QT VASCULAR LTD.
(Company Registration No. 201305911K)
(Incorporated in Singapore)

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES (AS DEFINED HEREIN) OF THE SGX-ST (AS DEFINED HEREIN) – EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the board of directors (the "**Board**") of QT Vascular Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, KPMG LLP, had without modifying their opinion, included in the Independent Auditor's Report an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for the financial year ended 31 December 2016 (the "**Audited Financial Statements**"). A copy of the Independent Auditors' Report, consolidated statements of financial statements as at 31 December 2016, consolidated statement of comprehensive income for the year ended 31 December 2016 and an extract of Note 2 from the notes to the Audited Financial Statements are attached to this announcement for information.

Notwithstanding the above, the Board is of the opinion that the Group will continue as a going concern for, *inter alia*, the following reasons:

1. The management has critically assessed the cash flow forecasts of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue its operations and meet its obligations for the foreseeable future;

2. On 1 February 2017, the Company entered into a distribution agreement with Medtronic ("distributor") whereby the distribution agreement includes minimum purchase commitments in 2017 and 2018 which will contribute to the overall sales of the Group; and

3. On 20 March 2017, the Company entered into an agreement with GEM Global Yield Fund LLC SCS ("Investor") and GEM Investments America, LLC whereby the Investor would be required to subscribe for new ordinary shares of the Company at the Company's discretion. The Company has the right to determine the timing and volume of shares to be subscribed by the Investor, for up to an aggregate of S$10,000,000 (US$7,000,000) or a maximum of 178,000,000 new shares. The Company was also provided the option (at its absolute discretion) to enter into an additional agreement with the Investor to raise S$10,000,000 (US$7,000,000) within 6 months from 20 March 2017 with terms and conditions similar to the agreement signed on 20 March 2017.

The Board (i) is in the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner; and (ii) confirmed that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company are advised to read the Audited Financial Statements in its 2016 annual report, which will be distributed to Shareholders in due course.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
11 May 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2016

Independent auditors' report

Members of the Company
QT Vascular Ltd.

Report on the financial statements

We have audited the accompanying financial statements of QT Vascular Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss of US$11,978,000 during the year ended 31 December 2016 and, as of that date, the Group's current liabilities exceeded its current assets by US$23,684,000. The directors believe that the going concern basis of accounting is appropriate, and that the financial statements have been prepared as such. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2016

<table>
<tr><th colspan="2">Valuation of intangible assets and investment in subsidiaries
(Refer to Note 6 and 7 to the financial statements)</th></tr>
<tr><td>Key Audit Matters</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's intangible assets comprised of developed technology, licensed royalties and intellectual property on various therapeutic solutions to improve outcomes in complex peripheral and coronary interventions. As at 31 December 2016, the carrying amount of intangibles amounted to US$12,606,000.

The intangible assets are the most valuable assets to the Group. These assets determine the overall fair value of the business as a whole and were recorded in the subsidiaries of the Company.

Management determined there to have been indicators of impairment for each of these intangible assets and the investment in subsidiaries, and performed an assessment of the Group's carrying value of these intangible assets and investment in subsidiaries. The recoverable values of these intangible assets and investment in subsidiaries were valued based on the value-in-use method utilizing projected cash flows.</td><td>We have engaged the assistance of our valuation specialists to critically assess the appropriateness of the valuation methodology used by management.

We have critically assessed the appropriateness of the key assumptions and information used by management in the projected cash flows.

We tested the mathematical accuracy of the projected cash flows.</td></tr>
<tr><td colspan="2">Our findings

We found management's assessment of the valuation of intangible assets and the investment in subsidiaries to be responsible and appropriate.</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon (the Annual Report). Other than the directors' statement which we obtained prior to the date of this auditors' report, the Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2016

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2016

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chu Sook Fun.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 May 2017

Extract of the consolidated statements of financial position as at 31 December 2016

Consolidated statements of financial position
As at 31 December 2016

	Note	Group		Company	
		2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Assets					
Property, plant and equipment	5	794	913	–	–
Intangible assets	6	12,606	12,861	40	40
Investment in subsidiaries	7	–	–	104,283	90,029
Other non-current assets		225	147	–	–
Non-current assets		13,625	13,921	104,323	90,069
Inventories	9	4,046	5,950	–	–
Trade and other receivables	10	1,893	3,630	1	2
Cash and cash equivalents	11	328	3,850	28	2,474
Current assets		6,267	13,430	29	2,476
Total assets		19,892	27,351	104,352	92,545
Equity					
Share capital	12	152,685	139,202	152,685	139,202
Reserves	12	2,892	909	(37,516)	(37,084)
Accumulated losses		(165,775)	(153,797)	(29,008)	(41,097)
Equity attributable to owners of the Company/Total equity		(10,198)	(13,686)	86,161	61,021
Liabilities					
Loans and borrowings	13	–	3,474	–	3,470
Trade and other payables, including derivatives	17	63	161	–	–
Deferred income	16	76	–	–	–
Non-current liabilities		139	3,635	–	3,470
Loans and borrowings	13	17,822	3	16,448	–
Trade and other payables, including derivatives	17	10,520	13,675	1,743	4,695
Deferred income	16	1,609	365	–	–
Provision for legal liability	18	–	23,359	–	23,359
Current liabilities		29,951	37,402	18,191	28,054
Total liabilities		30,090	41,037	18,191	31,524
Total equity and liabilities		19,892	27,351	104,352	92,545

Extract of the consolidated statement of comprehensive income for the year ended 31 December 2016

Consolidated statement of comprehensive income
Year ended 31 December 2016

	Note	Group 2016 US$'000	Group 2015 US$'000
Revenue	20	10,645	12,435
Cost of sales		(5,949)	(8,362)
Gross profit		4,696	4,073
Sales and marketing expenses		(10,055)	(10,440)
Administrative expenses		(8,224)	(12,756)
Research and development expenses		(9,274)	(7,905)
Other income		23,969	–
Other expenses		–	(23,893)
Results from operating activities		1,112	(50,921)
Finance income		1	5
Finance costs		(13,092)	(2,132)
Net finance costs	21	(13,091)	(2,127)
Loss before tax		(11,979)	(53,048)
Tax income/(expense)	23	1	(2)
Loss for the year	22	(11,978)	(53,050)
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(48)	747
Total comprehensive income for the year		(12,026)	(52,303)
Loss attributable to:			
Owners of the Company		(11,978)	(53,050)
Loss for the year		(11,978)	(53,050)
Total comprehensive income attributable to:			
Owners of the Company		(12,026)	(52,303)
Total comprehensive income for the year		(12,026)	(52,303)
Earnings per share			
Basic loss per share (dollars)	24	(0.01)	(0.07)
Diluted loss per share (dollars)	24	(0.01)	(0.07)

Extracted Note 2 to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2016

Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its obligations for the foreseeable future.

The Group recorded net loss of US$11,978,000 for the year ended 31 December 2016 and as at that date, the statement of financial position showed a deficiency in net assets of US$10,198,000 and net current liabilities of US$23,684,000.

Management has critically assessed the forecasted cash flows of the Group for the next twelve months and concluded that there will be sufficient cash flows and resources to allow the Group to continue in operation and meet its obligations for the foreseeable future.

Management acknowledge that uncertainty remains over the ability of the Group to meet its funding requirements and to refinance or repay its suppliers as and when they fall due. The forecasted cash flows were prepared based on reasonable assumptions on financing, growth and reorganisation plans that were ongoing within the Group to drive operational efficiency.

On 1 February 2017, the Company entered into a distribution agreement with Covidien LP ("distributor"), whereby the distributor is obligated to a purchase commitment of at least US$3,400,000 in 2017 and US$6,375,000 in 2018. As at the date of this report, the Company has received purchase orders and payments totalling US$3,400,000 from the distributor. The distributor had also provided a demand forecast for a further 25,000 units, totalling US$10,625,000 for 2017.

On 20 March 2017, the Company entered into an agreement with GEM Global Yield Fund LLC SCS ("Investor") and GEM Investments America, LLC ("GEMIA") whereby the investor would be required to subscribe for new ordinary shares of the Company at the Company's discretion. The Company has the right to determine the timing and volume of shares to be subscribed by the investor, for up to an aggregate of S$10,000,000 (US$7,000,000) or a maximum of 178,000,000 new shares. The Company was also provided the option (at its absolute discretion) to enter into an additional agreement with the investor to raise S$10,000,000 (US$ 7,000,000) within 6 months from 20 March 2017 with terms and conditions similar to the agreement signed on 20 March 2017.

As at end of March 2017, the Group has an available cash balance of US$1,633,000. The management monitors the cash flows on a weekly basis and believes that the Company will be able to raise funds from various parties when required.

Based on the forecasted cash flows, management has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any unforeseen reason the Group is unable to continue as a going concern, it could have an impact on the Group's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at amounts stated in the consolidated financial statements.