

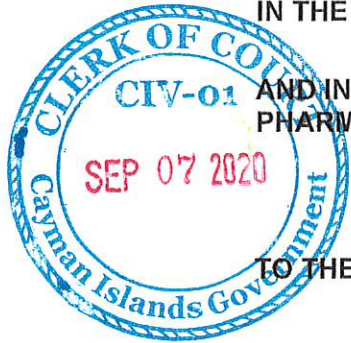
IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



200
CAUSE NO: FSD OF 2020 ()

IN THE MATTER OF SECTION 15 OF THE COMPANIES LAW (2020 REVISION)

AND IN THE MATTER OF REDUCTION OF SHARE CAPITAL OF ASLAN
PHARMACEUTICALS LIMITED



PETITION

TO THE GRAND COURT



THE HUMBLE PETITION OF ASLAN Pharmaceuticals Limited, of Walkers Corporate Limited at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands (the "**Petitioner**" or the "**Company**") shows that:

The Company

1. The Company was incorporated in June 2014 as an exempted company limited by shares under the Companies Law (2013 Revision) (as amended) (the "**Companies Law**") with registration number 289175.
2. The principal activity of the Company is as a holding company of the ASLAN group of companies which are principally engaged in the development of innovative immunology and oncology drugs.
3. The objects for which the Company was formed are unrestricted, and the Company has full power and authority to carry out any object not prohibited by the Companies Law.

Share Capital of the Company

4. The Company's ordinary shares have been listed on the Taipei Exchange in Taiwan (the "TPEX") since 1 June 2017. In addition, the Company also increased capital through an issuance of American depositary shares held by a US depositary bank ("ADS"), which have been listed on the Nasdaq since 4 May 2018.
5. The authorised share capital of the Company as at the date of its incorporation was US\$50,000 divided into 5,000,000 ordinary shares of a nominal or par value of US\$0.01 each. Since the incorporation of the Company, the authorised share capital has been changed as follows:
 - (a) On 25 August 2014, as part of restructuring, the authorised share capital of the Company was divided into 30,294,646 ordinary shares of a nominal or par value of US\$0.001 each, 3,295,833 series A preference shares of a nominal or par value of US\$0.001 each and 16,409,521 series B preference shares of nominal or par value of US\$0.001 each;
 - (b) On 20 November 2015 as part of a further round of financing, the authorised share capital of the Company was increased to US\$200,000 divided into 158,294,646 ordinary shares of a nominal or par value of US\$0.001 each, 3,295,833 series A preference shares of a nominal or par value of US\$0.001 each, and 16,409,521 series B preference shares of a nominal or par value of US\$0.001 each and 22,000,000 series C preference shares of a nominal or par value of US\$0.001 (the series A, series B and series C preference shares together, the "**Preference Shares**");
 - (c) On 27 May 2016, in a series of steps carried out solely in order to align the nominal or par value of the Company's shares with the par value that Taiwan companies are required to use:

- i. the authorised share capital of the Company of US\$200,000 was divided into 316,589,292 ordinary shares, 6,591,666 series A preference shares; 32,819,042 series B preference shares and 44,000,000 series C preference shares all of a nominal par value of US\$0.0005 each;
- ii. the authorised share capital of the Company was increased to US\$40,041,705.354 divided into 80,000,000,000 ordinary shares, 6,591,666 series A preference shares; 32,819,042 series B preference shares and 44,000,000 series C preference shares all of a nominal par value of US\$0.0005 each;
- iii. the Preference Shares were converted into ordinary shares by the Company repurchasing each of the Preference Shares in consideration for the issue of an equal number of ordinary shares, following which the Preference Shares were cancelled and the authorised share capital of the Company was US\$40,000,000 divided into 80,000,000,000 ordinary shares of a nominal or par value of US\$0.0005 each, of which 96,003,794 were issued and 79,903,996,206 were unissued;
- iv. the authorised share capital of the Company was amended from US\$40,000,000 divided into 80,000,000,000 ordinary shares of a nominal or par value of US\$0.0005 each to NTD1,300,000,000 divided into 80,000,000,000 ordinary shares of nominal or par value of US0.0005 each; and
- v. the authorised share capital then underwent a series of amendments with the outcome that the authorised share capital of the company was NT\$1,300,000,000 divided into 130,000,000 ordinary shares of a nominal or par value of NT\$10 each;

- (d) On 16 August 2016, as part of a further round of financing, the authorised share capital of the Company was increased to NT\$2,000,000,000 (approximately US\$66,000,000) divided into 200,000,000 ordinary shares of a nominal or par value of NT\$10.00 each; and
- (e) On 30 October 2018, as part of a further round of financing, the authorised share capital of the Company was increased to NT\$5,000,000,000 (approximately US\$165,000,000) divided into 500,000,000 ordinary shares of a nominal or par value of NT\$10.00.
6. As at the date of this Petition the authorised share capital of the Company is NT\$5,000,000,000 divided into 500,000,000 ordinary shares of nominal or par value of NT\$10.00 (approximately US\$0.33 each). The issued and fully paid-up share capital of the Company is NT\$2,045,561,466 (approximately US\$61,366,844) consisting of 189,965,970 ordinary shares. The Company has no preference shares in issue.
7. As at the date of this Petition the Company has 2,770 ordinary shareholders.

Purpose of the Capital Reduction

8. On 16 July 2020 the TPEX gave notification that the trading of the Company's ordinary shares on the TPEX would terminate on 25 August 2020 (the "TPEX Notification"). During the six months prior to receipt of the TPEX Notification, 90% of trading in the Company's securities took place on the Nasdaq and no capital has been raised in Taiwan since 2017. Holders of the Company's ordinary shares can apply before September 25, 2020 to convert their shares into ADS and the Company anticipates that the conversion will be completed before the end of October 2020. Public trading of the Company's shares terminated on 25 August 2020, and the Company was accordingly delisted from the TPEX the same day. The Company will cease to hold public company status in Taiwan and be subject to Taiwanese laws once the Financial and Securities Commission ("FSC") has given its consent to the same. Shareholder approval for this step was given at a

general meeting on 4th September 2020 by an overwhelming majority. FSC consent is expected around 11th September. Delisting from the TPEX and cessation of Taiwan public company status will not affect the Company's US listing status and the ADS will continue to trade on the Nasdaq.

9. Given that the Company has been delisted from the TPEX and will imminently cease to be subject to the requirements of Taiwanese law, it now wishes to take steps to (i) redenominate each ordinary share from NT\$ to US\$ so that the nominal or par value of each ordinary share will be US\$0.33 based on an exchange rate of NT\$1:US\$0.033; and (ii) return the par value of each ordinary share to its original value it had at the time of incorporation, that is, to US\$0.01 for each ordinary share.
10. A high par value for its shares prevents the Company from issuing new shares and from raising equity capital if the market value of the shares is lower than their par value. The Company is no longer trading on the TPEX and its ADS (each of which represents 5 ordinary shares) are trading at or around US\$1.48 per ADS, which is approximately US\$0.30 per ordinary share. The Company's directors (the "**Directors**") are concerned that the Company is facing and will continue to face significant challenges raising capital from the equity markets if the value of its ordinary shares continues to stay below their par or nominal value.
11. As a biotechnology company, the Company requires significant capital and makes substantial investment into research and development. However, it will take several years before revenue and profit is generated from these investments. Accordingly, the Directors (and the Company's shareholders, as further set out at paragraph 36) want to reduce the par value per share to the original value when the Company was incorporated because doing so will assist the Company to attract more capital investment. Given the Company's current cash position, the Company needs to raise significant capital within the next six months.
12. Accordingly the Company is actively looking for new equity financing, and investors in the US have expressed an interest in investing in the Company through (i) At-

The-Market Offerings; (b) Private Investment in Public Equity; (c) Equity Lines of Credit; and (d) Confidentially Marketed Public Offerings. The Company has agreed in principle a confidential non-binding term sheet with an investor and is in the process of negotiating another term sheet in relation to an ATM Offering with another investor (the "**Term Sheets**") but the investors are unwilling to sign the Term Sheets due to the fact that the Company's share price is trading on the Nasdaq below par value.

13. There is an urgent need to move quickly to reduce the par value of the Company's shares in order that the Company can issue new ADS to raise capital. The Company is the sole shareholder of ASLAN Pharmaceuticals Pte. Ltd. ("**ASLAN Pharmaceuticals**"), a company incorporated and domiciled in Singapore with the principal activity of developing drugs for the global markets. ASLAN Pharmaceuticals is the sole shareholder of subsidiary companies in Taiwan, Australia, Hong Kong (which is the sole shareholder of an entity in China), USA and Singapore. ASLAN Pharmaceuticals is dependent on the Company for financial support and, therefore the ability to issue new ADS which can be traded on the Nasdaq is critical to support ASLAN Pharmaceuticals' business and day-to-day operations.

Form of the Capital Reduction

14. The proposed capital restructuring requires the reduction of the par value of each ordinary share of the capital of the Company from US\$0.33 to US\$0.01 such that the Company's capital account will be reduced by an amount equal to US\$0.32 for each issued ordinary share. The result of this will be that the authorised share capital shall be reduced from US\$165,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.33 each to US\$5,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.01 each (the "**Capital Reduction**").
15. Upon completion of and as a result of the Capital Reduction:

- (a) the credit which arises as a result of the Capital Reduction will be credited to the Company's non-distributable share premium account;
- (b) the total number of shares held by each shareholder of the Company will not be altered; and
- (c) no prejudice will be suffered by the Company's creditors.

The Company's Financial Position

- 16. The Company is a solvent entity and has sufficient assets to meet its liabilities. The management accounts of the Company as at June 2020 show that it has total assets of US\$179,415,947.12 and total liabilities of US\$4,145,751.01.
- 17. The Company's asset position is made up of (i) cash at bank in the sum of US\$1,226,335.49; (ii) pre-paid expenses (being the prepayment of the post-IPO retainer fee) in the sum of US\$2,080.00; (iii) financial instruments in the sum of US\$55,238.00; and (iv) equity in ASLAN Pharmaceuticals valued at US\$178,132,293.63.
- 18. If approved, the premium arising from the Capital Reduction in the sum of US\$60,785,590.40 will be placed in a non-distributable share premium account.
- 19. The Company's current liabilities are US\$525,180.03 made up of (i) trade creditors in the form of legal and compliance fees in the sum of US\$75,047.70; (ii) professional fees relating to the auditing of the consolidated financial statements in the sum of US\$345,000.00; (iii) listing fees in the sum of US\$14,779.19; (iv) accrued expenses relating to director's fees in the sum of US\$63,490.72; and (v) intercompany payables in the sum of US\$26,862.42. Accordingly, the Company has sufficient cash at bank to pay off its total current liabilities.

20. The Company's aggregate carrying amount including principal and accrued interest outstanding under the loan facility is US\$3,620,570.98 made up of (i) a convertible loan facility from Bukwang Pharmaceutical Co., Ltd ("**Bukwang**") in the sum of US\$1,000,000.00, and a loan from Augsburg Investments Limited ("**Augsburg**") in the sum of US\$500,000.00, which makes up 41.43% of the Company's total long term liabilities; and the balance made up of (ii) a consolidated loan facility in the sum of US\$ 2,120,570.98 (including interest and derivative financial instruments evaluation) provided to the Company from individual shareholders/directors/senior management team in various amounts ranging from US\$50,000 up to US\$500,000 (as more fully set out below).

Creditor Consents to the Capital Reduction

21. The Company has the following categories of creditor: (i) director, shareholder and senior management team creditors that made loans to the Company directly (the "**Insider Creditors**"); (ii) shareholders that have made loans to the Company indirectly through special purpose companies or custodian banks (the "**Indirect Shareholder Creditors**"); (iii) significant external unsecured creditors (the "**Significant Creditors**"); and (iv) professional and trade creditors (the "**Trade Creditors**").
22. As shareholders of the Company, the Insider Creditors and the Indirect Shareholder Creditors were given notice of the Capital Reduction by a notice to the shareholders that was uploaded to the Taiwan Stock Exchange Market Observation Post System ("**MOPS**") on 10 August 2020 (the "**EGM Notice**"), as required by the Regulations Governing Securities Trading on the Taipei Exchange (the "**TPEX Regulations**"). MOPS is a platform for Taiwanese listed companies to, among other things, make information public and to upload shareholder meeting notices. The EGM Notice gave the Company's shareholders notice of the extraordinary general meeting of the Company that was held on 4 September 2020. At this 79.60% of the Company's shareholders attended the meeting and

96.24% of these shareholders voted in favour of the Capital Reduction (the "EGM").

Insider Creditors

23. The Company has obtained written consent to the Capital Reduction from all of the Insider Creditors:

- (a) Stephen Doyle, a member of the senior management team of the Company, who loaned the Company US\$50,000; and
- (b) Andrew Howden, a chairman, director and shareholder of the Company, who loaned the Company US\$500,000 through his investment vehicle JANK Howden Pty Ltd.

Indirect Shareholder Creditors

24. All of the Indirect Shareholder Creditors received the EGM Notice and, therefore, notice of the Capital Reduction, through custodian entities that hold their shares. Although an overwhelming majority of the Company's shareholders voted in favour of the Capital Reduction at the EGM, the names on the applicable proxy forms do not tally with the names of the Indirect Shareholder Creditors as the latter are not directly recorded on the Company's register of members. Accordingly, and for the sake of completeness, in order further to demonstrate that the Company's creditors will be fully protected as a result of the Capital Reduction, the Company has sought and obtained consent from the following Indirect Shareholder Creditors that they consent to the Capital Reduction.

- (a) Golden Summit International Ltd, which loaned the sum of US\$300,000 to the Company and holds its shares through a custodian entity, recorded on the shareholder register as Richmond Peak Investments Inc.;

(b) Sagamore Investment Management LLC, which loaned the sum of US\$100,000 to the Company and holds its shares through custodian entities, recorded on the shareholder register as Sagamore China Partners III, L.P. and Sagamore Healthcare I LP; and

(c) Kummell Investments Limited which loaned the sum of US\$500,000 to the Company and later assigned the loan agreement to Creation Fame Company Limited, which holds its shares through custodian entities, recorded on the Company's shareholder register as Excel Tactic Investments Limited and Crystal Wave Investments Limited.

25. The only other Indirect Shareholder Creditor is V-Sciences Investments Pte Ltd, which loaned the sum of US\$300,000. The Company has not sought consent from V-Sciences Investments on the basis that it only represents about 8.2% of the Company's liabilities, and is a vehicle utilised by the Singapore sovereign wealth fund, Temasek Holdings (Private) Limited, one of the Company's largest shareholders, which holds its shares through a custodian entity and a series of nominee companies, and it would take several months to obtain its consent.

The Significant Creditors

26. The Significant Creditors comprise the following:

(a) Bukwang: which has provided written confirmation that it consents to the Capital Reduction; and

(b) Augsburg: the Company has obtained oral confirmation of its consent to the Capital Reduction and is in the process of obtaining written confirmation.

Trade Creditors

27. The Company has not sought consent to the Capital Reduction from the Trade Creditors due to (i) the practical challenges of obtaining written consents from the Trade Creditors, (ii) the relatively small sums that the Company owes them, (iii) the fact that these creditors change on a day-to-day basis, (iv) the fact that the Company has cash at bank to cover this liability if necessary; and (v) that in any event these creditors will all be paid in the next few months.
28. Accordingly, in terms of consent to the Capital Reduction from creditors of the Company, the Company has at the date of the Petition received an affirmative response to the Capital Reduction, either in the form of a specific consent, informal verbal consent or by voting in their capacity as a shareholder, from all long-term creditors representing 87% of the Company's total liabilities.
29. In order further to ensure that there is sufficient protection for the Company's creditors as a result of the Capital Reduction, a director of the Company has been authorised to provide this Court with an undertaking on behalf of the Company that it will not make any repayment of capital until such time as all creditors have either been paid off or consented to the Capital Reduction (the "**Undertaking**").
30. Accordingly, given that (i) there is evidence to demonstrate that the Company has more than sufficient assets to meet the claims of creditors as they fall due; (ii) consent to the Capital reduction has been provided by the Company creditors holding 87% of its long-term liabilities; (iii) the commercial and practical realities of obtaining consent from all creditors makes the exercise disproportionate; (iv) the credit arising from the Capital Reduction will be credited to the Company's non-distributable share premium account; and (v) the Company has provided the Undertaking, the Company considers that the Capital Reduction will not affect or prejudice the Company's creditors, or any of them.

Articles of Association

31. Article 45 of the eighth amended and restated articles of association of the Company (the "**Articles of Association**") states that:

"The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law"

32. Further, Article 1 of the Articles of Association provides that:

*"**Special Resolution**" means a special resolution of the Company passed in accordance with the Companies Law, being a resolution:*

(a) 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 and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; or

(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument of the last of such instruments, if more than one, is executed."

Directors' and Shareholders' Resolutions

33. On 17 July 2020 the Company's board met to consider, inter alia, the Capital Reduction and passed resolutions (the "**Directors' Minutes**") to recommend to the shareholders of the Company, inter alia, as follows:

*"**Item 4: Implementation of the Capital Reduction***

Subject to the adoption of the Resolutions by the Shareholders, it is proposed that:

i. the Capital Reduction (as described in more detail in Item 6, 2 (2) below) be implemented;

ii. in accordance with the Companies Law (as amended) of the Cayman Islands, the Company apply by petition to the Grand Court of the Cayman Islands for an order confirming the Capital Reduction (the "Petition"); and

iii. the Company take all such actions and do give, make, sign, execute and deliver all such notes, deeds, agreements, letters, notices, certificates, acknowledgements, instructions, fee letters and other documents (whether of a like nature or not) in order to implement the Capital Reduction.

Resolution:

It is hereby resolved unanimously that:

a) in the opinion of the Directors, the Petition and the entry into and performance by the Company of its obligations in respect of the Capital Reduction would be in the best interests of the Company;

b) the Petition be approved;

c) the Company apply by petition to the Grand Court of the Cayman Islands for an order confirming the Capital Reduction;

d) subject to an order of the Grand Court of the Cayman Islands approving the Capital Reduction:

i. the Capital Reduction be approved;

ii. the Company enter into the Capital Reduction;

...

Item 6: To convene the Second Extraordinary General Meeting of 2020

1. It is proposed that the Second Extraordinary Shareholders' Meeting of 2020 be held at 9:30 am on 04 September 2020 as the book closure period is from 06 August 2020 to 04 September 2020. The suspension period for exercise of the employee stock options is from 06 August 2020 to 04 September 2020.

2. Agenda items

...

(2) Discussion Items: (Resolution Items)

...

(iii) Redenominating Share Capital – as an ordinary resolution that the authorised share capital of the Company, conditional on Cessation of Public Company Status, be amended:

(A) FROM: NT\$5,000,000,000 divided into 500,000,000 ordinary shares of nominal or par value of NT\$10.00,

(B) TO: US\$165,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.33 each

by redenominating each ordinary share of a nominal or par value of NT\$10.00 into each ordinary share of a nominal or par value of US\$0.33 at an exchange rate of NT\$1:US\$0.033 (the "Redenomination")

(iv) Reducing Share Capital - as a special resolution that, conditional on Cessation of Public Company Status, the share capital of the Company be reduced:

(A) FROM: US\$165,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.33 each

(B) TO: US\$5,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.01 each

by reducing the nominal or par value of each ordinary share of the Company from US\$0.33 to US\$0.01 in accordance with Section 14 of the Companies Law (as amended) of the Cayman Islands (the "Capital Reduction");

...

Resolution:

a) It is hereby resolved unanimously to approve to convene the Second Extraordinary General Meeting of 2020".

(the "Resolutions").

34. As mentioned in paragraph 22 above, on 10 August 2020 the EGM Notice was uploaded to MOPS giving the Company's shareholders notice of the EGM at which, among other things, a resolution would be tabled for the Capital Reduction. On 19 August 2020 the Handbook for the EGM setting out the meeting procedures and agenda together with various attachments and appendices (the "Handbook") was uploaded to MOPS.
35. The EGM was held on 4 September 2020, in accordance with the Articles of Association and with requisite notice having been given to the shareholders of the Company. The Resolutions were set out in the EGM Notice and proxy form.

36. At the EGM 79.60% of the Company's shareholders attended the meeting (in person or by proxy) and 96.24% of these shareholders voted in favour of the Capital Reduction and resolved, inter alia, that:

"the authorised share capital of the Company be amended:

(A) FROM: NT\$5,000,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of NT\$10.00

(B) TO: US\$165,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.33 each"

and by special resolution that:

"the share capital of the Company be reduced:

(A) FROM: US\$165,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$ 0.33 each

(B) TO: US\$5,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.01 each

by reducing the nominal or par value of each ordinary share of the Company from US\$0.33 to US\$0.01 in accordance with Section 14 of the Companies Law (as amended) of the Cayman Islands (the "Capital Reduction")"

37. The Capital Reduction does not involve (i) an alteration or variation to the rights attached to the Company's shares; or (ii) a diminution of the liability of any shareholder in respect of amounts unpaid on issued share capital.

38. The form of minute proposed to be registered is as follows:

"The authorised share capital of ASLAN Pharmaceuticals Limited was by virtue of a special resolution of its shareholders, and with the sanction of the Grand Court of the Cayman Islands dated [], reduced from US\$165,000,000 divided into

500,000,000 ordinary shares of US\$0.33 each to US\$5,000,000 divided into 500,000,000 ordinary shares of US\$0.01 each. As at the date of registration of this Minute, [insert number] ordinary shares have been issued and fully paid."

39. After the completion of the Capital Reduction, the authorised share capital of the Company will be US\$5,000,000 divided into 500,000,000 ordinary shares of a nominal or par value of US\$0.01.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:

1. The Capital Reduction of the Company to be effected by the special resolution set forth in paragraph 36 of this Petition and the minute set forth in paragraph 38 of this Petition be approved by the Court;
2. To this end all necessary inquiries and directions may be made and given; and/or
3. Such other order may be made in the premises as the Court shall deem fit.

AND your Petitioner will ever pray etc

DATED this 7th day of SEPTEMBER 2020

Walkers

WALKERS
Attorneys at Law for the Company

NOTE: It is not intended to serve this Petition on any person

THIS PETITION was presented by WALKERS of 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands, Attorneys at Law of the Petitioner whose address for service is that of its said Attorneys.

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NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman on _____ at _____ am/pm.

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Cayman at PO Box 495, Grand Cayman, KY1-1106, telephone no. 349 949 4296.