loss	—	21,998
Finance costs	333,367	608,502
Interest income	(239,694)	(144,417)
Compensation costs recognized (reversed) of share-based payment transactions	1,806,044	(212,551)
Loss on disposal of property, plant and equipment	—	75,296
Gain on foreign exchange, net	(221,781)	(140,774)
Gain on disposal of licensed rights	(187,244)	—
Loss on lease modification	—	64,287
Changes in operating assets and liabilities		
(Increase) Decrease in prepayments	(66,641)	40,479
Decrease in trade payables	(361,302)	(3,080,505)
Decrease in other payables	(303,452)	(992,887)
Cash used in operations	(30,040,891)	(20,464,998)
Income tax paid	(14,439)	(395,290)
Interest received	239,694	144,417
Interest paid	—	(24,374)
Net cash used in operating activities	<u>(29,815,636)</u>	<u>(20,740,245)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(67,364)	(2,993)
Proceeds from disposal of property, plant and equipment	—	4,300
Payments for intangible assets	(23,002,895)	—
(Increase) Decrease in refundable deposits	(16,278)	2,545
Net cash (used in) generated from investing activities	<u>(23,086,537)</u>	<u>3,852</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	—	(179,050)
Issuance of ordinary shares	42,180,000	—
Proceeds from exercise of employee share options	48,000	—
Payments for transaction costs attributable to issue of ordinary shares	(5,098,623)	—
Net cash generated from (used in) financing activities	<u>37,129,377</u>	<u>(179,050)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,772,796)	(20,915,443)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	50,573,211	28,908,901
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 34,800,415</u>	<u>\$ 7,993,458</u>

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019
(In U.S. Dollars, Unless Stated Otherwise)
(Unaudited)

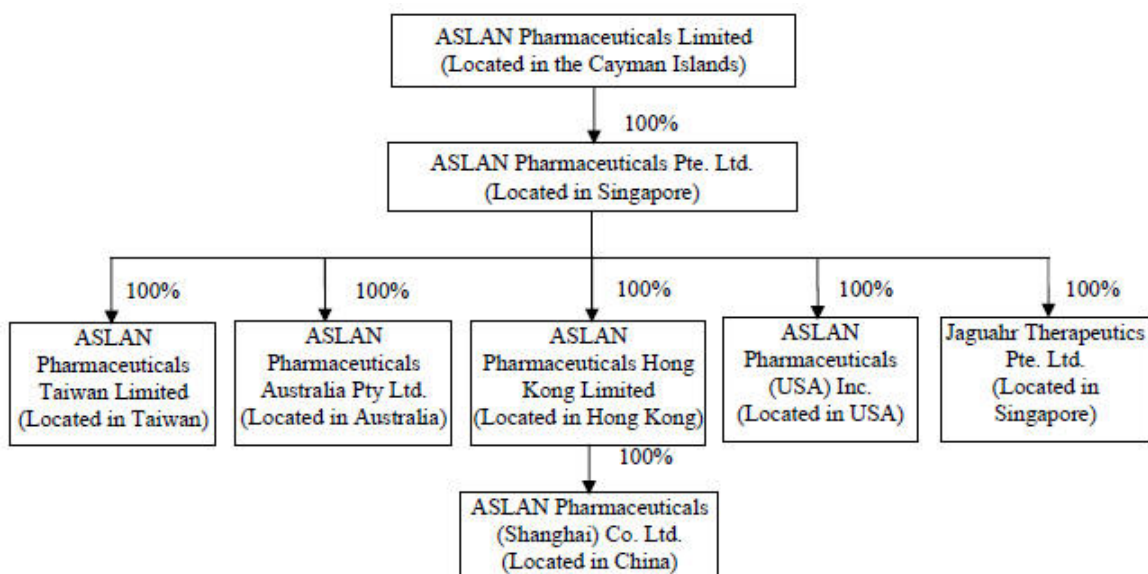
1. GENERAL INFORMATION

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 both Taipei Exchange (“TPEX”) in Taiwan and Nasdaq Global Market in the United States. 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 September 30, 2019:

<u>Name</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>	<u>Main Business</u>
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
Jaguahr Therapeutics Pte. Ltd.	Singapore	August 2019	New drug research and development

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019
(In U.S. Dollars, Unless Stated Otherwise)
(Unaudited)



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 depository 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.

In addition to its main product candidates, the Company has other earlier stage product candidates in development. On September 30, 2019 the Company announced that it will establish a joint venture with Bukwang Pharmaceutical Co., Ltd., a leading research and development focused Korean pharmaceutical company, to develop antagonists of the aryl hydrocarbon receptor (AhR). The joint venture company, in which the Company currently owns a controlling stake, is called Jaguahr Therapeutics Pte. Ltd.

The reporting currency of the Group is the U.S. dollar. The functional currency of the majority of the Group's entities is the U.S. dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved by the Company's board of directors on October 29, 2019.

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

- a. Amendments to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") mandatorily effective for the current year

The Company has applied the amendments to IFRSs included in Annual Improvements to IFRSs 2015-2017 Cycle, Amendments to IFRS 9 "Prepayment Features with Negative Compensation", IFRS 16 "Leases", Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement", Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures", and IFRIC 23 "Uncertainty over Income Tax Treatments" for the annual period that began on or after January 1, 2019.

The adoption and impact of these standards from January 1, 2019 are described as below and the new accounting policies are disclosed in Note 4. The other standards did not have material impact on the Group's accounting policies.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019
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(Unaudited)

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

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration under IFRS 16.

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 condensed 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 condensed 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 condensed 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 as occurred. Cash flows for operating leases were classified within operating activities on the condensed consolidated statements of cash flows. The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

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 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	\$ 599,393
Less: Recognition exemption for short-term leases	(261,622)
Less: Recognition exemption for leases of low-value assets	(1,097)
Undiscounted amounts on January 1, 2019	<u>\$ 336,674</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 323,850</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 323,850</u>

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019
(In U.S. Dollars, Unless Stated Otherwise)
(Unaudited)

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

	Carrying amount as of January 1, 2019	Adjustments Arising from Initial Application	Adjusted carrying amount as of January 1, 2019
Total effect on assets (right-of-use assets)	\$ —	\$ 323,850	\$ 323,850
Lease liabilities—current	\$ —	\$ 219,039	\$ 219,039
Lease liabilities—non-current	\$ —	104,811	\$ 104,811
Total effect on liabilities		<u>\$ 323,850</u>	

b. New and revised IFRSs issued but not yet effective

Of the new, amended and revised standards and interpretations (collectively the “New IFRSs”) that have been issued but are not yet effective, the Company has not applied the following.

<u>New, Amended or Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
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

Note 1: Unless stated otherwise, the above New IFRS standards 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 condensed 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.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019
(In U.S. Dollars, Unless Stated Otherwise)
(Unaudited)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The condensed consolidated financial statements are not subject to qualification relating to the application of IFRSs as issued by IASB.

b. Basis of preparation

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

c. Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

d. Other significant accounting policies

Refer to the summary of significant accounting policies for the condensed 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 condensed 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.

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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 condensed 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 liability 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, estimates 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.

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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 the condensed consolidated financial statements, refer to the condensed consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u> <u>2018</u>	<u>September 30</u> <u>2019</u>
Cash on hand	\$ 2,318	\$ 1,676
Deposits in banks	28,906,583	7,991,782
	<u>\$28,908,901</u>	<u>\$7,993,458</u>

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31,</u> <u>2018</u>	<u>September 30,</u> <u>2019</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at fair value through profit or loss		
Derivative financial assets—warrants	<u>\$ 60,004</u>	<u>\$ 38,006</u>

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”).

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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2018	September 30, 2019
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income		
Foreign unlisted ordinary shares	\$ 187,244	\$ 178,198

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 fair value through other comprehensive income.

9. PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of each class of property, plant and equipment were as follows:

	December 31 2018	September 30 2019
Office equipment	\$ 98,820	\$ 39,327
Other equipment	11,052	3,324
Leasehold improvements	178,546	13,501
	\$ 288,418	\$ 56,152

For the nine months ended September 30, 2018

	Office Equipment	Other Equipment	Leasehold Improvements	Total
<u>Cost</u>				
Balance at January 1, 2018	\$ 211,302	\$ 35,153	\$ 474,504	\$ 720,959
Additions	52,735	1,027	13,602	67,364
Balance at September 30, 2018	\$ 264,037	\$ 36,180	\$ 488,106	\$ 788,323
<u>Accumulated depreciation</u>				
Balance at January 1, 2018	\$ 115,436	\$ 14,344	\$ 147,613	\$ 277,393
Depreciation expenses	45,039	8,094	121,271	174,404
Balance at September 30, 2018	\$ 160,475	\$ 22,438	\$ 268,884	\$ 451,797

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For the nine months ended September 30, 2019

	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2019	\$ 276,935	\$ 36,180	\$ 488,106	\$ 801,221
Additions	2,993	—	—	2,993
Disposals	(65,292)	(889)	(219,733)	(285,914)
Balance at September 30, 2019	<u>\$ 214,636</u>	<u>\$ 35,291</u>	<u>\$ 268,373</u>	<u>\$ 518,300</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2019	\$ 178,115	\$ 25,128	\$ 309,560	\$ 512,803
Depreciation expenses	44,591	7,357	103,715	155,663
Disposals	(47,397)	(518)	(158,403)	(206,318)
Balance at September 30, 2019	<u>\$ 175,309</u>	<u>\$ 31,967</u>	<u>\$ 254,872</u>	<u>\$ 462,148</u>

No impairment assessment was performed for the nine months ended September 30, 2018 and 2019 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

	<u>September 30, 2019</u>
<u>Carrying amounts</u>	
Buildings	<u>\$ 794,403</u>

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	For the nine months ended September 30, 2019
Additions to right-of-use-assets	\$ 882,670
Depreciation charge for right-of-use assets	
Buildings	<u>\$ 201,411</u>

b. Lease liabilities—2019

	September 30, 2019
<u>Carrying amounts</u>	
Current	\$ 194,437
Non-current	<u>625,156</u>
	<u>\$ 819,593</u>

Discount rate for lease liabilities was as follows:

	September 30, 2019
Buildings	<u>6.0%</u>

c. Material lease-in activities and terms

The Group leases office buildings with lease terms of 3 years. These arrangements do not contain renewal or 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 \$687,351 as of September 30, 2019.

d. Other lease information

2019

	For the nine months ended September 30, 2019
Expenses relating to short-term leases	<u>\$ 216,201</u>
Expenses relating to low-value asset leases	<u>\$ 6,198</u>
Total cash outflow for leases	<u>\$ 425,821</u>

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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:

	September 30,
	2019
Lease commitments	<u>\$ 98,067</u>

2018

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

	December 31,
	2018
Not later than 1 year	<u>\$ 493,534</u>
Later than 1 year and not later than 5 years	<u>105,859</u>
	<u>\$ 599,393</u>

11. INTANGIBLE ASSETS

The carrying amounts of each class of intangible assets were as follows:

	December 31	September 30
	2018	2019
Licenses	<u>\$23,073,400</u>	<u>\$23,073,400</u>
Computer software	<u>7,192</u>	<u>3,823</u>
	<u>\$23,080,592</u>	<u>\$23,077,223</u>

For the nine months ended September 30, 2018

	Licenses	Computer Software	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 73,400	\$40,175	\$ 113,575
Additions	<u>23,000,000</u>	<u>2,895</u>	<u>23,002,895</u>
Balance at September 30, 2018	<u>\$23,073,400</u>	<u>\$43,070</u>	<u>\$23,116,470</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2018	\$ —	\$29,523	\$ 29,523
Amortization expenses	<u>—</u>	<u>4,726</u>	<u>4,726</u>
Balance at September 30, 2018	<u>\$ —</u>	<u>\$34,249</u>	<u>\$ 34,249</u>

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For the nine months ended September 30, 2019

	<u>Licenses</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance at January 1, 2019 and September 30, 2019	\$ 23,073,400	\$ 43,070	\$ 23,116,470
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ —	\$ 35,878	\$ 35,878
Amortization expenses	—	3,369	3,369
Balance at September 30, 2019	\$ —	\$ 39,247	\$ 39,247

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 December 31, 2018 and September 30, 2019, the aforementioned intangible assets were not amortized since they were 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 nine months ended September 30, 2018 and 2019, there was no impairment loss recognized.

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

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12. OTHER PAYABLES

	<u>December 31 2018</u>	<u>September 30 2019</u>
Payables for salaries and bonuses	\$ 1,153,048	\$ 237,335
Payables for professional fees	680,708	594,425
Payables for cash-settled share-based payment transactions (Note 20)	669,042	624,882
Interest payables	50,430	307,335
Others	129,433	128,756
	<u>\$ 2,682,661</u>	<u>\$ 1,892,733</u>

13. LONG-TERM BORROWINGS

	<u>December 31 2018</u>	<u>September 30 2019</u>
<u>Unsecured borrowings</u>		
Loans from government ^(a)	\$ 7,266,315	\$ 7,167,232
Other long-term borrowings ^(b)	4,060,357	4,060,357
Interest payables	2,648,122	2,933,654
	<u>\$ 13,974,794</u>	<u>\$ 14,161,243</u>

a. Loans from government

On April 27, 2011, the Singapore Economic Development Board (EDB) awarded the Company a repayable grant (the "Grant") not exceeding SGD 10 million (approximately \$7,482,459) to support the Company's drug development activities over a five-year qualifying period commencing on 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 6.0%. 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 December 31, 2018 and September 30, 2019, the amounts of the funds disbursed to the Company plus accrued interest were \$9,914,437 and \$10,100,886, respectively.

b. Other long-term borrowings

On May 12, 2014, ASLAN Pharmaceuticals Pte. Ltd. obtained a loan facility of \$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 December 31, 2018 and September 30, 2019, the amount of funds disbursed to the Company plus accrued interest, was \$4,110,787 and \$4,367,692, respectively.

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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 6.0% of monthly salaries and wages.

For the nine months ended September 30, 2018 and 2019, the total expense for such employee benefits in the amount of \$329,111 and \$268,257 were recognized, respectively.

15. EQUITY

a. Ordinary shares

	December 31 2018	September 30 2019
Number of shares authorized	500,000,000	500,000,000
Amount of shares authorized (NT\$ thousand)	\$ 5,000,000	\$ 5,000,000
Number of shares issued and fully paid	160,248,940	160,248,940
Amount of shares issued and fully paid	\$ 51,627,219	\$ 51,627,219

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

The Company completed its initial public offering of 6,000,000 ADSs representing 30,000,000 ordinary shares on May 8, 2018 in the United States. The Company’s ADSs have been listed on the Nasdaq Global Market since May 4, 2018. Each ADS represents five of the Company’s ordinary shares. The offering price per ADS was \$7.03, equivalent to a price per ordinary share of NT\$41.72. The payment for the initial public offering 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 resolved to increase the amount of shares authorized to NT\$5,000,000 thousand and it was resolved by the extraordinary shareholders’ meeting on October 30, 2018.

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On October 4, 2019, the Company's directors resolved to issue ordinary shares ranging from 15,000,000 to 100,000,000 shares for cash sponsoring the issuance of ADSs.

b. Capital surplus

	<u>December 31</u> <u>2018</u>	<u>September 30</u> <u>2019</u>
Arising from issuance of new share capital	\$105,143,362	\$105,143,362
Arising from employee share options	6,316,310	6,358,821
	<u>\$ 111,459,672</u>	<u>\$ 111,502,183</u>

c. Retained earnings and dividends 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 2017 and 2018 approved by the shareholders' meetings on June 15, 2018 and on June 21, 2019, respectively, were as follows

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2018</u>
Accumulated deficits at the beginning of the year	\$(50,391,283)	\$ (90,283,261)
Net loss for the year	(39,891,978)	(42,185,597)
Accumulated deficits at the end of the year	<u>\$(90,283,261)</u>	<u>\$(132,468,858)</u>

d. Others reserves items

Unrealised loss on financial assets at fair value through other comprehensive income:

	<u>For the nine months ended</u> <u>September 30, 2019</u>
Balance at January 1	\$ —
Unrealized loss	
Equity instruments	(9,046)
Balance at September 30	<u>\$ (9,046)</u>

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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 \$12,000,000 in January 2018 and an additional payment \$11,000,000 in June 2018, respectively, that were capitalized as a separately acquired intangible asset. In addition, the Company will be required to pay up to \$30,000,000 if certain development milestones are achieved, \$20,000,000 if certain regulatory milestones are achieved, and up to \$55,000,000 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 September 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.

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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 \$10,000,000 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 \$1,294,034 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 \$100,000 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. The Company's 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 \$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 \$95 million to CSL if certain regulatory milestones are achieved, up to an aggregate of \$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%.

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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 \$250,000 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 \$325,000 to Hyundai in order to buy back the rights to commercialize *varlitinib* in CCA and recorded as cost of revenue.

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 nantaïs* (“RON”) and such antibodies are referred to by the Company collectively as ASLAN005. The license fee of SG\$100,000 (or \$73,400) 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\$12,000,000 (or \$8,978,951) 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.

In July 2019, the Company terminated the research collaboration agreement with P53 Laboratory however it continues to jointly own the IP arising from the research collaboration.

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 (\$187,244) (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 \$187,244 for the nine months ended September 30, 2018, because it was not a good or service that was an output of the Company’s ordinary activities.

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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 \$2,000,000 and up to \$11,000,000 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.

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 \$1,000,000 and up to \$8,000,000 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. Under the in-license agreement to develop ASLAN003 with Almirall, Almirall is eligible to receive the payment for the proceeds from the out-licensing of ASLAN003. The related cost of revenue in the amount of \$100,000 payable to Almirall was recognized as operating costs accordingly.

17. LOSS BEFORE INCOME TAX

a. Other gains and losses

	For the nine months ended	
	September 30	
	2018	2019
Net foreign exchange gains	\$ 120,311	\$ 128,820
Loss on disposal of property, plant and equipment	—	(75,296)
Loss on lease modification	—	(64,287)
Net loss on fair value changes of financial assets at fair value through profit or loss	—	(21,998)
Others	50,224	(5,529)
	<u>\$ 170,535</u>	<u>\$ (38,290)</u>

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b. Finance costs

	For the nine months ended September 30	
	2018	2019
Interest on government loans	\$ 333,367	\$ 327,223
Other interest expenses	—	256,905
Interest on lease liabilities	—	24,374
	<u>\$ 333,367</u>	<u>\$ 608,502</u>

c. Depreciation and amortization

	For the nine months ended September 30	
	2018	2019
Property, plant and equipment	\$ 174,404	\$ 155,663
Right-of-use assets	—	201,411
Computer software	4,726	3,369
	<u>\$ 179,130</u>	<u>\$ 360,443</u>

All depreciation and amortization expenses were recognized as general and administrative expenses for the nine months ended September 30, 2018 and 2019.

d. Employee benefits expense

	For the nine months ended September 30	
	2018	2019
Short-term benefits	\$6,454,802	\$3,389,244
Post-employment benefits	329,111	268,257
Share-based payments recognized (reversed) (Note 20)		
Equity-settled	420,044	42,511
Cash-settled	1,386,000	(255,062)
Total employee benefits expense	<u>\$8,589,957</u>	<u>\$3,444,950</u>
Summary of employee benefits expense by function		
General and administrative expenses	\$5,280,821	\$2,306,923
Research and development expenses	3,309,136	1,138,027
	<u>\$8,589,957</u>	<u>\$3,444,950</u>

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 profit before income tax, net of employees' compensation and remuneration of directors.

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

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18. INCOME TAXES

Income Tax Recognized in Profit or Loss

	For the Nine months ended	
	September 30	
	2018	2019
Current tax		
In respect of the current period	<u>\$ (14,439)</u>	<u>\$ (395,290)</u>

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. and Jaguahr Therapeutics Pte. Ltd., incorporated in Singapore, are subject to the statutory corporate income tax rate of 17%. In connection with the licensing agreements with BioGenetics in February and March 2019, and collected upfront payments totaled \$3,000,000 from BioGenetics in total, which was subject to withholding taxes of 15% in compliance with local regulations in South Korea. The Group therefore recognized income tax expense at an amount of \$450,000. Except for the above, ASLAN Pharmaceuticals Pte. Ltd. and Jaguahr Therapeutics Pte. Ltd. have no taxable income for the nine months ended September 30, 2019 and 2018, and therefore, no other provision for income tax is required.

c. Taiwan

ASLAN Pharmaceuticals Taiwan Limited, incorporated in Taiwan, is subject to the statutory corporate income tax rate of 17% and 20% in 2018 and 2019, respectively. 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 is reduced from 10% to 5%.

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

d. Australia

ASLAN Pharmaceuticals Australia Pty Ltd., incorporated in Australia, is subject to the statutory corporate income tax of 30%. ASLAN Pharmaceuticals Australia Pty Ltd. has no taxable income for the nine months ended September 30, 2018 and 2019, and therefore, no provision for income tax is required. . A tax incentive was obtained from the Australian government on August 23, 2019 for \$79,710 due to research and development activities carried out in Australia during the year 2018.

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e. Hong Kong

ASLAN Pharmaceuticals Hong Kong Limited, incorporated in Hong Kong, is subject to the statutory corporate income tax 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 nine months ended September 30, 2018 and 2019, 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 nine months ended September 30, 2018 and 2019, and therefore, no provision for income tax is required.

g. United States of America

ASLAN Pharmaceuticals (USA) Inc., incorporated in Delaware, U.S.A. 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 nine months ended September 30, 2019, and therefore, no provision for income tax is required.

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19. LOSS PER SHARE

	For the nine months ended September 30	
	2018	2019
	Basic and diluted loss per share	<u>\$ (0.21)</u>

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

	For the nine months ended September 30	
	2018	2019
	Loss used in the computation of basic and diluted loss per share	<u>\$ (30,993,757)</u>
Weighted-average number of ordinary shares in the computation of basic and diluted loss per share	<u>146,197,511</u>	<u>160,248,940</u>

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 earnings per share. Potential ordinary shares arising from the aforementioned anti-dilutive outstanding employee share options are 13,054,522 and 11,004,802 shares for the nine months ended 2018 and 2019, 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 661,000 options in July 2010, 910,000 options in July 2011, 669,750 options in July 2012, 619,250 options in July 2013, 680,625 options in July 2014, 2,477,336 options in July 2015, 1,032,250 options in July 2016 and 825,833 options in September 2017. 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 September 30, 2019, there are 14,081,879 ordinary shares issuable on the exercise of share options outstanding under the Company's equity incentive plans.

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Information on employee share options granted from July 2010 to July 2016 is as follows:

	For the nine months ended September 30			
	2018		2019	
	Number of Options	Weighted- average Exercise Price	Number of Options	Weighted- average Exercise Price
Balance at January 1	6,887,523	\$ 1.41	6,822,523	\$ 1.41
Options forfeited	—	—	(32,167)	2.26
Options exercised	(60,000)	0.80	—	—
Balance at September 30	<u>6,827,523</u>	1.41	<u>6,790,356</u>	1.41
Options exercisable, end of period	<u>6,597,586</u>	1.38	<u>6,790,356</u>	1.41
Weighted-average fair value of options granted	<u>\$ —</u>		<u>\$ —</u>	

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

	For the nine months ended September 30			
	2018		2019	
	Number of Options	Weighted- average Exercise Price	Number of Options	Weighted- average Exercise Price
Balance at January 1	755,833	\$ 1.28	698,167	\$ 1.28
Options forfeited	—	—	(197,000)	1.28
Balance at September 30	<u>755,833</u>	1.28	<u>501,167</u>	1.28
Options exercisable, end of period	—	—	—	—
Weighted-average fair value of options granted	<u>\$ —</u>		<u>\$ —</u>	

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

July 2010		July 2011		July 2012		July 2013		July 2014		July 2015		July 2016		September 2017	
Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price	Weighted- average Remaining Contractual Life (Years)
\$0.20-\$0.80	0.7	\$0.20-\$0.80	1.7	\$0.80	2.7	\$0.80-\$1.36	3.7	\$1.36	4.7	\$1.36-\$1.88	5.7	\$2.26	6.7	\$1.28	7.9

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

	July 2010	July 2011	July 2012	July 2013	July 2014	July 2015	July 2016	September 2017
Grant-date share price	\$0.80	\$0.80	\$1.25	\$1.36	\$1.36	\$1.88	\$2.26	\$1.28
Exercise price	\$0.20-\$0.80	\$0.20-\$0.80	\$0.80	\$0.80-\$1.36	\$1.36	\$1.36-\$1.88	\$2.26	\$1.28
Expected volatility	59.16%	54.26%-54.44%	52.25%	50.58%	50.86%	36.37%	39.34%	38.33%
Expected life (years)	10	10	10	10	10	10	10	10
Expected dividend yield	—	—	—	—	—	—	—	—
Risk-free interest rate	2.954%	2.96%-3.22%	1.61%	2.5%	2.58%	2.43%	1.46%	1.1027%

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

Compensation costs recognized for the nine months ended September 30, 2018 and 2019 were \$420,044 and \$42,511, respectively.

Long Term Incentive Plan

On August 23, 2017, July 30, 2018 and July 26, 2019 the Company's board of directors approved the 2017, 2018 and 2019 Senior Management Team (SMT) Long Term Incentive Plans (the "2017 LTIP", "2018 LTIP" and "2019 LTIP", and collectively, the "LTIPs"), 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 September 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 is measured based on the quoted share price. On July 30, 2018, the Company's board of directors approved the modification of the 2017 LTIP which retrospectively changes the Taiwan share price to ADS price at a 5:1 conversion ratio. The LTIP are consider cash-settled awards and are measured at fair value. The change in fair value from the modification was insignificant and was recognized immediately in profit or loss.

The Company's 2017 LTIP is described as follows:

	For the nine months ended September 30	
	2018	2019
Balance at January 1	1,462,000	1,479,334
Awards granted	104,000	—
Awards forfeited	—	(319,333)
Balance at September 30	<u>1,566,000</u>	<u>1,160,001</u>
Balance exercisable, end of period	<u>487,333</u>	<u>815,000</u>

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As of September 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.

The Company's 2018 LTIP is described as follows:

	For the nine months ended September 30	
	2018	2019
Balance at January 1	—	241,142
Awards granted	241,142	—
Awards forfeited	—	(73,053)
Balance at September 30	<u>241,142</u>	<u>168,089</u>
Balance exercisable, end of period	<u>—</u>	<u>56,030</u>

As of September 30, 2019, there are 491,020 bonus entitlement units which have been granted under the 2019 LTIP by the Company. For the 491,020 units under the 2019 LTIP, they will vest in thirds each year after the first, second, and third anniversary of the award. The value of the 2019 LTIP will be linked to the ADS price. All of the 2019 LTIP granted bonus entitlement units remained outstanding as of September 30, 2019.

The Company's 2019 LTIP is described as follows:

	For the nine months ended September 30, 2019	
Balance at January 1	—	
Awards granted	491,020	
Balance at September 30	<u>491,020</u>	
Balance exercisable, end of period	<u>—</u>	

Each bonus entitlement unit grants the holders of the LTIPs 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 2017, 2018 and 2019 LTIPs, the respective quoted fair value of the awards on the grant date was NT\$33.45 (or \$1.10), \$7.90 and \$2.92, based on the Taiwan share price on August 23, 2017, the closing price per ADS on July 30, 2018 and the closing price per ADS on July 30, 2019, respectively. The quoted fair value on the reporting date is based on the closing price per ADS of \$3.60 and \$1.73 as of December 31, 2018 and September 30, 2019, respectively.

The Company recognized total expenses of \$ 1,386,000 and \$(255,062) in respect of the LTIPs for the nine months ended September 30, 2018 and 2019, respectively. As of December 31, 2018 and September 30, 2019, the Company recognized compensation liabilities of \$669,042 and \$624,882 as current (classified as other payables), respectively, and \$289,613 and \$88,497 as non-current, respectively.

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21. 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

December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Derivative financial assets	\$ —	\$ —	\$ 60,004	\$ 60,004
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at fair value through other comprehensive income				
Unlisted shares	\$ —	\$ 187,244	\$ —	\$ 187,244

September 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Derivative financial assets	\$ —	\$ —	\$ 38,006	\$ 38,006
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at fair value through other comprehensive income				
Unlisted shares	\$ —	\$ —	\$ 178,198	\$ 178,198

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

- 2) Reconciliation of Level 3 fair value measurements of financial assets

For financial assets measured at Level 3, there is no other reconciliation item for the nine months ended September 30 2019, except for the change in fair value that is recognized in the condensed consolidated statements of comprehensive income and the transfers into Level 3 due to significant unobservable inputs applied for the financial assets at fair value through other comprehensive income.

- 3) 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.

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

- a) 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. At September 30, 2019 and December 31, 2018, respectively, the historical volatility used were 41.9% and 42.3%.
- b) The fair values of non-listed foreign equity investments were Level 3 fair value assets, and determined using the market approach by reference the Price-to-Book ratios (P/B ratios) of peer companies that traded in active market. At September 30, 2019, the Company used significant unobservable inputs, including discount for lack of marketability of 10%, and discounts for lack of control of 10%. At September 30, 2019, assuming all other inputs remain equal, if discount for lack of marketability increases by 1%, the fair value would decrease by \$1,980; if discount for lack of control increases by 1%, the fair value would decrease by \$1,980.

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c. Categories of financial instruments

	December 31 2018	September 30 2019
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as fair value through profit or loss	\$ 60,004	\$ 38,006
Financial assets at amortized cost ⁽¹⁾	29,080,981	8,101,535
Financial assets at fair value through other comprehensive income		
Equity instruments	187,244	178,198
<u>Financial liabilities</u>		
Financial liabilities at amortized cost ⁽²⁾	21,304,150	17,664,326

¹⁾ The balances included financial assets at amortized cost, which comprise of cash and cash equivalents, accounts receivable and refundable deposits.

²⁾ The balances include financial liabilities at amortized cost, which comprise of 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:

	December 31, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
SGD	\$ 2,297,231	0.7335	\$1,685,019
<u>Financial liabilities</u>			
Monetary items			
SGD	13,515,737	0.7335	9,914,437

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	September 30, 2019		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
SGD	\$ 1,196,676	0.7235	\$ 865,849
Financial liabilities			
Monetary items			
SGD	15,093,019	0.7235	10,920,479

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 U.S. 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 U.S. dollar strengthens 5% against the relevant currency. For a 5% weakening of the U.S. 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 nine months ended	
	September 30	September 30
	2018	2019
Profit or loss		
SGD*	\$(389,235)	\$(502,732)

*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 nine months ended September 30, 2018 and 2019 would have decreased/increased by \$73,433 and \$114,661 respectively.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES
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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.

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 repayment conditions.

As the Company is in the clinical research and development phase, the Company will be seeking future funding based on the requirements of its business operations. The Company intends to explore various means of fundraising to meet its funding requirements to carry out its business operations, such as offerings of American Depositary Shares ("ADSs"), domestic follow-on offerings of ordinary shares, venture debt and shareholder loans. The Company may also use other means of financing such as out-licensing of its intangible assets to generate revenue and cash. The Company has the ability to exercise discretion and flexibility to deploy its capital resources used in research and development activities according to the amount and timing of its financing activities. Accordingly, the Company believes that its existing cash and cash equivalents will enable it to fund its operating expenses and capital expenditure requirements and meet its obligations for at least the next twelve months from September 30, 2019. However, the future viability of the Company depends on its ability to raise additional capital to finance its operations.

On September 30, 2019 and October 25, 2019, the Company entered into a series of loan facilities with certain of the Company's directors, existing stockholders or affiliates thereof, and others, for an aggregate loan amount of \$2.95 million. The loan facilities provide the Company with additional working capital to support its ongoing research and development programs and clinical studies. The two types of loan facilities are described below:

Convertible Loan Facility

On September 30, 2019, the Company entered into a loan facility with Bukwang Pharmaceutical Co., Ltd., for an amount of \$1.0 million (the "September 2019 Loan Facility"). The September 2019 Loan Facility has a two-year term with a 10% interest rate per annum, commencing upon the date the Company draws down on such facility. The Company has the option to repay the amounts owed under the September 2019 Loan Facility at any time, subject to certain conditions.

The lender will have the right to convert, at their option, any outstanding principal amount plus accrued and unpaid interest under the loan into that number of the Company's newly issued ADSs calculated by dividing (a) such outstanding principal amount and accrued and unpaid interest under the loan by (b) 90% of the volume-weighted average price of the Company's ADS on the date of the conversion notice. Each ADS represents five ordinary shares of the Company. The ability to convert is subject to certain conditions, including that the Company's ordinary shares will have been delisted from the TPEX, and expires at the expiry of the term of the loan.

October 2019 Loan Facility

On October 25, 2019, the Company entered into a loan facility with certain existing stockholders/directors, or affiliates thereof, for an aggregate amount of \$1.95 million (collectively, the "October 2019 Loan Facility"). The October 2019 Loan Facility has a two-year term with a 10% interest rate per annum, commencing upon the date the Company draws down the facility, which must be drawn down in full. The Company has the option to repay not less than \$1.0 million of the amounts owed under the October 2019 Loan Facilities at any time, subject to certain conditions. In the event that the Company raises net proceeds of more than \$19.5 million in a financing transaction during the loan term, the Company will be obligated to repay any unpaid portion of the principal amount and accrued interest thereunder within 30 days of the receipt of the proceeds from such financing transaction.

The October 2019 Loan Facility provides that, during the time that any amount is outstanding thereunder, the Company will not (i) incur any finance debt which is secured by a security interest or (ii) carry out or implement any merger, consolidation, reorganization (other than the solvent reorganization of the Company), recapitalization, reincorporation, share dividend or other changes in the capital structure of the Company which may have a material adverse effect on the rights of the lenders, in each case except with the prior written consent of the lenders. In addition, upon an event of default (as defined in the October 2019 Loan Facility), the lenders may declare the principal amounts then outstanding and all interest thereon accrued and unpaid to be immediately due and payable to the lenders.

In the event that the Company draws down on the October 2019 Loan Facility, the Company will issue the lenders warrants (the "Warrants") to purchase an aggregate number of ADSs calculated by dividing (a) 50% of the aggregate principal amount provided to the Company by (b) the Warrant Exercise Price. The "Warrant Exercise Price" is equal to 120% of the volume-weighted average price per ADS on the draw down date, and will be the exercise price per ADS for the Warrants. The Warrants are exercisable only after the Company's ordinary shares have been delisted from TPEX, and will expire on the earlier of (i) the first anniversary of such TPEX delisting or (ii) expiry of the term of the October 2019 Loan Facility. If, by expiry of the term of the October 2019 Loan Facility, (i) the Company's shares have not been delisted from TPEX and (ii) the Warrants have not been exercised, the lenders shall be entitled to receive a further sum equal to 5% of the principal amount per annum, by way of additional interest, payable by the Company upon expiry of the loan term.

The Company's board of directors has resolved to issue ordinary shares for cash sponsoring the issuance of ADSs in October 2019 as well.

The Company is currently in the process of finalizing its funding plans through public offerings in the United States and has submitted an application to Taiwan Securities and Futures Bureau for the required regulatory approval. If the Company is unable to obtain sufficient funds at acceptable terms when needed, the Company could be required to delay, limit or reduce certain of its research and development programs, which could have effects on the Company's business prospects. Although management

continues to pursue these plans, there can be no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations.

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Compensation of Key Management Personnel

	For the nine months ended	
	September 30	
	2018	2019
Short-term employee benefits	\$2,081,781	\$1,643,168
Post-employment benefits	111,131	80,762
Share-based payments recognized (reversed)	1,578,128	(227,159)
	<u>\$3,771,040</u>	<u>\$1,496,771</u>

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

23. Subsequent Event

On September 30, 2019, the Company entered into an Investment and Joint Venture Agreement (“JV Agreement”) with Bukwang Pharmaceutical Co., Ltd., to establish a joint venture with the goal of developing preclinical AhR antagonists from the Company’s early stage pipeline. The joint venture will operate through a newly created, independent company based in Singapore, Jaguahr Therapeutics Pte. Ltd., and will focus on developing new immuno-oncology therapeutics for global markets targeting the AhR pathway.

Pursuant to the JV Agreement, the Company has transferred the global rights to all assets related to AhR technology into Jaguahr Therapeutics Pte. Ltd. Under the JV Agreement, Bukwang Pharmaceutical Co., Ltd. is obligated to invest \$5,000,000 into Jaguahr Therapeutics Pte. Ltd., through two separate tranches, which will be used to fund development of the assets and identify a lead development compound, with the goal of filing an Investigational New Drug application. Bukwang Pharmaceutical Co., Ltd. made the first payment of \$2,500,000 to Jaguahr Therapeutics Pte. Ltd. on October 15, 2019, and was subsequently issued 63,000 shares of Jaguahr Therapeutics Pte. Ltd. As of October 29, 2019, Bukwang Pharmaceutical Co., Ltd. and the Company hold 45% and 55% of the outstanding shares in Jaguahr Therapeutics Pte. Ltd., respectively.

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24. SEGMENT INFORMATION

The Group's chief operating decision maker, the chief executive officer, reviews the Group's condensed consolidated results when making decisions about the allocation of resources and when assessing performance of the Group as a whole, and therefore, 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 condensed 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 Nine months ended	
	September 30	
	2018	2019
Out-licensing	<u>\$ —</u>	<u>\$ 3,000,000</u>

For the nine months ended September 30, 2019, there was revenue generated from out-licensing of commercialization rights in South Korea to Biogenetics for *varlitinib* and ASLAN003 in the amount of \$3,000,000. See Note 16 for details.

THE COMPANIES LAW (AS AMENDED)
COMPANY LIMITED BY SHARES
SEVENTH AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION
OF
ASLAN PHARMACEUTICALS LIMITED
(Adopted by Special Resolution passed on 21 June 2019)

THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

SEVENTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

ASLAN PHARMACEUTICALS LIMITED

(Adopted by Special Resolution passed on 21 June 2019)

1. The name of the Company is ASLAN PHARMACEUTICALS LIMITED (the “**Company**”).
2. The registered office of the Company is situated at the offices of **Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands** or at such other location as the Directors may from time to time determine.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law of the Cayman Islands (as amended) (the “**Law**”).
4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Law.
5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
6. The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.
7. The capital of the Company is **NT\$5,000,000,000** divided into **500,000,000** ordinary shares of a nominal or par value of **NT\$10.00** each provided always that subject to the Law and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
8. The Company will not exercise the power contained in Section 226 of the Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

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THE COMPANIES LAW (AS AMENDED)

COMPANY LIMITED BY SHARES

SEVENTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

ASLAN PHARMACEUTICALS LIMITED

(Adopted by Special Resolution passed on 21 June 2019)

TABLE A

The Regulations contained or incorporated in Table 'A' in the First Schedule of the Law shall not apply to ASLAN PHARMACEUTICAL LIMITED (the "**Company**") and the following Articles shall comprise the Articles of Association of the Company.

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

"**10% Reserve**" has the meaning given thereto in Article 136;

"**Applicable Listing Rules**" means the relevant ROC laws, regulations, rules and code as amended, from time to time, applicable as a result of the original and continued trading or listing of any shares on any Taiwan stock exchange or securities market, including, without limitation the relevant provisions of Securities and Exchange Act, the Acts Governing Relations Between Peoples of the Taiwan Area and the Mainland Area, or any similar statute and the rules and regulations of the Taiwan authorities thereunder, and the rules and regulations promulgated by the Financial Supervisory Commission, the Taipei Exchange (formally known as GreTai Securities Market) or the Taiwan Stock Exchange;

"**Articles**" means these articles of association of the Company, as amended or substituted from time to time;

"**Audit Committee**" means the audit committee under the Board of Directors, which shall comprise solely of Independent Directors of the Company;

"**Branch Register**" means any branch register of such category or categories of Members as the Company may determine;

"**Chairman**" has the meaning given thereto in Article 96;

"**Class**" or "**Classes**" means any class or classes of Shares as may from time to time be issued by the Company;

"**Commission**" means Financial Supervisory Commission of Taiwan or any other authority for the time being administering the Securities and Exchange Act of Taiwan;

“Constituent Company” means an existing company that is participating in a Merger with one or more other existing companies within the meaning of the Law;

“Directors” and **“Board of Directors”** and **“Board”** means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;

“Directors’ Remunerations” has the meaning given thereto in Article 136;

“electronic” shall have the meaning given to it in the Electronic Transactions Law (as amended) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

“electronic communication” means transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

“Emerging Market” means the emerging market board of the TPEX;

“Employees’ Remunerations” has the meaning given thereto in Article 136;

“Indemnified Person” has the meaning given thereto in Article 163;

“Independent Director” means a director who is an independent director as defined in the Applicable Listing Rules;

“Law” means the Companies Law of the Cayman Islands (as amended);

“Memorandum of Association” means the memorandum of association of the Company, as amended or substituted from time to time;

“Merger” means the merging of two or more Constituent Companies and the vesting of their undertaking, property and liabilities in one of such company as the Surviving Company within the meaning of the Law;

“Office” means the registered office of the Company as required by the Law;

“Ordinary Resolution” means a resolution passed by a simple majority of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company;

“paid up” means paid up as to the par value and any premium payable in respect of the issue of any Shares and includes credited as paid up;

“Person” means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

“preferred Shares” has the meaning given thereto in Article 12;

“Principal Register”, where the Company has established one or more Branch Registers pursuant to the Law and these Articles, means the Register maintained by the Company pursuant to the Law and these Articles that is not designated by the Directors as a Branch Register;

“**Private Placement**” means issuance of securities of the Company (including Shares, options, warrants, rights attached to debt or equity securities to subscribe further for securities and other securities) to specific persons pursuant to the Applicable Listing Rules, but excluding any employee incentive programme or issuance of Shares in connection with meeting the Company’s obligations under warrants, options, convertible bonds or preferred Shares;

“**Register**” means the register of Members of the Company required to be kept pursuant to the Law and includes any Branch Registers established by the Company in accordance with the Law;

“**Remuneration Committee**” means the remuneration committee established and appointed by the Board of Directors;

“**Republic of China**”, “**ROC**” or “**Taiwan**” means the Republic of China, its territories, its possessions and all areas subject to its jurisdiction;

“**Seal**” means the common seal of the Company (if adopted) including any facsimile thereof;

“**Secretary**” means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

“**Securities and Futures Institute**” means the Securities and Futures Institute in the Republic of China;

“**Share**” means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;

“**Share Exchange**” means the transfer of all the issued shares of the Company by the Shareholders to another company in exchange for the shares issued by such company to the Shareholders;

“**Shareholder**” or “**Member**” means a Person who is registered as the holder of Shares in the Register and includes each subscriber to the Memorandum of Association pending the issue to such subscriber of the subscriber Share or Shares;

“**Share Premium Account**” means the share premium account established in accordance with these Articles and the Law;

“**Shareholders’ Service Agent**” means the agent licensed by Taiwan authorities to provide certain shareholders services in accordance with the Applicable Listing Rules to the Company;

“**signed**” means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

“**Special Resolution**” means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given;

“**Spin-off**” refers to an act wherein a transferor company transfers all of its independently operated business or any single independently operated business to an existing or a newly incorporated company as consideration for that existing transferee company or newly incorporated transferee company to issue new shares to the transferor company or to shareholders of the transferor company;

“**Subordinate Company**” means a company:

- (a) of which the Company holds a majority of the total number of issued voting shares or to which the Company contributes a majority of the total capital amount; or
- (b) over which the Company has direct or indirect managerial control of the personnel, financial or business operations.

“**Supermajority Resolution**” means a resolution adopted by a majority vote of the Members at a general meeting attended by Members who represent two-thirds or more of the total outstanding shares of the Company or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total outstanding shares of the Company, but more than one-half of the total outstanding shares of the Company, means instead, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the total number of shares entitled to vote on such resolution at such general meeting;

“**Surviving Company**” means the sole remaining Constituent Company into which one or more other Constituent Companies are merged within the meaning of Law;

“**TPEX**” means the Taipei Exchange in Taiwan which was formerly known as GreTai Securities Market;

“**TDCC**” means the Taiwan Depository & Clearing Corporation;

“**Treasury Shares**” means Shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled in accordance with the Law, these Articles and the Applicable Listing Rules; and

“**TSE**” means the Taiwan Stock Exchange.

2. In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
- (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;

- (d) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (e) reference to any determination by the Directors shall be construed as a determination by the Directors in their absolute discretion and shall be applicable either generally or in any particular case; and
 - (f) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

- 4. The business of the Company may be commenced at any time after incorporation. The business of the Company shall be conducted in accordance with applicable laws, regulations and business ethics, and the Company may take action(s) that benefit the public welfare to fulfil its corporate social responsibility to the extent not prohibited by the Law.
- 5. The Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
- 6. The preliminary expenses incurred in the formation of the Company and in connection with the issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
- 7. The Directors shall keep, or cause to be kept, the Register at such place as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Office.
- 8. If the Directors consider it necessary or appropriate, the Company may establish and maintain one or more Branch Registers as well as the Principal Register at such location or locations within or outside the Cayman Islands as the Directors think fit, provided always that a duplicate of such Branch Register(s) shall be maintained with the Principal Register in accordance with the Law. The Principal Register and the Branch Register(s) shall together be treated as the Register for the purposes of the Articles.
- 9. For so long as any Shares are traded on the Emerging Market, the TPEX or the TSE, the record of the shareholders of the Company maintained by TDCC shall be a listed shares register.

SHARES

- 10. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may :

- (a) issue, allot and dispose of the same to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine; and
 - (b) grant options with respect to such Shares and issue warrants or similar instruments with respect thereto;
- and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
- 11. The Directors may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by the Directors.
 - 12. The Company may issue Shares with rights which are preferential to those of ordinary Shares issued by the Company (“**preferred Shares**”) with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors and with the approval of a Special Resolution. Prior to the issuance of any preferred Shares approved pursuant to this Article 12, these Articles shall be amended to set forth the rights and obligations of the preferred Shares, including but not limited to the following terms, and the same shall apply to any variation of rights of preferred Shares:
 - (a) order, fixed amount or fixed ratio of allocation of Dividends and bonus on preferred Shares;
 - (b) order, fixed amount or fixed ratio of allocation of surplus assets of the Company;
 - (c) order of or restriction on the voting right(s) (including declaring no voting rights whatsoever) of preferred Shareholders;
 - (d) other matters concerning rights and obligations incidental to preferred Shares; and
 - (e) the method by which the Company is authorized or compelled to redeem the preferred Shares, or a statement that redemption rights shall not apply.
 - 13. The issue of new Shares of the Company shall be approved by a majority of the Directors present at a meeting attended by two-thirds or more of the total number of the Directors. The issue of new Shares shall at all times be subject to the sufficiency of the authorised capital of the Company.
 - 14. The Company shall not issue any unpaid Shares or partly paid-up Shares. The Company shall not issue shares in bearer form.
 - 15. Where the Company increases its issued share capital by issuing new Shares for cash consideration, the Directors may reserve ten to fifteen percent of the new shares for subscription by the employees of the Company or of any of its Subordinate Companies who are determined by the Board in its reasonable discretion.

16. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, unless otherwise resolved by the Members in general meeting by Ordinary Resolution, if at anytime the Board resolves to issue any new Share, the Company shall subject to Applicable Listing Rules, after reserving the portion of Shares for subscription by its employees and for public offering in Taiwan pursuant to Article 15 and Article 18 respectively, first offer such remaining new Shares by a written notice and a public announcement to each then Shareholder for their subscriptions in proportion to the number of Shares held by them respectively, and shall state in the notice that if any Shareholder fails to subscribe for new Shares, his right shall be forfeited. Where a fractional percentage of the original Shares being held by a Shareholder is insufficient to subscribe for one new Share, the fractional percentages of the original Shares being held by several Shareholders may be combined for joint subscription of one or more integral new Shares or for subscription of new Shares in the name of a single Shareholder. New Shares left unsubscribed by original Shareholders may be open for public issuance or for subscription by specific person or persons through negotiation.
17. The Shareholders' pre-emptive right prescribed under Article 16 shall not apply in the event that new Shares are issued due to the following reasons or for the following purpose:
 - (a) in connection with a merger with another company, or the Spin-off of the Company, or pursuant to any reorganization of the Company;
 - (b) in connection with meeting the Company's obligation under Share subscription warrants and/or options;
 - (c) in connection with meeting the Company's obligation under corporate bonds which are convertible bonds or vested with rights to acquire Shares;
 - (d) in connection with meeting the Company's obligation under preferred Shares vested with rights to acquire Shares; or
 - (e) in connection with a Private Placement.
18. Where the Company increases its capital by issuing new Shares for cash consideration in Taiwan, the Company shall allocate 10% of the total amount of the new Shares to be issued, for offering in Taiwan to the public unless it is not necessary or appropriate, according to the Applicable Listing Rules, for the Company to conduct the aforementioned public offering. Provided however, if a percentage higher than the aforementioned 10% is resolved by a general meeting to be offered, the percentage determined by such resolution shall prevail.
19. The Company may, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors, adopt one or more employee incentive programmes pursuant to which shares, options, warrants, or other similar instruments to acquire Shares may be granted to employees of the Company or any Subordinate Company who meet the requirements and qualifications to subscribe for Shares; provided that, in no event shall the aggregate number of shares to be issued pursuant to such employee incentive programs exceed fifteen percent (15%) of the then total issued and outstanding shares of the Company. The options, warrants, or other similar instruments to acquire Shares granted to any employee under any employee stock option plan shall be non-transferable, except to the heirs of the employees.

20. Subject to Article 49, the Company may, by Special Resolution at the most recent general meeting, transfer Treasury Shares to employees of the Company or of any of its Subordinate Company at less than the average actual repurchase price. The Company shall have listed the following matters with respect to such transfer in the notice of that general meeting and may not raise those matters by ad hoc motions:
- (a) the exercise price, the discount percentage, the bases of calculations, and the reasonableness thereof;
 - (b) the number of Treasury Shares to be transferred, the purpose, and the reasonableness thereof;
 - (c) qualification requirements for employees of the Company or of any of its Subordinate Company subscribing to the Treasury Shares, and the number of Treasury Shares they are allowed to subscribe for;
 - (d) factors affecting shareholders' equity, including:
 - (1) the expensable amount, and dilution of the Company's earnings per Share;
 - (2) explanation on the financial burden imposed on the Company by transferring Treasury Shares to employees at less than the average actual repurchase price.

In previous instances where the transfer of Treasury Share to the employees have been approved at general meetings and the Treasury Shares have been transferred, the aggregate number of Treasury Shares so transferred may not exceed 5 percent of the total issued Shares of the Company, and the aggregate number of Shares subscribed by any single employee may not exceed 0.5 percent of total issued Shares.

21. The Company may issue shares being subject to the restrictions as the Directors may from time to time agree with the employees for subscription by the employees of the Company or any subordinate company by a Supermajority Resolution, in which event Articles 15 and 16 shall not apply. For so long as the Shares are registered in the Emerging Market or listed on the TPEx or TSE, the issuance of such shares for employees, including but not limited to the issuance amount, issuance price, and issuance conditions, shall be set in compliance with the Applicable Listing Rules.

MODIFICATION OF RIGHTS

22. Whenever the capital of the Company is divided into different Classes the rights attached to any such Class may (unless otherwise provided by the terms of issue of the Shares of that Class) only be materially adversely varied or abrogated with the sanction of a Special Resolution passes at a separate meeting of the holders of the Shares of that Class, but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons at least holding or representing by proxy one-half in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to the terms of issue of the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him.

23. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them, the redemption or purchase of Shares of any Class by the Company.

CERTIFICATES

24. Subject to the provisions of the Law, the Company may issue Shares without printing share certificates for the Shares issued, and the details regarding such issue of Shares shall be recorded by TDCC in accordance with the Applicable Listing Rules. Every person whose name is entered as a member in the Register may be entitled to a certificate in the form determined by the Board of Directors if the Board of Directors resolves that a share certificate shall be issued.
25. In the event the Board of Directors resolves that share certificates shall be issued pursuant to Article 24 hereof, the Company shall deliver the share certificates to the subscribers within thirty days from the date such share certificates may be issued pursuant to the Law, the Memorandum of Association, the Articles, and the Applicable Listing Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Listing Rules.

FRACTIONAL SHARES

26. Subject to the Applicable Listing Rules and these Articles, the Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

TRANSFER OF SHARES

27. Subject to the Law, Shares issued by the Company shall be freely transferable, provided that any Shares issued or transferred to the employees of the Company or of any of its Subordinate Companies pursuant to Articles 15 or 21 or 41 may be subject to transfer restrictions for a specific period of time as may be agreed with the Company and such employee and such period for the Shares issued or transferred to the employees pursuant to Article 15 or 41 shall be no longer than two years.
28. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares. Subject to the requirements of applicable laws of the Cayman Islands, transfers of uncertificated Shares which are registered in the Emerging Market or listed in the TPEX or the TSE may be effected by any method of transferring or dealing in securities introduced by the TPEX or TSE or operated in accordance with the Applicable Listing Rules as appropriate.

29. The Board may decline to register any transfer of any Share unless:
 - (a) the instrument of transfer is lodged with the Company, accompanied by the certificate (if any) for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (b) the instrument of transfer is in respect of only one class of Shares;
 - (c) the instrument of transfer is properly stamped, if required; or
 - (d) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four.
30. The registration of transfers may be suspended when the Register is closed in accordance with Article 53.
31. All instruments of transfer that are registered shall be retained by the Company, but any instrument of transfer that the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.

TRANSMISSION OF SHARES

32. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased holder of the Share, shall be the only Person recognised by the Company as having any title to the Share.
33. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.
34. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company; provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

ALTERATION OF SHARE CAPITAL

35. The Company may from time to time by Ordinary Resolution increase its authorized share capital by such amount as it thinks expedient.
36. The Company may also by Special Resolution:
- (a) change its name;
 - (b) alter or add to these Articles;
 - (c) alter or add to the Memorandum of Association with respect to any objects, powers or other matters specified therein; and
 - (d) reduce its share capital and any capital redemption reserve in any manner authorised by law.
37. The Company may also by Supermajority Resolution:
- (a) enter into, amend, or terminate any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
 - (b) transfer the whole or any material part of its business or assets;
 - (c) take over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
 - (d) effect any merger (other than a Merger) or Spin-off of the Company in accordance with the Applicable Listing Rules;
 - (e) grant waiver to the Director's engaging in any business within the scope of the Company's business;
 - (f) discharge or remove any Director;
 - (g) resolve to capitalize an amount standing to the credit of reserves (including a share premium account and/or profit account), whether or not available for distribution, or subject to Cayman Islands law, distribute cash out of legal reserve, the premium paid on the issuance of any share and income from endowments received by the Company to the Shareholders
 - (h) issue employee stock options where the exercise price for such options is lower than the closing price of the Shares of the Company as of the issuance date (provided such exercise price shall not be less than the par value per Share).
- 37A. Notwithstanding anything to the contrary in these Articles, if the Company proposes to effect any merger, transfer and assumption of its business or assets, share swap or spin-off, as a result of which the Company would cease to be a TPEX-listed company and the surviving company, transferee company, existing company or newly set-up company (depending on the circumstances) is not a company listed on TSE or TPEX, such transaction must be approved by the Shareholders representing two thirds of the issued and outstanding shares of the Company.

38. Subject to the Law, these Articles and the quorum requirement under the Applicable Listing Rules, with regard to the dissolution procedures of the Company, the Company shall pass:
- (a) an Ordinary Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or
 - (b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 38 (a) above.
39. In the event any of the resolutions with respect to the paragraph (a), (b), or (c) of the preceding Article 37 is adopted by the Shareholders at a general meeting or a Merger is approved in accordance with the provisions of the Law, any Shareholder who has notified the Company in writing of his objection to such proposal prior to such meeting and subsequently raised his objection at the meeting may request the Company to purchase all of his Shares at the then prevailing fair price; provided, however, that no Shareholder shall have the abovementioned appraisal right if the Shareholders at a general meeting resolve on the dissolution of the Company after the completion of transfer of business or assets under the paragraph (b) of Article 37. In the event any part of the Company's business is Spun Off or involved in any merger or Share Exchange with any other company, the Shareholder, who has forfeited his right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his Shares at the then prevailing fair price. In the event the Company fails to reach such agreement with the Shareholder within sixty days after the resolution date, the Shareholder may, within thirty days after such sixty-day period, file a petition to any competent court of Taiwan for a ruling on the appraisal price, and to the extent that the ruling is capable of enforcement and recognition in the relevant jurisdiction, such ruling by such Taiwan court shall be binding and conclusive as between the Company and requested Shareholder solely with respect to the appraisal price.

REDEMPTION AND PURCHASE OF SHARES

40. Subject to the Law, the Applicable Listing Rules and these Articles, the Company may issue preferred Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder on such terms and in such manner as the Company may by Special Resolution, before the issue of such Shares, determine. Subject to the Law, the preferred shares shall be redeemable pursuant to the terms; provided that the privileges accorded to preferred shareholders by these Articles shall not be impaired.
41. For so long as the Shares are registered in the Emerging Market or the TPEX or TSE, matters with respect to the purchase of its own Shares by the Company shall be approved by the Board of Directors in compliance with the Applicable Listing Rules and the Law.
42. Notwithstanding Articles 40 and 41 and subject to the Law, the Company may with the sanction of an Ordinary Resolution purchase and cancel its own Shares out of the share capital of the Company. The number of Shares to be repurchased and cancelled pursuant to this Article shall be pro rata among the Shareholders in proportion to the number of Shares held by each such Shareholder.

- The amount payable to the Shareholders in connection with a repurchase of Shares out of the share capital of the Company may be paid in cash or by way of delivery of assets in specie (i.e., non-cash). The assets to be delivered and the amount of such substitutive share capital in connection with a repurchase of Shares out of the share capital of the Company shall be approved by the Shareholders at the general meeting and shall be subject to consent by the Shareholder receiving such assets. Prior to the general meeting considering such repurchase, the Board of Directors shall have the value of assets to be delivered and the amount of such substitutive share capital in respect of repurchase of the Shares audited and certified by an ROC certified public accountant.
43. The number of Shares purchased by the Company pursuant to the preceding Article 41 shall not exceed ten percent (10%) of the total number of issued Shares of the Company. The total price of the Shares so purchased shall not exceed the sum of retained earnings plus the premium paid on the issuance of any share and income from endowments received by the Company.
 44. The Directors or managerial officers of the Company, or their spouse, minor children (under age of 20), or any other persons who hold the Shares for the benefits of the Directors, officers, their spouses or minor children, shall not sell or otherwise transfer their Shares during the period when the Company is purchasing its own Shares pursuant to the Article 41.
 45. The resolution for the purchase of the Shares by the Company pursuant to the Article 41 and the implementation thereof shall be reported in the most recent general meeting regardless of whether the Company does purchase the Shares in accordance with such resolution or not.
 46. Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
 47. The redemption, purchase of any Share shall not be deemed to give rise to the redemption, purchase of any other Share.
 48. Subject to the Law, the Applicable Listing Rules and Article 42, the Directors may when making payments in respect of redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie.

TREASURY SHARES

49. Subject to Article 41, Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Law. In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.
50. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) and the allotment of bonus shares may be declared or paid in respect of a Treasury Share.

51. The Company shall be entered in the Register as the holder of the Treasury Shares provided that:
- (a) the Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
 - (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Law.
52. Subject to Articles 20 and 41 and the Applicable Listing Rules, Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

CLOSING REGISTER OR FIXING RECORD DATE

53. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, the Register shall be closed not less than the minimum period, as prescribed by the Applicable Listing Rules.
54. The Directors shall make a public announcement of the closing of the Register on the website designated by the Commission and the TPEX or TSE pursuant to the Applicable Listing Rules, if required.

GENERAL MEETINGS

55. All general meetings other than annual general meetings shall be called extraordinary general meetings.
56. The Board may, whenever they think fit, convene a general meeting of the Company; provided that the Company shall in each year hold a general meeting as its annual general meeting within six months after close of each fiscal year and shall specify the meeting as such in the notices calling it.
57. At these meetings the report of the Directors (if any) shall be presented. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, all general meetings shall be held in Taiwan. If the Directors resolve to hold a general meeting outside Taiwan or the shareholder(s) obtain the approval of the Commission to hold a general meeting outside Taiwan, the Company or such shareholders shall apply for the approval of the TPEX (or the TSE, if applicable) thereof within two days after the board resolution or the Commission's approval (as applicable). Where a general meeting is to be held outside Taiwan, the Company shall engage a designated institute approved by the Commission and the TPEX (or the TSE, if applicable) to handle the administration of such general meeting and shall allow the votes of the Shareholders to be exercised in writing or by way of electronic transmission.

58. Extraordinary general meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders entitled to attend and vote at general meetings of the Company holding at least three percent (3%) of the paid up voting share capital of the Company for a period of one year or a longer time deposited at the Office or the Shareholders' Service Agent specifying the subjects for discussion and the reasons, and if the Board fails to give a notice for convening such meeting within 15 days after the date of such deposit, for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company. However, any meeting convened pursuant to this Article shall be held within three months after the expiration of the said 15-day period; or an extraordinary general meeting may be convened on the requisition of one or more Shareholders holding more than half of the paid up capital of the Company having the right of voting at general meetings for a period of at least 3 consecutive months at the date the book closure period commences. The above shareholding percentage and holding period shall be determined by reference to the number of shares held by the relevant Shareholder(s) at the beginning of the book closure period. In the event that the Board does not or cannot convene a general meeting, or an Independent Director member of the Audit Committee otherwise finds it necessary for the interests of the Company, the Independent Director may convene a general meeting.
59. If at any time there are no Directors, any Shareholder or Shareholders holding at least three percent (3%) of the paid up voting share capital of the Company for a period of one year or a longer time may, subject to the approval of the Commission for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

60. At least thirty and fifteen days' notices in writing shall be given for any annual and extraordinary general meetings, respectively. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business. The notice for a general meeting may be given by means of electronic communication if the Company obtains prior consent by the individual recipients. The Company shall make a public announcement on the website designated by the Commission and the TPEX or TSE 30 days before an annual general meeting or 15 days before an extraordinary general meeting, regarding the meeting notice, proxy form, explanatory materials relating to proposals for ratification, matters for resolution, election or dismissal of directors and other matters on the meeting agenda. Where votes of shareholders are to be exercised by way of a written ballot, a copy of the materials referred to in the preceding provision and the written ballot shall also be sent to the Shareholders.
61. The following matters shall be specified in the notice of a general meeting, and shall not be proposed as ad hoc motions. The content of such matters shall be published on the website of the relevant securities authorities or the Company. The address of such website shall be provided in the notice of the general meeting:
- (a) election or discharge of directors;

- (b) amendments to these Articles;
 - (c) dissolution, merger, Share Exchange or Spin-off of the Company;
 - (d) repurchasing and cancelling Shares out of the share capital of the Company pursuant to Article 42;
 - (e) applying for the cessation of its status as a public company;
 - (f) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusting business, or for regular joint operation with others;
 - (g) the transfer of the whole or any material part of its business or assets;
 - (h) taking over another's whole business or assets, which will have a material effect on the business operation of the Company;
 - (i) carrying out private placement of its securities;
 - (j) granting waiver to the Director's engaging in any business within the scope of business of the Company;
 - (k) distributing part or all of its dividends or bonus by way of issuance of new Shares;
 - (l) capitalization of the statutory reserve or any other amount prescribed under Article 151 hereof;
 - (m) issuance of employee stock options where the exercise price for such options is lower than the closing price of the Shares of the Company as of the issuance date; and
 - (n) matters with respect to the issuance of restricted Shares for the employees as required by the Applicable Listing Rules.
62. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall prepare a manual for each general meeting and the relevant materials, which will be made available to all Shareholders and shall be published on the website designated by the Commission and the TPEX or TSE pursuant to the Applicable Listing Rules.

PROCEEDINGS AT GENERAL MEETINGS

63. No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, the holders of Shares being more than an aggregate of one-half of all Shares in issue present in person or by proxy and entitled to vote shall be a quorum for all purposes.
64. Shareholder(s) holding one percent or more of the total number of issued Shares immediately prior to the relevant book close period may propose in writing or by electronic transmission to the Company a proposal for discussion at an annual general meeting. Unless the number of Shares held by the Shareholder(s) making the said proposal is less than one percent (1%) of the total number of issued Shares, or where the subject (the matter) of the said proposal cannot be settled or resolved by a resolution at a general meeting, or the content of the said proposal exceeds three hundred (300) words, or that a proposal contains more than one matter, or that a proposal is submitted on a day beyond the deadline fixed and announced by the Company for accepting shareholders' proposals, the Board shall include such proposal in the agenda. Where the proposal made by the Shareholder(s) is to allow the Company to improve the public interest or to fulfil its social responsibility, the Board may include such proposal in the agenda.

65. The Chairman, if any, of the Board of the Directors shall preside as chairman at every general meeting of the Company convened by the Board of the Directors. For a general meeting convened by any other person having the convening right, such person shall act as the chairman of that meeting; provided that if there are two or more persons jointly having the convening right, the chairman of the meeting shall be elected from those persons.
66. If a general meeting is called by the Board of Directors, and to the event that the Chairman of the Board of Directors is on leave of absence, or cannot exercise his powers and authority, the Vice Chairman shall act in lieu of him. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his powers and authority, the Chairman shall designate a Managing Director to act in place of him; if there is not Managing Director, the Chairman shall designate a Director to act in place of him. If the Chairman does not designate a Director to act, the Managing Directors or Directors shall elect one from among themselves to act in place of the Chairman.
67. Unless otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles. The chairman may by Ordinary Resolution (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for more than five (5) days, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
68. At any general meeting a resolution put to the vote of the meeting shall be decided on a poll. The number or proportion of the votes in favour of, or against, that resolution shall be recorded in the minutes of the meeting.
69. Unless otherwise expressly required by the Applicable Listing Rules, the Law or these Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Shareholders at any general meeting may be passed by an Ordinary Resolution.
70. The minutes of the general meeting shall be distributed to each Shareholder after the meeting and/or made public pursuant to the Applicable Listing Rules.

71. In the case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

VOTES OF SHAREHOLDERS

72. Subject to any rights and restrictions for the time being attached to any Share, every Shareholder and every Person representing a Shareholder by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, subject to the laws of the Cayman Islands and in accordance with the Applicable Listing Rules, a Shareholder shall not exercise the votes with respect to the Shares he/it holds separately unless he/it holds certain Shares for the benefit of others; the qualifications, scope, methods of exercise, operating procedures and other matters with respect to the exercise of votes separately by the Shareholders shall be in compliance with the Applicable Listing Rules.
73. No vote may be exercised with respect to any of the following Shares and such Shares shall not be counted in determining the number of issued Shares:
- (a) the Shares held by any subsidiary of the Company, where the total number of voting shares or total shares equity held by the Company in such a subsidiary represents more than one half of the total number of voting shares or the total shares equity of such a subsidiary; or
 - (b) the Shares held by another company, where the total number of the shares or total shares equity of that company held by the Company and its subsidiaries directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.

For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, if a Director gives security over more than 50% of the number of Shares (the "Pledged Shares") he/it held at the time he/it was elected as a Director (the "Initial Shares"), no vote may be exercised with respect to the Shares representing the difference between the Pledged Shares and 50% of the Initial Shares, and such Shares representing the difference between the Pledged Shares and 50% of the Initial Shares shall not be counted in the number of the votes casted by the Shareholders present at the general meeting. The voting restriction referred to in the preceding provision shall also apply to such Shares held by a Person who ceases to be a Director during the period when the Register is closed for transfer for the purpose of the same general meeting.

74. In the case of joint holders, the joint holders shall select among them a representative for the exercise of their shareholder's rights and the vote of their representative who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.
75. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in mental illness, may vote by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person, may vote by proxy.
76. A Shareholder may appoint a proxy to attend a general meeting on his behalf by executing a proxy prepared by the Company stating therein the scope of power authorized to the proxy. A Shareholder may only execute one proxy and appoint one proxy for each general meeting, and shall serve such written proxy to the Company no later than five (5) days prior to the meeting date. In case the Company receives two or more written proxies from one Shareholder, the first one arriving at the Company shall prevail unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. In case a Shareholder who has submitted a proxy appointing a person as his or her proxy to attend the general meeting on his or her behalf intends to attend the general meeting in person or to submit his votes by way of a written ballot or by way of electronic transmission, he shall, at least two days prior to the date of the meeting revoke such proxy. If a Shareholder who has submitted a proxy does not submit such a revocation before the prescribed time, the appointment of that person as his or her proxy and the vote casted by that person as his or her proxy shall prevail.

77. The instrument appointing a proxy shall be in the form approved by the Board and be expressed to be for a particular meeting only.
78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
79. Except for trust enterprises organized under the laws of the ROC or Shareholders' Service Agents approved by Taiwan competent authorities, when a person who acts as the proxy for two or more Shareholders, the number of votes represented by him shall not exceed three percent (3%) of the total number of votes of the Company and the portion of excessive votes represented by such proxy shall not be counted.
80. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the use and solicitation of proxies shall be in compliance with the Applicable Listing Rules, including but not limited to "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".
81. A Shareholder cannot exercise his own vote or by proxy on behalf of another Shareholder in respect of any contract or proposed contract or arrangement if he may be interested therein. Such Shares shall not be counted in determining the number of votes of the Shareholders present at the said meeting with regard to such resolution, but such Shares may be counted in determining the number of Shares represented at the meeting for the purposes of determining the quorum.
82. The votes may be exercised by way of a written ballot or by way of electronic transmission if the method for exercising the votes has been described in the notice of the general meeting. The Company shall adopt the electronic transmission as one of the methods for exercising the votes if so required pursuant to the Applicable Listing Rules. Where the Company allows the votes of the Shareholders to be exercised by way of a written ballot or by way of electronic transmission, it shall have listed all proposals and matters in the notice that general meeting and may not raise any matter by ad hoc motions; the Company shall adopt the candidate nomination mechanism in accordance with the Applicable Listing Rules if the Shareholders will elect directors at such general meeting.

83. A Shareholder who exercises his votes by way of a written ballot or by way of electronic transmission as set forth in the preceding Article 82 shall be deemed to have, to the extent permitted by the Cayman Islands law and the Applicable Listing Rules, appointed the chairman of the meeting as such Shareholder's proxy and such appointment shall not be treated as an appointment of any proxy as defined under the Applicable Listing Rules but any Shareholder voting in such manner shall be deemed to waive notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting, and shall therefore not be entitled to such notice or right to vote. The chairman of the meeting shall vote on behalf of such Shareholders according to their voting instructions. In the event that the chairman of the meeting does not vote on behalf of such Shareholders according to their voting instructions, such votes shall not be counted in determining the number of votes of the Shareholders present at the said meeting provided that such shares may be counted in determining the number of shares of the Shareholders present at such general meeting for the purpose of determining the quorum.
84. A Shareholder shall submit his vote by way of a written ballot or by way of electronic transmission to the Company no later than the second (2nd) day prior to the scheduled meeting date of the general meeting; whereas if two or more such written ballot or electronic transmission are submitted to the Company, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 82 by the first written ballot or transmission shall prevail unless it is expressly included in the subsequent vote by written ballot or electronic transmission that the original vote submitted by written ballot or electronic transmission be revoked.
85. In case a Shareholder who has exercised his votes by way of a written ballot or by way of electronic transmission intends to attend the general meeting in person, he shall, at least two days prior to the date of the meeting revoke such vote by written ballot or electronic transmission and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 84. If a Shareholder who has submitted his or her vote in writing or by way of electronic transmission pursuant to Article 83 does not submit such a revocation before the prescribed time, his or her vote by written ballot or electronic transmission and the proxy deemed to be given to the chairman of the general meeting pursuant to Article 83 shall prevail.
86. If a Shareholder has submitted his or her vote in writing or by way of electronic transmission pursuant to Article 83, and has subsequently submitted a proxy appointing a person as his or her proxy to attend the general meeting on his or her behalf, the subsequent appointment of that person as his or her proxy shall be deemed to be a revocation of such Shareholder's deemed appointment of the chairman of the general meeting as his or her proxy pursuant to Article 83 and the vote casted by that person subsequently appointed as his or her proxy shall prevail.
87. In case the procedure for convening a general meeting of Members or the method of adopting resolutions is in violation of the Law, Applicable Listing Rules or these Articles, a Shareholder may, within thirty (30) days from the date of the resolution, submit a petition for an appropriate remedy to the court of the Cayman Islands or Taiwan, and if Taiwan, the Taipei District Court as the court of first instance to the extent available under the relevant laws.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

88. Any government or corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Board of Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the government/corporation which he represents as that government/corporation could exercise if it were an individual Shareholder or Director.

DIRECTORS

89. Unless otherwise determined by the Company in general meeting, the number of Directors shall be no less than five Directors and no more than nine Directors, the exact number of Directors to be determined from time to time solely by an Ordinary Resolution of the general meeting. For so long as the Shares are listed on the TPEX or TSE, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Applicable Listing Rules require for a foreign issuer.
90. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the qualifications, composition, election, removal, duties and powers and other relevant matters of Directors, Independent Directors, Audit Committee and Remuneration Committee shall be in compliance with the Applicable Listing Rules.
91. The Shareholders may in a general meeting appoint natural person or corporation to be a Director. At a general meeting of election of Directors, the number of votes exercisable in respect of one Share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates. A candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director so elected.
92. So long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall adopt a candidate nomination mechanism for the election of the Directors and Independent Directors which is in compliance with Applicable Listing Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and by an Ordinary Resolution from time to time, which policies shall be in accordance with the Law, these Articles and the Applicable Listing Rules.
93. Subject to these Articles, the term for which a Director will hold office shall be three years; thereafter he/she may be eligible for re-election. In case no election of new Directors is effected after expiration of the term of office of the existing Directors, the term of office of such Directors shall be extended until the time new Directors are elected and assume their office.
94. A Director may be discharged at any time by a Supermajority Resolution adopted at a general meeting. If a Director is discharged during the term of his/her office as a director without good cause, such Director may make a claim against the Company for any and all damages sustained by him/her as a result of such discharge.
95. If prior to the expiration of the term of the existing Directors, the shareholders elect new Directors to replace all existing Directors, unless otherwise resolved at such general meeting, the existing Directors' office shall be deemed discharged immediately upon the appointment of such new Directors.

96. The Board of Directors shall have a Chairman (the “**Chairman**”) elected and appointed by a majority of the Directors present at the Board meeting the quorum of which shall be two-thirds of all of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of the Directors present at the Board meeting with a quorum of at least two-thirds of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board. When the Chairman is on leave or for any reason is unable to exercise the powers and authority of the Chairman, the Vice Chairman shall act in place of the Chairman, or, if there is no Vice Chairman or the Vice Chairman also is on leave or for any reason is unable to exercise the powers, a Managing Director designated by the Chairman, or, if there is no Managing Director, a Director designated thereby, or, if the Chairman does not make such a designation, the Managing Directors or Directors shall elect one from among themselves to act in place of the Chairman.
97. The Board may, from time to time, and except as required by the applicable laws and Applicable Listing Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
98. A Director shall not be required to hold any Shares in the Company by way of qualification.

DIRECTORS’ FEES AND EXPENSES

99. The remuneration of the Directors may only be paid in cash. The amount of such remuneration is authorized to be decided by the Board of Directors, taking into account suggestions made by the Remuneration Committee, the extent and value of the services provided for the management of the Company and the standard of the same industry worldwide. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of Shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.
100. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

ALTERNATE DIRECTOR

101. Any Director may in writing appoint another Director to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to act in such Director’s place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

102. Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. A proxy of a Director shall accept an appointment to act as the proxy of one other Director only. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

103. Subject to the Law, these Articles, Applicable Listing Rules and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
104. A Director shall have loyalty and shall exercise due care of a good administrator in conducting the business operations of the Company; and if he/she has acted contrary thereto, he/she may be liable for the damages sustained by the Company therefrom. If the Director does anything for himself/herself or on behalf of another person in violation of the preceding provision subject to Cayman Islands law the Shareholders may, by Ordinary Resolution, consider the benefits to such Director as a result of such act as benefits of the Company and request the relevant Director to return the benefits. If a Director has, in the course of conducting the business operations of the Company, violated any provision of the applicable laws and/or regulations and thus caused damages to any other person, subject to Cayman Islands law, he/she shall be liable, jointly and severally, for the damages to such other person.

A managerial officer of the Company shall have the same liabilities as those of a Director in carrying out his/her duties.

105. The Directors may from time to time appoint any Person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of the chief executive officer, president, one or more vice-presidents, chief financial officer or controller, treasurer, assistant treasurer, or manager, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any Person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by Supermajority Resolution resolves that his tenure of office be terminated.
106. The Directors may appoint a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors.

107. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
108. Notwithstanding anything contained in these Articles and to the extent as required by the Applicable Listing Rules, the Company shall establish a Remuneration Committee to review the salary, stock options, and any other substantive incentive measures for Directors and managerial officers of the Company. The composition, power and relevant matters of the Remuneration Committee shall be subject to the Applicable Listing Rules.
109. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him. For so long as the Shares are registered in the Emerging Market or listed in the TPEX or TSE, the Company shall appoint in Taiwan a litigious and non-litigious agent who shall also be the responsible person under the Applicable Listing Rules in Taiwan. Such representative shall have a domicile or residence within the territory of Taiwan.
110. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in Articles 111, 112 and 113 shall not limit the general powers conferred by this Article.
111. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any Persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such Persons.
112. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any Person so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

113. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.
114. The Company shall establish an Audit Committee pursuant to the Applicable Listing Rules. The composition and qualification of the members of the Audit Committee shall be subject to Applicable Listing Rules.
115. The power and authority of the Audit Committee shall be subject to the Applicable Listing Rules.

BORROWING POWERS OF DIRECTORS

116. Subject to these Articles and the Applicable Listing Rules, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

117. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
118. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.

Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

DISQUALIFICATION OF DIRECTORS

119. The office of Director shall be vacated, if the Director:
 - (a) committed a felony and has been adjudicated guilty by a final judgment, and the enforcement of the judgment has not yet commenced or been completed, or the time elapsed after he has served the full term of the sentence, the probation period expires, or he received amnesty is less than five years;

- (b) has been sentenced to imprisonment for a term of more than one year for commitment of fraud, breach of trust or misappropriation, and the enforcement of the judgment has not yet commenced or been completed, or the time elapsed after he has served the full term of the sentence, the probation period expires, or he received amnesty is less than two years;
- (c) has been adjudicated guilty by a final judgment under the Anti-Corruption Act, and the enforcement of the judgment has not yet commenced or been completed, or with respect to any crime regarding misappropriation of company or public funds during the time of his public service, the time elapsed after he has served the full term of such sentence, the probation period expires, or he received amnesty is less than two years;
- (d) becomes bankrupt, or start liquidation process due to a court's decision, and his/its rights or capacity has not yet been reinstated;
- (e) has been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (f) losses all or part of legal capacity;
- (g) the order of assistance has not yet been revoked;
- (h) dies or is found to be or becomes of unsound mind;
- (i) resigns his office by notice in writing to the Company;
- (j) (not applicable to Independent Directors) for so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, has transferred more than one half of the Shares being held by him/it on the date of the general meeting at which his/its appointment was approved (the "**Approval Date**"); or
- (k) is removed from office pursuant to these Articles.

For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, if the Director (excluding Independent Directors), after the Approval Date and before his/its commencement of the office of Director, has transferred more than one half of the Shares being held by him/it as at the Approval Date he/it was elected or had transferred more than one half of the Shares being held by him/it within relevant book close period prior to such general meeting, the election of his/its directorship shall be deemed invalid.

120. Subject to the Law and Cayman Islands law, any Shareholder(s) holding 1% or more of the total number of issued Shares for a period of six months or a longer time shall have the right to submit a petition for and on behalf of the Company against its director(s), and may bring such matter to the Taipei District Court, ROC. If a director has, in the course of performing his duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or these Articles, but has not been removed by the Company pursuant to a Supermajority Resolution vote, then, subject to the Law and Cayman Islands law, any Shareholder(s) holding 3% or more of the total number of issued Shares shall have the right, within 30 days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense. The Taipei District Court, ROC, may be court of the first instance for this matter.

PROCEEDINGS OF DIRECTORS

121. The Directors may meet together (either within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. The notice for a Board meeting may be given by means of electronic communication. Questions arising at any meeting shall be decided by a majority of votes present at such meeting. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may, and on the requisition of a Director shall, at any time summon a meeting of the Directors.
122. A Director may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director is a member, via video conference by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
123. Subject to these Articles, the quorum necessary for the transaction of the business of the Directors shall be more than one-half of the Directors. A Director represented by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present. When the number of vacancies in the Board of Directors of the Company equals to one third of the total number of Directors, the Board of Directors shall hold, within 60 days, a general meeting of Shareholders to elect succeeding Directors to fill the vacancies.
124. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company or in any other matters discussed at the meeting of the Directors shall declare the nature and relevant material contents of his interest at such meeting of the Directors. A Director cannot vote his own vote or on behalf of another Director in respect of any contract or proposed contract or arrangement when he may be interested therein. The voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting (but shall still be counted in the quorum for such meeting). Where the spouse of a Director, a person with a kinship to a Director within the second degree, or a company controlled by or controlling a Director has a direct or indirect interest in any matter, such Director will be deemed to have an interest in such matter.
125. A Director who does anything for himself or on behalf of another person that is within the scope of the Company's business shall declare the essential contents of such behaviour to the general meeting of the Shareholders and be approved by a Supermajority Resolution. Failure in obtaining such approval shall cause the Director being so interested be liable to account to the Company for any profit realised by any such behaviour if the general meeting so resolves by an Ordinary Resolution within one year from such behaviour.
126. Notwithstanding the preceding Articles, a Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

127. Subject to these Articles, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
128. The Directors shall cause all minutes to be made in books or loose-leaf folders provided for the purpose of recording:
 - (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
129. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
130. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for summoning a general meeting of the Company, but for no other purpose.
131. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
132. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present.
133. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.

134. The following actions require the approval of a majority of the votes of the Directors present at a Board meeting attended by at least two-thirds of all Directors:
- (a) entering into, amendment to, or termination of any contract for lease of its business in whole, or for entrusted business, or for regular joint operation with others;
 - (b) the sale or transfer of the whole or any material part of its business or assets;
 - (c) taking over the transfer of another's whole business or assets, which will have a material effect on the business operation of the Company;
 - (d) the election of Chairman of the Board pursuant to these Articles;
 - (e) issuance of corporate bonds;
 - (f) the allocation of Employees' Remunerations and Directors' Remunerations pursuant to Article 136.

DIVIDENDS AND DISTRIBUTIONS

135. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor. For so long as the Shares are registered in the Emerging Market or listed on the TPEX or TSE, the Company shall not pay any dividends or bonuses if (a) it does not have earnings, or (b) it has not yet covered its losses.
136. Subject to the Law, when allocating the earnings for each fiscal year, the Company shall, after paying all or reserving such amounts for applicable taxes and offsetting losses from previous years, set aside 10% of the balance as a reserve (the "**10% Reserve**") and other special reserve or reverse special reserve pursuant to the Applicable Listing Rules, the Board of Directors may distribute the remaining earnings together with any undistributed retained earnings accrued from prior years of the Company as cash dividends and/or stock dividends to the Shareholders; provided that the dividends distributed to the Shareholders pursuant to this Article 136 shall comprise no less than 1% of the net profit after tax of the relevant fiscal year. The cash dividends shall comprise no less than 50% of the total dividends declared in such year.

Subject to the Law, where the Company incurs no loss it may by a Supermajority Resolution declare dividends and/or bonuses to the Shareholders out of from the 10% Reserve, the premium paid on the issuance of any share and income from endowments received by the Company; provided that, where the cash dividends and/or stock dividends are out of from the 10% Reserve, only the portion of the 10% Reserve which exceeds 25 percent of the paid-in capital of the Company may be distributed. Subject to Article 37, the Board of Directors shall prepare the plan of distributions and submit such plan for the approval of the Shareholders at the general meeting.

Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate (a) no less than 0.1% of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any subsidiaries of the Company) (the "**Employees' Remunerations**"); and (b) a maximum of 1% of such annual profits before tax for the purpose of Directors' remunerations (the "**Directors' Remunerations**"). Notwithstanding the foregoing paragraph, if the Company has accumulated losses of the previous years for the annual financial year, the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations. Subject to the Law, the Applicable Listing Rules and notwithstanding Article 151, the Employees' Remunerations and the Directors' Remunerations may be distributed in the form of cash and/or bonus shares, upon resolution by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors. The resolutions of Board of Directors regarding the distribution of the Employees' Remunerations and the Directors' Remunerations in the preceding paragraph shall be reported to the Shareholders at the general meeting after such Board resolutions are passed.

While the Company is still at the growth stage, any balance earnings together with any undistributed retained earnings accrued from prior years of the Company may be distributed as cash dividends and/or bonus shares in accordance with the Law and Applicable Listing Rules, after taking into consideration the investment environment, capital requirement, domestic and overseas competition environment and capital budget of the Company current or future, as well as shareholders interest, balance of dividend and long term financial plan of the Company.

The Company shall not be required to set aside the 10% Reserve pursuant to this Article if and when the aggregate reserves from the 10% Reserve reach 100% of the paid-in capital of the Company.

137. Any dividend may be paid by cheque sent through the post to the registered address or by remittance or otherwise to the designated account of the Shareholder or Person entitled thereto, or in the case of joint holders, to the representative of such joint holders at his registered address or to his designated account or to such Person and such address/account as the Shareholder or Person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the Person to whom it is sent or to the order of such other Person as the Shareholder or Person entitled, or such joint holders as the case may be, may direct.
138. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the number of the Shares held by the Shareholders.
139. If several Persons are registered as joint holders of any Share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the Share.
140. No dividend shall bear interest against the Company.

ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

141. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
142. The books of account shall be kept at the Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
143. The Board of Directors shall prepare and submit the business report, financial statements, and surplus earning distribution or loss off-setting proposals to the annual general meeting of Shareholders for its ratification and after the meeting shall distribute to each Shareholder the copies of ratified financial statements and the resolutions on the earning distribution and/or loss offsetting and/or make them public pursuant to the Applicable Listing Rules.

144. The Board shall keep copies of the yearly business report and financial statements at the office of its Shareholders' Service Agent before ten (10) days of the annual general meeting and any of its Shareholders is entitled to inspect such documents during normal business hours of such service agent.
145. Save for the Article 144 and Article 161, the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
146. The accounts relating to the Company's affairs shall only be audited in such manner and with such financial year end as may be determined from time to time by the Directors, or required by the Applicable Listing Rules.
147. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

AUDIT

148. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his remuneration.
149. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
150. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

CAPITALISATION OF RESERVES OR PROFITS

151. Subject to the Law, the Company may, with the authority of a Supermajority Resolution:
 - (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve, special capital reserve and profit and loss account), whether or not available for distribution;
 - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the number of Shares held by them respectively for the purpose of the payment of bonuses in the form of Shares and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Shareholders, or partly in one way and partly in the other;

- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve or other funds and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
 - (d) authorise a Person to enter (on behalf of all the Shareholders or other persons concerned) into an agreement with the Company providing for the allotment to the Shareholders or other persons respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, and any such agreement made under this authority being effective and binding on all those Shareholders or other persons; and
 - (e) generally do all acts and things required to give effect to the resolution.
152. For the avoidance of doubts, the allotment of bonus shares in connection with the Employees' Remunerations and Directors' Remunerations pursuant to Article 136 shall not require the approval of a Supermajority Resolution.

TENDER OFFER

153. Upon the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Listing Rules, the Board of Directors shall, subject to the Applicable Listing Rules, proceed to, including but not limited to make resolution and public announcement.

SHARE PREMIUM ACCOUNT

154. The Directors shall in accordance with the Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.
155. There shall be debited to any share premium account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

NOTICES

156. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by facsimile, or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Shareholder at his address as appearing in the Register, or to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic mail number or address such Shareholder may have positively confirmed in writing for the purpose of such service of notices. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands as their representative in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

157. Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

158. Any notice or other document, if served by:

- (a) post or courier, shall be deemed to have been served five days after the time when the letter containing the same is posted or delivered to the courier;
- (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
- (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
- (d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

159. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

160. Notice of every general meeting of the Company shall be given to:

- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
- (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

INFORMATION

161. The Board of Directors shall keep at the office of its Shareholders' Service Agent in Taiwan copies of these Articles, the minutes of every meeting of the Shareholders and the financial statements, the Register of Members and the counterfoil of corporate bonds issued by the Company. Any Shareholder of the Company may at any time request, by submitting evidentiary document(s) to show the nature of his/her interest, indicating the scope of such interest and specifying the document(s) he/she/it wishes to inspect or make copies of, access to inspect and to make copies of such documents; and the Company shall procure its Shareholders' Service Agent to arrange accordingly. In the event that a general meeting is convened by the Board or any other person having a right to convene the general meeting in accordance with these Articles, such convener(s) may request that the Company or its Shareholders' Service Agent provide them with a copy of the Register.

Without prejudice to the rights set forth in these Articles, no Shareholder shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members of the Company to communicate to the public.

162. The Board shall be entitled to release or disclose to any regulatory or judicial authority any information in its possession, custody or control regarding the Company or its affairs to any of its Shareholder including, without limitation, information contained in the Register of Members and transfer books of the Company.

INDEMNITY

163. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles) and other officer for the time being and from time to time of the Company (each an "**Indemnified Person**") shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
164. The Company may purchase and maintain insurance for the benefit of the Director or the officers of the Company against any liability incurred by him/her in his/her capacity as a Director or officer, as applicable, in order to minimize the relevant indemnity liabilities incurred or sustained by the Company and the Shareholders.
165. No Indemnified Person shall be liable to the Company unless such liability arises through such Indemnified Person's own dishonesty, wilful default or fraud.

NON-RECOGNITION OF TRUSTS

166. Subject to the proviso hereto, no Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors in their absolute discretion.

FINANCIAL YEAR

167. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING- UP

168. If the Company shall be wound up, and the assets available for distribution amongst the Shareholders shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the number of the Shares held by them. If in a winding up the assets available for distribution amongst the Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Shareholders in proportion to the number of the Shares held by them at the commencement of the winding up. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may, with the sanction of an Special Resolution and any other sanction required by the Law and in compliance with the Applicable Listing Rules, divide amongst the Shareholders in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different Classes. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction shall think fit, but so that no Shareholder shall be compelled to accept any asset whereon there is any liability.

169. The Company shall keep all statements, records of account and documents for a period of ten years from the date of the completion of liquidation, and the custodian thereof shall be appointed by the liquidator or the Company by Ordinary Resolution.

The parties set out in Schedule 1

(as the “**Lenders**”)

and

ASLAN Pharmaceuticals Limited

(as the “**Borrower**”)

LOAN FACILITY AGREEMENT

THIS LOAN FACILITY AGREEMENT is made BY AND BETWEEN:

- (1) **The parties set out in Schedule 1** (the “**Lenders**”), of the one part; and
- (2) **ASLAN Pharmaceuticals Limited**, (Company Registration No. IT-289175) a company incorporated in the Cayman Islands and having its registered office at c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town Grand Cayman KY1-9005, Cayman Islands (the “**Borrower**”), of the other part,

(each, a “**Party**”, collectively, the “**Parties**”).

WHEREAS:

- (A) Each of the Lenders has agreed to make available to the Borrower a loan up to a specified amount on the terms set out in this Agreement; and
- (B) Each of the Lenders and the Borrower have agreed to enter into this Agreement to record the terms and conditions upon which the Lenders makes such loans available to the Borrower.

NOW, THEREFORE, in consideration of mutual promises set forth herein, the Lenders and the Borrower hereby agree as follows:

1. LOAN AND PURPOSE OF THE LOAN

- 1.1 Each of the Lenders commits, subject to the terms in this Agreement, to make available to the Borrower a loan of the sum indicated against their respective name in Schedule 1 (each a “**Loan**”), for the sole purpose of facilitating the Borrower’s operational needs. The aggregate amount of all such Loans shall be referred to as the “**Aggregate Loan Amount**”. The Borrower agrees to accept the Loans from the Lenders for such sole purpose and to make repayment to the Lenders on the terms and conditions set out in this Agreement. The Loans facility is available to be drawn down in the period between 4th October 2019 up to and including 31st December 2019 (the “**Drawdown Period**”).
- 1.2 The entirety of the Aggregate Loan Amount in this facility shall be drawn down in a single transaction, and the date when all of the Aggregate Loan Amount has been received into the Borrower’s bank account in accordance with clause 3.2 shall be the “**Drawdown Date**” for the purposes of this Agreement. If the Loan(s) is not drawn down by the expiry of the Drawdown Period, this Agreement shall terminate automatically.
- 1.3 The Loans shall be repaid in full together with accrued interest no later than two (2) years from the Drawdown Date (the “**Term**”).

2. INTEREST

As from the Drawdown Date, the Loans shall bear an interest rate of 10% (ten percent) per annum. Interest shall accrue quarterly and shall be compounded with and added to the principal amounts of the Loans and shall thereafter constitute a part of the Loans hereunder. Upon repayment of the principal amounts of the Loans, all accrued amounts of interest shall also be paid in full. The Parties severally agree that the terms of this Agreement are fair and reasonable and represent an arm’s length transaction between each Lender and the Borrower.

3. DRAWDOWN AND REPAYMENT

- 3.1 When it wishes to draw down the Loans the Borrower shall give a draw-down notice to each of the Lenders in writing (which may be by e mail).
- 3.2 Upon receipt of the Borrower's draw-down notice, each Lender severally agrees to transfer the sum indicated against that Lender's name in Schedule 1 to the Borrower's bank account as specified in Schedule 2 within five (5) Business Days of the date of the draw-down notice. "Business Day" means a day (other than a Saturday or Sunday) on which banks are open for business in Singapore. All payments payable by the Lenders pursuant to this Agreement shall be made in United States Dollars and shall be made in accordance with the instructions of the Borrower and shall be paid to the Borrower without any deduction in respect of banking fees, or as required by law.
- 3.3 The Borrower shall repay, on or before the expiry of the Term, the Aggregate Loan Amount outstanding on such date together with accrued interest and all other outstanding amounts under this Agreement. Such repayments to each Lender shall be made in United States Dollars.
- 3.4 The Borrower shall also be entitled to repay all or part of the Loans at any time prior to expiry of the Term. Any such early repayment of all or part of the Aggregate Loan Amount shall include payment of all accrued compounded interest attributable to the amount of the Aggregate Loan Amount repaid, up to the date of such early repayment (the "**Then-Accrued Interest**"). In such circumstances, if the Then-Accrued Interest is less than 5% of the principal amount of the Loan repaid, ASLAN undertakes to substitute for the Then-Accrued Interest, an amount equal to 5% of the principal amount of the Loan repaid by way of a guaranteed minimum interest payment. Any part repayment of the Loans shall be made on an equal pro-rata basis among all Lenders.

4. METHOD OF PAYMENT

The Loans shall become due and repayable upon completion of the Term. Each of the Loans shall only be discharged when such Loan together with accrued interest thereon has been repaid in full.

5. FINANCE DEBT

The Borrower will not incur any finance debt after the Drawdown Date which is secured by security interest ranking in priority to any security interest of the Lender except with the prior written consent of the Lender.

6. EFFECTIVENESS AND VALIDITY

- 6.1 This Agreement shall become effective and binding as between the Borrower and each individual Lender on the first date the Borrower and that Lender shall have executed this Agreement, and such date shall be the "Effective Date" as between those parties. For the avoidance of doubt, the Effective Date for some Lenders may be different to that for other Lenders, to the extent Lenders execute this Agreement on different dates.

6.2 Notwithstanding that the whole or any part of any provision of this Agreement may prove to be illegal or unenforceable, the other provisions of this Agreement and the remainder of the provision in question shall remain in full force and effect.

7. ASSIGNMENT

7.1 This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and assigns.

7.2 Any of the Lenders may by notice to the Borrower at any time assign to any person all or any part of its rights under this Agreement, but the rights of the Borrower under this Agreement are personal to it and cannot be assigned either in whole or in part.

8. NOTICE

All notices, consents, requests, approvals, demands, or other communication by any Party to this Agreement shall be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and 3 (three) Business Days after deposit in the registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) 1 (one) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the Party to be notified and sent to the address, facsimile number, or email address indicated below. Any Lender or the Borrower may change its mailing or electronic mail address or facsimile number by giving the other Party written notice thereof in accordance with the terms of this Clause:

If to the Lenders, to the addresses set forth on Schedule 1 hereto.

If to the Borrower:

ASLAN Pharmaceuticals Limited

Address: 83 Clemenceau Avenue #12-03 UE Square Singapore 239920

Attention: Ben Goodger, General Counsel

Email: ben.goodger@aslanpharma.com

9. GOVERNING LAW AND JURISDICTION

9.1 This Agreement shall be governed by and construed in accordance with the laws of Republic of Singapore.

9.2 All disputes, disagreements or differences arising out of or in connection with this Agreement shall be submitted to the exclusive jurisdiction of the Courts of Republic of Singapore.

10. THIRD PARTY RIGHTS; AMENDMENTS OR WAIVERS

- 10.1 This Agreement does not create or confer any rights or benefits enforceable by any person not a Party to it.
- 10.2 No consent from the persons referred to in this Clause is required for the Parties to vary or rescind this Agreement (whether or not in any way that varies or extinguishes rights or benefits in favour of such third parties).
- 10.3 No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective unless approved by the written consent of the Borrower and the Lenders holding Loans representing a majority of the Aggregate Loan Amount then outstanding.

11 CONFIDENTIALITY

- 11.1 The term “Confidential Information” for the purposes herein means the terms of this Agreement and any and all information, data, memoranda, models, prototypes, and/or other material whether of scientific, technical, commercial, financial or other nature, not in the public domain, furnished to or obtained by a Party from the other Party under this Agreement in written, oral or other tangible form. Each Lender, as the receiving Party, agrees for the Term and for a period of three (3) years after the termination or expiration of this Agreement, to treat the Confidential Information of the Borrower as strictly confidential and not to disclose it to any third party for any purpose whatsoever and to treat it with at least the same care and in the same manner as its own secret and valuable information. The receiving Party shall ensure that its employees to whom Confidential Information is disclosed covenant to keep such information confidential to the extent that the receiving Party is bound by this Agreement and that such covenants on the part of employees are strictly observed.
- 11.2 The provisions of Clause 11.1 above shall not apply to any:
 - (a) information which is or was already known to the receiving Party at time of disclosure to it; or
 - (b) information which after disclosure to the receiving Party under this Agreement is published or otherwise generally available to the public otherwise than through any act, default or omission by the receiving Party of its obligations hereunder; or
 - (c) information which is required to be disclosed to governmental or regulatory bodies or to a court of competent jurisdiction pursuant to any written law, provided, however, that such disclosure is limited to that required to be disclosed; or
 - (d) information which is disclosed to the receiving Party by a third party without restriction and without breach of the confidentiality obligations under this Agreement by the receiving Party.
- 11.3 The receiving Party acknowledges that unauthorized disclosure or use of Confidential Information could cause great or irreparable injury to the Borrower and that pecuniary compensation would not afford adequate relief or it would be extremely difficult to ascertain the amount of compensation which would afford adequate relief. Therefore, the receiving Party agrees that, in the event of such unauthorized disclosure or use of Confidential Information, the Borrower will have the right to seek and obtain injunctive relief in addition to any other rights and remedies it may have.

12 PUBLICITY

No Party may publicise or release any information in relation to the terms or existence of this Agreement except with the other Parties' prior written consent, other than as may be required to be disclosed to comply with the laws or regulations of any relevant governmental or regulatory bodies or to a court of competent jurisdiction.

13 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or other electronic transmission of signatures shall be deemed to be the same as originals.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties on the day and year first-above written.

For and on behalf of: Bukwang Pharmaceutical Co., Ltd.
(Name of Lender)

Signature: /s/ Hee-Won Yoo Name: Hee-Won Yoo

Title: CEO & President Date: 30 September 2019

For and on behalf of: _____
(Name of Lender)

Signature: _____ Name: _____

Title: _____ Date: _____ 2019

For and on behalf of: _____
(Name of Lender)

Signature: _____ Name: _____

Title: _____ Date: _____ 2019

For and on behalf of: _____
(Name of Lender)

Signature: _____ Name: _____

Title: _____ Date: _____ 2019

THE BORROWER:

Signature: /s/ Carl Firth

Name: Carl Firth

Title: CEO, ASLAN Pharmaceuticals Pte Ltd.

Date: 30 September 2019

Schedule 1

Lenders & Committed Loan Amounts

<u>Name of Lender</u>	<u>Address</u>	<u>Committed Loan Amount (USD)</u>
Bukwang Pharm. Co. Ltd.	Sangdo-ro 7, Donjak-gu, Seoul 06955	1,000,000

Schedule 2

Beneficiary Name : ASLAN Pharmaceuticals Ltd
Bank Name : The Hong Kong and Shanghai Banking Corporation
Bank Address : 21 Collyer Quay, HSBC Building Level 1, Singapore 049320
USD Bank Account No.: 260-882279-178
SWIFT Code : HSBCSGSG



83 Clemenceau Avenue
#12-03 UE Square
Singapore 239920
t +65 6222 4235
f +65 6225 2419
www.aslanpharma.com

To:
BUKWANG PHARM. CO., LTD.,
7, Sangdo-ro, Dongjak-Gu,
Seoul 06955, South Korea

Date: 30th September 2019

Dear Sirs

Loan Facility Agreement (“Loan Agreement”) between (1) certain parties listed therein including you (“the Lender”) and (2) ASLAN Pharmaceuticals Ltd (“the Borrower”) – Conversion Rights

We refer to the Loan Agreement which we have entered into on today’s date. Terms defined in the Loan Agreement shall have the same meanings herein except where otherwise expressly indicated. This Letter Agreement sets out additional terms to those applying in the Loan Agreement, such additional terms being between the Borrower and the Lender only.

The Borrower hereby grants to the Lender an option (“**Conversion Option**”), during the Exercise Period, to elect to convert any unpaid portion of the principal amount of the Loan, together with accrued interest thereon outstanding at the date of the Conversion Exercise Notice (“**Outstanding Loan Amount**”), into newly-issued American Depositary Receipts (“**ADRs**”) issued by the Borrower as provided below.

The Lender shall be entitled to exercise its right granted under the Conversion Option to subscribe for the Number of ADRs by serving the Conversion Exercise Notice to the Borrower without having to obtain any consent from other Lenders on the Borrower during the Exercise Period.

“**Number of ADRs**”:
$$\frac{\text{Outstanding Loan Amount}}{\text{ADR Price}} - \text{rounded down to the nearest whole number}$$

“**ADR Price**”: 90% of the volume-weighted average price per ADR on the date of the Conversion Exercise Notice (corresponding to a 10% discount)

“**Total Conversion Amount**”:
$$\text{Number of ADRs} \times \text{ADR Price}$$

If the Total Conversion Amount for ADRs does not equate to the exact amount of the Outstanding Loan Amount, then any unused balance shall be repaid by the Borrower to the Lender in full.

“**Exercise Period**”: any time between the Drawdown Date and expiry of the Term.

“**Conversion Exercise Notice**”: a written notice delivered and served on the Borrower at the address specified in the Loan Agreement specifying that they wish to exercise their Conversion Option.

Schedule 1 sets out further detailed terms which shall apply to the Conversion Option and its exercise.

Please indicate your agreement to the above by executing where indicated below.

Yours sincerely

/s/ Carl Firth

Carl Firth, CEO, for and on behalf of
ASLAN Pharmaceuticals Ltd.



AGREED AND ACCEPTED:

/s/ Hee-won Yoo

[Name] Hee-won Yoo

[Title] CEO & President for and on behalf of
Bukwang Pharm. Co., LTD.



SCHEDULE 1

DETAILED TERMS

1. The Conversion Option shall only be exercisable by the Lender conditional on the ordinary shares of the Borrower having been delisted from the Taipei Exchange.
2. Once lodged any Conversion Exercise Notice shall be irrevocable save with the consent of the board of the Borrower.
3. The issue of ADRs in the Borrower to the Lender pursuant to any exercise or part-exercise of the Lender's rights made in accordance with this Agreement shall fully satisfy the Borrower's obligations under this Agreement to issue ADRs in the Borrower to the Lender in respect of such exercise.
4. Any subscription rights not exercised before expiry of the Exercise Period shall automatically lapse and cease to be exercisable.
5. The Lender must not assign its Conversion Option hereunder or create any encumbrance over or otherwise transfer the same without the Borrower's prior written consent, but no such consent shall be required where such assignment is solely occasioned by a scheme for a solvent amalgamation of the Lender with one or more other affiliates or by the solvent reorganisation of the Lender.
6. Upon completion of the allotment and issue of ADRs pursuant to any exercise of rights by the Lender in accordance with this Agreement, the Borrower shall, subject to the Constitution of the Borrower:
 - (a) allot and issue to the Lender (or its nominee) the number of ADRs in the Borrower for which it is exercising its subscription rights in accordance with this Agreement, such ADRs to be issued to the Lender no later than fifteen (15) Business Days after the Borrower's the receipt of Conversion Exercise Notice;
 - (b) enter the Lender (or its nominee, as appropriate) in the Borrower's register of ADR holders as the holder of the number of ADRs in the Borrower issued to it no later than three (3) business days of such completion and allotment; and
 - (c) deliver to the Lender within a reasonable period of time a duly executed certificate for the number of ADRs in the Borrower issued to it.

The parties set out in Schedule 1

(as the “**Lenders**”)

and

ASLAN Pharmaceuticals Limited

(as the “**Borrower**”)

LOAN FACILITY AGREEMENT

THIS LOAN FACILITY AGREEMENT (this “Agreement”) is dated 21st October 2019 (the “**Effective Date**”) and made **BY AND BETWEEN:**

- (1) **The parties set out in Schedule 1** (the “**Lenders**”), of the one part; and
- (2) **ASLAN Pharmaceuticals Limited**, (Company Registration No. IT-289175) a company incorporated in the Cayman Islands and having its registered office at c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town Grand Cayman KY1-9005, Cayman Islands (the “**Borrower**”), of the other part,

(each, a “**Party**”, collectively, the “**Parties**”).

WHEREAS:

- (A) Each of the Lenders has agreed to make available to the Borrower a loan up to a specified amount on the terms set out in this Agreement; and
- (B) Each of the Lenders and the Borrower have agreed to enter into this Agreement to record the terms and conditions upon which the Lenders makes such loans available to the Borrower.

NOW, THEREFORE, in consideration of mutual promises set forth herein, the Lenders and the Borrower hereby agree as follows:

1. LOAN AND PURPOSE OF THE LOAN

- 1.1 Each of the Lenders commits, subject to the terms in this Agreement and subject to the receipt of a certified copy of the resolutions of the Borrower’s board of directors (the “**Board**”) approving the transactions hereunder, to make available to the Borrower a loan of the sum indicated against their respective name in Schedule 1 (each a “**Loan**”), for the sole purpose of facilitating the Borrower’s operational needs. The aggregate amount of all such Loans shall be referred to as the “**Aggregate Loan Amount**”. The Borrower agrees to accept the Loans from the Lenders for such sole purpose and to make repayment to the Lenders on the terms and conditions set out in this Agreement. The Loans facility is available to be drawn down in the period between the Effective Date up to and including 31st December 2019 (the “**Drawdown Period**”).
- 1.2 The Parties agree that:
 - (a) The obligations of the Lenders under this Agreement are several. If any liability of one of the Lenders is, or becomes illegal, invalid or unenforceable in any respect, or any of the Lenders fails to carry out its obligations hereunder, such illegality, invalidity, unenforceability or failure shall not affect or impair the liabilities of the other Lenders under this Agreement. No Lender shall be responsible for the obligations of any other Lender.
 - (b) Notwithstanding any other term of this Agreement, the rights of each Lender are several and the Loan at any time outstanding under this Agreement from the Borrower to each Lender shall be a separate an independent debt. Each Lender shall have the right to protect and enforce its rights arising out of this Agreement.

1.3 The entirety of the Aggregate Loan Amount in this facility shall be drawn down in a single transaction, and the date when all of the Aggregate Loan Amount has been received into the Borrower's bank account in accordance with Clause 3.2 shall be the "**Drawdown Date**" for the purposes of this Agreement. If the Loan(s) is not drawn down by the expiry of the Drawdown Period, this Agreement shall terminate automatically.

1.4 The Loans shall be repaid in full together with accrued interest no later than two (2) years from the Drawdown Date (the "**Term**").

2. **INTEREST**

As from the Drawdown Date, the Loans shall bear an interest rate of 10% (ten percent) per annum. Interest shall accrue quarterly and shall be compounded with and added to the principal amounts of the Loans and shall thereafter constitute a part of the Loans hereunder. Upon repayment of the principal amounts of the Loans, all accrued amounts of interest shall also be paid in full. The Parties severally agree that the terms of this Agreement are fair and reasonable and represent an arm's length transaction between each Lender and the Borrower.

3. **DRAWDOWN AND REPAYMENT**

3.1 When it wishes to draw down the Loans the Borrower shall give a draw-down notice to each of the Lenders in writing and signed by a director of the Borrower.

3.2 Upon receipt of the Borrower's draw-down notice, each Lender severally agrees to transfer the sum indicated against that Lender's name in Schedule 1 to the Borrower's bank account as specified in Schedule 2 within five (5) days of the date of the draw-down notice. All payments payable by the Lenders pursuant to this Agreement shall be made in United States Dollars and shall be made in accordance with the instructions of the Borrower and shall be paid to the Borrower without any deduction in respect of banking fees, or as required by law.

3.3 The Borrower undertakes to repay the entirety of the Aggregate Loan Amount together with accrued interest on each of the Loans on or before expiry of the Term. Such repayments to each Lender shall be made in United States Dollars and to the respective Lender's bank account as notified by such Lender to the Borrower in writing from time to time.

3.4 The Borrower shall also be entitled to repay all or part of the Loans at any time prior to expiry of the Term subject to five (5) days prior written notice to the Lenders. Any such early repayment of all of the Aggregate Loan Amount shall include payment of all accrued compounded interest up to the date of such early repayment (the "**Then-Accrued Interest**"). In such circumstances, if the Then-Accrued Interest is less than 5% of the principal amount of the Loan, ASLAN undertakes to substitute for the Then-Accrued Interest, an amount equal to 5% of the principal amount of the Loan by way of a guaranteed minimum interest payment. Any part repayment of the Loans shall be made on an equal pro-rata basis among all Lenders.

4. **METHOD OF PAYMENT**

- 4.1 The Loans shall become due and repayable upon expiry of the Term. Each of the Loans shall only be discharged when such Loan together with accrued interest thereon has been repaid in full.
- 4.2 All payments by the Borrower under this Agreement shall be paid to the Lenders without set-off, restriction or condition and without any deduction or retention, save as required by law and in such case, the sum payable by the Borrower in respect of which the deduction, withholding or retention is required shall be increased to the extent necessary to ensure that after the making of the deduction, withholding or retention the Lenders receive a net sum equal to that which it would have received had no deduction, withholding or retention been required or made.
- 4.3 If the Borrower becomes or will become required by law to make any deduction or withholding or there is or will be any change in the requirement under the law to make any deduction or withholding, the Borrower will give notice to the Lenders in writing of any such requirement or change in requirement immediately.

5. FINANCE DEBT; CHANGE IN CAPITAL STRUCTURE

The Borrower will not after the Drawdown Date (i) incur any finance debt which is secured by a security interest; or (ii) carry out or implement any merger, consolidation, reorganization (other than the solvent reorganization of the Borrower), recapitalization, reincorporation, share dividend or other changes in the capital structure of the Borrower which may have a material adverse effect on the rights of the Lenders hereunder, in each case except with the prior written consent of the Lenders.

6. BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each of the Lenders that:

- (a) it is duly incorporated and validly existing under the laws of Cayman Islands and has the power to own its assets and carry on the business it now conducts;
- (b) it has the power to enter into and perform all its obligations under this Agreement and the signature and delivery of this Agreement on its behalf and the performance of its obligations hereunder have been duly authorised by its Board and (if required) Board committee and shareholders;
- (c) the signature and delivery of this Agreement on its behalf and performance of obligations under this Agreement will not (a) violate any provisions of any existing law, regulation, listing rule or order applicable to it or any of its assets, or (b) violate any provisions of or constitute an event of default under any document constituting it or any document to which it is a party or which is binding on it or any of its assets;
- (d) all relevant approvals, consents, licences and authorisations of any governmental or regulatory authority or agency or orders, exemptions, filings or registrations required or necessary in connection with the execution and delivery by it of this Agreement (if any) have been obtained and are in full force and effect;

- (e) this Agreement has been duly signed and delivered by it and its obligations under this Agreement constitute legal, valid and binding obligations enforceable in accordance with its terms;
- (f) no Event of Default (as defined below) or potential Event of Default has occurred and is continuing which has not been remedied or waived in accordance with provisions of this Agreement;
and
- (g) no Security Interest (as defined below) exists on or over any of the assets by the Borrower or its subsidiaries.

“**Event of Default**” means each and every one of the following events or circumstances:

- (i) the non-payment, when due, unless prior written notice has been provided by the Borrower and accepted by the Lenders, of any amount in respect of the Loans, interest payments, costs or expenses due and payable hereunder;
- (ii) if the Borrower fails to observe or perform or cause to be performed or observed any other covenant, representation and warranty, term or condition contained in this Agreement, other than non-payment, and such failure is not remedied to the satisfaction of the Lenders within 30 days following written notice thereof by the Lenders to the Borrower;
- (iii) if the Borrower shall:
 - a. institute or commence proceeding to be adjudicated a bankrupt or insolvent or consent to the filing of a bankruptcy or insolvency proceeding against it;
 - b. file, institute or commence or otherwise take any proceeding relating to adjustment, arrangement composition, compromise, stay of proceedings or relief similar to any of the foregoing under any applicable law regarding bankruptcy, insolvency or relief of debtors;
 - c. consent to the filing of any such aforesaid proceeding;
 - d. consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or similar official or to the liquidation, dissolution or winding-up of the Borrower, or of all or a substantial part of its assets; or
 - e. take any corporate or other action authorizing or in furtherance of any of the foregoing;
- (iv) if any proceeding is filed, instituted or commenced by any person seeking:
 - a. to adjudicate the Borrower, a bankrupt or insolvent or the liquidation, winding-up, adjustment, arrangement, compromise, composition, stay of proceedings or similar relief of or for the Borrower under any applicable law regarding bankruptcy, insolvency or relief of debtors; or
 - b. to appoint a receiver, liquidator, trustee or assignee in bankruptcy or similar official of the Borrower or of all or a substantial part of its property or assets;
- (v) if a distress, attachment, sequestration, execution or other process is levied or enforced upon the Borrower that has or is likely to have a material adverse effect on the Borrower; or

- (vi) any litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority is current, pending or threatened against the Borrower or its subsidiary which proceedings alone or together with any other such proceedings have or are likely to have a material adverse effect on the Borrower and such proceedings are not discontinued or settled within 30 days of such occurrence.

“**Security Interest**” means any mortgage, charge (whether fixed or floating), assignment (whether absolute or by way of security), pledge, lien, encumbrance, hypothecation, security interest or any option, preferential right or trust arrangement the effect of which is the creation of security.

7. OCCURRENCE OF AN EVENT OF DEFAULT

- 7.1 In the Event of Default the Lenders may declare the Loans then outstanding and all interest thereon accrued and unpaid to be immediately due and payable to the Lenders. In such an event the Lenders shall provide written notice to the Borrower, which notice shall be deemed to constitute a demand for payment of the Loans then outstanding and all interest thereon accrued and unpaid hereunder and the Lenders shall have all rights and remedies available to them at law, in equity or otherwise, whether arising by virtue of this Agreement or otherwise.
- 7.2 The Borrower shall promptly upon it becoming aware of the same, notify the Lenders in writing details of the occurrence of any Event of Default or potential Event of Default and of any action taken or proposed to be taken to remedy it.

8. EFFECTIVENESS AND VALIDITY

- 8.1 This Agreement shall become effective and binding on the day and year first-above written upon signing by all Parties.
- 8.2 Notwithstanding that the whole or any part of any provision of this Agreement may prove to be illegal or unenforceable, the other provisions of this Agreement and the remainder of the provision in question shall remain in full force and effect.

9. ASSIGNMENT

- 9.1 This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and assigns.
- 9.2 Any of the Lenders may by notice to the Borrower at any time assign to any person all or any part of its rights under this Agreement, but the rights of the Borrower under this Agreement are personal to it and cannot be assigned either in whole or in part.

10. NOTICE

All notices, consents, requests, approvals, demands, or other communication by any Party to this Agreement shall be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and 3 (three) Business Days after deposit in the registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) 1 (one) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the Party to be notified and sent to the address, facsimile number, or email address indicated below.

“**Business Day**” means a day (other than a Saturday, Sunday or a public holiday) on which commercial banks in Hong Kong, Taiwan, Singapore and the United States are open for business.

Any Lender or the Borrower may change its mailing or electronic mail address or facsimile number by giving the other Party written notice thereof in accordance with the terms of this Clause:

If to the Lenders, to the addresses set forth on Schedule 1 hereto.

If to the Borrower:

ASLAN Pharmaceuticals Limited

Address: 83 Clemenceau Avenue #12-03 UE Square Singapore 239920

Attention: Ben Goodger, General Counsel

Email: ben.goodger@aslanpharma.com

11. GOVERNING LAW AND JURISDICTION

- 11.1 This Agreement shall be governed by and construed in accordance with the laws of Republic of Singapore.
- 11.2 All disputes, disagreements or differences arising out of or in connection with this Agreement shall be submitted to the exclusive jurisdiction of the Courts of Republic of Singapore.

12. THIRD PARTY RIGHTS; AMENDMENTS OR WAIVERS

- 12.1 This Agreement does not create or confer any rights or benefits enforceable by any person not a Party to it. No consent from such persons who are not Parties of this Agreement is required for the Parties to vary or rescind this Agreement (whether or not in any way that varies or extinguishes rights or benefits in favour of such third parties).
- 12.2 No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective unless approved by the written consent of the Borrower and the Lenders holding Loans representing a majority of the Aggregate Loan Amount then outstanding.

13. CONFIDENTIALITY

- 13.1 The term “Confidential Information” for the purposes herein means the terms of this Agreement and any and all information, data, memoranda, models, prototypes, and/or other material whether of scientific, technical, commercial, financial or other nature, not in the public domain, furnished to or obtained by a Party from the other Party under this Agreement in written, oral or other tangible form. Each Lender, as the receiving Party, agrees for the Term and for a period of three (3) years after the termination or expiration of this Agreement, to treat the Confidential Information of the Borrower received from the Borrower pursuant to this Agreement as strictly confidential and not to disclose it to any third party for any purpose whatsoever and to treat it with at least the same care and in the same manner as its own secret and valuable information. The receiving Party shall ensure that its employees to whom Confidential Information is disclosed covenant to keep such information confidential to the extent that the receiving Party is bound by this Agreement and that such covenants on the part of employees are strictly observed.

13.2 The provisions of Clause 13.1 above shall not apply to any:

- (a) information which is or was already known to the receiving Party at time of disclosure to it; or
- (b) information which after disclosure to the receiving Party under this Agreement is published or otherwise generally available to the public otherwise than through any act, default or omission by the receiving Party of its obligations hereunder; or
- (c) information which is required to be disclosed to governmental or regulatory bodies or to a court of competent jurisdiction pursuant to any written law, provided, however, that such disclosure is limited to that required to be disclosed; or
- (d) information which is disclosed to the receiving Party by a third party without restriction and without breach of the confidentiality obligations under this Agreement by the receiving Party.

13.3 The receiving Party acknowledges that unauthorized disclosure or use of Confidential Information could cause great or irreparable injury to the Borrower and that pecuniary compensation would not afford adequate relief or it would be extremely difficult to ascertain the amount of compensation which would afford adequate relief. Therefore, the receiving Party agrees that, in the event of such unauthorized disclosure or use of Confidential Information, the Borrower will have the right to seek and obtain injunctive relief in addition to any other rights and remedies it may have.

14 PUBLICITY

No Party may publicise or release any information in relation to the terms or existence of this Agreement except with the other Parties' prior written consent, other than as may be required to be disclosed to comply with the laws or regulations of any relevant governmental or regulatory bodies or to a court of competent jurisdiction.

15 COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or other electronic transmission of signatures shall be deemed to be the same as originals.

[Signature pages follow]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties with effect from the day and year first-above written.

For and on behalf of **JANK Howden Pty Ltd**:

Signature: /s/ Andrew Howden Name: Andrew Howden

Title: Director

For and on behalf of **Augsburg Investments Limited:**

Signature: /s/ Ong Beng Huat Name: Ong Beng Huat

Title: Director

For and on behalf of **Kummell Investments Limited:**

Signature: /s/ Frances Anne Elizabeth Richard Name: Frances Anne Elizabeth Richard

Title: Authorized Signature

Signature: /s/ Jill Marie Franklin Name: Jill Marie Franklin

Title: Authorized Signature

For and on behalf of **Sagamore Investment Management LLC — DBPP:**

Signature: /s/ Peter Moody Brooks Name: Peter Moody Brooks

Title: Responsible Party

For and on behalf of **Stephen Doyle**:

Signature: /s/ Stephen Doyle

Title: _____

For and on behalf of **Golden Summit International Ltd:**

Signature: /s/ Thomas Chan Name: Thomas Chan

Title: Authorized Signatory

THE BORROWER:

Signature: /s/ Carl Firth Name: Carl Firth

Title: CEO, ASLAN Pharmaceuticals Pte Ltd.

Schedule 1

Lenders & Committed Loan Amounts

<u>Name of Lender</u>	<u>Address / E-mail Address</u>	<u>Committed Loan Amount (USD)</u>
JANK Howden Pty Ltd	Address: 13 Bower St, Manly NSW 2095 Australia E mail: andrewjhowden@hotmail.com Tel: +61 (0) 422 447 442	500,000
Augsburg Investments Limited	Address: 3rd Floor, The Rays, 71 Hung To Road, Kwun Tong, Kowloon, Hong Kong E mail: obhuat@rizona.com.hk Tel: +852 2929 6208	500,000
Kummell Investments Limited [for Morningside]	Address: 2nd Floor, Le Prince de Galles 3-5 Avenue des Citronniers, MC 98000 Monaco E mail: frances.richard@thc-mgt.mc Tel: (+377) 97 97 47 37 Address: 22/F Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong E mail: makimma@springfld.com Tel: (+852) 2576 6800	500,000
Sagamore Investment Management LLC — DBPP	Address: 33 Crooked Mile Road Darien, CT 06820 E mail: pbrooks@sagainv.com Tel: +1 (415) 419-4169	100,000
Stephen Doyle	Address: #4C 186 Nanyang Lu Shanghai E mail: Stephendoyle72@gmail.com Tel: +8618621967551	50,000
Golden Summit International Ltd	Address: One Raffles Quay, North Tower #25-01, Singapore 048583 E mail: thomas.chan@goldensummitcapital.com Tel:	300,000

Schedule 2

Beneficiary Name : ASLAN Pharmaceuticals Ltd
Bank Name : The Hong Kong and Shanghai Banking Corporation
Bank Address : 21 Collyer Quay, HSBC Building Level 1, Singapore 049320
USD Bank Account No. : 260-882279-178
SWIFT Code : HSBCSGSG

Please note that the sender shall be responsible for all bank charges incurred by the sender's bank relating to remittances to ASLAN.



83 Clemenceau Avenue
 #12-03 UE Square
 Singapore 239920
 t +65 6222 4235
 f +65 6225 2419
 www.aslanpharma.com

To: [Name of Lender]

[Address]

Date: _____ 2019

Dear Sirs

Loan Facility Agreement (“Loan Agreement”) between (1) certain parties listed therein including you (“the Lender”) and (2) ASLAN Pharmaceuticals Ltd (“the Borrower”) – Warrants, Contingent Additional Interest and Early Repayment

We refer to the Loan Agreement which we have entered into on today’s date. Terms defined in the Loan Agreement shall have the same meanings herein except where otherwise expressly indicated. This Letter Agreement (“**this Agreement**”) sets out additional terms to those applying in the Loan Agreement, such additional terms being between the Borrower and the Lender only. This Agreement shall be regarded as supplemental to the Loan Agreement and shall be read and construed in conjunction with the Loan Agreement.

Warrants

The Borrower hereby issues to the Lender the number of warrants (“**Warrants**”) calculated as set out below entitling the Lender to subscribe for the Borrower’s American Depositary Receipts traded on The Nasdaq Global Market under the symbol “ASLN” (“**ADRs**”).

The Lender may exercise its right to subscribe for ADRs by itself or its nominee by serving the Warrant Exercise Notice on the Borrower at any time during the Exercise Period.

“**Warrant Coverage**”: 50%

“**Warrant Exercise Price**”: 120% x volume-weighted average price for each ADR on the Drawdown Date

“**Exercise Period**”: the period commencing on the Drawdown Date and ending on whichever is the earlier of: (i) 12 months from the date the Borrower’s shares are delisted from the Taipei Exchange; or (ii) expiry of the Term.

“**Number of Warrants**”: $\frac{\text{Loan (principal only)} \times \text{Warrant Coverage}}{\text{Warrant Exercise Price}}$

“**Warrant Exercise Notice**”: a written notice delivered and served on the Borrower at the address specified in the Loan Agreement specifying the Number of Warrants being exercised (“**Warrants Exercised**”) and shall be accompanied by full payment, by cash or certified cheque, of the Warrant Exercise Price multiplied by the Warrants Exercised.

Schedule 1 sets out further detailed terms which shall apply to the Warrants and their exercise.

Notwithstanding other provisions in this Agreement, no later than thirty (30) days after the date of the Warrant Exercise Notice, the Borrower shall, without any incidental expense to the Lender, deliver to the Lender the certificate for the number of ADRs equivalent to the Warrants Exercised.

Contingent Additional Interest on Loan

If, by expiry of the Term, (i) the Borrower’s shares shall not have been delisted from the Taipei Exchange and (ii) the Warrants shall not have been exercised, the Lender shall be entitled to receive, in addition to the repayment as set out in Clause 3.3 of the Loan Agreement, a further sum equal to 5% (five per cent) of the Loan amount, per annum, by way of additional interest, payable by the Borrower upon expiry of the Term.

Reg No 201007695N



Early Repayment

Any part repayment of the Aggregate Loan Amount shall be of no less than an aggregate amount of US\$1,000,000 (one million US dollars).

If the Borrower in a single re-financing transaction (whether by way of a secondary public offering, follow-on financing, issuance of new shares, American Depositary Receipts, bonds or other instruments, or otherwise) raises more than ten times the Aggregate Loan Amount prior to expiry of the Term, then the Borrower shall be obliged, within thirty (30) days of receipt of all the monies raised from such re-financing transaction, to repay to the Lender the Loan in full together with accrued interest up to the date of repayment.

Representations and Warranties

The Borrower represents and warrants to the Lender that:

- (a) it is duly incorporated and validly existing under the laws of Cayman Islands and has the power to own its assets and carry on the business it now conducts;
- (b) it has the power to enter into and perform all its obligations under this Agreement and the signature and delivery of this Agreement on its behalf and the performance of its obligations hereunder have been duly authorised by its board of directors ("**Board**") and (if required) Board committee and shareholders;
- (c) the signature and delivery of this Agreement on its behalf and performance of obligations under this Agreement will not violate any provisions of any existing law, regulation, listing rule or order applicable to it or any of its assets;
- (d) all relevant approvals, consents, licences and authorisations of any governmental or regulatory authority or agency or orders, exemptions, filings or registrations required or necessary in connection with the execution and delivery by it of this Agreement (if any) have been obtained and are in full force and effect; and
- (e) this Agreement has been duly signed and delivered by it and its obligations under this Agreement constitute legal, valid and binding obligations enforceable in accordance with its terms.

Restrictive Covenants

The Borrower will not after the Drawdown Date carry out or implement any merger, consolidation, reorganization (other than the solvent reorganization of the Borrower), recapitalization, reincorporation, share dividend or other changes in the capital structure of the Borrower which may have a material adverse effect on the rights of the Lenders hereunder, in each case except with the prior written consent of the Lenders.



Adjustments for Changes in Capital Structure

If there should be any change in the capital structure of the Borrower, through merger, consolidation, reorganization, recapitalization, reincorporation, share split, share dividend or otherwise, the Borrower shall make pro rata adjustments in the Number of Warrants corresponding to such change.

Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of Republic of Singapore.

All disputes, disagreements or differences arising out of or in connection with this Agreement shall be submitted to the exclusive jurisdiction of the Courts of Republic of Singapore.

Counterparts

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile or other electronic transmission of signatures shall be deemed to be the same as originals.

Please indicate your agreement to the above by executing where indicated below.

Yours sincerely

Carl Firth, CEO, for and on behalf of
ASLAN Pharmaceuticals Ltd.

Reg No 201007695N



AGREED AND ACCEPTED:

[Name] [Title] for and on behalf of
[Name of Lender]

Reg No 201007695N



SCHEDULE 1

DETAILED TERMS

1. The Warrant rights shall only be exercisable by the Lender conditional on the ordinary shares of the Borrower having been delisted from the Taipei Exchange.
2. Once lodged any Warrant Exercise Notice shall be irrevocable save with the consent of the Board of the Borrower.
3. The issue of ADRs in the Borrower to the Lender pursuant to any exercise or part-exercise of the Lender's rights made in accordance with this Agreement shall fully satisfy the Borrower's obligations under this Agreement to issue ADRs in the Borrower to the Lender in respect of such exercise.
4. Any subscription rights not exercised or elected to be exchanged before expiry of the Exercise Period shall automatically lapse and cease to be exercisable.
5. The Lender may assign its Warrant rights hereunder or create any encumbrance over or otherwise transfer the same without the Borrower's prior written consent
6. Upon completion of the allotment and issue of ADRs pursuant to any exercise of rights by the Lender in accordance with this Agreement, the Borrower shall, in accordance with the Constitution of the Borrower:
 - (a) allot and issue to the Lender (or its nominee) the number of ADRs in the Borrower for which it is exercising its subscription rights in accordance with this Agreement;
 - (b) enter the name of the Lender (or its nominee, as appropriate) in the Borrower's register of ADR holders as the holder of the number of ADRs in the Borrower issued to it at the time of such allotment and issue of ADRs; and
 - (c) deliver to the Lender a duly executed certificate for the number of ADRs in the Borrower issued to it.