ASLAN Pharmaceuticals Limited and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2017 and 2016 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
ASLAN Pharmaceuticals Limited

We have reviewed the accompanying consolidated balance sheets of ASLAN Pharmaceuticals Limited and its subsidiaries (the "Company") as of June 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Review of Financial Statements", issued by the Auditing Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an audit opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 28, 2017

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

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

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,119,461	99	$ 1,673,906	96	$ 1,250,532	73
Accounts Receivable	-	-	41,867	3	8,164	1
Other Receivables (Note 11)	-	-	-	-	439,474	26
Prepayments	2,032	-	2,898	-	2,565	-
Total current assets	2,121,493	99	1,718,671	99	1,700,735	100
NON-CURRENT ASSETS						
Property, plant and equipment (Note 7)	16,124	1	12,437	1	3,227	-
Intangible assets (Note 8)	2,402	-	2,727	-	525	-
Refundable deposits	5,363	-	4,037	-	4,468	-
Total non-current assets	23,889	1	19,201	1	8,220	-
TOTAL	$ 2,145,382	100	$ 1,737,872	100	$ 1,708,955	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	$ 95,315	4	$ 73,665	4	$ 5,170	1
Other payables	21,915	1	49,396	3	21,532	1
Total current liabilities	117,230	5	123,061	7	26,702	2
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 10)	272,223	13	269,692	16	290,299	17
Total liabilities	389,453	18	392,753	23	317,001	19
EQUITY (Note 12)						
Share capital						
Ordinary shares	1,301,289	61	1,156,709	66	1,156,709	68
Capital surplus	2,653,435	124	1,784,994	103	1,759,850	103
Accumulated deficits	(2,096,126)	(98)	(1,565,714)	(90)	(1,510,271)	(89)
Other equity	(102,669)	(5)	(30,870)	(2)	(14,334)	(1)
Total equity	1,755,929	82	1,345,119	77	1,391,954	81
TOTAL	$ 2,145,382	100	$ 1,737,872	100	$ 1,708,955	100

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
REVENUE (Note 13)	$ -	-	$ 8,213	100	$ -	-	$ 8,213	100
OPERATING EXPENSES (Notes 11, 14 and 17)								
General and administrative	(61,005)	-	(39,477)	(481)	(122,221)	-	(87,994)	(1,071)
Research and development	(209,897)	-	(76,916)	(936)	(390,888)	-	(139,852)	(1,703)
Total operating expenses	(270,902)	-	(116,393)	(1,417)	(513,109)	-	(227,846)	(2,774)
LOSS FROM OPERATIONS	(270,902)	-	(108,180)	(1,317)	(513,109)	-	(219,633)	(2,674)
NON-OPERATING INCOME AND EXPENSES								
Other gains and losses (Note 14)	(5,454)	-	4,804	59	(11,059)	-	(7,090)	(86)
Finance costs (Note 14)	(3,128)	-	(4,825)	(59)	(6,244)	-	(10,159)	(124)
Total non-operating income and expenses	(8,582)	-	(21)	-	(17,303)	-	(17,249)	(210)
LOSS BEFORE INCOME TAX	(279,484)	-	(108,201)	(1,317)	(530,412)	-	(236,882)	(2,884)
INCOME TAX EXPENSE (Note 15)	-	-	-	-	-	-	-	-
NET LOSS FOR THE PERIOD	(279,484)	-	(108,201)	(1,317)	(530,412)	-	(236,882)	(2,884)
OTHER COMPREHENSIVE INCOME (Notes 12)								
Items not reclassified subsequently to profit or loss:								
Exchange differences arising from translation to presentation currency	9,389	-	42,466	517	(71,799)	-	64,140	781
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ (270,095)	-	$ (65,735)	(800)	$ (602,211)	-	$ (172,742)	(2,103)
LOSSES PER SHARE (Note 16)								
Basic	$ (2.30)		$ (1.12)		$ (4.47)		$ (2.51)	

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

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

	Ordinary Shares		Preference Shares		Capital Surplus				Exchange Differences on Translating	
	Shares (Thousands)	Amount	Shares (Thousand)	Amount	Ordinary Shares	Share Options Reserve	Total	Accumulated Deficits	Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2016	6,388	$ 202	36,752	$ 96	$ -	$ 114,878	$ 114,878	$ (1,273,389)	$ (78,474)	$ (1,236,687)
Issue of preference shares (Notes 9 and 12)	-	-	4,862	-	-	-	-	-	-	-
Conversion to ordinary shares from preference shares	41,614	1,304	(41,614)	(96)	2,053,693	-	2,053,693	-	-	2,054,901
Stock split and adjust par value to NT$10	48,002	958,532	-	-	(958,532)	-	(958,532)	-	-	-
Issue of new share capital (Note 12)	19,667	196,671	-	-	529,085	-	529,085	-	-	725,756
Recognition of employee share options by the Company (Note 17)	-	-	-	-	-	20,726	20,726	-	-	20,726
Net loss for the six months ended June 30, 2016	-	-	-	-	-	-	-	(236,882)	-	(236,882)
Other comprehensive income for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	-	-	64,140	64,140
Total comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	-	-	(236,882)	64,140	(172,742)
BALANCE AT JUNE 30, 2016	115,671	$ 1,156,709	-	$ -	$ 1,624,246	$ 135,604	$ 1,759,850	$ (1,510,271)	$ (14,334)	$ 1,391,954
BALANCE AT JANUARY 1, 2017	115,671	$ 1,156,709	-	$ -	$ 1,624,246	$ 160,748	$ 1,784,994	$ (1,565,714)	$ (30,870)	$ 1,345,119
Recognition of employee share options by the Company (Note 17)	-	-	-	-	-	16,526	16,526	-	-	16,526
Issuance of common stocks - May 25, 2017 (Notes 12 and 17)	14,458	144,580	-	-	852,160	(245)	851,915	-	-	996,495
Net loss for the six months ended June 30, 2017	-	-	-	-	-	-	-	(530,412)	-	(530,412)
Other comprehensive income for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	-	(71,799)	(71,799)
Total comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	-	(530,412)	(71,799)	(602,211)
BALANCE AT JUNE 30, 2017	130,129	$ 1,301,289	-	$ -	$ 2,476,406	$ 177,029	$ 2,653,435	$ (2,096,126)	$ (102,669)	$ 1,755,929

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

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (530,412)	$ (236,882)
Adjustments for:		
Depreciation expenses	2,731	726
Amortization expenses	159	157
Compensation costs of employee share options	16,526	20,726
Finance costs	6,244	10,159
Loss on disposal of property, plant and equipment	956	-
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	41,867	(8,164)
(Increase) decrease in prepayments	866	(1,331)
Increase in trade payables	21,650	335
Decrease in other payables	(27,481)	(7,117)
Net cash used in operating activities	(466,894)	(221,391)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(8,145)	(1,049)
Payments for intangible assets	-	(255)
Increase in refundable deposits	(1,326)	(2,617)
Net cash used in investing activities	(9,471)	(3,921)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of preference shares	-	305,740
Issuance of common stocks	996,495	286,282
Net cash generated from financing activities	996,495	592,022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(74,575)	(5,906)
NET INCREASE IN CASH AND CASH EQUIVALENTS	445,555	360,804
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,673,906	889,728
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,119,461	$ 1,250,532

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

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

1. GENERAL INFORMATION

ASLAN Pharmaceuticals Limited (the "Company") was incorporated in Cayman Islands in June 2014 as the listing vehicle for the proposed initial public offering and listing on the Taipei Exchange ("TPEx").

ASLAN Pharmaceuticals Pte. Ltd. was incorporated in Singapore in April 2010, and its wholly-owned subsidiaries, ASLAN Pharmaceuticals Taiwan Limited, ASLAN Pharmaceuticals Australia Pty Ltd., ASLAN Pharmaceuticals Hong Kong Limited and ASLAN Pharmaceuticals (Shanghai) Co. Ltd., was incorporated in the Republic of China ("ROC"), Australia, Hong Kong and China in November 2013, July 2014, July 2015 and May 2016, respectively.

The Company completed the corporate restructuring with ASLAN Pharmaceuticals Pte. Ltd. through a share swap agreement as of September 26, 2014. The shareholders of ASLAN Pharmaceuticals Pte. Ltd. transferred their respective shares, including ordinary shares, Series A and Series B Preference Shares, to the Company at a ratio of 1-for-1. After the completion of the corporate restructuring, the Company became the holding company of ASLAN Pharmaceuticals Pte. Ltd.

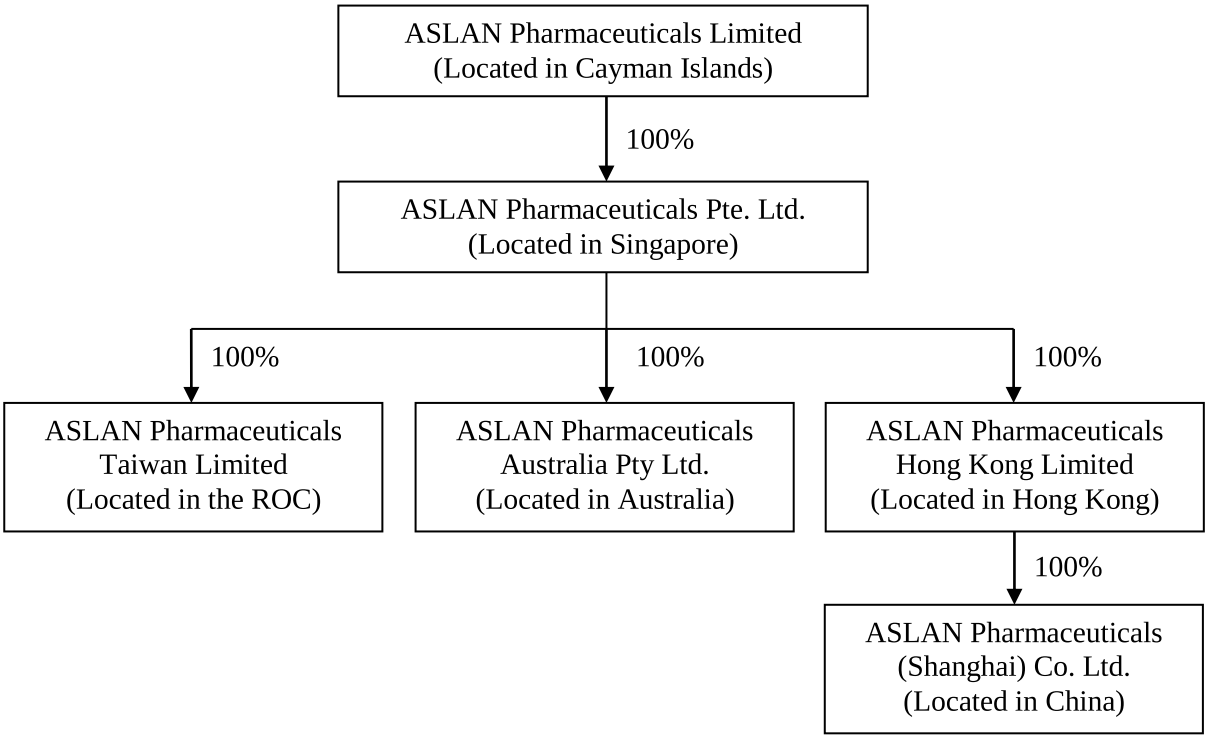
The Company completed the restructuring of the shares capital through the subdivision of the Company's authorized share capital, the conversion of preference shares into ordinary shares, and the repurchase of their USD shares in consideration for the issue of an equal number of NTD shares, subject to the resolutions of shareholders' meeting on May 27, 2016, for the purpose of the proposed initial public offering and listing on the TPEx.

The Company's shares have been listed on the TPEx since June 1, 2017.

The consolidated financial statements incorporate the financial statements of the Company, ASLAN Pharmaceuticals Pte. Ltd., ASLAN Pharmaceuticals Taiwan Limited, ASLAN Pharmaceuticals Australia Pty Ltd., ASLAN Pharmaceutical Hong Kong Limited and ASLAN Pharmaceuticals (Shanghai) Co. Ltd. (collectively referred to as the "Group"). The main businesses of the Group were as follows:

Name	Main Business
ASLAN Pharmaceuticals Limited	Investment holding
ASLAN Pharmaceuticals Pte. Ltd.	New drugs research and development
ASLAN Pharmaceuticals Taiwan Limited	New drugs research and development
ASLAN Pharmaceuticals Australia Pty Ltd.	New drugs research and development
ASLAN Pharmaceuticals Hong Kong Limited	New drugs research and development
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	New drugs research and development

The relationship of the Group was as follows:



The functional currency of the Company is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars for the purpose of the Company to propose initial public offering and listing on the TPEx.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on July 28, 2017.

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

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

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

   1) Annual Improvements to IFRSs: 2010-2012 Cycle

      Several standards, including IFRS 2 “Share-based Payment” and IFRS 8 “Operating Segments”, were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions are accounted for differently, and the aforementioned amendment should be applied prospectively to those share-based payments granted on or after January 1, 2017.

The amended IFRS 8 requires the Group to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate should be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 “Related Party Disclosures” was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

2) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” stipulates that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” clarifies there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

3) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the "IFRSs" endorsed by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4"Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the entity satisfies a performance obligation.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC.

New IFRSs	Effective Date Announced by IASB (Note)
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 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities or financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2016.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 70	$ 37	$ 34
Demand deposits	597,224	863,994	760,518
Cash equivalents	1,522,167	809,875	489,980
	$ 2,119,461	$ 1,673,906	$ 1,250,532

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

7. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Other Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1, 2016	$ 2,523	$ 1,233	$ 5,043	$ 8,799
Additions	488	307	254	1,049
Effect of foreign currency exchange differences	(16)	(9)	(34)	(59)
Balance at June 30, 2016	$ 2,995	$ 1,531	$ 5,263	$ 9,789
Accumulated depreciation and impairment				
Balance at January 1, 2016	$ 1,440	$ 991	$ 3,449	$ 5,880
Depreciation expense	356	96	274	726
Effect of foreign currency exchange differences	(12)	(7)	(25)	(44)
Balance at June 30, 2016	$ 1,784	$ 1,080	$ 3,698	$ 6,562
Carrying amounts at January 1, 2016	$ 1,083	$ 242	$ 1,594	$ 2,919
Carrying amounts at June 30, 2016	$ 1,211	$ 451	$ 1,565	$ 3,227
Cost				
Balance at January 1, 2017	$ 4,811	$ 843	$ 10,628	$ 16,282
Additions	1,499	53	6,593	8,145
Disposal	-	-	(2,248)	(2,248)
Effect of foreign currency exchange differences	(298)	(52)	(660)	(1,010)
Balance at June 30, 2017	$ 6,012	$ 844	$ 14,313	$ 21,169
Accumulated depreciation and impairment				
Balance at January 1, 2017	$ 2,055	$ 160	$ 1,630	$ 3,845
Depreciation expense	744	138	1,849	2,731
Disposal	-	-	(1,292)	(1,292)
Effect of foreign currency exchange differences	(127)	(10)	(102)	(239)
Balance at June 30, 2017	$ 2,672	$ 288	$ 2,085	$ 5,045
Carrying amounts at January 1, 2017	$ 2,756	$ 683	$ 8,998	$ 12,437
Carrying amounts at June 30, 2017	$ 3,340	$ 556	$ 12,228	$ 16,124

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Office equipment	3 years
Other equipment	3 years
Leasehold improvements	3-5 years

8. INTANGIBLE ASSETS

	Licenses and Franchises	Computer Software	Total
Cost			
Balance at January 1, 2016	$ -	$ 773	$ 773
Additions	-	255	255
Effect of foreign currency exchange differences	-	(5)	(5)
Balance at June 30, 2016	$ -	$ 1,023	$ 1,023
Accumulated amortization and impairment			
Balance at January 1, 2016	$ -	$ 343	$ 343
Amortization expense	-	157	157
Effect of foreign currency exchange differences	-	(2)	(2)
Balance at June 30, 2016	$ -	$ 498	$ 498
Carrying amounts at January 1, 2016	$ -	$ 430	$ 430
Carrying amounts at June 30, 2016	$ -	$ 525	$ 525
Cost			
Balance at January 1, 2017	$ 2,375	$ 1,014	$ 3,389
Effect of foreign currency exchange differences	(145)	(62)	(207)
Balance at June 30, 2017	$ 2,230	$ 952	$ 3,182
Accumulated amortization and impairment			
Balance at January 1, 2017	$ -	$ 662	$ 662
Amortization expense	-	159	159
Effect of foreign currency exchange differences	-	(41)	(41)
Balance at June 30, 2017	$ -	$ 780	$ 780
Carrying amounts at January 1, 2017	$ 2,375	$ 352	$ 2,727
Carrying amounts at June 30, 2017	$ 2,230	$ 172	$ 2,402

The above items of intangible assets were amortized on a straight-line basis over the estimated useful life of the asset:

Computer Software	3 years

Intangible assets of Licenses and Franchises are the acquisition cost of the exclusive rights of new drugs. As of June 30, 2017, the intangible assets were in untapped status not yet available for use. The Company tests the intangible assets for impairment annually. As of June 30, 2017, there was no indication of impairment.

9. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

ASLAN Pharmaceuticals Pte. Ltd. issued 16,409,521 Series B Preference Shares at US$1.36 per share on October 9, 2013, and ASLAN Pharmaceuticals Limited issued 17,047,095 and 4,861,948 Series C Preference Shares at US$1.88 per share on November 27, 2015 and January 29, 2016, respectively. Both accounted for as financial liabilities measured at amortized cost. At the option of the holders, the preference shares shall be redeemed in full at any time on or after the sixth anniversary of the issue date if the Company has not already completed a Trade Sale or IPO. The redemption amount shall be equal to the sum of the issue amount plus interest at the rate of 8% per annum compounded annually from the issue date to the date of redemption.

Series B and Series C Preference Shares were converted to ordinary shares, subject to the resolutions of shareholders' meeting on May 27, 2016, for the purpose of the Company's proposed initial public offering and listing on the TPEx. The carrying amount of the financial liabilities measured at amortized cost had been reclassified as equity based on the substance of the agreements and the definition of equity at that time.

10. LONG-TERM BORROWINGS

	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured borrowings			
EDB loan	$ 272,223	$ 269,692	$ 277,989
CSL loan	-	-	12,310
	$ 272,223	$ 269,692	$ 290,299

a. EDB loan

On April 27, 2011, ASLAN Pharmaceuticals Pte. Ltd. obtained a repayable grant of SGD10,000 thousand from Singapore Economic Development Board ("EDB"), subject to certain conditions, and 96% of the grant was provided to the Group as of June 30, 2017. For each project that achieves success within the Company's portfolio, as defined by the execution of a commercial out licensing agreement which is accompanied by a positive cash flow situation, the Company shall repay to EDB at least 25% of the total grant amount for the relevant project. The full grant amount with an interest rate of 6% shall be returned in full to EDB, latest upon any project achieving phase III approval.

b. CSL loan

On May 12, 2014, ASLAN Pharmaceuticals Pte. Ltd. obtained a loan facility of US$4,500,000 from CSL Finance Pty Ltd. The loan will be granted based on 75% of research and development costs approved by CSL Finance Pty Ltd at each drawdown period. The loan is repayable 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 either upon a successful product launch or Initial Public Offering ("IPO") of the Company occurring before maturity of the loan. A minimum of 20% of any license income earned from successful commercialisation of the products shall be applied as mandatory prepayment. In the case of a successful IPO, the proceeds shall be used to prepay the loan. The loan was repaid on September 2016.

11. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The employees of the Group's subsidiary in Singapore defined contribution plans are post-employment benefit plans under which the subsidiary pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The subsidiary has no further payment obligations once the contributions have been paid. The subsidiaries' contributions are recognized as employee compensation expense when they are due.

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

12. EQUITY

a. Ordinary shares

1) On April 21, 2011, ASLAN Pharmaceuticals Pte. Ltd. issued 3,295,833 Series A Preference Shares at US$0.8 per share to its investors. The shares are non-redeemable and dividends shall accrue on each preference share at 8% per annum, which shall be payable only upon liquidation.

2) On October 9, 2013, ASLAN Pharmaceuticals Pte. Ltd. issued 16,409,521 Series B Preference Shares with redemption right. On November 27, 2015 and January 29, 2016, ASLAN Pharmaceuticals Limited issued 17,047,095 and 4,861,948 Series C Preference Share with redemption right, respectively. Please refer to Note 9.

3) ASLAN Pharmaceuticals Pte. Ltd. shall declare at the same time a dividend payable upon the outstanding Series A Preference Shares at US$0.8 per share to its investors, in an amount equal to the amount of dividends per share of preference shares as would have been paid if such preference shares had been converted to ordinary shares.

4) The preference shares may, at the option of the holders thereof, be converted at any time into fully-paid ordinary shares. Preference shares shall automatically be converted into ordinary shares upon (i) the approval of the holders of at least two-thirds of the Series A Preference Shares but 75% of the Series B or Series C Preference Shares; or (ii) in connection with IPO based on the conversion price.

5) For any return of capital upon liquidation or dissolution, the assets of the Company available for distribution among the shareholders shall be applied as follows: Firstly, in paying to the Series C Preference Shareholders, followed by the Series B Preference Shareholders, an amount in cash equivalent to the sum of the issue amount plus interest at the rate of 8% per annum compounded annually from the issue date to the date of liquidation; secondly, the balance shall go towards the payment of the subscription price paid by the holders of the Series A Preference Shares plus any unpaid dividends thereon; thirdly, the balance shall belong to and be distributed among the Series C Preference Shareholders, the Series B Preference Shareholders and the holders of the ordinary shares on a pari passu basis.

6) Subject to the supermajority approval of the holders of the Preference Shares on May 27, 2016, all the Preference Shares had been converted into an equal number of Ordinary Shares.

7) Subject to the resolutions of shareholders' meeting on May 27, 2016, the repurchase of their USD Shares in consideration for the issue of an equal number of Shares of a par value of NT$10, after the subdivision of the share capital at a ratio of 1-for-2 and the conversion of Preference Shares into Ordinary Shares, was approved for the purpose of the proposed initial public offering and listing on TPEx.

8) On May 27, 2016, the Company's board of directors resolved to issue 19,667,141 ordinary shares, with a par value of NT$10 each, for consideration of US$1.13 per share, which increase the share capital to $1,156,709 thousand.

9) On February 28, 2017, the Company's board of directors resolved to issue 14,458 thousand ordinary shares for initial public offering on the TPEx, with a par value of $10 each, amounting to $144,580 thousand, which increased the share capital to $1,301,289 thousand. The above issuance was declared effective by the TPEx on April 7, 2017, and the subscription base date was determined at May 25, 2017. Abovementioned shares were issued at weighted average bid price of $68.92 per share. The Company had collected the above proceeds amounting to $996,495 thousand for new shares issued on May 25, 2017.

b. Capital surplus

	June 30, 2017	December 31, 2016	June 30, 2016
Arising from issuance of new share capital	$ 2,476,406	$ 1,624,246	$ 1,624,246
Others	177,029	160,748	135,604
	$ 2,653,435	$ 1,784,994	$ 1,759,850

On conversion of preference shares as of May 27, 2016, the Company derecognized the liability component and recognized the carrying amount in excess of par as capital surplus.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the Company may declare dividends by Ordinary Resolution, 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 appropriations of earnings for 2016 approved in the shareholders' meetings on June 28, 2017 were as follows:

	Amount
Accumulated deficit at the beginning of the year	$ (1,273,389)
Net loss in 2016	(292,325)
Accumulated deficit at the end of the year	$ (1,565,714)

d. Others equity items

Exchange differences arising from translation to presentation currency:

	For the Six Months Ended June 30	
	2017	2016
Balance at beginning of the period	$ (30,870)	$ (78,474)
Exchange differences arising from translation to presentation currency	(71,799)	64,140
Balance at end of the period	$ (102,669)	$ (14,334)

13. LICENSE AGREEMENT

Hyundai Pharm Co. Ltd.

On October 2015, the Company entered a license agreement with Hyundai Pharm Co. Ltd. (Hyundai), to develop and commercialize ASLAN001 for Cholangiocarcinoma treatment. Under the terms of the license agreement, the Company has received an option payment of US$250 thousand from Hyundai in 2016. The Company is eligible for additional regulatory and commercial milestones as well as royalties on product sales in the future.

Bristol-Myers Squibb.

Bristol-Myers Squibb reacquired the rights to ASLAN002 in China, Australia, Korea, Taiwan and other Asian territories. The Company received an upfront payment of US$10,000 thousand and is eligible to receive development and regulatory milestones in the future. In addition, the Company is eligible to receive royalty payments on future worldwide sales of ASLAN002. Bristol-Myers Squibb resume responsibility for all development and commercialization activities and expenses.

14. LOSS BEFORE INCOME TAX

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Net foreign exchange gains (losses)	$ (4,078)	$ 5,401	$ (11,775)	$ (6,567)
Others	(1,376)	(597)	716	(523)
	$ (5,454)	$ 4,804	$ (11,059)	$ (7,090)

b. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Interest on EDB loan	$ 3,128	$ 3,457	$ 6,244	$ 6,831
Preference share dividend	-	1,143	-	2,887
Interest on CSL and other loans	-	213	-	429
Others	-	12	-	12
	$ 3,128	$ 4,825	$ 6,244	$ 10,159

c. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Property, plant and equipment	$ 1,542	$ 374	$ 2,731	$ 726
Computer software	79	85	159	157
	$ 1,621	$ 459	$ 2,890	$ 883
Summary of depreciation by function				
Operating expenses	$ 1,542	$ 374	$ 2,731	$ 726
Summary of amortization by function				
Operating expenses	$ 79	$ 85	$ 159	$ 157

d. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Short-term benefits	$ 49,129	$ 30,333	$ 98,427	$ 71,347
Post-employment benefits	2,477	1,552	4,687	3,491
Share-based payments (Note 17)				
Equity-settled share-based payments	8,315	12,345	16,526	20,726
Total employee benefits expense	$ 59,921	$ 44,230	$119,640	$ 95,564
Summary of employee benefits expense by function				
Operating expenses	$ 59,921	$ 44,230	$119,640	$ 95,564

e. Remuneration to employees, directors and supervisors

Under the Company's Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The Company had accumulated deficits for the six months ended June 30, 2017 and 2016; therefore, no bonus to employees and remuneration to directors and supervisors had been accrued.

Information of the appropriation of the Company's employees bonuses and remuneration to directors and supervisors and approved by the Board of Directors and stockholders is available on the Market Observation Post System website.

15. INCOME TAX EXPENSE

a. Integrated income tax

As of June 30, 2017, there were no imputation credits which can be allocated to the shareholders of ASLAN Pharmaceuticals Taiwan Limited.

b. Income tax assessments

The tax returns of ASLAN Pharmaceuticals Taiwan Limited through 2015 have been assessed by the tax authorities.

16. LOSSES PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Basic losses per share	$ (2.30)	$ (1.12)	$ (4.47)	$ (2.51)

The weighted average number of shares outstanding used for the losses per share computation was adjusted retroactively for the share split on May 27, 2016.

The losses and weighted average number of ordinary shares outstanding in the computation of losses per share from continuing operations were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Loss used in the computation of loss per share	$ (279,484)	$ (108,201)	$ (530,412)	$ (236,882)
Weighted average number of ordinary shares in computation of losses per share	121,549	96,222	118,626	94,492

If the outstanding convertible preference shares and employee share options issued by the Company were converted to ordinary shares, they were anti-dilutive and, therefore, excluded from the computation of diluted earnings per share.

17. SHARE-BASED PAYMENT ARRANGEMENTS

New Shares Reserved for Subscription by Employees under Cash Injection

On February 28, 2017, the Board of Directors approved the cash injection to issue 14,458 thousand shares and simultaneously reserved 1,446 thousand shares for subscription by employees according to the Company Act of the ROC. Furthermore, when the employees do not subscribe some or all of the shares, the Board of Directors of Company authorizes the chairman of the Board of Directors to contact specific people or group to subscribe.

The Group used the fair value method to evaluate the options granted to employees on May 16, 2017 using the binomial option pricing model and the related assumptions and the fair value of the options were as follows:

	Stock Options Granted on May 16, 2017
Grant-date share price (NT$)	$68.92
Exercise price (NT$)	$68.92
Expected volatility	37.33%
Expected life	0.02 year
Dividends yield	-
Risk-free interest rate	0.08%
Weighted average fair value of grants (NT$)	$1.44

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

The aforementioned options granted to employees are accounted for and measured at fair value in accordance with IFRS 2. The recognized compensation cost was $245 thousand for the six months ended June 30, 2017 and was recognized as additional paid-in capital - arising from issuance of common shares after collecting the proceeds for employee stock subscription.

Employee Share Option Plan of the Company

Qualified employees of the Company and its subsidiaries were granted 1,032,833 options in July 2016, 2,477,336 options in July 2015, 680,625 options in July 2014, 619,250 options in July 2013, 669,750 options in July 2012, 910,000 options in July 2011 and 661,000 options in July 2010. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 10 years and exercisable at certain percentages when meeting the vesting conditions.

The Board of Directors, as of July 26, 2016, resolved to double the number of underlying shares of each Award accordingly to reflect the subdivision ratio of the share split. The exercise price for each Award therefore decreased 50%. The modification did not cause any incremental fair value granted. The exercise price for each award therefore decreased 50%. The modification did not cause any incremental fair value granted. As of June 30, 2017, the total outstanding options are 13,916,922 shares.

Information on employee share options was as follows:

	For the Six Months Ended June 30, 2017													
	July 2016		July 2015		July 2014		July 2013		July 2012		July 2011		July 2010	
	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)
Balance at January 1	1,032	$ 1.13	2,477	$ 0.88	653	$ 0.68	615	$ 0.68	647	$ 0.4	880	$ 0.34	653	$ 0.235
Options granted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Options forfeited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31	1,032	1.13	2,477	0.88	653	0.68	615	0.68	647	0.4	880	0.34	653	0.235
Options exercisable, end of period	281	1.13	1,254	0.88	500	0.68	615	0.68	647	0.4	880	0.34	653	0.235
Weighted-average fair value of options granted (US$)	$ -													

	For the Six Months Ended June 30, 2016											
	July 2015		July 2014		July 2013		July 2012		July 2011		July 2010	
	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)	Number of Options (In Thousands)	Weighted-average Exercise Price (US$)
Balance at January 1	2,477	$ 1.76	667	$ 1.36	616	$ 1.36	647	$ 0.80	880	$ 0.68	653	$ 0.47
Options granted	-	-	-	-	-	-	-	-	-	-	-	-
Options forfeited	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31	2,477	1.76	667	1.36	616	1.36	647	0.80	880	0.68	653	0.47
Options exercisable, end of period	642	1.76	352	1.36	473	1.36	647	0.80	880	0.68	653	0.47
Weighted-average fair value of options granted (US$)	$ -											

Information about outstanding options as of June 30, 2017 was as follows:

July 2016		July 2015		July 2014		July 2013		July 2012		July 2011		July 2010	
Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (US$)	Weighted-average Remaining Contractual Life (Years)
$2.26	9	$1.36-$1.88	8	$1.36	7	$0.8-$1.36	6	$0.8	5	$0.2-$0.8	4	$0.2-$0.8	3

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

	July 2016	July 2015	July 2014	July 2013	July 2012	July 2011	July 2010
Grant-date share price (US$)	$2.26	$1.88	$1.36	$1.36	$1.25	$0.8	$0.8
Exercise price (US$)	$2.26	$1.36-$1.88	$1.36	$0.8-$1.36	$0.8	$0.2-$0.8	$0.2-$0.8
Expected volatility	39.34%	36.37%	50.86%	50.58%	52.25%	54.26%-54.44%	59.16%
Expected life (years)	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividend yield	-	-	-	-	-	-	-
Risk-free interest rate	1.46%	2.43%	2.58%	2.5%	1.61%	2.96%-3.22%	2.954%

Expected volatility was based on the historical share price volatility over the past 4 years.

Compensation cost recognized was $16,281 thousand and $20,726 thousand for the six months ended June 30, 2017 and 2016, respectively.

18. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2017 were as follows:

Future lease payments for offices due until May 2017 are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than 1 year	$ 15,746	$ 10,026	$ 2,781
Between 1 and 5 years	24,490	15,728	-
	$ 40,236	$ 25,754	$ 2,781

19. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to support the development of new drugs through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure periodically. In order to balance the overall capital structure, the Group may adjust the amounts of long-term borrowings, the issuance of new shares capital or other equity instruments.

20. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

Financial instruments held by the Group were not measured at fair value. Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Categories of financial instruments

	June 30, 2017	December 31, 2016	June 30, 2016
Financial assets			
Loans and receivables (1)	$ 2,126,856	$ 1,722,708	$ 1,705,203
Financial liabilities			
Financial liabilities measured at amortized cost (2)	389,453	392,753	317,001

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, prepayments and refundable deposits.

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

c. 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 currency risk, interest rate risk and other price 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, interest rates and other price risk.

a) Foreign currency risk

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

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

	June 30, 2017		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
SGD	$ 633	22.06	$ 14,630
Financial liabilities			
Monetary items			
SGD	12,338	22.06	272,223

	December 31, 2016		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
SGD	$ 1,627	22.38	$ 36,410
Financial liabilities			
Monetary items			
SGD	12,052	22.38	269,692

	June 30, 2016		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
SGD	$ 128	23.63	$ 3,094
<u>Financial liabilities</u>			
Monetary items			
SGD	11,762	23.63	277,989

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 5% is 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.

	For the Six Months Ended June 30	
	2017	2016
Decrease/increase	$ 12,880	$ 13,745

The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant foreign exchange gains (losses) were as follows:

	For the Six Months Ended June 30			
	2017		2016	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.3874 (USD:NTD)	$ (11,775)	32.6566 (USD:NTD)	$ (6,567)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group's interest rate risk was mainly concentrated in the fluctuation of the benchmark interest rate arising from long-term borrowings.

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease was 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 profit for the six months ended June 30, 2017 and 2016 would decrease/increase by $2,722 thousand and $2,903 thousand, respectively.

2) Credit risk

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

21. TRANSACTIONS WITH RELATED PARTIES

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

Compensation of Key Management Personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	2017	2016
Short-term employee benefits	$ 12,208	$ 10,974	$ 24,629	$ 23,520
Post-employment benefits	589	706	1,189	1,351
Share-based payments	5,678	11,825	11,454	18,306
	$ 18,475	$ 23,505	$ 37,272	$ 43,177

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

22. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): None

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

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

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

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

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

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 2

11) Information on investees: Table 3

b. Information on investments in mainland China: Table 4

23. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is considered single segment. The basis of information reported to the chief operating decision marker is the same as the financial statements. Because the basis of segment information reported to the chief operating decision maker is the same as the financial statements, the segment revenue and results for the six months ended June 30, 2017 and 2016 can be referred to in the consolidated statements of comprehensive income and the segment assets and liabilities as of June 30, 2017 and 2016 can be referred to in the consolidated balance sheets.

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
1	ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Australia Pty. Ltd.	Other receivables	Yes	US$ 5,000	US$ 5,000	US$ 595	2%	Financing	$ -	-	$ -	-	$ -	$ -	$ -	1, 2

Note 1: Restriction to loan amount

a. The amount loaned to a company that has a business relationship with the Company the aggregate value of loans shall not exceed 10% of the Net Worth of the Company.
b. The amount loaned to a company that has short-term financing needs shall not exceed 4% of the Net Worth of the Company. The aggregate value of loans shall not exceed 40% of the Net Worth of the Company.

Note 2: Accumulated balance of short-term loans between non-R.O.C. companies in which the Company holds, directly or indirectly, 100% of the voting shares are not subject to the limit of 40% of the Net Worth of the Company.

TABLE 2

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transactions Details			% to Total Sales or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	ASLAN Pharmaceuticals Limited	ASLAN Pharmaceuticals Pte. Ltd.	From parent company to subsidiary	Other receivables	$ 2,870,693	Note	133.81
		ASLAN Pharmaceuticals Pte. Ltd.	From parent company to subsidiary	Other payables	2,386	Note	0.11
		ASLAN Pharmaceuticals Taiwan Limited	From parent company to subsidiary	Other payables	3,563	Note	0.17
1	ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Limited	From subsidiary to parent company	Other payables	2,870,693	Note	133.81
		ASLAN Pharmaceuticals Limited	From subsidiary to parent company	Other receivables	2,386	Note	0.11
		ASLAN Pharmaceuticals Australia Pty Ltd.	Between subsidiaries	Other receivables	18,387	Note	0.86
		ASLAN Pharmaceuticals Australia Pty Ltd.	Between subsidiaries	Interest income	176	Note	0.01
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	Other receivables	40,531	Note	1.89
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	Other payables	34,070	Note	1.59
		ASLAN Pharmaceuticals Taiwan Limited	Between subsidiaries	General and administrative expense	30,316	Note	1.41
		ASLAN Pharmaceuticals Hong Kong Limited	Between subsidiaries	Other receivables	7,933	Note	0.37
		ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	Between subsidiaries	Other receivables	1,858	Note	0.09
		ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	Between subsidiaries	Other payables	10	Note	0.00
2	ASLAN Pharmaceuticals Australia Pty Ltd.	ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other payables	18,387	Note	0.86
		ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Interest expense	176	Note	0.01
3	ASLAN Pharmaceuticals Taiwan Limited	ASLAN Pharmaceuticals Limited	From subsidiary to parent company	Other receivables	3,563	Note	0.17
		ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other receivables	34,070	Note	1.59
		ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other payables	40,531	Note	1.89
		ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Operating revenue	30,316	Note	1.41
4	ASLAN Pharmaceuticals Hong Kong Limited	ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other payables	7,933	Note	0.37
5	ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other receivables	10	Note	0.00
		ASLAN Pharmaceuticals Pte. Ltd.	Between subsidiaries	Other payables	1,858	Note	0.09

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

TABLE 3

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2017			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				June 30, 2017	December 31, 2016	Shares	%	Carrying Amount			
ASLAN Pharmaceuticals Limited	ASLAN Pharmaceuticals Pte. Ltd.	Singapore	New drugs research	US$ 28,582	US$ 28,582	26,092,854	100	$ 1,074,201	$ (524,624)	$ (524,624)	Subsidiary
ASLAN Pharmaceuticals Pte. Ltd.	ASLAN Pharmaceuticals Taiwan Limited	Taiwan	New drugs research	US$ 167	US$ 167	500,000	100	5,000	1,252	1,252	Subsidiary
	ASLAN Pharmaceuticals Australia Pty Ltd.	Australia	New drugs research	-	-	1	100	-	(463)	(463)	Subsidiary
	ASLAN Pharmaceuticals Hong Kong Limited	Hong Kong	New drugs research	-	-	1	100	-	(29)	(29)	Subsidiary

ASLAN PHARMACEUTICALS LIMITED AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital (Thousand)	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Note
					Outflow	Inflow							
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	New drugs research and development	US$ 200	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	$ (2,111)	100	$ (2,111)	$ 6,077	Not applicable	Note 3

Investee	Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA
ASLAN Pharmaceuticals (Shanghai) Co. Ltd.	Not applicable	Not applicable	Not applicable

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

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

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

Note 3 The amount was eliminated upon consolidation.