QTVascular

The Community We Care For

Annual Report 2019

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This Annual Report has been prepared by QT Vascular Ltd. (the "Company") and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This Annual Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

CORPORATE PROFILE

QT Vascular Ltd. ("We", or the "Company", "QT Vascular" and together with its subsidiaries the "Group") is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") (Reuters: QT Vascular).

We are engaged in the design, assembly and distribution of advanced therapeutic solutions for the minimally invasive treatment of complex vascular diseases. We collaborate with industry specialists and physicians who are key opinion leaders to develop and offer physicians and patients new and differentiated devices to improve outcomes in complex peripheral and coronary interventions.

Coronary artery disease ("CAD") is a common form of cardiovascular disease and is primarily caused by lesions consisting of plaque in the arteries surrounding the heart. As plaque accumulates, the diameter of the arterial lumen narrows resulting in reduced or stopped blood flow. This disease is generally treated by way of percutaneous transluminal coronary angioplasty ("PTCA") and stenting.

Peripheral artery disease ("PAD") is an obstruction of the blood flow in the peripheral arteries. It occurs commonly in the arteries of the pelvis and legs. It can result from the slow accumulation of plaque over time or the sudden formation of a blood clot which leads to arterial narrowing or blockage of a vessel. PAD may be treated by percutaneous transluminal angioplasty ("PTA") or various other interventional techniques.

Angioplasty (PTCA and PTA) is the technique where a small incision is made, typically in the patient's thigh and a small catheter is inserted on a steerable "guide wire" to reach the narrowed section of the artery. A balloon catheter is pushed across the narrowed part of the artery and inflated temporarily to open up the narrowing by pushing outward on the plaque and on the wall of the vessel for improved blood flow in that part of the artery. After inflation, the balloon is deflated and removed so no part of the balloon catheter is left behind in the artery. In some cases, a stent may be inserted at the time of ballooning to ensure the vessel remains open.

CORPORATE STRUCTURE

QTVascular

100%
TriReme Medical (Singapore) Pte. Ltd.

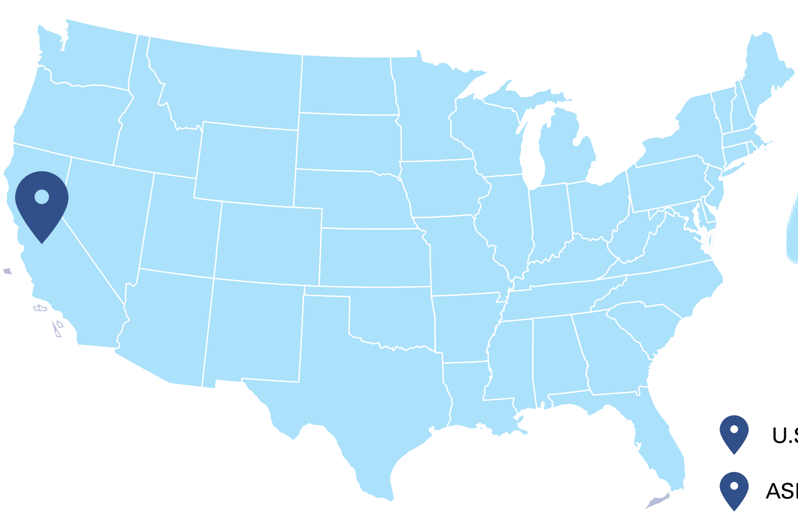
100%
TriReme Medical, LLC.

100%
Quattro Vascular Pte. Ltd.

INDUSTRY SERVED

Health Care

Location Sites



USA

ASIA, SINGAPORE

- U.S.A (Pleasanton, California) - TriReme Medical, LLC.
- ASIA, SINGAPORE - QT Vascular Ltd.
  - TriReme Medical (Singapore) Pte. Ltd.
  - Quattro Vascular Pte. Ltd.

MESSAGE FROM THE CEO

DEAR SHAREHOLDERS:

On behalf of the board of directors and management, it is my pleasure to present QT Vascular's Annual Report for the financial year ended 31 December 2019 ("**FY2019**"). For QT Vascular, 2019 was very much focused on executing our strategy for the Group's critical development programs that was articulated last year.

In FY2019, the Company continued to provide product manufacturing and supply support to both Medtronic, Inc. ("**Medtronic**") and Teleflex, Inc. ("**Teleflex**") to produce Chocolate® PTA and Chocolate® XD respectively following the sale of these product lines in 2018. With the continuation of initiatives to reduce operating costs, the Company have reduced operating costs by US$5.3 million as compared to the previous financial year.

At the end of 2018, Katsanos et al[1] published a review and meta-analysis of paclitaxel-coated balloons and stents, suggesting an increased risk of mortality due to paclitaxel exposure. This has led to a challenging landscape for all paclitaxel coated devices in 2019 and the United States Food and Drug Administration ("**FDA**") is now requesting for three years mortality data for a certain percentage of the patients in our United States pivotal study of the Drug Coated Chocolate Touch® Balloon (the "**Study**"). This new requirement is well beyond the one year follow up previously accepted and approved by FDA for our Study. One year follow up was the gold standard used in the approval studies of other FDA approved paclitaxel coated balloons. This new requirement for three years mortality data increases the timeline for approval and as a result the cost for approval.

While enrolment for our Study has continued into 2020 with 333 patients enrolled at a total of 34 clinical trial sites in the United States, Europe and New Zealand, the coronavirus ("**COVID-19**") pandemic has impacted all industries around the globe. Currently, hospitals around the world are focusing on support and recovery for COVID-19 patients and the Study is impacted as a result. Our clinical team is working closely with all our clinical trial sites to ensure the safety of our clinical trial participants and integrity of the Study data.

In light of the above developments, the Group has been facing and continues to face challenging market conditions and regulatory environment which affects the Group's ability to support its operations. On 13 July 2020, the Company announced that its wholly-owned subsidiary, TriReme Medical, LLC. will be entering into an agreement with G Vascular Private Limited, an entity of the Genesis MedTech group, which is a medical device company headquartered in Singapore, to sell the Group's Drug Coated Chocolate Touch® Balloon (the "**Proposed Disposal**") for which details of the Proposed Disposal are included in the

MESSAGE FROM THE CEO

circular dated 13 July 2020. The Proposed Disposal is subject to shareholders' approval at the upcoming extraordinary general meeting which will be held on 28 July 2020.

The completion of the Proposed Disposal will allow the Group to free up critical funds otherwise used for its Chocolate Touch® program and allow the Group to conserve its funds and resources to pursue further development on the Group's drug-coated coronary product, Chocolate Heart™, which the Group can potentially unlock further value from Teleflex's option on the acquisition of Chocolate Heart™ of S$65.6 million and the subsequent royalties of five percent (5%) of net sales of Chocolate Heart™ (to the extent covered by a valid claim of patents).

The Group also has an option to acquire Sano V Pte Ltd ("**Sano V**"), an emerging clinical stage erectile dysfunction ("**ED**") company treating venous leak and can be supplemented by using the Group's Chocolate® technology to treat blocked arteries that causes ED and provide a complete solution for ED in one treatment. To date, Sano V has enrolled 6 patients in their first-in-man clinical study with positive outcomes from the majority of the patients enrolled so far. However, the long-term outcome of this study is still subject to review pending follow-up data from patients enrolled in this study.

I would like to express my gratitude to my fellow directors on the Board for their guidance, commitment and contributions during the year. To the management team and staff, thank you for your commitment, hard work and contributions to the Company. Finally, on behalf of the Board, I would like to express our appreciation to our shareholders, investors, business partners, associates, and customers for their continued support of QT Vascular. Let us continue to push forward and have patients around the world benefit from our innovative technologies.

We look forward to your continued support as we ride through this current landscape to bring QT Vascular to greater heights in the years to come.

EITAN KONSTANTINO, PhD
Chief Executive Officer

1 Katsanos K, Spiliopoulos S, Kitrou P, Krokidis M, Karnabatidis D. Risk of Death Following Application of Paclitaxel-Coated Balloons and Stents in the Femoropopliteal Artery of the Leg: A Systematic Review and Meta-Analysis of Randomized Controlled Trials. JAHA. 2018; 7(24):

BOARD OF DIRECTORS

AMIR BELSON
Independent Chairman

Amir Belson was appointed to our Board on 4 August 2016 and became Chairman of our Board on 11 June 2018.

Amir is the founder of various medical device companies such as ZipLine Medical, a company developing and commercializing innovative tissue repair devices to address the clinical need for rapid, non-invasive and easy-to-use skin closure and Neoguide Systems, a company that developed platform technology for minimally invasive surgical procedures that was later acquired by Intuitive Surgical in 2009. He is also the founder of Vascular Pathways, a company that developed an FDA cleared vascular intervention technology that has been chosen as one of the 10 best inventions of 2009 by Popular Science magazine, Thermocure, a minimally invasive therapeutic hypothermia technology company, Radguard Medical, a radiation protection medical device company and VasoStitch, which develops large vessel access and closure technology.

Amir graduated cum laude from the school of medicine of the Technion, Israel Institute of Technology, in Haifa, Israel. Amir did his pediatric residency at Dana Children's Hospital in Tel Aviv and his pediatric nephrology fellowship at Lucile Packard Children's Hospital at Stanford. Amir also served several years as a flight surgeon in Israel's air force rescue unit before moving to the US for a three-year Pediatric Nephrology fellowship at Stanford University Medical Center and a year as a research fellow with the Biomedical Technology Innovation Program at Stanford.

EITAN KONSTANTINO
CEO

Eitan Konstantino was a member of the board of directors of TriReme US since its inception to July 2013. He was appointed to our Board on 11 July 2013 and is responsible for the overall management and business development of our Group.

Eitan has more than 15 years of experience in the medical technology industry. He founded our Group in 2005 when he set up TriReme US as a medical device company focused on providing innovative tools to improve the success rates in challenging peripheral and coronary interventions. Prior to founding our Group, he was from 2003 to 2007, the founder, president and chief scientist of an angioplasty company, AngioScore. Eitan is one of the primary inventors of AngioScore's products. In 2002, Eitan was the chief executive officer & chief operating officer of Advanced Stent Technologies, Inc. ("AST"), a bifurcation stent company that was acquired by Boston Scientific Corporation in 2004, where he co-invented the Petal bifurcation stent. Prior to AST, he was chief technical officer of Bypass, Inc., a developer of nitinol anastomotic devices for minimally invasive heart surgery from 1999 to 2002. Eitan is also one of the founding directors of Singapore Medtech Accelerator, an appointed Biomedical Science Accelerator ("BSA") under the Singapore Government's Research, Innovation and Enterprise 2015 plan. The Singapore Medtech Accelerator and the BSA program, are designed to stimulate the growth of the medical device industry in Singapore, and involves co-funding by SPRING SEEDS Capital Pte. Ltd., a wholly-owned subsidiary of SPRING Singapore.

BOARD OF DIRECTORS

Eitan has more than 100 patents and patent applications worldwide in the field of medical devices and solar control systems. Eitan received his PhD in Laser Surface Treatment, Optical Design, Materials Science from Technion-Machon Technologi Le'Israel in 1999. He also currently serves as the co-chairman of the F04.30.06 Cardiovascular Standards Task Group of the American Society for Testing and Materials, a globally recognised leader in the development and delivery of international voluntary consensus standards. Eitan is also a member of SPRING Singapore's Medtech Network of Advisors whose functions are to advise local medical technology business on business challenges and strategies and to advise the management of SPRING Singapore on the development and review of strategies and initiatives to address the development needs of small medium enterprises in the medical technology sector.

MARK WAN
Non-Independent Non-Executive Director

Mark Wan was a member of the board of directors for TriReme US from May 2007 to July 2013. He was appointed to our Board on 11 July 2013.

Mark is a managing member of Three Arch Management, a healthcare focused investment firm formed in 1993 that provides young companies in the healthcare industry with access to relevant clinical and business resources, as well as capital. Mark started in venture capital in 1987 with Brentwood Associates where he became a general partner. He has been a founder or seed investor in numerous healthcare companies including ePocrates, Inc., Odyssey Healthcare, Inc. and Perclose, Inc.

Mark holds a Bachelor of Science in Electrical Engineering from Yale University in 1987. Mark was conferred a Master of Business Administration from the Stanford Graduate School of Business.

GREGORY CASCIARO
Independent Director

Gregory Casciaro was a member of the board of directors of TriReme US from May 2010 to July 2013. He was appointed to our Board on 14 August 2013.

Gregory has over 31 years of experience in the medical device industry where he has had leadership positions in both private and public companies. He was from 1995 to 1999 the president and chief executive officer of General Surgical Innovations, Inc. a medical device company. Thereafter from 2000 to 2004, he was the president and chief executive officer of Orquest, Inc., a private company manufacturing and selling bio-therapeutically products to the orthopaedic market. From 2004 to 2009, Gregory was the president and chief executive officer and a board member of XTENT Inc., a medical device company listed on the Nasdaq National Market that develops drug-eluting stents. Gregory was the president and chief executive officer of AccessClosure, Inc., a private held medical device company in the United States that develops access site management products designed to address vascular closure challenges during interventional surgery before it was acquired by Cardinal Health, Inc. in May 2014. Gregory is presently the Chief Executive Officer, President and Director of Cardiac Dimensions, Inc..

Gregory graduated from Marquette University with a Bachelor of Science in Business Administration in 1982.

SHO KIAN HIN
Independent Director

Sho Kian Hin was appointed to our Board on 25 September 2015. He is currently also an Independent Director of OUE Lippo Healthcare Limited and Choo Chiang Holdings Ltd.

Kian Hin has over 20 years of experience in financial reporting and regulatory compliance and was involved in various financial related activities such as equity and pre-IPO fund raising, mergers and acquisitions, restructuring and group tax optimization.

Kian Hin is a fellow member of the Association of Chartered Certified Accountants.

KEY MANAGEMENT

MARIA PIZARRO
Executive Vice President, Vice President of Research and Development

Maria Pizarro joined our group in January 2007 and is presently in charge of research and development and certain general management functions of our Group.

Maria has over 25 years of industry experience developing and manufacturing high technology products as well as medical devices. Maria spent 10 years from 1996 at Boston Scientific Corporation, Neurovascular Division, where she led neurovascular minimally invasive device research (intracranial implantable devices) and development projects from concept to commercialization. Prior to joining our Group in 2007, Maria was Director of Research and Development at an angioplasty company, AngioScore, where she led the development of cardiovascular and peripheral devices. Additionally, she had served on the board of directors and was the national president and chairperson of the board of the Society of Mexican American Engineers and Scientists (MAES), a professional engineering society focusing on the development of science, technology, engineering and math (STEM) education, awareness and leadership.

Maria obtained the credentials of a project management professional from the Project Management Institute in 2005 and her Bachelor of Science degree in Industrial Engineering from Texas A&M University in 1984.

MOMI BROSH
General Manager of our Singapore operations

Momi Brosh joined our Group in March 2011 and oversees all operational related matters in Singapore, including infrastructure, human resource and marketing matters.

Momi has over 15 years of management experience. From 2001 to 2005, he was a member of the Secretariat of Kibbutz Shefayim Corporation and is Chairman of the Economic Board of Kibbutz Shefayim Corporation from December 2004 to September 2006, a collective community in Israel. From 2003 to 2005, he was also the Vice President of marketing and sales in Polycad Industries, a leading plastic manufacturer in Israel. Thereafter, from 2005 to 2007, Momi was the Vice President of marketing and sales in Tlaton Ltd, a company that specialises in missile and satellite packages for the aeronautics industry. Prior to joining our Group, from 2008 to 2010, Momi was a freelance marketing consultant in the defence industry.

Momi earned a Diploma in Industrial & Management Engineering and in Marketing from the Ruppin Academy Centre in Israel in 1997. Momi also graduated from the Marketing and Sales Management Program at the Israeli Management Centre in Tel Aviv, Israel in 2004.

FINANCIAL AND OPERATIONS REVIEW

REVIEW OF INCOME STATEMENT

In FY2019, our revenue decreased by approximately US$3.2 million, or 28.8%, from US$11.2 million a year ago to US$8.0 million in FY2019 mainly due to mainly due to decrease in revenue per unit sold for our non-drug coated coronary product, Chocolate XD™ to Teleflex. In FY2019, revenue generated from Medtronic and Teleflex is in relation to the product manufacturing and supply agreement, which forms part of the asset sales to Medtronic and Teleflex.

Cost of sales decreased by approximately US$2.2 million, or 22.6% in FY2019 mainly due to the decrease in the amortisation expenses on the Group's intangible assets recorded in cost of goods sold as well as the lower amount of materials used in production following the reduction in units sold in FY2019.

As a result of the above, our Group recorded a gross profit of US$0.3 million or 4.0% of revenue in FY2019 as compared to a gross profit of US$1.3 million or 11.6% of revenue in FY2018. The decrease in gross profit is mainly due to sales of Chocolate XD™ to Teleflex under the product manufacturing and supply agreement which generate lower gross margins.

Our sales and marketing expenses decreased by US$2.2 million in FY2019 mainly due to the cessation of the sales and marketing team since July 2018 following the completion of the Teleflex asset sale transaction in June 2018.

Our administrative expenses decreased by US$1.7 million in FY2019 mainly due to lower headcount and reduction in overall spending in-line with our on-going cost cutting measures implemented since FY2017.

Our research and development expenses decreased by US$1.2 million due to the lower number of patients enrolled for the clinical trials of the Group's drug-coated peripheral Chocolate® (i.e. Chocolate Touch®) in FY2019.

The other income of US$44.4 million recorded in FY2018 was mainly due to the recorded one-off gain arising from the completion of the sales of our non-drug coated peripheral product, Chocolate® PTA and non-drug coated coronary product, Chocolate XD™ to Medtronic in January 2018 and Teleflex in June 2018 respectively. There was no such income recorded in FY2019. If the Company were to exclude the other income of US$44.4 million in FY2018, it would have recorded a loss from operating activities of US$14.3 million as compared to loss from operating activities of US$9.3 million in FY2019.

We were in a net finance cost position of US$0.3 million in FY2019, as compared to a net finance cost position of US$0.5 million in FY2018 mainly due to foreign exchange loss suffered of US$53,000 in FY2019 (FY2018: US$44,000) pursuant to unfavorable exchange rate changes between the Singapore dollar and United States dollar. The net finance costs in FY2019 was also due to interest expenses of US$0.3 million (FY2018: US$0.4 million) comprising extension fee and interest paid for certain outstanding loans in FY2019.

As a result of the above, the Group recorded a net loss attributable to shareholders of US$9.6 million in FY2019, compared with a net profit attributable to shareholders of US$29.6 million in FY2018.

REVIEW OF FINANCIAL POSITION

Our non-current assets decreased by US$426,000 mainly due to (i) decrease in plant and equipment of US$82,000 due to depreciation expenses recognised and intangible assets of US$256,000 due to recognition of amortisation expenses, and (ii) reclassification from other non-current assets to trade and other receivables of approximately US$400,000 as the asset sale milestone payment due from Medtronic will be receivable within 12 months as at 31 December 2019. The decrease is offset by the recognition of the right-of-use assets in relation to the Group's office rental leases of US$317,000 following the adoption of SFRS(I)16 Leases since 1 January 2019.

Our current assets decreased by US$10.8 million mainly due to the decrease in (i) cash and cash equivalents of US$9.3 million due to utilisation of cash for working capital purposes, (ii) inventory balances of US$1.0 million due to utilisation of existing inventories for production and (iii) decrease in trade and other receivables of US$0.5 million mainly due to the reduction in trade receivables due to collection of debts from customers.

Our non-current liabilities increased by US$45,000 due to the recognition of lease liabilities following the adoption of SFRS(I)16 Leases.

Our current liabilities decreased by US$2.0 million mainly due to (i) the settlement and extension of certain outstanding loans of approximately US$1.1 million and (ii) decrease in trade payables and accrued expenses of approximately US$1.3 million. The decrease in current liabilities is partially offset by the recognition of lease liabilities in relation to the Group's office rental leases of approximately US$0.3 million.

The Group had negative working capital of US$402,000 as at 31 December 2019 mainly due to current trade and other payables exceeding current trade and other receivables. To address the negative working capital, the following steps have been taken by the Group to address the negative working capital and cash flow requirements:

(i) have ongoing discussions with the existing short-term lenders in relation to the settlement of the existing loans;
(ii) obtaining relevant financial assistance from various government initiatives that are made available to the Group due to the COVID-19 pandemic to ease the short-term costs of the Group's operational activities;
(iii) pursuant to the completion of the Proposed Disposal, the Group will receive net proceeds of US$3.7 million; and
(iv) entered into a US$0.5 million short-term bridging loan with Emerald Apex Pte. Ltd..

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the above-mentioned steps.

REVIEW OF CASH FLOW

The Group recorded cash outflows from operating activities of US$8.1 million in FY2019 due mainly to payments made to our suppliers and employees of US$17.4 million. The cash outflows from operating activities is partially offset by the receipts from Medtronic and Teleflex for the sale of the products amounting to approximately US$9.3 million.

Net cash from investing activities for FY2019 was approximately US$0.4 million which mainly due to cash receipts from disposal of assets to Medtronic.

Net cash outflow from financing activities for FY2019 was approximately US$1.5 million which is in relation to the lease payments made during the year to third party lessors of US$309,000 and repayment of loans of approximately US$1.1 million.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive:

Amir Belson
Independent Chairman

Mark Wan
Non-Independent Non-Executive Director

Gregory Casciaro
Independent Director

Sho Kian Hin
Independent Director

Executive:

Eitan Konstantino
Chief Executive Officer

AUDIT COMMITEE

Sho Kian Hin (Chairman)
Amir Belson
Gregory Casciaro

NOMINATING COMMITTEE

Gregory Casciaro (Chairman)
Eitan Konstantino
Amir Belson

REMUNERATION COMMITTEE

Amir Belson (Chairman)
Gregory Casciaro
Mark Wan

COMPANY SECRETARY

Lee Pih Peng

REGISTERED OFFICE

3A International Business Park
#09-12 ICON@IBP Tower B
Singapore 609935

Tel: (65) 6430 0288
Fax: (65) 6659 8187

SHARE REGISTRAR

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80 Robinson Road
#02-00
Singapore 068898

AUDITORS

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16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner-in-charge
Goh Kim Chuah
Since Financial Year 2019

SPONSOR

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16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

PRINCIPAL BANK

Citibank Singapore Limited
8 Marina View
#21-01 Asia Square Tower 1
Singapore 018960

QTVascular

Sustainability Report 2019

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BOARD STATEMENT

QT Vascular Ltd. ("QT Vascular" or "Company", and together with its subsidiaries, the "Group") is pleased to present its third Sustainability Report, which has been approved by the Board.

As a medical device company, we aspire to improve the quality of lives for patients through the products we offer. To realise this vision, we believe comprehensive considerations for relevant environmental, social and governance ("ESG") risks and opportunities is fundamental to ensure the quality of our products, as well as the long-term reliability of our operations.

In 2019, we continue to uphold the upmost standards of integrity, responsibility and accountability in our business practices and met all of our 2019 targets set for our material ESG factors, namely product quality, business ethics and regulatory compliance. We strive to maintain the same record of zero product recall due to quality issues and zero non-compliant incidents concerning product quality, business ethics and regulatory compliance in the forthcoming year.

The Board oversees and is supported by the Sustainability Steering Committee ("SSC") and the Sustainability Task Force ("STF") in its continuous efforts to integrate sustainability issues into QT Vascular's strategic formulation and oversee sustainability performance and reporting. The SSC, composed of the senior management team, develops sustainability objectives and strategy based on the Board's directions, manages QT Vascular's overall sustainability performance, and reports to the Board regularly. The STF, consisted of senior management representatives from different business functions, implements sustainability practices and action plans across QT Vascular based on the sustainability objectives and strategy formulated.

We look forward to sharing our sustainability progress with you in this Sustainability Report.

Board of Directors
QT Vascular Ltd.

ABOUT QT VASCULAR

QT Vascular is a medical device company specialising in the minimally invasive treatment of vascular diseases.

Coronary artery disease ("CAD") and peripheral artery disease ("PAD") happen in the arteries surrounding the heart and periphery parts of the body (especially of the pelvis and legs), respectively. They are primarily caused by lesions consisting of plaque, which narrows or blocks arteries, thus obstructing normal blood flow. CAD and PAD can be treated by percutaneous transluminal coronary angioplasty ("PTCA") and percutaneous transluminal angioplasty ("PTA") respectively.

Our main products include both minimally invasive drug coated balloon catheters for PTCA and for PTA. By collaborating with industry specialists and physicians who are key opinion leaders, we develop and offer new and differentiated tools for physicians to improve the outcomes in complex peripheral and coronary interventions.

During an angioplasty procedure, a small incision is made and our balloon catheter is inserted on a steerable "guide wire" to reach the narrowed section of the affected artery. The balloon catheter is then inflated temporarily to push outward on the plaque and the wall of the blood vessel, thus improving blood flow at the narrowing. At the end of the procedure, the balloon is deflated and removed so no balloon catheter is left behind in the artery. In this way, our balloon catheters provide minimally invasive alternatives to permanent implants such as stents, offering a range of medical and cost benefits[1]. We are proud that these benefits ultimately lead to a better quality of life for patients.

1 For more details, please visit QT Vascular website https://qtvascular.com/us/about-us/ on "Why is it important to avoid the use of permanent implants such as stents?"

GET TO KNOW OUR CHOCOLATE® PRODUCTS

In 2010, we commenced the development of a second generation balloon catheter for treating peripheral vascular diseases named Chocolate® PTA. Designed to provide atraumatic dilation in the treatment of blocked arteries, Chocolate® PTA incorporates a unique nitinol constraining structure to allow controlled balloon expansion. This design helps to reduce the shear stress placed on the vessel during inflation, which in turn ensures uniform balloon expansion and prevents distortions and over-stretching of the vessel. To date, our unique constraining structure for Chocolate® PTA and Chocolate® XD is the first and remains the only balloon catheters in the world with this design, protected by strong intellectual property portfolio and offering unique treatment options for peripheral and coronary artery disease. Those products are now owned by large multinational companies namely Medtronic, Inc. ("Medtronic") and Teleflex, Inc. ("Teleflex") and continue to improve life around the globe.

To date, the Group has also received CE marking clearance for its unique peripheral drug-coated balloon, Chocolate® Touch and coronary drug-coated balloon, Chocolate® Heart. Drug-coated balloons represent a new category of device that combines the mechanical dilatation of a balloon catheter with the biological effect of a drug to treat occluded arteries. These categories of devices have been available for several years in Europe and were recently approved in the United States ("US"). QT Vascular is in the process of obtaining US regulatory approval for the drug-coated Balloons.

RESEARCH AND DEVELOPMENT

To offer better treatment of vascular disease, we continue to invest in research and development. Patient enrollment continued in our pivotal study of the Drug Coated Chocolate Touch® Balloon, one of the few drug-coated peripheral balloons to receive approval to conduct clinical studies in the US by the US Food and Drug Administration ("FDA").

K. Katsanos, in early December 2018 published a meta-analysis regarding increased mortality for subjects treated with paclitaxel-coated devices*. This analysis led to a wide-spread review by the regulators, prompting two physician letters from FDA on 17 January and 15 March 2019, followed by multiple enrollment challenges. While enrollment continues in 2020, the Coronavirus ("COVID-19") pandemic has impacted all industries around the globe. Currently, US hospitals are focusing on support and recovery for COVID-19 patients and US clinical studies are impacted as a result. Our clinical team is working closely with all US sites to ensure the safety of our clinical trial participants and integrity of the study data.

*Katsanos, K., Spiliopoulos, S., Kitrou, P., et al (2018). Risk of Death Following Application of Paclitaxel-Coated Balloons and Stents in the Femoropopliteal Artery of the Leg: A Systematic Review and Meta-Analysis of Randomized Controlled Trials. JAHA; 7:e011245.

2019 SUSTAINABILITY HIGHLIGHTS

100% product categories assessed for health and safety impacts

Zero non-compliance concerning health and safety of products

Zero product recall for any of QT Vascular's products

Zero significant findings in audit with regard to business ethics and independence

Zero confirmed cases of corruption

Zero non-compliance with relevant laws and regulation

ABOUT THIS REPORT

This Sustainability Report summarises QT Vascular's sustainability policies, practices and performance from 1 January 2019 to 31 December 2019, with a focus on its material ESG factors. The report covers the listed entity, QT Vascular Ltd. and all its wholly-owned subsidiaries, including TriReme Medical, LLC., TriReme Medical (Singapore) Pte Ltd and Quattro Vascular Pte Ltd.

The report is prepared in accordance with the requirements of SGX Catalist Rules 711A and 711B, as well as SGX Catalist Rules Practice Note 7F: Sustainability Reporting Guide. The report also makes reference to the Global Reporting Initiative (GRI) Standards, a globally recognised framework to report on ESG issues. This report references the following GRI Standards and topic-specific Disclosures:

- Disclosure 205-3 from GRI 205: Anti-corruption 2016
- Disclosures 416-1 and 416-2 from GRI 416: Customer Health and Safety 2016
- Disclosures 417-2 and 417-3 from GRI 417: Marketing and Labelling 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

All information is disclosed in good faith and to the best of our knowledge. No external assurance has been sought for this report. Please forward any enquiries or feedback to info@triremedical.com.

MATERIALITY ASSESSMENT

To determine ESG factors of significant interests to our business and key stakeholders, QT Vascular conducted a materiality assessment guided by the GRI Principles of Materiality and Stakeholder Engagement workshop. We considered the following in identifying potential material ESG factors:

- Global and local key sustainability trends;
- Hot topics and future challenges for our industry, as identified by our peers; and
- Insights gained from interactions with internal and external stakeholders.

Three material ESG factors were identified from the assessment process:

Product Quality

Business Ethics

Regulatory Compliance

QT Vascular reviewed the above material ESG factors in 2019 and found that they continue to be relevant. QT Vascular will regularly review and assess its material ESG factors to ensure their pertinence.

PRODUCT QUALITY

QT Vascular is committed to developing and offering medical devices that are safe and reliable for the patients. We view product quality as top priority and have built a rigorous governance structure focused on quality control throughout our value chain to ensure consumer and investor confidence.

QT Vascular has established a robust quality management system ("QMS") in accordance with ISO 13485:2016 Quality Management System for Medical Devices, FDA Quality System Regulation ("QSR"), and other worldwide healthcare regulatory requirements. Our QMS is regularly audited by external parties to ensure its effectiveness in guaranteeing the quality of our products and our compliance with relevant laws and regulations.

Our QMS outlines a comprehensive set of policies and standard operating procedures ("SOPs") governing the monitoring and management and of product quality. Multiple layers of tests and control points are set up at each stage of the product life cycle to confirm that the policies and SOPs are properly observed and implemented. We also conduct audits of all critical suppliers and vigorously check incoming materials, parts and products to ensure quality consistency across our value chain.

Our key policies and SOPs on quality management include but are not limited to the following:

Product life cycle	Key policies and SOPs on quality management
Design	• Design Control Procedure • Equipment Specifications, Qualification, Maintenance and Calibration • Risk Management
Test	• Conduct of Clinical Investigation • Procedure Clinical Investigation Monitoring
Operations	• Supplier Management • First Article Inspection • Process Validation • Controlled Manufacturing Environment • Receiving and Inspection • Material and Product Control • Non-conforming Materials Programme
Distribution	• Packaging and Shipping • Field Sales Product Handling Requirements
After sale	• Customer Feedback Procedure • Compliant Management • Handling of Out-of-Specification and Out-of-Trend Results • Corrective and Preventive Action ("CAPA") • Product Recall Field Corrections and Removals • Medical Device Reporting (MDR) • Vigilance Reporting
All stages	• Management Review • Quality Management System Manual • Document Change Control • Records Management and Retention • Training • Internal Quality Audits

In addition to auditing our QMS and critical suppliers, we are routinely audited by European CE notified bodies, as well as Medtronic and Teleflex for product quality. We have also been audited by the FDA.

We believe it is vital to cultivate a strong quality culture for our QMS to be effective. Our Regulatory Affairs and Quality Assurance Department holds regular, mandatory Quality Awareness Training for all employees, which covers key points on our QMS, and related policies and practices.

Performance Measures	2018	2019	2020 Target
Percentage of significant product and service categories assessed for health and safety impacts	100%	100%	Maintain zero product recall due to quality reasons
Number of non-compliant incidents concerning the health and safety impacts of products and services	0	0	
Percentage of products recalled due to quality problems	0%	0%	

BUSINESS ETHICS

Operating fairly and ethically is fundamental in maintaining our stakeholders' trust in us. At QT Vascular, we uphold high standards of business ethics and independence in all areas of our business practices.

QT Vascular takes a zero-tolerance approach towards corruption. All employees are required to abide by the Employee Code of Conduct, which provides guidance on prohibition of fraud and bribery and management of conflict of interest. New employees are required to consent to all anti-corruption related policies by signing a declaration form.

We are committed to maintaining our independence in our interactions with healthcare professionals in all business settings, including research or development, and marketing and sales. Following section 6002 of the U.S. Affordable Care Act[2], we set clear policies on the provision of gift, entertainment or anything of value, to healthcare professionals. All interactions with healthcare professionals are properly recorded and verified in accordance with regulatory requirements. These independence precautions help us prevent any perceived or actual breach of independence, as well as safeguard the impartiality of research results and the provision of healthcare services.

To ensure independence in clinical trials, the Group appoints independent consultants and committees to collect, analyse and evaluate clinical data received from clinical trial sites. Clinical investigators are selected objectively based on a balanced consideration of expertise, history of compliance, adequate facility, staff resources and enrolment potential, influence within the targeted medical community, as well as interest in, availability for and potential conflicts with the study. Furthermore, as clinical trials involve human subjects, we strictly monitor ethical issues such as informed consent from and HHPA requirements related to subjects and data privacy and security throughout our engagement with independent investigators to ensure research ethics.

As part of our business ethics monitoring and assurance process, the Group has established a whistle-blowing policy, which stipulates clear channels for employees to anonymously report any suspected ethical issues. The Independent Directors of the Group have been listed as the contact points, with their contact details disclosed to all.

2 Section 6002 of the U.S. Affordable Care Act, also known as the "Sunshine Act", requires manufacturers of drugs and medical devices to report annually to the Secretary of Health and Human Services on the payments or other transfer of value to physicians and teaching hospitals. The Act also requires declaration of ownership or investment interests held by physicians or the immediate family members of physicians in applicable manufacturers and group purchasing organisations to enhance transparency in existing financial relationships between the industry and healthcare personnel and institutions.

Performance Measures	2018	2019	2020 Target
Number of confirmed incidents of corruption	0	0	Maintain the same high levels of business ethics and zero confirmed incidents of corruption
Significant findings of internal and external audits conducted in relation to business ethics and independence	0	0	

REGULATORY COMPLIANCE

We believe our reputation is built by being responsible and accountable. We view regulatory compliance as the baseline for our continued operation, and we are committed to adhering to all relevant laws and regulations, including those concerning customer health and safety, independence and anti-corruption, marketing and labelling, taxation, product pricing, as well as a range of audit and reporting requirements.

The medical device industry is heavily regulated by the FDA, the European Union ("EU") and worldwide healthcare regulatory bodies. The Group is audited every 2 years by the FDA and once a year by EU notified body, and no material non-compliance issues have arisen from the audit to date. The Group has also never paid any fine or penalties for non-compliance of any regulatory audit to date.

In addition to regulatory audits, we strive to continuously strengthen our internal controls. QT Vascular actively identifies and manages its enterprise risks, with a particularly strong focus on product safety risks, which is the most heavily regulated and closely monitored issue by the regulators. We have established a risk management system in accordance with ISO 14971:2012 Risk Management for Medical Devices, as well as a suite of SOPs to address all essential elements of risk management, including:

- The development of a risk management plan
- Risk assessment (including hazard identification and analysis, risk estimation, and evaluation of risk acceptability)
- Risk minimisation and risk control
- Risk-based decision making
- Risk monitoring, review and reporting

To ensure that we stay abreast with new developments of relevant laws and regulations, our Regulatory Affairs team communicates regularly with regulators and industry associations for updates. When changes occur, we modify our policies and procedures accordingly, maintain strict documentation control, and promptly communicate changes in internal policies and procedures or regulatory requirements with our employees. Each employee is required to read up on the changes and sign off as evidence of review.

In case of any non-conformance with relevant laws and regulations, QT Vascular will duly report to relevant government agencies in compliance with its corresponding reporting obligations under various jurisdictions. QT Vascular will also conduct an internal investigation to identify root causes of non-conformance and develop corresponding risk controls.

Performance Measures	2018	2019	2020 Target
Number of non-compliant incidents concerning product and service information labelling	0	0	Maintain zero non-compliance with all laws and regulations which result in significant fines or non-monetary sanctions
Number of non-compliant incidents concerning marketing communications	0	0	
Number of non-compliant incidents with laws and regulations in the social and economic area that results in significant fines and non-monetary sanctions	0	0	


QTVascular

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CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

The Board of Directors (the "**Board**") of QT Vascular Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2019 ("**FY2019**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), the accompanying Practice Guidance in February 2020 (the "**PG**"), guidances from Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**")

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">General</td><td>(a) Has the Company complied with all the principles and provisions of the Code?

If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>The Company has complied with the principles and provisions as set out in the Code and the Guide, where applicable.

Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code, Code 2012 and/or the Guide.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</td><td>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2019.</td></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3"><u>The Board's Conduct of Affairs</u></td></tr>
<tr><td>1.1

4.2

6.2

10.2

Catalist Rule 406(3)(e)

Catalist Rule 1204(10B)</td><td>What is the role of the Board?</td><td>As at the date of this report, the Board has 5 members and comprises the following:
<table>
<tr><td colspan="2">Composition of the Board</td><td colspan="3">Composition of the Board Committees
• C – Chairman
• M - Member</td></tr>
<tr><td>Name of Director</td><td>Designation</td><td>AC [(1)]</td><td>NC [(2)]</td><td>RC [(3)]</td></tr>
<tr><td>Eitan Konstantino</td><td>Chief Executive Officer ("CEO")</td><td>-</td><td>M</td><td>-</td></tr>
<tr><td>Mark Allen Wan</td><td>Non-Independent Non-Executive Director</td><td>-</td><td>-</td><td>M</td></tr>
<tr><td>Amir Belson</td><td>Independent Chairman</td><td>M</td><td>M</td><td>C</td></tr>
<tr><td>Gregory David Casciaro</td><td>Independent Director</td><td>M</td><td>C</td><td>M</td></tr>
<tr><td>Eric Sho Kian Hin</td><td>Independent Director</td><td>C</td><td>-</td><td>-</td></tr>
</table>
Notes:
(1) The Audit Committee ("AC") comprises three (3) members, all of whom are independent.
(2) The Nominating Committee ("NC") comprises three (3) members, the majority of whom, including the Chairman, are independent.
(3) The Remuneration Committee ("RC") comprises three (3) members, the majority of whom, including the Chairman, are independent. All members of the RC are non-executive Directors.</td></tr>
</table>

Provision	Code and/or Provision Description	Company's Compliance or Explanation
		The terms of reference of the AC, NC and RC are set out in Sections 10.1, 4.1 and 6.1 respectively. The Board is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group and hold management accountable for performance. In addition to its statutory duties, the Board's principal functions are, *inter alia*: • overseeing the Group, including its control and accountability systems; • monitoring and reviewing senior management's performance and implementation of strategy; • satisfying itself that senior management has developed and implemented a sound system of risk management and internal controls in relation to financial reporting risks and has reviewed the effectiveness of the operation of that system; • assessing the effectiveness of senior management's implementation of systems for managing material business risks, including the making of additional enquiries and to request assurances regarding the management of material business risks, as appropriate; • ensuring compliance with all laws and regulations as may be relevant to the business; • formulating and approving financial objectives of the Group and monitoring its performance such as reviewing and approving of financial results announcements and financial statements; and • providing overall corporate governance of the Group. The Company has in place practices to address potential conflicts of interest. All Directors are required to notify the Company promptly of all conflicts of interest as soon as it is practicable after the relevant facts have been come to his knowledge as well as when required and refresh the required declaration annually. Directors are required to recuse themselves from all deliberations/voting in relation to the matters which he has a conflict of interest in, unless the Board is of the opinion that the participation of the conflicted Director is of the best interest to the Company. Nonetheless, he will abstain from voting in relation to the conflict-related matters.
1.2 Catalist Rule 406(3)(a)	(a) Are new Directors given formal training? If not, please explain why.	Newly appointed Directors will receive comprehensive and tailored induction upon joining the Board, including their duties as directors and how to discharge those duties. An orientation program including site visits to the Group's operations will be held where required to ensure that the Directors are familiar and understand with the Group's business, organisation structure, corporate strategies and policies, and governance practices. The Company will also provide training for newly appointed Directors who have no prior experience as a director of a Singapore public listed company as prescribed by the SGX-ST under Rule 406(3)(a) and Practice Note 4D of the Catalist Rules. The training of Directors will be arranged and funded by the Company.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors. To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such trainings costs are borne by the Company. Briefings and updates for the Directors in FY2019 include: • the external auditors ("**EA**") had briefed the AC on changes or amendments to accounting standards; • the Sponsors and Company Secretary had briefed the Board on regulatory changes, such as changes to the Companies Act and/or the SGX-ST Listing Manual Section B: Rules of Catalist; and • the Directors are regularly briefed by the CEO on the business activities of the Group.

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>What are the types of material transactions which require approval from the Board?</td><td>Matters and transactions that require the Board’s approval are clearly communicate with the Management in writing and it includes, amongst others, the following:

• major capital expenditure, capital management and acquisitions and divestitures;
• Chapter 9 and Chapter 10 transactions in the SGX-ST Listing Manual Section B: Rules of Catalist (the “Catalist Rules”);
• the Company’s control and accountability systems;
• share issuance, dividend release or changes in capital;
• the Company’s policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
• the Company’s financial statements, financial results announcements, budgets; and
• all matters which crosses the relevant thresholds stipulated in the Catalist Rules or which the Board considers material for announcement. The Board will consider materiality in the context that reflects the stage of development of the Company and also takes into consideration the guidelines provided in the Catalist Rules.</td></tr>
<tr><td>1.4</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the AC, the NC and the RC (collectively, the “Board Committees”). The compositions of the Board Committees have been set out in Section 1.1 of this report.</td></tr>
<tr><td>1.5</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board meets at least four (4) times a year, and as and when circumstances require. Directors with multiple Board representations ensure that sufficient time and attention are given to the affairs of each company. During FY2019, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:

<table>
<tr><th colspan="5">Table 1.5 – Board and Board Committee Meetings in FY2019</th></tr>
<tr><td></td><td>Board</td><td>AC</td><td>NC</td><td>RC</td></tr>
<tr><td>Number of Meetings Held</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="4">Number of Meetings Attended</td></tr>
<tr><td>Mark Allen Wan</td><td>4</td><td>4*</td><td>1*</td><td>1</td></tr>
<tr><td>Eitan Konstantino</td><td>4</td><td>4*</td><td>1</td><td>1*</td></tr>
<tr><td>Gregory David Casciaro</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
<tr><td>Gary Ng Sin Tong[(1)]</td><td>1</td><td>1*</td><td>-</td><td>-</td></tr>
<tr><td>Sho Kian Hin</td><td>4</td><td>4</td><td>1*</td><td>1*</td></tr>
<tr><td>Amir Belson</td><td>4</td><td>4</td><td>1</td><td>1</td></tr>
</table>

* By invitation

Note:

(1) Mr Gary Ng Sin Tong resigned as director of the Company on 24 May 2019.

The Company’s Constitution (the “Constitution”) allows for Board meetings to be held through teleconferencing and/or videoconferencing.</td></tr>
</table>

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.6</td><td>What types of information does the Company provide to Non-Executive Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>
It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position, and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports, and reports to regulators (if required).
Management provides the Board with key information that is complete, adequate, and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:
<table>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Quarterly</td></tr>
<tr><td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>3.</td><td>Reports on on-going or planned corporate actions</td><td>Quarterly</td></tr>
<tr><td>4.</td><td>Internal auditors' ("IA") report(s)</td><td>Yearly</td></tr>
<tr><td>5.</td><td>Regulatory updates and implications</td><td>As and when required</td></tr>
<tr><td>6</td><td>Significant project updates</td><td>As and when required</td></tr>
<tr><td>7</td><td>External Auditors' reports</td><td>Yearly</td></tr>
</table>
Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.
Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.
</td></tr>
<tr><td>1.7</td><td>Do the Directors have separate and independent access to Management, the Company Secretary and professional advisers?</td><td>
All Directors have separate and independent access to the Management and Company Secretary at all times.
The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

Ensuring that board procedures are followed and that the Company's Constitution, applicable rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), are complied with;
Ensuring good information flows within the Board and its board committees and between the senior management and the Directors,
Advising the Board on all corporate governance matters,
Facilitating orientation and assisting with professional developments;
Attending all board and committee meetings;
Ensuring coordination and liaison between the Board, the Board Committees and key management personnel; and
Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of agendas for the various Board and Board Committee meetings.

Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required. The appointment of such independent professional advisors is subject to approval of the Board.
</td></tr>
</table>

Provision	Code and/or Provision Description	Company's Compliance or Explanation
Board Composition and Guidance		
2.1 2.2 2.3 Code 2012 – Guideline 2.2	Does the Company comply with the provisions on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	As at the date of this Annual Report, the Board comprises one Executive Director, one Non-Executive Non-Independent Director and three Non-Executive Independent Directors. In view that the Chairman of the Company is a Non-Executive Independent Director and the independent directors make up more than one-third of the Board, there is a strong and independent element on the Board which provide independence of thought when making decisions which are in the best interest of the Company. The Company has complied with the relevant provisions as a majority of the Board members are independent non-executive directors. Mr Amir Belson is the Non-Executive Independent Chairman of the Company and as such there is currently no Lead Independent Director appointed in the Company. Mr Amir Belson makes himself available to shareholders if they have any concerns relating to matters that contact through the CEO or Financial Controller ("**FC**") has failed to resolve, or where such contact is inappropriate, as well as at the Company's general meetings.
2.1 4.4 Catalist Rule 406(3)(d)	Has the independence of the Independent Directors been reviewed in the last financial year?	In determining the independence of the Independent Directors, the Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code, PG and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code, PG and Catalist Rules.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
Code 2012 – Guideline 2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served beyond nine (9) years since the date of his first appointment.
2.4	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board and board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge that could contribute to the Group, regardless of gender to avoid groupthink and foster constructive debate.

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th colspan="3">Table 2.4 – Balance and Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>- Accounting or finance</td><td>3</td><td>60</td></tr>
<tr><td>- Business management</td><td>5</td><td>100</td></tr>
<tr><td>- Legal or corporate governance</td><td>5</td><td>100</td></tr>
<tr><td>- Relevant industry knowledge or experience</td><td>5</td><td>100</td></tr>
<tr><td>- Strategic planning experience</td><td>5</td><td>100</td></tr>
<tr><td>- Customer based experience or knowledge</td><td>4</td><td>80</td></tr>
<tr><td>- Information Technology</td><td>3</td><td>60</td></tr>
<tr><td>Gender</td><td></td><td></td></tr>
<tr><td>- Male</td><td>5</td><td>100</td></tr>
<tr><td>- Female</td><td>-</td><td>-</td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
<tr><td>2.5</td><td>Have the Non-Executive Directors and/or Independent Directors met in the absence of management in the last financial year?</td><td>The Non-Executive Directors and/or Independent Directors, led by the Non-Executive Independent Chairman, are scheduled to meet regularly, and as warranted, to discuss concerns or matters such as the effectiveness of Management. Such discussions are concluded in the absence of management.

The Non-Executive Directors and/or Independent Directors have met once in the absence of management in FY2019. The Chairman of such meetings provide feedback to the Board and/or Chairman as appropriate.</td></tr>
<tr><td colspan="3"><u>Chairman and Chief Executive Officer</u></td></tr>
<tr><td>3.1

3.2

3.3</td><td>Are the duties between Chairman and CEO segregated?</td><td>The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO.

The responsibilities of the Chairman are as follows:

(a) to lead the Board to ensure its effectiveness on all aspects of its role;

(b) to promote a culture of openness and debate at the Board;

(c) to facilitate the effective contribution of non-executive directors in particular; and

(d) to promote high standards of corporate governance.</td></tr>
</table>

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The responsibilities of the CEO are as follows:

(a) to progress and advance the strategic direction provided by the Board;

(b) the operational running of the Company, pursuant to the Board delegating to the CEO certain of the Board's powers, authorities and discretions;

(c) to set the agenda of Board meetings and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(d) to ensure that the directors receive complete, adequate and timely information;

(e) to ensure effective communication with shareholders; and

(f) to encourage constructive relations within the Board and between the Board and Management.

The Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities. Mr Amir Belson is an Independent Director and is also the Chairman of the Board. Hence, the Board is of the view that there is no need to appoint a lead independent director as there is a sufficiently strong independent element on the Board which enables the exercise of judgement with regards to the corporate affairs of the Group.</td></tr>
<tr><td colspan="3"><u>Board Membership</u></td></tr>
<tr><td>4.1</td><td>What are the duties of the NC?</td><td>The NC is guided by key terms of reference as follows:

(a) the review of board succession plans for directors, in particular, the Chairman, the CEO and key management personnel;

(b) the development of a process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programs for the Board;

(d) to review and approve any new employment of related persons and proposed terms of their employment;

(e) to decide whether or not a director of the Company is able to and has been adequately carrying out his duties as a director; and

(f) board appointments and re-nominations of existing directors for re-election in accordance with the Company's Constitution (including alternate directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of directors, as to composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an independent director as well as ensuring all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.</td></tr>
<tr><td>4.3

Catalist Rule 720(4)</td><td>Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td><td><table>
<tr><th colspan="3">Table 4.3(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage professional search firms where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th colspan="3">Table 4.3(b) – Process for Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the contributions and performance of the director in accordance with the performance criteria set by the Board; and
• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
</table>
</td></tr>
<tr><td></td><td></td><td>Pursuant to Article 98 of the Constitution, at least one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Rule 720(4) of the Catalist Rules also requires all Directors to submit themselves for re-nomination and re-appointment at least once every three (3) years. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for three (3) years since their last election.

Directors appointed by the Board during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM.

After assessing their contribution and performance, the NC has recommended the following Directors who are retiring at the forthcoming AGM pursuant to the respective sections of the Company's Constitution, to be nominated for re-election:
<table>
<tr><th colspan="3">Table 4.3(c) – Re-election of Directors retiring at the forthcoming AGM</th></tr>
<tr><th>Name</th><th>Designation</th><th>Pursuant to Article</th></tr>
<tr><td>Amir Belson</td><td>Independent Chairman</td><td>98</td></tr>
<tr><td>Eitan Konstantino</td><td>Chief Executive Officer</td><td>98</td></tr>
</table>
The above Directors have offered themselves for re-election and the Board has accepted the recommendation. Further details on the Directors are set out on pages 120 to 125 of the Annual Report.</td></tr>
<tr><td>4.5</td><td>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</td><td>The Board has set the maximum number of listed company board representations as 8.

Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefiting the Company.</td></tr>
<tr><td></td><td>(b) If a maximum has not been determined, what are the reasons?</td><td>Not applicable.</td></tr>
<tr><td></td><td>(c) What are the specific considerations in deciding on the capacity of directors?</td><td>The considerations in assessing the capacity of Directors include the following:

• Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;
• Geographical location of Directors;
• Size and composition of the Board;
• Nature and scope of the Group's operations and size; and
• Capacity, complexity and expectations of the other listed directorships and principle commitments held.</td></tr>
</table>

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:-

• Declarations by individual Directors of their other listed company board directorships and principal commitments;
• Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company’s affairs, having regard to his/her other commitments; and
• Assessment of the individual Directors’ performance based on the criteria set out in Section 5 of this report.</td></tr>
<tr><td></td><td>(d) Have the Directors adequately discharged their duties?</td><td>The NC has reviewed the time spent and attention given by each of the Directors to the Company’s affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any) and is satisfied that all Directors have discharged their duties adequately for FY2019.</td></tr>
<tr><td>PG 4</td><td>Are there alternate Directors?</td><td>The Company does not have any alternate directors.</td></tr>
<tr><td colspan="3"><u>Board Performance</u></td></tr>
<tr><td>5.1

5.2</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board to address how the Board has enhanced long-term shareholders’ value:

<table>
<tr><td colspan="3">Table 5 – Performance Criteria for Evaluating Board Effectiveness</td></tr>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Inputs to strategic planning
5. Board accountability
6. CEO/Top Management interaction
7. Standards of Conduct
8. Board Committee' performance in relation to discharging their responsibilities set out in their respective terms of reference</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Overall effectiveness
5. Engagement with Management
6. Independence and objectivity</td></tr>
<tr><td>Quantitative</td><td colspan="2">1. Attendance at Board and Board Committee meetings</td></tr>
</table>

The evaluations are designed to assess the Board’s effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board. No external facilitator was used in the evaluation process.

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year as the economic climate, Board composition and the Group’s principal business activities remained the same since FY2018.</td></tr>
<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

For FY2019, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board and Board Committees, and the individual Directors based on criteria disclosed in Table 5 above;</td></tr>
</table>

Provision	Code and/or Provision Description	Company's Compliance or Explanation
		2. The questionnaire results are collated for the NC's discussion and the NC concluded the performance results during the NC meeting; and 3. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance. No external facilitator was used in the evaluation process.
	(b) Has the Board met its performance objectives?	Yes, the Board Committees and the Directors have met their performance objectives.
REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
6.1 6.3	What is the role of the RC?	The RC is guided by key terms of reference which include, amongst others, the following: (a) Review and recommend to the Board a general framework of remuneration for the Board and key management personnel, as well as specific remuneration packages for each Director and key management personnel of the Company; (b) Review annually the remuneration of the key management personnel and the Executive Director(s) including the terms of renewal for their Service Agreements; (c) Review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and (d) Oversee the administration of the options granted under the 2005 Stock Plan, the QTV 2013 Share Plan, the 2010 Equity Incentive Plan, the 2014 QTV Employee Share Option Scheme ("**2014 ESOS**") and QT Vascular Restricted Share Plan 2015 ("**2015 RSP**") (or such other similar share plans as may be implemented by the Company from time to time). **Termination Clause** There is currently no amount for termination, retirement and post-employment benefits granted to the Executive Director and the top key management personnel (who are not Executive Directors). **Claw-back mechanism** The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owe a fiduciary duty to the Company. The Company avails itself to remedies against the Executive Director in the event of such breach of fiduciary duties. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and key management personnel, hence, "claw-back" provisions in the service agreements may not be relevant or appropriate.
6.4	Were remuneration consultants engaged in the last financial year?	In FY2019, the Company did not engage any remuneration consultants.
Level and Mix of Remuneration		
7.1 7.3	What is the Company's remuneration policy?	The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives and benchmarked against relevant and comparative compensation in the market.

CORPORATE GOVERNANCE

Provision	Code and/or Provision Description	Company's Compliance or Explanation
	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the CEO and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensation. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders: (see Table 7 below)
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2019.
7.2	Please describe how the remuneration received by Non-Executive Directors has been determined by the performance criteria.	The Non-Executive Directors do not have any service agreements with the Company. Except for directors' fees, which have to be approved by shareholders at AGMs, the Non-Executive Directors do not receive any other forms of remuneration from the Company. The fees for the financial year in review are determined in the current financial year, proposed by the Management, submitted to the RC for review and thereafter recommended to the Board for approval. The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2019 is appropriate, considering the effort, time spent and responsibilities of the said Directors.
Disclosure on Remuneration		
8.1	(a) Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The breakdown for the remuneration of the Directors for FY2019 is as follows: (see Table 8.1 below)

Table 7 – Incentive Performance Conditions

Performance Conditions	**Short-term Incentives** (such as performance bonus)
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork

Table 8.1 – Directors' Remuneration

Name	Remuneration Bands[1]	Salary (%)	Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Total (%)
Eitan Konstantino	D	71	26	-	3	100
Mark Allen Wan	A	-	-	100	-	100
Gregory David Casciaro	A	-	-	100	-	100
Eric Sho Kian Hin	A	-	-	100	-	100
Amir Belson	A	-	-	100	-	100
Gary Ng Sin Tong[2]	A	100	-	-	-	100

Notes:

(1) Remuneration Bands:

Band "A" refers to remuneration of up to S$250,000 per annum;

Band "B" refers to remuneration from S$250,001 to S$500,000 per annum;

Band "C" refers to remuneration from S$500,001 to S$750,000 per annum; and

Band "D" refers to remuneration from S$750,001 to S$1,000,000 per annum.

Provision	Code and/or Provision Description	Company's Compliance or Explanation
		(2) Mr Gary Ng Sin Tong resigned as director of the Company on 24 May 2019. After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director to the nearest thousand dollars, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment and the nature of the industry for which specialised skill sets are required. There were no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top key management personnel (who are not Directors or the CEO).
	(b) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company only has three (3) top key management personnel. The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2019 is as follows: *Table 8.2 – Remuneration of Key Management Personnel* (see table below) Note: (1) Band "A" refers to remuneration of up to S$250,000 per annum; and Band "B" refers to remuneration from S$250,001 to S$500,000 per annum. After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each key management personnel to the nearest thousand dollars, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment and the nature of the industry for which specialised skill sets are required. There were no termination, retirement and post-employment benefits that may be granted to the top key management personnel (who are not Directors or the CEO).
	(c) Please disclose the aggregate remuneration paid to the top three key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top three (3) key management personnel (excluding the CEO) for FY2019 was S$775,911.
8.2	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S$100,000 in FY2019.
8.3	Please provide details of the employee share scheme(s).	Save for Eitan Konstantino, the CEO of the Company and Randal Farwell, the previous Chief Financial Officer ("**CFO**") of the Company, there are no participants who received 5% or more of the total number of outstanding options that have been granted under the Scheme (as defined on page 42 of this Annual Report). Save for Eitan Konstantino, the CEO of the Company, Randal Farwell, the previous CFO of the Company, Maria Pizarro, the Executive Vice President and Vice President, Research and Development of the Company, Momi Brosh, the General Manager of the Company's Singapore operations and Kelvin Tong, the FC of the Company, there are no participants who received 5% or more of the total number of outstanding share awards that have been granted under the 2015 RSP (as defined on page 43 of this Annual Report).

Table 8.2 – Remuneration of Key Management Personnel

Name	Remuneration Bands[1]	Salary (%)	Benefits-in-kind (%)	Total (%)
Randal Farwell	A	91	9	100
Maria Pizarro	B	97	3	100
Momi Brosh	B	87	13	100

Provision	Code and/or Provision Description	Company's Compliance or Explanation
		None of the participants who were granted options under the 2005 Stock Plan, the QTV 2013 Share Plan and the 2010 Equity Incentive Plan, received 5% or more of the total number of share options granted. The Company does not have a parent company. During FY2019, no options or share awards have been granted at a discount. Information relating to the Company's options and share awards for ordinary shares in the Company is set out on pages 42, 43, 90 and 91 of this Annual Report, and further information of all the employee share schemes can be found in the Company's offer document dated 16 April 2014 and Appendix to shareholders dated 15 April 2015.
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
9.1 9.2 Catalist Rule 1204(10)	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The CEO meets with key management personnel on a regular basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board. The Group has in place a structured and systematic approach to risk management and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed. The Board and the AC is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and FC (refer to Section (b) below); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; 5. An enterprise risk management framework was established to identify, manage and mitigate significant risks; and 6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels. The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

Provision	Code and/or Provision Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has obtained assurance from the CEO and FC in respect of FY2019 that the financial records have been properly maintained and that the financial statements give true and fair view of the Company's operations and finances. The Board has additionally relied on the IA reports issued to the Company for FY2019 as assurances that the Company's risk management and internal control systems are effective.
Audit Committee		
10.1	What is the composition of and role of the AC?	All members of the AC are Independent, Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm. The AC is guided by the following key terms of reference: (a) considering the appointment, re-appointment or removal of the external auditors, the level of their remuneration and matters relating to resignation or removal of the external auditors, and reviewing with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and the Company's management's response before submission of the results of such review to the Board for approval; (b) considering the appointment, re-appointment or removal of the internal auditors, the level of their remuneration and matters relating to resignation or removal of the internal auditors, and reviewing with the internal auditors the internal audit plans and their evaluation of the adequacy of the Company's system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's annual report (where necessary); (c) reviewing the system of internal accounting controls and procedures established by management and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary); (d) overseeing the development of the Company's risk framework to manage the current risk exposures and future risk strategy of the Company; (e) reviewing the annual and quarterly financial statements and results announcements, where applicable, before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/ regulatory requirements; (f) reviewing the effectiveness and adequacy of the Company's administrative, operating, internal accounting and financial control procedures; (g) reviewing the scope and results of the external and internal audit, and the independence and objectivity of the external and internal auditors; (h) reviewing the assurance from the CEO and FC on the financial records and financial statements; and (i) reviewing whistleblowing reports by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up.

<table>
<tr><th>Provision</th><th>Code and/or Provision Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td></td><td>Does the Company have a whistle-blowing policy?</td><td>Yes. The Company’s staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the following Independent Directors:
<table>
<tr><th>Name</th><th>Email Address</th></tr>
<tr><td>Amir Belson</td><td>ab@amirbelson.com</td></tr>
<tr><td>Gregory David Casciaro</td><td>gcasciaro@yahoo.com</td></tr>
<tr><td>Sho Kian Hin</td><td>eshokh88@yahoo.com</td></tr>
</table>
The AC, upon receipt of complaints or allegations from any employee, determines if an investigation is necessary. If an investigation should be carried out, it will direct an independent investigation to be conducted on the complaint received. The AC and the Board will receive a report on that complaint and findings of any investigations as well as a follow-up report on actions taken. In FY2019, there were no whistle-blowing reports received by the whistle-blowing committee.</td></tr>
<tr><td rowspan="3">Catalist Rules 1204 (6) (a) and 1204(6(b)</td><td>Has the AC reviewed the independence of the EA?</td><td>The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA. However, the EA has expressed that they would not be seeking for re-appointment at this forthcoming Annual General Meeting and the Directors of the Company are of the view that it would be timely to effect a change in EA for the cost benefits to the Company. Further announcement would be released in due course once the proposed new appointment has been confirmed.</td></tr>
<tr><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3">Table 10.1 – Fees Paid/Payable to the EA for FY2019</th></tr>
<tr><td></td><td>US$’000</td><td>% of total</td></tr>
<tr><td>Audit fees</td><td>205</td><td>98.6</td></tr>
<tr><td>Non-audit fees - Tax related advices</td><td>3</td><td>1.4</td></tr>
<tr><td>Total</td><td>208</td><td>100</td></tr>
</table></td></tr>
<tr><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC’s view on the independence of the EA.</td><td>The AC has reviewed the non audit fee arising from tax related advices rendered by the EA in FY2019 and is of the view that they are not substantial.

The Audit Committee is satisfied with the independence and objectivity of the external auditors.</td></tr>
<tr><td>10.2</td><td>Qualification of the AC members</td><td>Yes. The Board considers Mr Sho Kian Hin, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Amir Belson and Mr Gregory David Casciaro of the AC are also well versed in financial management

Further details on the key information and profile of the AC members, including academic and professional qualifications, are presented under the Director’s Profile section of this Annual Report.

The members of the AC collectively have many years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.</td></tr>
<tr><td>10.3</td><td>Exclusion from membership of AC</td><td>None of the AC members are a former partner or director of the Company’s existing auditing firm or audit corporation within the last two years and none of the AC members hold any financial interest in the external audit firm.</td></tr>
<tr><td>10.4

Catalist Rules 719(3) and 1204(10C)</td><td>Please provide details of the Company’s internal audit function, if any.</td><td>The Company’s internal audit function is outsourced to BDO LLP that reports directly to the AC Chairman and administratively to the CEO and FC. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor:

• is independent, given that the internal auditor reports directly to the AC and not to the management of the Company;

• has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group’s documents, records, properties and personnel, including direct access to the AC, which allows the internal auditors to be effective in their audit of the Group’s internal controls.</td></tr>
</table>

Provision	Code and/or Provision Description	Company's Compliance or Explanation
		• is adequately qualified, given that the partner and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors; and • is adequately resourced as there is a team of between 2 to 5 members assigned to the Company's internal audit, led by Willy Leow who has more than 15 years of diverse audit experience.
10.5	Has the AC met with the External and Internal Auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA once in the absence of key management personnel in FY2019.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights and Conduct of General Meetings		
11.1	Shareholders' Participation at General Meetings	Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the notice of AGM and circular and notice pertaining to any extraordinary general meetings of the Company.
	Appointment of Proxies	To facilitate participation by the shareholders, the Constitution allows the shareholders to attend and vote at general meetings of the Company or to appoint not more than two proxies, other than a relevant intermediary (as defined in section 181(6) of the Companies Act) to attend and vote on their behalf. A relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings. At the forthcoming AGM, all resolutions will be put to vote by way of a poll, and their detailed results will be announced via SGXNet after the conclusion of the AGM.
11.2	Bundling of Resolutions	Separate resolutions on each distinct issue are requisite unless they are closely related and are more appropriately tabled together. Reasons, and implications of why resolutions are bundled will be set out in the circulars sent out.
11.3	Directors' Attendance	At the AGM, the EA as well as all Directors (including the respective chairman of the Board Committee) are present to attend and to answer queries from shareholders. Shareholders are given the opportunity at the general meetings of the Company to air their views and query the Directors and the Management on matters relating to the Group and its operations. All the Directors attended the AGM for the financial year 2018 held on 30 April 2019. The Company views the AGM as a principal forum of dialogue and interaction with all shareholders. The Company will consider the use of other forums set out in the Code as and when such needs arise.
11.4	Absentia Voting	Voting in absentia such as voting via mails, electronic mails or facsimile at the general meetings may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.
11.5	Publication of Minutes	The Company prepares minutes of general meetings which include substantial and relevant comments and queries from shareholders relating to the agenda of the general meetings together with responses from the Board and Management. During FY2019, all minutes of general meeting were made available to shareholders upon their request. For the financial year ending 31 December 2020, minutes of such meetings will be published on the Company's corporate website within one month after each meeting.
11.6	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended any dividends for FY2019 as the Company was not profitable and intends to retain all available funds for working capital requirements.

Provision	Code and/or Provision Description	Company's Compliance or Explanation
<u>Engagement with Shareholders</u>		
12.1 12.2 12.3	Please disclose if the Company has an investor policy in place.	In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders.. All announcements are released via SGXNET including the quarterly and full year financial results, distribution of notices, press releases and other major developments. Price sensitive information to shareholders is publicly released on an immediate basis where required under the Catalist Rules. All shareholders will receive the annual report which is made available on the SGXNET. The Company solicits feedback from and addresses the concerns of shareholders via the following: • an investor relations contact whose contact details can be found on the Investor Relations page of the Company's website, www.qtvascular.com; • media publications; and • investor/analyst briefings. The Company's investor relations website at https://qtvascular.com/news/singapore_exchange/, is a key resource of information for the investment community. It contains comprehensive information on the Company, including annual reports, past financial results, shares and dividend information.
	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company strives to communicate regularly with its shareholders and meets shareholders, investors and media who wish to seek a better understanding of the Group's operations as and when necessary and appropriate.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company does not have an internal investor relations team. The Company's CEO and FC performs the role of investor relations.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website and its investor relations webpage at www.qtvascular.com .
MANAGING STAKEHOLDERS RELATIONSHIP		
<u>Engagement with Stakeholders</u>		
13.1 13.2 13.3	Stakeholders Management	The Company undertakes an annual review in identifying its material stakeholders through various medium and channels to understand their needs and expectations, and to address their concerns so as to improve product's standards, as well as to align the business interest with those of the stakeholders and ultimately to generate sustainable value in the long-run. It assesses the material environmental, social and governance factors that affects the Group. Please refer to the Company's latest sustainability report for the assessment process and how such relationships with stakeholders are managed. The sustainability report was released on 29 May 2020 and is publicly accessible through the Company's website as well as on SGXNET.

CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance and information technology risks which the Group considers relevant and material to its current business scope and environment for FY2019 based on the following: • internal controls and the risk management system established by the Company; • work performed by the internal and external auditors; • assurances from the CEO and FC; and • reviews done by the various Board Committees and key management personnel.
1204(17)	Interested Persons Transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. In FY2019, there were no interested person transactions which were S$100,000 and above entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested person transactions.
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor fees	The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd for FY2019 was S$15,000.
Practice Note 7F	Update on Sustainability Report	The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. The Company's third sustainability report has been prepared in accordance with the Global Reporting Initiative Standards and in line with the requirements of the Catalist Rules on sustainability reporting. The report highlighted the key factors such as product quality, business ethics and regulatory compliance. The Company's Sustainability Report was released on 29 May 2020. The Sustainability Report is publicly accessible through the Company's website as well as on SGXNET and can also be found on pages 11 to 19 of this Annual Report.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 49 to 109 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Eitan Konstantino
Sho Kian Hin
Mark Allen Wan
Amir Belson
Gregory David Casciaro

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and interests held	Holdings at beginning of the year	Holdings at end of the year
Eitan Konstantino		
• Ordinary shares	59,189,562	59,189,562
• Options	44,659,400	44,272,008
• Restricted share awards	3,275,687	3,275,687
Sho Kian Hin		
• Ordinary shares	1,968,660	1,968,660
• Restricted share awards	331,633	331,633
Mark Allen Wan		
• Ordinary shares [1]	54,728,660 [1]	–
• Options [1]	4,743,611 [1]	4,743,611 [1]

[1] Includes deemed interest held by Three Arch Partners IV, LP and Three Arch Associates IV, LP

Name of director and interests held	Holdings at beginning of the year	Holdings at end of the year
Amir Belson		
• Ordinary shares	3,168,948	3,168,948
• Options	79,616	79,616
• Restricted share awards	331,633	331,633
Gregory David Casciaro		
• Ordinary shares	1,684,404	1,684,404
• Options	4,115,768	4,115,768
• Restricted share awards	236,880	236,880

By virtue of Section 7 of the Act, Mark Allen Wan is deemed to have an interest in shares of the subsidiaries by virtue of his deemed interest in the shares held by Three Arch Partners IV, LP and Three Arch Associates IV, LP at the beginning of the financial year but no longer have any deemed interest in shares of the subsidiaries at the end of the financial year. Save as aforesaid, no directors are deemed to have interests in the subsidiaries of the Company, all of which are wholly-owned, at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Except as disclosed under the "Share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Options to purchase Ordinary Shares

In September 2005 ("2005 Stock Plan"), November 2010 ("2010 Stock Plan") and September 2013 ("2013 Stock Plan"), the Group established share options plans that entitle certain employees, directors and consultants to purchase ordinary shares. For details of the share options plans, refer to Note 18.

On 9 April 2014, the Company adopted the 2014 QTV Employee Share Option Scheme ("2014 Stock Plan") which became effective upon the listing of the Company on the Catalist Board of the SGX-ST on 29 April 2014. The Group's 2005, 2010, 2013 and 2014 Stock Plans (collectively, the "Scheme") are administered by the Remuneration Committee, comprising three directors, Mark Allen Wan, Amir Belson and Gregory David Casciaro.

	No. of options 2019 '000	No. of options 2018 '000
Outstanding at 1 January	97,230	102,232
Granted during the year	–	3,700
Forfeited during the year	(1,941)	(7,498)
Expired during the year	(836)	(1,204)
Outstanding at 31 December	94,453	97,230
Exercisable at 31 December	86,756	95,451

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 December 2019	Aggregate options granted since commencement of Scheme to 31 December 2019	Aggregate options exercised since commencement of Scheme to 31 December 2019	Aggregate options expired since commencement of Scheme to 31 December 2019	Aggregate options outstanding as at 31 December 2019
Eitan Konstantino	–	48,166,792	(3,120,000)	(774,784)	44,272,008
Mark Allen Wan	–	4,743,611	–	–	4,743,611
Amir Belson	–	1,200,288	(1,120,672)	–	79,616
Gregory David Casciaro	–	4,115,768	–	–	4,115,768
Name of key management personnel					
Randal Farwell	–	8,340,256	–	–	8,340,256
Maria Pizarro	–	7,325,232	(1,643,536)	–	5,681,696
Momi Mimon Brosh	–	4,077,648	(200,000)	–	3,877,648

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and except for Eitan Konstantino and Randal Farwell, no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

Restricted share awards

At the Annual General Meeting of the Company held on 30 April 2015, the shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015 ("2015 RSP"). The 2015 RSP is administered by the Remuneration Committee, comprising three directors, Mark Allen Wan, Amir Belson and Gregory David Casciaro.

Movement in Restricted Share Awards ("RSA") under the 2015 RSP are as follows

	No. of RSA 2019 '000	No. of RSA 2018 '000
Outstanding at 1 January	7,693	21,305
Granted during the year	–	32,485
Issued during the year	–	(46,097)
Forfeited during the year	(633)	–
Outstanding at 31 December	7,060	7,693

Details of RSA granted to directors and key management personnel of the Company under the 2015 RSP are as follows:

Name of director	RSA granted for financial year ended 31 December 2019	Aggregate RSA granted since commencement of 2015 RSP to 31 December 2019	Aggregate RSA issued since commencement of 2015 RSP to 31 December 2019	Aggregate RSA outstanding as at 31 December 2019
Eitan Konstantino	–	25,381,898	(22,106,211)	3,275,687
Sho Kian Hin	–	2,300,293	(1,968,660)	331,633
Amir Belson	–	2,300,293	(1,968,660)	331,633
Gregory David Casciaro	–	1,921,284	(1,684,404)	236,880
Name of key management personnel				
Randal Farwell	–	8,964,124	(7,810,048)	1,154,076
Maria Pizarro	–	8,479,196	(8,479,196)	–
Momi Mimon Brosh	–	24,179,196	(23,539,196)	640,000

Since the commencement of the 2015 RSP, no RSAs have been granted to the controlling shareholders of the Company and except for Eitan Konstantino, Randal Farwell, Momi Mimon Brosh, and Maria Pizarro, no participant under the 2015 RSP has been granted 5% or more of the total RSAs available under the 2015 RSP.

Warrants

The Company had on 4 May 2017 issued 35,000,000 unlisted warrants ("Warrants") to GEM Global Yield Fund LLC SCS ("GEM Global"), a company based in Luxembourg, each carrying the right to subscribe for 1 new Share at an exercise price of S$0.10 for each new Share ("Warrant Shares"). As at 31 December 2019, no Warrants have been exercised and converted into new Shares (31 December 2018: Nil). Accordingly, as at 31 December 2019, there were 35,000,000 outstanding Warrants (31 December 2018: 35,000,000 outstanding Warrants) and the total number of new Shares that may be issued on conversion of all outstanding Warrants is 35,000,000 (31 December 2018: 35,000,000).

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options and RSAs granted by the Company or its subsidiaries as at the end of the financial year.

The options and RSAs granted by the Company do not entitle the holders of the options and RSAs, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit Committee

The members of the Audit Committee at the date of this statement are:

- Sho Kian Hin (Chairman), Independent Director
- Amir Belson, Independent Chairman
- Gregory David Casciaro, Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings during the year. In performing its functions, the Audit Committee has discussed with the Company's external and internal auditors the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

DIRECTORS' STATEMENT

The Audit Committee is satisfied with the independence and objectivity of the external auditors.

In appointing our auditors for the Company and subsidiaries we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

The retiring auditors, KPMG LLP, will not be seeking re-appointment at the forthcoming annual general meeting.

On behalf of the Board of Directors

Eitan Konstantino
Director

Amir Belson
Director

15 July 2020

INDEPENDENT AUDITORS' REPORT

Members of the Company
QT Vascular Ltd.

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of QT Vascular Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 49 to 109.

We do not express an opinion on the accompanying financial statements. Due to the significance of the matters described in the *'Basis for disclaimer of opinion'* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

(a) The Group's non-current assets as at 31 December 2019 include intangible assets of US$8,289,000. As disclosed in Note 6 to the financial statements:

- the Group has estimated the recoverable amount of the intangible assets in relation to Chocolate Touch® based on a fair value less cost of disposal method, using the on-going sale consideration in negotiation which included contingent considerations. Key assumptions applied to arrive at the recoverable amounts include, inter alia, the following:
  - Completion of sale of Chocolate Touch®; and
  - Successful development of Chocolate Touch® by purchaser resulting in sufficient contingent considerations.

- the Group has estimated the recoverable amount of the other intangible assets based on the value-in-use computation.

We were unable to obtain sufficient appropriate audit evidence regarding the key assumptions applied to arrive at the recoverable amounts of the intangible assets relating to Chocolate Touch® and the other intangible assets, which includes Chocolate Heart, with carrying amounts of US$6,465,000 and US$1,824,000 respectively. We were therefore unable to determine whether an impairment amount should have been recognised by the Group in respect of these assets.

(b) The carrying amount of the investments in subsidiaries shown in the Company's statement of financial position as at 31 December 2019 of US$19,197,000 is supported by the value of the intangible assets held by the respective subsidiaries. Arising from the above, we were therefore similarly unable to determine whether an impairment amount should have been recognised by the Company in respect of these assets.

Consequently, we were unable to determine whether any adjustments were necessary in respect of the accompanying consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the year ended 31 December 2019.

We considered the impact of the above items to be material and pervasive to the overall financial statements of the Group and the Company.

We also draw attention to Note 2 to the financial statements which indicates that the Group incurred a net loss of US$9,643,000 during the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by US$402,000. At 31 December 2019, the Group was in breach of a covenant from a third-party loan of US$1,363,000 due in November 2020. The loan is now due immediately. As stated in Note 2, the Group's ability to continue as a going concern is dependent on the outcome of the disposal of its intangible asset in respect of Chocolate Touch® as well as the outcome of potential fund-raising exercise and certain deferral of loans due to third parties. These events or conditions, along with other matters as set forth in Note 2, indicate the existence of multiple material uncertainties which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

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 Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), 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 responsibility is to conduct an audit of financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *'Basis for disclaimer of opinion'* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

In our opinion, because of the significance of the matter described in the '*Basis for disclaimer of opinion*' section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company 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 Goh Kim Chuah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
15 July 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Assets					
Plant and equipment	5	94	176	–	–
Intangible assets	6	8,289	8,545	40	40
Investment in subsidiaries	7	–	–	19,197	121,936
Other investment	8	255	255	255	255
Right-of use assets	9	317	–	–	–
Other non-current assets	10	75	480	–	400
Non-current assets		9,030	9,456	19,492	122,631
Inventories	11	183	1,200	–	–
Trade and other receivables	12	2,365	2,840	1,613	1,367
Cash and cash equivalents	13	1,504	10,766	1,100	10,335
Current assets		4,052	14,806	2,713	11,702
Total assets		13,082	24,262	22,205	134,333
Equity					
Share capital	14	173,182	172,776	173,182	172,776
Reserves	14	4,052	3,994	3,892	(29,434)
Accumulated losses		(168,717)	(159,074)	(156,743)	(45,463)
Equity attributable to owners of the Company/ Total equity		8,517	17,696	20,331	97,879
Liabilities					
Trade and other payables	15	66	66	–	33,148
Lease liabilities	16	45	–	–	–
Non-current liabilities		111	66	–	33,148
Loans and borrowings	17	1,363	2,389	1,363	2,389
Trade and other payables	15	2,805	4,111	511	917
Deferred income		–	–	–	–
Lease liabilities	16	286	–	–	–
Current liabilities		4,454	6,500	1,874	3,306
Total liabilities		4,565	6,566	1,874	36,454
Total equity and liabilities		13,082	24,262	22,205	134,333

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019 US$'000	2018 US$'000
Revenue	20	7,954	11,165
Cost of sales		(7,638)	(9,869)
Gross profit		316	1,296
Sales and marketing expenses		(241)	(2,403)
Administrative expenses		(4,038)	(5,688)
Research and development expenses		(5,985)	(7,163)
Other income	21	612	44,374
Other expenses		(7)	(358)
Results from operating activities		(9,343)	30,058
Finance income		5	7
Finance costs		(305)	(491)
Net finance costs	22	(300)	(484)
(Loss)/Profit before tax		(9,643)	29,574
Tax expense	23	–	(2)
(Loss)/Profit for the year	24	(9,643)	29,572
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		24	(299)
Total comprehensive income for the year		(9,619)	29,273
(Loss)/Profit attributable to:			
Owners of the Company		(9,643)	29,572
(Loss)/Profit for the year		(9,643)	29,572
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(9,619)	29,273
Total comprehensive (loss)/income for the year		(9,619)	29,273
(Loss)/Earnings per share			
Basic (loss)/earnings per share (dollars)	25	(0.01)	0.01
Diluted (loss)/earnings per share (dollars)	25	(0.01)	0.01

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Group								
At 1 January 2018		171,216	(1,385)	(77)	(3,440)	8,752	(188,646)	(13,580)
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	29,572	29,572
Other comprehensive income								
Foreign currency translation differences		–	–	–	(299)	–	–	(299)
Total comprehensive income for the year		–	–	–	(299)	–	29,572	29,273
Contributions by and distributions to owners								
Shares issued pursuant to settlement of bridging loans and trade payables	14	105	–	–	–	–	–	105
Shares issued pursuant to capital commitment agreement	14	1,455	–	–	–	–	–	1,455
Share-based payment transactions	18	–	–	–	–	443	–	443
Total contributions by and distributions to owners		1,560	–	–	–	443	–	2,003
At 31 December 2018		172,776	(1,385)	(77)	(3,739)	9,195	(159,074)	17,696

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company						
		Ordinary shares US$'000	Other reserve US$'000	Reserve for own shares US$'000	Translation reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Group								
At 1 January 2019		172,776	(1,385)	(77)	(3,739)	9,195	(159,074)	17,696
Total comprehensive income for the year								
Loss for the year		–	–	–	–	–	(9,643)	(9,643)
Other comprehensive income								
Foreign currency translation differences		–	–	–	24	–	–	24
Total comprehensive income for the year		–	–	–	24	–	(9,643)	(9,619)
Contributions by and distributions to owners								
Shares issued pursuant to settlement of loan extension fee & interest	14	406	–	–	–	–	–	406
Share-based payment transactions	18	–	–	–	–	34	–	34
Total contributions by and distributions to owners		406	–	–	–	34	–	440
At 31 December 2019		173,182	(1,385)	(77)	(3,715)	9,229	(168,717)	8,517

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2019

	Note	Group	
		2019	2018
		US$'000	US$'000
Cash flows from operating activities			
Receipts from customers		9,323	9,688
Payments to suppliers and employees		(17,372)	(32,168)
		(8,049)	(22,480)
Payment for settlement of litigation with AngioScore, Inc.		–	(4,250)
Withholding taxes paid for borrowings		(45)	(2,005)
Total net cash used in operating activities		(8,094)	(28,735)
Cash flows from investing activities			
Purchase of plant and equipment		(14)	(97)
Payment for acquisition of other investment		–	(255)
Cash receipts from disposal of assets to Medtronic, Inc.		400	27,200
Cash receipts from disposal of assets to Teleflex, Inc.		–	19,168
Total net cash from investing activities		386	46,016
Cash flows from financing activities			
Proceeds from short-term loans		–	453
Repayment of convertible notes		–	(4,292)
Repayment of loans	17	(1,148)	(3,923)
Proceeds from issuance of shares		–	1,125
Interest paid	17	(64)	–
Payment of lease liabilities	16	(309)	–
Total net cash used in financing activities		(1,521)	(6,637)
Net (decrease)/ increase in cash and cash equivalents		(9,229)	10,644
Effect of exchange rate changes on cash and cash equivalents		(33)	(225)
Cash and cash equivalents at beginning of year		10,766	347
Cash and cash equivalents at end of year	13	1,504	10,766

The accompanying notes form an integral part of these financial statements.

Significant payments made using proceeds from the Medtronic asset sale transaction

In 2018, following the completion of the sale of Chocolate Percutaneous Transluminal Angioplasty ("PTA") balloon catheter to Medtronic, Inc., the Group made the following payments with the proceeds received:

	2018
	US$'000
Payment for settlement of litigation with AngioScore, Inc.	(4,250)
Payment for legal expenses in relation to litigation with AngioScore, Inc.	(4,217)
Refund of advance receipts from Century Medical, Inc.	(1,355)
Payments to Cordis, Inc. for re-purchase of inventory	(348)
	(10,170)

Significant non-cash transaction

During the year ended 31 December 2019, the Company issued ordinary shares to third parties shares pursuant to settlement of loan interest and extension fees amounting to US$406,000.

In the previous year, the Company issued ordinary shares to third-parties for the settlement of certain convertible notes, bridging loans and trade payables, amounting to US$105,000.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 July 2020.

1 Domicile and activities

QT Vascular Ltd. (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 3A International Business Park, #09-12 ICON @ IBP Tower B, Singapore 609935.

The financial statements of the Group as at and for the year ended 31 December 2019, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is primarily involved in the development and manufacturing of advanced therapeutic solutions for the treatment of complex vascular disease.

The Company was admitted to the official list of the Catalist Board of SGX-ST on 29 April 2014.

2 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$9,643,000 (2018: net gain of US$29,572,000) for the year ended 31 December 2019 and as at that date, the statement of financial position showed net current liabilities of US$402,000 (2018: net current assets of US$8,306,000). In addition, the Group had also breached a third-party loan covenant by failing to maintain a cash balance position of US$2,000,000 at all times. As a result of the covenant breach, a loan of US$1,363,000 can be called for repayment at any time upon notification by the third-party lenders. As of the date of this financial statements, the Group did not receive any notification from the third-party lenders for any loan repayment. Subsequent to year-end, the Group has received an indication from the third-party lenders that repayment of US$500,000 of the loan balance will be deferred to at least July 2021.

Management acknowledges 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, disposal of assets and reorganisation plans that were ongoing within the Group to drive operational efficiency. The cashflows also take into consideration potential fund-raising exercises and the ability to defer payment for certain expenses.

On 28 May 2020, the Group has entered into an agreement with a third-party, Emerald Apex Pte. Ltd. ("Emerald") for a loan of US$500,000. The loan is subjected to an interest rate of 8% per annum, repayable within 6 months from the disbursement date. However, the loan and accrued interest shall automatically mature and becomes immediately repayable upon completion of the disposal of the Chocolate Touch asset to G Vascular Private Limited ("G Vascular").

As at 30 June 2020, the Group has an available cash balance of US$583,000. 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.

2 Going concern (continued)

On 13 July 2020, the Company announced that it is in the process of disposing its drug coated PTA balloon catheter product line, Chocolate Touch® ("Disposal") to G Vascular for a consideration of up to $20,000,000, which includes a closing payment of US$3,900,000 that is payable upon completion of the Disposal and the remaining contingent consideration up to US$16,100,000 will be received from G Vascular from their further use of Chocolate Touch®. In addition, the Company will also receive additional proceeds from G Vascular if the Chocolate Touch® product line is subsequent sold to third parties above a certain selling price. Further, as part of the disposal, G Vascular will assume from the Group the US$500,000 loan from Emerald above.

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.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 3.5.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 Functional and presentation currency

These financial statements are presented in United States dollars ("USD") as the Group's operations are primarily influenced by the USD. The functional currency of the Company is Singapore dollars ("SGD"). All financial information presented in USD has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future financial years affected.

3 Basis of preparation (continued)

3.4 Use of estimates and judgements (continued)

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

(i) Valuation of subsidiaries

The Company recognises impairment losses at a level considered adequate to provide for potential non-recoverability of investment in subsidiaries. The level of impairment losses is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement, or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded "other expenses" and decrease the carrying value of "investment in subsidiaries".

(ii) Valuation of intangible assets

The carrying amounts of the Group and the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. Management judgement is critical in assessing whether events or changes in circumstances have occurred that may indicate that the carrying value of such assets may no longer be recoverable.

If any such indicator exists, the assets' recoverable amounts are estimated. The recoverable amount is the greater of the assets' fair value less costs of disposal and value in use. In assessing recoverable amount, the asset is valued by estimating the cost of replacing the asset in question with either the same asset or one with similar utility. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The determination of the recoverable amounts is done based on the following –

- Chocolate Touch® – Fair value less cost of disposal ("FVLCD"), using the on-going sale consideration in negotiation which included contingent considerations

- Chocolate Heart® – Value-in-use ("VIU") based on expected future royalty income

For details of the assumptions used, refer to Note 6.

(iii) Useful lives of intangible assets

Plant and equipment and intangible assets are stated at cost and are depreciated and amortised on a straight-line basis over their estimated useful lives. The estimated useful lives represent the estimate of the periods that the Group management expects to derive economical benefits from these assets. In estimating these useful lives and in determining whether subsequent revisions to useful lives are necessary, the Group management considers the likelihood of obsolescence arising from changes in production techniques, technology, market demand and intended use.

3 Basis of preparation (continued)

3.4 Use of estimates and judgements (continued)

(iii) Useful lives of intangible assets (continued)

In addition to the above, information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 6 – Intangible assets
- Note 26 – Determination of fair values

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year are included in the following notes:

- Note 6 – Intangible assets
- Note 7 – Investment in subsidiaries

3.5 Changes in accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Borrowing Costs Eligible for Capitalisation (Amendments to SFRS(I) 1-23)
- Plan, Curtailment or Settlement (Amendments to SFRS(I) 1- 19)

Other than SFRS(I) 16 Leases, the application of these amendments to standards and interpretations does not have a material effect on the financial statements. Refer to Note 4.6 for the changes in accounting policy and Note 31 for the adoption of SFRS(I) 16 Leases.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all financial years presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 3.5, which addresses changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

4 Significant accounting policies (continued)

4.1 Basis of consolidation (continued)

(i) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Investment in subsidiaries in separate financial statement

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4 Significant accounting policies (continued)

4.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to USD at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("OCI") and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

4.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised trade and other payables (excluding accrued payroll and other related costs) and loans and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Derivative financial instruments

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in other reserve.

4 Significant accounting policies (continued)

4.3 Financial instruments (continued)

(vii) Share capital (continued)

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss

4.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

4 Significant accounting policies (continued)

4.4 Plant and equipment (continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Furniture, fixtures and office equipment 3 years
- Computer, network and software 3 years
- Machinery and equipment 3 years

Construction in progress is not depreciated.

Depreciation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.5 Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. These intangible assets include licensed royalties and intellectual property.

4 Significant accounting policies (continued)

4.5 Intangible assets (continued)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Developed technology 15 years
- Licensed royalties 15 years
- Intellectual property 5 years

Amortisation method, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Developed technology in progress and software development in progress are not amortised.

4.6 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

4 Significant accounting policies (continued)

4.6 Leases (continued)

Policy applicable from 1 January 2019 (continued)

(i) As a lessee (continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate according to interest rate incurred from its third-party loans.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in 'lease liabilities' in the statement of financial position.

4 Significant accounting policies (continued)

4.6 Leases (continued)

Leases - Policy applicable before 1 January 2019

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

4.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are assigned using weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for expected credit losses ("ECLs") for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

4 Significant accounting policies (continued)

4.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

4 Significant accounting policies (continued)

4.8 Impairment (continued)

(i) Non-derivative financial assets (continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4 Significant accounting policies (continued)

4.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees are recognised as an employee expense with a corresponding increase in equity, over the period that the employees unconditionally become entitled to awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.11 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

4 Significant accounting policies (continued)

4.11 Revenue (continued)

Goods and services sold (continued)

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

4.12 Government grants

A government grant is recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

4.13 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the net gain or loss on financial assets at FVTPL; and
- the foreign currency gain or loss on financial assets and financial liabilities.
- interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4 Significant accounting policies (continued)

4.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4 Significant accounting policies (continued)

4.15 (Loss)/Earnings per share

The Group presents basic and diluted (loss)/earnings per share data for its ordinary shares. Basic (loss)/earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted (loss)/earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.16 Segment reporting

Operating segments are defined as components of an enterprise that engage in business activities for which separate financial information is available and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is its CEO. The CEO reviews financial information presented on a consolidated basis, for purposes of allocating resources and evaluating financial performance. The Group has one business activity and there are no segment managers who are held accountable for operations, or plans for levels or components below the consolidated unit level. Accordingly, the Group operates as a single reportable segment.

4.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. An explanation of the impact, if any, on adoption of these new requirements is provided in note 32.

5 Plant and equipment

	Furniture, fixtures and office equipment US$'000	Computer, network and software US$'000	Machinery and equipment US$'000	Construction in progress US$'000	Total US$'000
Group					
Cost					
At 1 January 2018	1,137	337	2,262	–	3,736
Additions	88	7	1	1	97
Disposals	(504)	(12)	(295)	–	(811)
Effects of movements in exchange rates	(1)	(2)	(3)	–	(6)
At 31 December 2018	720	330	1,965	1	3,016
At 1 January 2019	720	330	1,965	1	3,016
Additions	10	4	–	–	14
Disposals	–	–	–	–	–
Effects of movements in exchange rates	1	1	2	–	4
Reclassification	–	–	–	(1)	(1)
At 31 December 2019	731	335	1,967	–	3,033
Accumulated depreciation					
At 1 January 2018	1,078	327	1,917	–	3,322
Depreciation for the year	72	8	219	–	299
Disposals	(503)	(12)	(261)	–	(776)
Effects of movements in exchange rates	(1)	(1)	(3)	–	(5)
At 31 December 2018	646	322	1,872	–	2,840
Depreciation for the year	44	5	47	–	96
Disposals	–	–	–	–	–
Effects of movements in exchange rates	1	1	1	–	3
At 31 December 2019	691	328	1,920	–	2,939
Carrying amounts					
At 1 January 2018	59	10	345	–	414
At 31 December 2018	74	8	93	1	176
At 31 December 2019	40	7	47	–	94

6 Intangible assets

	Developed technology US$'000	Licensed royalties US$'000	Intellectual property US$'000	Developed technology in progress US$'000	Software development in progress US$'000	Total US$'000
Group						
Cost						
At 1 January 2018	9,790	172	372	5,518	280	16,132
Disposals	(5,808)	–	–	–	(280)	(6,088)
At 31 December 2018 and 31 December 2019	3,982	172	372	5,518	–	10,044
Accumulated amortisation						
At 1 January 2018	4,095	90	332	–	–	4,517
Amortisation for the year	403	11	–	–	–	414
Disposals	(3,450)	–	–	–	–	(3,450)
Effects of movements in exchange rates	18	–	–	–	–	18
At 31 December 2018	1,066	101	332	–	–	1,499
Amortisation for the year	244	11	–	–	–	255
Effects of movements in exchange rates	1	–	–	–	–	1
At 31 December 2019	1,311	112	332	–	–	1,755
Carrying amounts						
At 1 January 2018	5,695	82	40	5,518	280	11,615
At 31 December 2018	2,916	71	40	5,518	–	8,545
At 31 December 2019	2,671	60	40	5,518	–	8,289

Company	Intellectual property US$'000
Cost	
At 1 January 2018, 31 December 2018 and 31 December 2019	40
Accumulated amortisation	
At 1 January 2018, 31 December 2018 and 31 December 2019	–
Carrying amounts	
At 1 January 2018, 31 December 2018 and 31 December 2019	40

Amortisation

The amortisation of intangible assets is included in 'cost of sales' within the consolidated statement of comprehensive income.

6 Intangible assets (continued)

Source of estimation uncertainty

The Group makes judgements about the recoverability of finite-lived intangible assets whenever events or changes in circumstances indicate that impairment may exist. The Group performs an annual impairment assessment for intangible assets, or more frequently if indicators of potential impairment exist, to determine whether it is more likely than not that the carrying value of the assets may not be recoverable.

At the reporting date, the Group categorised its intangibles into 3 cash-generating units, as follows, on the basis that the underlying intangibles are capable of generating independent cashflows.

In the previous year, recoverable amount was determined based on the value-in-use method. If an individual asset is determined to be impaired, the amount of any impairment is measured as the difference between the carrying value and the recoverable amount of the impaired asset.

a) Recoverable amount of the Chocolate Touch® product line

Recoverability of the intangible assets relating to the Chocolate Touch® product line amounting US$6,465,000 is measured by comparing the carrying amount of the asset at reporting date to the recoverable amount which is determined at reporting date to be FVLCD given the circumstances as explained in Note 2. The FVLCD is determined based on the willing buyer and willing seller basis as described in Note 2.

Other than the closing payment of US$3,900,000, the remaining contingent consideration up to US$16,100,000 will be received from G Vascular from their further use of Chocolate Touch®. The assumptions made in the determination of the contingent consideration is complex and subjective. It is dependent on the amount and timing of the cashflows receivable from G Vascular. If the Group management made different estimates of the cashflows, different conclusions regarding the impairment might be reached.

The key assumptions used in estimation of the contingent consideration included the share of contingent proceeds from G Vascular over 7 years commencing 2022 and applying the discount rate of 12%. Further consideration from sale by G Vascular to third parties has not been considered as it is not readily measurable.

As at 31 December 2019, no impairment loss on intangible asset relating to Chocolate Touch® product line has been noted.

b) Recoverable amount of the Chocolate Heart® product line

Recoverability of the intangible assets relating to the Chocolate Heart® product line amounting US$1,424,000 is measured by comparing the carrying amount of the asset to the recoverable amount which is determined at reporting date to be based on the value-in-use. The assumptions and estimates used to determine the future values and remaining useful lives of the intangibles are complex and subjective. They can be affected by various factors amongst others, such as growth rate, royalty rate and discount rate, including external factors such as industry and economic trends, and internal factors such as changes in the Group's business strategy and forecasts. In particular, on the Chocolate Heart® product line, the Group has an existing agreement with Teleflex Life Sciences Unlimited Company ("Teleflex"), as part of the previous sale of the non-drug coated intangible asset, which gave Teleflex the right to acquire the Chocolate Heart® intangible assets when completely developed with the Group receiving a share of royalties derived by Teleflex.

6 Intangible assets (continued)

The key assumptions used in estimating the value-in-use at the reporting date are set out below:

	2019
Useful life	15 years
Royalty rate	5%
Tax rate	17%
Discount rate	12%
Royalty commencement	2026
Growth rate	5% to 125%

As at 31 December 2019, no impairment loss on intangible assets has been noted.

c) Recoverable amount of the other intangible assets mainly representing Silk product line

Recoverability of the intangible assets relating to the Silk product line is measured by comparing the carrying amount of the asset to the recoverable amount which is determined at reporting date to be based on the value-in-use method. The assumptions and estimates used to determine the future values and remaining useful lives of the intangibles are complex and subjective. They can be affected by various factors amongst others, such as growth rate, royalty rate and discount rate, including external factors such as industry and economic trends, and internal factors such as changes in the Group's business strategy and forecasts. If the Group management made different estimates of the future cashflows, different conclusions regarding the impairment might be reached.

The key assumptions used in estimating the value-in-use at the reporting date are set out below:

	2019
Useful life	15 years
Royalty rate	3%
Tax rate	17%
Discount rate	12%
Royalty commencement	2023
Growth rate	5% to 15%

As at 31 December 2019, no impairment loss on intangible assets has been noted.

7 Investment in subsidiaries

	Company	
	2019	**2018**
	US$'000	**US$'000**
Unquoted shares in subsidiaries, at cost	423	392
Waiver of loans to subsidiaries (**Note A**)	69,388	–
Amounts due from subsidiaries (**Note B**)	50,732	112,783
Capital contributions related to share-based payment awards (**Note C**)	8,905	8,761
	129,448	121,936
Less: Impairment assessment	(110,251)	–
Carrying amount	19,197	121,936

7 Investment in subsidiaries (continued)

Note A

During the year, the Company waived certain amounts due from the subsidiaries. The Company has classified these loans as investment in subsidiaries as these loans are in substance the Company's investment in the subsidiaries.

Note B

It was agreed between the management of the parties involved that the loans due to subsidiaries would be repaid only at the discretion of the respective subsidiaries. The Company has classified these loans as investment in subsidiaries as these loans are in substance the Company's investment in the subsidiaries.

Note C

Share options were issued by the Company primarily to employees and consultants of its subsidiaries. In addition, some directors of the Company have received these awards. These awards are treated as capital contributions related to share-based payment awards in the Company's separate financial statements as the Company is obligated to settle the share-based payment awards in its ordinary shares. The related expense is recorded by the entity that received the service from the director, employee and consultant.

Details of the subsidiaries of the Company are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Effective equity interests held by the Group	
		2019	2018
		%	%
TriReme Medical, LLC ("TMI US")	United States of America	100	100
Quattro Vascular Pte. Ltd. ("Quattro")	Singapore	100	100
TriReme Medical (Singapore) Pte. Ltd.	Singapore	100	100

Except for TMI US which is not required to be audited in the country of incorporation, KPMG LLP is the auditor of all subsidiaries in the Group.

Sources of estimation uncertainty

The Company evaluates, amongst other factors, the future profitability of the subsidiaries, business outlook, including factors such as industry performance, changes in technology and operation, to assess the recoverability of the investment in subsidiaries. The recoverable amount of the investment in subsidiaries could change significantly as a result of changes in market conditions and the assumption used in determining the recoverable amount.

Impairment assessment on investment in subsidiaries

The carrying amounts of the Company's investment in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. Management judgement is required in assessing whether events or changes in circumstances have occurred that may indicate that the carrying value of investment in subsidiaries may no longer be recoverable.

During the year, management assessed the recoverable amounts of certain subsidiaries that had indicators of impairment. Management estimated the recoverable amounts of these investments based on the fair value less cost of disposal for these investments.

7 Investment in subsidiaries (continued)

The fair value less cost of disposal for these subsidiaries were estimated based on the recoverable amounts of their underlying assets, which were based on the higher of the fair value less cost of disposal and the value in use. The assumptions used in the computation of recoverable amounts are disclosed in Note 6.

Based on management's assessment, impairment loss of US$110,251,000 (2018:US$Nil) was recognised in profit or loss during the year.

8 Other investment

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current investment				
Equity investment - mandatorily at FVTPL	255	255	255	255

9 Right-of-use assets

Leases as lessee

The Group leases properties. The leases typically run for a range of period of 1 to 3 years, with no option to renew the lease after that date. Previously, these leases were classified as operating leases under FRS 17.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Land and buildings US$'000	Total US$'000
2019		
Balance at 1 January	640	640
Depreciation charge for the year	(323)	(323)
Balance at 31 December	317	317

10 Other non-current assets

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Other receivables	–	400	–	400
Security deposits	75	80	–	–
	75	480	–	400

Other receivables of US$400,000 relates to a holdback amount as a result of the completion of sale of assets to Medtronic, Inc. in the prior financial year ended 31 December 2018. During the year, the balance has been fully reclassed to other receivables within current assets (note 12) as it is receivable within the next 12 months from 31 December 2019.

11 Inventories

	Group 2019 US$'000	Group 2018 US$'000
Raw materials	80	259
Work-in-progress	103	736
Finished goods	–	30
Goods-in-transit	–	175
	183	1,200
Inventories included in cost of sales	7,049	9,869

12 Trade and other receivables

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade receivables	293	962	–	–
Grant receivables	324	238	–	–
Other receivables	1,393	1,497	1,374	1,361
Loan and receivables	2,010	2,697	1,374	1,361
Prepayments	355	143	239	6
Total receivables	2,365	2,840	1,613	1,367

Other receivables include an amount of US$1,373,000 held in the escrow account in relation to the sale of assets to Medtronic, Inc. and Teleflex, Inc., see Note 19 credit risk.

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 19.

There is no allowance for impairment on these balances. Management assessed that the ECL is not significant to provide.

13 Cash and cash equivalents

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Bank balances	1,447	10,709	1,100	10,335
Deposits pledged for borrowings	57	57	–	–
Total cash and cash equivalents	1,504	10,766	1,100	10,335

Amounts in deposits pledged relate to security for various company credit cards both in the United States of America and Singapore. These deposits pledged earns interest income at interest rates of 0.02% and 0.08% per annum.

The Group and Company's exposure to credit, interest and currency risks related to cash and cash equivalents are disclosed in Note 19.

14 Share capital and reserves

Share capital	Note	No. of ordinary shares '000
Company		
In issue at 1 January 2018		1,894,251
Issuance of shares pursuant to capital commitment agreement with GEM Global	A	144,194
Issuance of shares pursuant to vesting of share awards	B	46,097
Issuance of shares pursuant to settlement of bridging loans	C	8,090
		198,381
In issue at 31 December 2018		2,092,632
In issue at 1 January 2019		2,092,632
Issuance of shares pursuant to settlement of loan interest and extension fees	D	142,639
In issue at 31 December 2019		2,235,271

Note A

On 20 March 2017, the Company entered into a capital commitment agreement ("Agreement") with GEM Global and Gem Investments America, LLC ("GEMIA") whereby,

i. GEM Global agreed to grant the Company an option to require the investor to subscribe for new ordinary shares of the Company. The Company shall determine the timing and aggregate number of ordinary shares which the investors should subscribe. The maximum number of shares to be subscribed was 178,000,000 new ordinary shares, or aggregate of S$ 10,000,000 (US$7,000,000). In November 2017, the Company and GEM Global agreed to revise the number of ordinary shares to be made available under the Agreement from 178,000,000 to 356,000,000 new ordinary shares.

ii. In 2018, the Company allotted and issued a total of 144,194,000 ordinary shares to GEM Global at an issue price of S$0.011 to S$0.015 per share for a total proceeds of US$1,455,000, of which US$300,000 was received in advance in 2017; and

iii. The Company had on 4 May 2017 issued 35,000,000 unlisted warrants ("Warrants") to GEM, each carrying the right to subscribe for 1 new share at an exercise price of S$0.10 for each new share ("Warrant Shares") and exercisable within five years from the date of the agreement – 20 March 2017. As at 31 December 2019, there were 35,000,000 outstanding Warrants (2018: 35,000,000 outstanding Warrants) and the total number of new shares that may be issued on conversion of all outstanding Warrants is 35,000,000 (2018: 35,000,000). The Company has accounted for this transaction based on the guidance of SFRS(I) 1-32 and classified it as equity; this gives GEM Global the right to buy a fixed number of the Company's shares for a fixed price with no put conditions. As at 31 December 2019, none of these warrants were exercised (2018: Nil).

iv. the Capital Commitment Agreement with GEM Global has expired as at 31 December 2019. The expiration of agreement has no impact to the financial statements as at 31 December 2019.

Note B

In 2018, the Company had issued 13,612,000 ordinary shares following the achievement of the predetermined vesting conditions under 2015 RSP. On 28 June 2018 and 17 August 2018, 32,485,000 ordinary shares were issued to the employees and these shares had immediately vested on the date of grant. No consideration has been received from the transactions.

14 Share capital and reserves (continued)

Note C

On 20 April 2018, the Company had issued 8,090,000 ordinary shares at an issue price of S$0.017 per share to independent third parties for a partial settlement of short-term loans amounting to US$105,000.

Note D

On 14 June 2019, the Company had issued 142,639,000 ordinary shares at an issue price of S$0.0039 per share to independent third parties for a settlement of extension fees and interests amounting to US$406,000.

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid with no par value.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

Reserves

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Merger reserve	(1,385)	(1,385)	(32,390)	(32,390)
Reserve for own shares	(77)	(77)	(77)	(77)
Translation reserve	(3,715)	(3,739)	(5,994)	(6,162)
Share-based payment reserve	9,229	9,195	9,229	9,195
Capital-contribution	–	–	33,124	–
	4,052	3,994	3,892	(29,434)

Merger reserve

Merger reserve represents the combined amount of issued capital of respective subsidiaries under common control that were subsequently combined to form the Group under the restructuring exercise which was completed on 11 July 2013.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2019, the Group held 16,000 (2018: 16,000) of the Company's shares.

Translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14 Share capital and reserves (continued)

Share-based payment reserve

The share-based payment reserve comprises the cumulative value of employee services received for the issue of share options to employees of the Group.

Capital Contribution

On 1 January 2019, the Company has entered into an agreement with a subsidiary - Quattro to effect the change of the terms of the loan of US$33,148,000 to be unsecured, interest free and repayable at the discretion of the Company.

15 Trade and other payables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current:				
Provision on royalty payable	66	66	–	–
Amounts due to subsidiaries, non-trade	–	–	–	33,148
	66	66	–	33,148
Current:				
Trade payables	208	1,366	–	–
Accrued payroll and other related costs	654	520	–	–
Accrued operating expenses	1,248	1,435	398	587
Non-trade payables	171	189	113	122
Other payables	524	470	–	–
Amounts due to subsidiaries, non-trade	–	–	–	77
Accrued interest	–	131	–	131
	2,805	4,111	511	917

The Group has a royalty obligation due to a license obtained from Surmodics, Inc. for the use of Surmodics' know-how and patent rights for a period from 2010 to 2024. This obligation is calculated based on the higher of (i) minimum royalties or (ii) earned royalties whereby the latter is dependent on the amount of net sales for each quarter. The provision has been estimated based on the contractual agreed minimum royalty payment per quarter, discounted to present value at a weighted average cost of capital of 11.5%.

Amount due to subsidiaries has been fully reclassified to reserves as disclosed in Note 14.

The non-trade payables comprised mainly legal and professional fees which are unsecured, interest-free and payable within one year.

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 19.

16 Lease liabilities

	2019 US$'000
Lease liabilities included in the balance sheet at 31 December	
Current	286
Non-current	45
	331
Maturity analysis – contractual undiscounted cash flows	
Within one year	296
Between one and five years	45
Total undiscounted lease liabilities at 31 December	341

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 6%.

Amounts recognised in profit or loss

	US$'000
2019 – Leases under FRS 116	
Interest on lease liabilities	28
2018 – Operating leases under FRS 17	
Lease expense	394

Amounts recognised in statement of cash flows

	2019 US$'000
Interest paid	28
Payment of lease liabilities	309
Total cash outflow for leases	337

Comparative information under SFRS(I) 1-17

Future minimum lease payments under non-cancellable operating leases are as follows:

	2018 US$'000
Within one year	339
Between one and five years	341
Total	680

17 Loans and borrowings

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Short-term loans	1,363	2,389	1,363	2,389

At 31 December 2019, the short-term loans entered into with third parties are unsecured and bear a fixed interest of 10% on the principal amount. The short-term loans were repayable on 15 November 2020. However, the loan became immediately due when the Group's cash balance fell below US$2 million in accordance with the terms of the agreement.

At 31 December 2018, the short-term loans entered into with third parties are unsecured and bear a fixed interest of 6% on the principal amount. The short-term loans are repayable on 31 March 2019.

Reconciliation of movements of liabilities to cash flows arising from financing activities

2018 Group	Loans and borrowings US$'000
Balance at 1 January 2018	10,008
Repayment of bridging loan	(3,923)
Repayment of convertible notes	(4,292)
Foreign exchange loss	29
Proceeds from short-term loans	453
Others	114
Net movement during the year	(7,619)
Balance at 31 December 2018	2,389

2019 Group	Loans and borrowings US$'000	Lease liabilities US$'000	Total US$'000
Balance at 1 January 2019	2,389	640	3,029
Repayment of bridging loans	(1,148)	–	(1,148)
Repayment of lease liabilities	–	(309)	(309)
Interest paid	(36)	(28)	(64)
Interest expense	76	28	104
Others	82	–	82
Net movement during the year	(1,026)	(309)	(1,335)
Balance at 31 December 2019	1,363	331	1,694

18 Share-based payment arrangements

Description of the share-based payment arrangements

The Group has the following share-based payment arrangements:

Share option programme (equity-settled)

In September 2005 ("2005 Stock Plan"), November 2010 ("2010 Stock Plan") and September 2013 ("2013 Stock Plan") the Group established share option plans that entitle certain employees, directors and consultants to purchase ordinary shares in the Company. On 9 April 2014, the Company adopted the 2014 QTV Employee Share Option Scheme ("2014 Stock Plan") which became effective upon the listing of the Company on the Catalist Board of the SGX-ST on 29 April 2014.

The Group's 2005, 2010, 2013 and 2014 Stock Plans (collectively, the "Scheme") are administered by the Remuneration Committee, comprising three directors, Mark Allen Wan, Amir Belson and Gregory David Casciaro.

On March 2019, the Company has undertaken a repricing exercise where the exercise price of options under the "2013 Stock Plan" has been repriced from S$0.0036 per option share to S$0.0060 per option share. All repriced options will be subjected to a new vesting schedule where 50% of the shares shall be immediately vested and exercisable and 50% of the shares shall vest 1/12th per month. The purpose of the repricing is to give the Company an opportunity to improve employee incentives and retention. The repricing has resulted in an increase in incremental fair value of the share options by US$90,000.

All share options are to be settled by physical delivery of shares.

Grant date/employees entitled	No. of share options '000	Vesting conditions	Contractual life of options
Grants existing as at 1 January 2018	298,847	*	10 years
2018 grants – Employees	3,700	5 *	10 years
Grants existing as at 31 December 2018 and 31 December 2019	302,547		10 years

* *As at 31 December 2019 and 2018, each set of share option granted has one of the following vesting conditions.*

18 Share-based payment arrangements (continued)

Vesting conditions

1. Rateable over one year (1/12 per month)
2. Rateable over two years (1/24 per month)
3. Rateable over three years (1/36 per month)
4. Rateable over four years (1/48 per month)
5. 25% after one year; rateable over four years (1/48 per month) thereafter
6. 25% at start date; rateable over three years (1/36 per month) thereafter
7. 25% at start date; rateable over four years (1/48 per month) thereafter
8. 25% after one year; rateable over three years (1/36 per month) thereafter
9. 25% at start date; 25% per year thereafter
10. 50% at start date; rateable over two years
11. 50% at start then rateable over two years (1/24 per month) thereafter
12. 50% at start then rateable over three years (1/36 per month) thereafter
13. 100% vesting at start date
14. 100% vesting at milestone completion date
15. One third on 31 May 2006, 30 September 2006 and 31 December 2006 respectively
16. 100% vesting after one year

Vested share options may be exercised up to ten years from the vesting commencement date.

Measurement of fair values

The fair value of the share options has been measured using the Black-Scholes option-pricing model. Estimates of volatility has been based on an evaluation of the historical volatility of the Company's share price. The expected term of the share options has been based on estimated option holder behaviour.

The inputs used in the measurement of the fair values at grant date of the share options under the share option programme are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Fair value at grant date (weighted average)	N.A.	US$0.01	N.A.	N.A.
Share price at grant date	N.A.	US$0.01	N.A.	N.A.
Exercise price	N.A.	US$0.01	N.A.	N.A.
Expected volatility (weighted average)	N.A.	50%	N.A.	N.A.
Expected life (weighted average)	N.A.	6.1 years	N.A.	N.A.
Expected dividends	–	–	–	–
Risk-free interest rate (weighted average based on government bonds)	N.A.	2.9%	N.A.	N.A.
Share-based compensation expense	US$77,000	US$112,000	–	–

18 Share-based payment arrangements (continued)

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under share option programme are as follows:

	Group and Company		Group and Company	
	Weighted average exercise price 2019 US$	No. of options 2019 '000	Weighted average exercise price 2018 US$	No. of options 2018 '000
Outstanding at 1 January	0.01 – 0.09	97,230	0.01 – 0.09	102,232
Forfeited during the year	0.01 – 0.07	(1,941)	0.03 – 0.07	(7,498)
Expired during the year	0.05	(836)	0.06	(1,204)
Granted during the year	–	–	0.01	3,700
Outstanding at 31 December	0.004 – 0.07	94,453	0.01 – 0.09	97,230
Exercisable at 31 December	0.005 – 0.07	86,756	0.01 – 0.07	95,451

The options outstanding at 31 December 2019 have an exercise price in the range of US$0.004 to US$0.09 (2018: US$0.01 to US$0.09) and a weighted average contractual life of 5.3 years (2018: 6.3 years).

There was no share option exercised in 2018 and 2019.

Restricted share awards (equity-settled)

At the Annual General Meeting of the Company held on 30 April 2015, the shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015 ("2015 RSP"). The 2015 RSP is administered by the Remuneration Committee, comprising three directors, Mark Allen Wan, Amir Belson and Gregory David Casciaro.

Grant date/employees entitled	No. of instruments '000	Vesting conditions
Share awards existing as at 1 January 2018	84,958	
2018 grants - Employees and Key Management	32,485	3
Share awards existing as at 31 December 2018 and 31 December 2019	117,443	

Vesting conditions

1. 20% of total awards will vest upon achievement of each of the 5 predetermined milestones.
2. 25% of total awards will vest upon achievement of each of the 4 predetermined milestones.
3. 100% of total awards will vest immediately upon issuance.
4. 50% of total awards will vest immediately upon issuance and 25% of total awards will vest upon achievement of each of the 2 predetermined milestones.
5. The award holder has to remain as an employee of the Group on the date that the shares are issued.

As at 31 December 2019, there were no restricted share awards that had vested and none was issued (2018: 46,097,000) during the year.

18 Share-based payment arrangements (continued)

Reconciliation of outstanding restricted share awards

The number of shares issuable under restricted share awards scheme are as follows:

	Group		Company	
	2019	2018	2019	2018
	'000	'000	'000	'000
Outstanding at 1 January	7,693	21,305	900	2,531
Forfeited during the year	(633)	–	–	–
Issued during the year	–	(46,097)	–	(1,631)
Granted during the year	–	32,485	–	–
Outstanding at 31 December	7,060	7,693	900	900

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Share-based compensation (forfeiture)/expense	(43)	348	–	5

19 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Group's internal auditors. The internal auditors undertake both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

19 Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and geographical region in which customers operate, as these factors may have an influence on credit risk. During 2019, approximately 64% (2018: 60%) of the Group's revenue is attributable to sales transaction with a single multinational customer. No impairment loss had been recognised for this customer to date.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management; these limits are reviewed quarterly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

The ageing of trade and other receivables at the reporting date (excluding prepayment) were as follows:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Neither past due or impaired	1,654	2,518	1,374	1,361
Past due 1-30 days	12	179	–	–
Past due 31-90 days	–	–	–	–
Past due 91-180 days	20	–	–	–
Greater than 180 days past due	324	–	–	–
Total	2,010	2,697	1,374	1,361

The escrow balance resulting from the completion of the sale of assets to Medtronic Inc. and Teleflex Life Sciences Unlimited Company in the year ended 31 December 2018 amounted to US$1,373,000 (2018:US$1,373,000) which is substantially the Group's and Company's other receivables in note 12.

19 Financial risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date analysed by geographical region was as follows:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
North America	260	845	–	–
Asia	1,718	1,736	1,374	1,361
European Union	32	116	–	–
Total	2,010	2,697	1,374	1,361

Expected credit loss assessment

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US$1,504,000 and US$1,100,000 respectively as at 31 December 2019 (2018: US$10,766,000 and US$10,335,000 respectively), held with two banks which are both rated Aa3, based on Rating Agency Moody's ratings. These balances represent their maximum credit exposures on these assets.

Amounts due from related parties

Amounts due from related parties comprise non-trade balances. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available), these exposures are considered to have low credit risk.

Other receivables

Other receivables are short-term in nature. Impairment on other receivables was measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Company considers its other receivables to have low credit risk.

Management assessed that the ECL impairment on cash and cash equivalents, amounts due from related parties and other receivables is insignificant to provide for.

19 Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group and the Company's liquidity needs include working capital expenditures, conduct of research and development, testing and regulatory compliance activities, business development activities and paying down outstanding debt. To meet its liquidity needs, the Group primarily relies on financing in the form of issuance of ordinary shares and short-term loan from third parties (refer to Note 17).

	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	1-2 years US$'000	2-5 years US$'000	> 5 years US$'000
Group						
31 December 2019						
Trade and other payables*	2,217	2,251	2,151	40	60	–
Short-term loans	1,363	1,363	1,363	–	–	–
Lease liabilities	331	341	296	45	–	–
	3,911	3,955	3,810	85	60	–
31 December 2018						
Trade and other payables*	3,657	3,757	3,657	40	60	–
Short-term loans	2,389	2,389	2,389	–	–	–
	6,046	6,146	6,046	40	60	–
Company						
31 December 2019						
Trade and other payables	511	511	511	–	–	–
Short-term loans	1,363	1,363	1,363	–	–	–
	1,874	1,874	1,874	–	–	–
31 December 2018						
Trade and other payables	34,065	34,065	34,065	–	–	–
Short-term loans	2,389	2,389	2,389	–	–	–
	36,454	36,454	36,454	–	–	–

* *Excluding accrued payroll and other related costs*

The above table are the remaining contractual maturities of the Group and the Company's financial liabilities, including estimated interest payments. These amounts are gross and undiscounted and include contractual interest payments.

19 Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk associated with holding fixed-rate and floating-rate instruments in a changing interest rate environment.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Fixed rate instruments				
Financial assets	57	57	–	–
Financial liabilities	(1,363)	(2,389)	(1,363)	(2,389)
	(1,306)	(2,332)	(1,363)	(2,389)

The fixed rate financial assets comprised of deposits pledged, see note 13. The fixed rate financial liabilities comprised of short-term loans, see Note 17.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

The exposure to market risk for changes in interest rates on variable financial liabilities relates primarily to short-term loans with certain directors and employees of the Group and the Company and third parties. Changes in interest rates would not significantly impact the Company's profit or loss, and correspondingly, no sensitivity analysis is presented. The Group does not use derivative financial instruments to hedge its interest rate exposures.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Foreign exchange risk is the risk that the fair value of the instrument will vary due to changes in currency exchange rates.

The Group and the Company is exposed to currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the SGD and the USD. To date, the Group has not hedged any of its currency exposure.

The Group and the Company is exposed to currency risk on financial assets and liabilities that are denominated in a currency other than the functional currency.

19 Financial risk management (continued)

Currency risk (continued)

A summary of quantitative data about the Group's exposure to foreign currency risk is as follows:

	Group				Company	
	2019		2018		2019	2018
	SGD	USD	SGD	USD	USD	USD
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	84	3	133	84	3	84
Deposits pledged	7	–	7	–	–	–
Trade and other receivables	370	400	415	400	400	400
Non-current assets	–	–	–	400	–	400
Amount due from subsidiaries	–	–	–	–	4,742	67,492
Trade and other payables	(199)	(249)	(209)	(506)	(249)	(506)
Loans and borrowings	–	(1,363)	*	(2,389)	(1,363)	(2,389)
Amount due to subsidiary	–	–	–	–	(19,235)	(19,235)
Net position of financial currency exposure	262	(1,209)	346	(2,011)	(15,702)	46,246

* *Less than US$1,000*

Sensitivity analysis

The Group's and the Company's exposure to foreign currencies and the sensitivity to a 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies, are shown below. A 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit/(Loss) before tax US$'000
Group	
2019	
SGD	(26)
USD	121
2018	
SGD	(35)
USD	201
Company	
2019	
USD	1,570
2018	
USD	(4,625)

A 10% weakening of USD/SGD against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant and ignores any impact of forecasted sales and purchases.

19 Financial risk management (continued)

Capital management

Capital management policy

The Group defines “capital” to be the share capital and accumulated losses.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maintain an efficient capital structure so as to maximise shareholder value. In order to maintain or achieve an efficient capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group’s approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20 Revenue

	Group	
	2019	**2018**
	US$’000	**US$’000**
Sale of goods	7,430	10,954
Rendering of services	524	211
	7,954	11,165

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of goods

Nature of goods or services	The Group develops and manufactures advanced therapeutic solutions for the treatment of complex vascular disease.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices for sale of goods are issued to the customers when the goods are delivered. Payment for these goods is due within 30 days. No element of financing is deemed present as the credit terms are consistent with market practice. Hence no interest is charged to customers.

20 Revenue (continued)

Rendering of services

Nature of goods or services	The Group provides lot release testing service to customers.
When revenue is recognised	Revenue is recognised once lot release testing is completed. This is due to the short-term nature of testing services which typically completes within 2 weeks from the point of commencement of the process.
Significant payment terms	Invoices for rendering of services are issued to the customers when the service is rendered. Payment for these goods is due within 30 days. No element of financing is deemed present as the credit terms are consistent with market practice. Hence no interest is charged to customers.

21 Other income

	Group	
	2019	**2018**
	US$'000	**US$'000**
Gains from asset sale	–	44,273
Government grant	–	82
Others	612	19
	612	44,374

22 Finance costs, net

	Group	
	2019	**2018**
	US$'000	**US$'000**
Finance income		
Interest income on deposits pledged	5	7
Finance costs		
Interest expense on convertible notes	–	(128)
Interest expense on short-term loans	(252)	(319)
Net foreign exchange loss	(53)	(44)
	(305)	(491)
Net finance costs	(300)	(484)

23 Tax expense

Tax recognised in profit or loss

	Group	
	2019	**2018**
	US$'000	**US$'000**
Current tax expense		
Current year	–	2

Reconciliation of effective tax rate

	Group	
	2019	**2018**
	US$'000	**US$'000**
(Loss)/Profit before tax	(9,643)	29,574
Tax using the Singapore tax rate of 17% (2018: 17%)	(1,639)	5,028
Effect of tax rates in foreign jurisdictions	(1,740)	(527)
Non-deductible expenses	1,262	83
Non-taxable items	–	(6,858)
Change in unrecognised temporary differences	2,117	2,276
	–	2

Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Deductible temporary differences	23,288	28,667
Research and development tax credits	4,504	4,192
Tax losses	208,394	190,876
	236,186	223,735

The Group's ability to utilise, in the future, the tax losses and other tax credits relating to its subsidiary incorporated in the United States of America, may be subject to substantial restrictions in the event of past or future ownership changes as defined in Section 382 of the Internal Revenue Code of United States of America and similar state tax laws. Such annual limitations could result in the expiration of the tax losses and tax credits before utilisation.

As at 31 December 2019, the Group's unrecognised tax losses mainly related to federal and state income taxes in relation to a subsidiary based in the United States of America amounted to US$114,368,000 (2018: US$102,203,000) and US$67,769,000 (2018: US$63,740,000), respectively. The unrecognised federal losses generated prior to 31 December 2018 will begin to expire from 2038. The unrecognised federal losses generated in the current year are carried forward indefinitely. The state tax losses will expire from 2039.

As at 31 December 2019, the Group has federal and state research and development tax credits related to a subsidiary in the United States of America of US$2,325,000 (2018: US$2,169,000) and US$2,178,000 (2018: US$2,023,000), respectively. The federal research and development tax credits will expire from 2025 and the state research and development tax credits have no expiration.

23 Tax expense (continued)

The remaining unutilised tax losses and deductible temporary differences do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

24 (Loss)/Profit for the year

The following items have been included in arriving at (loss)/profit for the year:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Audit fees paid/payable to auditors of the Company:		
- statutory audit fees	205	226
Non-audit fees paid/payable to:		
- auditors of the Company	3	52
- other auditors	31	37
Professional fees	1,702	2,241
Directors' fees	215	211
Operating lease expense	–	394
Depreciation of plant and equipment	96	299
Depreciation of right-of-use assets	323	–
Amortisation of intangible assets	255	414
Grant income	–	(82)
Employee compensation expense:		
- Salaries and bonus	4,515	6,792
- Employee benefit expense	555	853
- Expenses related to defined contribution plans	65	86
- Equity settled share-based payment transactions	34	415

25 (Loss)/Earnings per share

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share has been based on the following (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

(Loss)/Profit attributable to ordinary shareholders

	Group	
	2019	**2018**
	US$'000	**US$'000**
(Loss)/Profit attributable to ordinary shareholders	(9,643)	29,572

25 (Loss)/Earnings per share (continued)

Basic (loss)/earnings per share (continued)

Weighted average number of ordinary shares (continued)

	Group	
	2019	**2018**
	'000	**'000**
Issued ordinary shares at 1 January	2,092,632	1,894,251
Effect of new shares issued:		
- pursuant to settlement of loan interest and extension fees	78,549	–
- pursuant to settlement of short-term loans and trade payables	–	5,674
- pursuant to capital commitment agreement with GEM Global	–	117,120
- pursuant to vesting of share awards	–	23,846
Weighted average number of ordinary shares during the year	2,171,181	2,040,891

Diluted earnings per share

The calculation of diluted (loss)/earnings per share has been based on the following (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for effects of all dilutive potential ordinary shares.

(Loss)/Profit attributable to ordinary shareholders (diluted)

	Group	
	2019	**2018**
	US$'000	**US$'000**
(Loss)/Profit attributable to ordinary shareholders	(9,643)	29,572

Weighted average number of ordinary shares (diluted)

	Group	
	2019	**2018**
	'000	**'000**
Weighted-average number of ordinary shares (basic)	2,171,181	2,040,891
Effect of share options in issue	–	4,333
Weighted average number of shares during the year	2,171,181	2,045,224

As at 31 December 2019, 94,453,000 share options and 7,060,000 RSP (2018: 85,030,000 share options) were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on valuation studies for each period during which the options were outstanding.

26 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Management has determined that the carrying amounts of cash, including deposits pledged, trade and receivables (excluding prepayments), inventories, other financial assets, trade and other payables and loans and borrowings (excluding convertible notes and finance lease liability) on their notional amounts reasonably approximate their fair values because of their short-term nature.

b) The fair value of the employee share options and restricted share awards are measured using the Black-Scholes options-pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

c) Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial assets and financial liabilities carried at fair value

As at 31 December 2019, the Group holds equity investment that is carried at fair value of US$255,000 (2018: US$255,000).

26 Determination of fair values (continued)

Classification and fair value of financial instruments

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

	Mandatorily at FVTPL US$'000	Financial assets at amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group					
2019					
Cash and cash equivalents	–	1,504	–	1,504	1,504
Trade and other receivables	–	2,365	–	2,365	2,365
Other investment	255	–	–	255	255
Other non-current assets	–	75	–	75	75
	255	3,944	–	4,199	4,199
Trade and other payables	–	–	(2,871)	(2,871)	(2,871)
Loans and borrowings	–	–	(1,363)	(1,363)	(1,363)
	–	–	(4,234)	(4,234)	(4,234)
2018					
Cash and cash equivalents	–	10,766	–	10,766	10,766
Trade and other receivables	–	2,840	–	2,840	2,840
Other investment	255	–	–	255	255
Other non-current assets	–	480	–	480	480
	255	14,086	–	14,341	14,341
Trade and other payables	–	–	(4,177)	(4,177)	(4,177)
Loans and borrowings	–	–	(2,389)	(2,389)	(2,389)
	–	–	(6,566)	(6,566)	(6,566)

26 Determination of fair values (continued)

Classification and fair value of financial instruments (continued)

	Mandatorily at FVTPL US$'000	Financial assets at amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company					
2019					
Cash and cash equivalents	–	1,100	–	1,100	1,100
Trade and other receivables	–	1,613	–	1,613	1,613
Other investment	255	–	–	255	255
	255	2,713	–	2,968	2,968
Trade and other payables	–	–	(511)	(511)	(511)
Loans and borrowings	–	–	(1,363)	(1,363)	(1,363)
	–	–	(1,874)	(1,874)	(1,874)
2018					
Cash and cash equivalents	–	10,335	–	10,335	10,335
Trade and other receivables	–	1,367	–	1,367	1,367
Other investment	255	–	–	255	255
Other non-current assets	–	400	–	400	400
	255	12,102	–	12,357	12,357
Trade and other payables	–	–	(34,065)	(34,065)	(34,065)
Loans and borrowings	–	–	(2,389)	(2,389)	(2,389)
	–	–	(36,454)	(36,454)	(36,454)

27 Capital commitments

	Group	
	2019 US$'000	2018 US$'000
Development costs	545	545

28 Contingencies

As part of the loan extension agreements that the Group entered into and referred to as qualifying exit clause, the Group is obligated to pay a consideration equal to two times the outstanding principal amount invested by each note holder as of reporting date, contingent upon the cumulative transaction size of the sale of assets and/or businesses of the Group and/or the acquisition of the Group for purchase consideration of at least S$75,000,000 (transaction value) prior to the maturity date of the loans.

As at 31 December 2019, the remaining outstanding principal amount, which may be subject to the qualifying exit clause, was $1,363,000. The Group may be obligated to pay an additional consideration of $1,363,000, in addition to the outstanding principal amount, if the qualifying exit clause is triggered. As the possibility of an outflow is not yet probable, as at the date of the financial statements, the Group has not recognised any liability in respect of the contingent consideration.

29 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Key management personnel compensation comprised:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Transactions				
Short-term employee benefits	1,609	2,208	216	211
Share-based payments	43	308	9	24
	1,652	2,516	225	235

Key management personnel and director transactions

	Transaction value			
	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Transactions				
Royalty	5	91	–	–
Interest expense on borrowings	–	7	–	–
	5	98	–	–

	Balance outstanding as at			
	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Balances				
Royalty	–*	4	–	–
Accrued interest on borrowings	–	23	–	–
	–*	27	–	–

* denotes amount less than US$1,000

29 Related parties (continued)

Since November 2015, as Dr. Eitan Konstantino has been acting in his capacity as director and in the best interests of TMI US, Quattro and the Company in the development of certain intangible assets (Chocolate® line of products being developed), in accordance with the by-laws of the respective companies as well as the indemnity agreements entered into between Dr. Eitan Konstantino and TMI US as well as the Company. The legal fees incurred by Dr. Eitan Konstantino in respect of the appeal on the State Law claims judgement were borned by TMI US.

On 27 April 2014, the CEO, Dr. Eitan Konstantino, entered into an amended and restated intellectual property assignment agreement with the Company and Quattro under which he assigned the Company and Quattro all intellectual property rights for a medical device to be utilised in the treatment of blood vessels, i.e., 'chocolate' balloon catheter. Based on the revised agreement, Dr. Eitan Konstantino is entitled to 2.85% of the net sales of the product upon commercialisation and the amount is payable quarterly on a date within five business days of the earlier of (i) filing with the applicable regulatory body of the required quarterly and annual financial reports and (ii) 45 days following the end of a fiscal quarter and 60 days following the end of a fiscal year. As presented on the above-mentioned table, during the financial year, the royalty expense recognised in profit and loss of the Group paid/ payable to Dr Eitan Konstantino amounted to US$5,000 (2018: US$91,000).

In August and October 2016, certain directors of the Company extended a total of SGD$450,000 in short-terms loans to the Company for working capital purposes. The short-term loans bear a fixed interest of 20% on the principal amount and an additional payment of which is capped at 45% of the principal amount. The additional payment is based on the price differential of the 5-day VWAP of the Company's share price at the inception date and due date or settlement date (whichever date is earlier) multiplied by the principal amount of each short-term loan. As at 31 December 2018, with the exception of US$23,000 interest payment due to a director, most of the short-term loans were fully paid. All short-term loans including interest due to directors have been fully paid during the financial year ended 31 December 2019.

30 Geographical segments

The Group operates principally in United States of America and Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Revenue		Non-current assets	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
United States of America	7,395	10,867	3,903	3,735
Singapore	367	–	5,127	5,721
Europe	192	295	–	–
Hong Kong	–	3	–	–
	7,954	11,165	9,030	9,456

31 Adoption of new standards

The Group has initially adopted SFRS(I) 16 *Leases* from January 1, 2019. Except for SFRS(I) 16, the new standards effective from January 1, 2019 do not have a material effect on the Group's financial statements.

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases properties. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

31 **Adoption of new standards (continued)**

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 US$'000
Right-of-use assets – property, plant and equipment	640
Lease liabilities	(640)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6%.

	1 January 2019 US$'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	680
Discounted using the incremental borrowing rate at 1 January 2019, lease liabilities recognised at 1 January 2019	640

32 **New standards and interpretations not yet adopted**

Applicable to financial statements for the year 2020 and thereafter

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2019:

Applicable to 2020 financial statements

- Amendments to SFRS(I) 3: *Definition of a Business*
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*
- *Amendments to References to Conceptual Framework in SFRS(I) Standards*

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's does not expect these new SFRS(I) s, amendments to and interpretations of SFRS(I)s on the financial statements to have a significant impact on the financial statements.

33 Subsequent events

(i) Asset disposal

On 5 June 2020, the Group and a third party global medical device company entered into a non-binding term sheet for the potential disposal of assets (excluding ownership of patent rights) related to the drug-coated Chocolate Touch® Balloon Catheter product line. Management expects that this sale will complete no later than August 2020 subject to shareholders' approval at an extraordinary general meeting to be held on 28 July 2020.

Upon completion of the disposal, the Group will derecognise its intangible assets relating to Chocolate Touch® amounting US$6,465,000. The gain/loss on sale is not yet reliably measurable.

(ii) Covid-19

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Group will depend on future developments, including the duration and spread of the outbreak, the related advisories and restrictions, and the impact of COVID-19 on the Singapore and US markets or the overall economy are impacted for an extended period, the financial performance of the Group may be affected.

STATISTICS OF SHAREHOLDINGS
AS AT 30 JUNE 2020

ISSUED AND FULLY PAID UP CAPITAL	:	S$185,913,210
NUMBER OF SHARES IN ISSUE	:	2,235,271,500
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

The Company does not have any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 30 JUNE 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	10	0.29	298	0.00
100 – 1,000	33	0.97	22,666	0.00
1,001 – 10,000	441	12.90	3,369,172	0.15
10,001 – 1,000,000	2,659	77.79	485,046,244	21.70
1,000,001 AND ABOVE	275	8.05	1,746,833,120	78.15
TOTAL	**3,418**	**100.00**	**2,235,271,500**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	236,968,459	10.60
2	CITIBANK NOMINEES SINGAPORE PTE LTD	119,568,875	5.35
3	LIM CHEE SAN	94,000,000	4.21
4	BIOMEDICAL SCIENCES INVESTMENT FUND PTE LTD	66,596,116	2.98
5	EITAN KONSTANTINO	59,189,562	2.65
6	DBS NOMINEES PTE LTD	46,501,789	2.08
7	RHB SECURITIES SINGAPORE PTE LTD	46,097,400	2.06
8	RAFFLES NOMINEES (PTE) LTD	45,327,322	2.03
9	OCBC SECURITIES PRIVATE LTD	36,514,153	1.63
10	TAN CHIN KHOON (CHEN ZHENKUN)	26,000,000	1.16
11	PHILLIP SECURITIES PTE LTD	24,971,500	1.12
12	CHING FUNG IMM	24,500,000	1.10
13	HO BENG SIANG	20,600,000	0.92
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	20,452,208	0.91
15	MERRILL LYNCH (SINGAPORE) PTE LTD	20,358,316	0.91
16	LEE EE @ LEE ENG	20,000,000	0.89
17	LIM ENG CHONG (LIN RONGCANG)	20,000,000	0.89
18	TAY KIM CHAI JOHNSON	20,000,000	0.89
19	HENG YONG HOCK PHILIP	19,000,000	0.85
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	16,739,800	0.75
	TOTAL	**983,385,500**	**43.98**

STATISTICS OF SHAREHOLDINGS
AS AT 30 JUNE 2020

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER'S NAME	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
MDIE Pte. Ltd.[(1)]	-	-	197,002,993	8.81
Tanhum Feld[(2)]	-	-	197,002,993	8.81

Notes:

(1) MDIE Pte. Ltd. is deemed interested in the shareholding of 197,002,993 Shares held in its name under CGS-CIMB Securities (Singapore) Pte Ltd.

(2) By virtue of Section 4 of the SFA, Mr Tanhum Feld is deemed to be interested in 197,002,993 Shares held by MDIE Pte. Ltd. in the Company, as Mr Tanhum Feld owns 100% of the equity interests in MDIE Pte. Ltd..

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 30 June 2020, approximately 88.14% of the issued ordinary shares of the Company was held in the hands of the public and therefore, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited, is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of QT Vascular Ltd. (the "**Company**") will be held by way of electronic means on 3 August 2020 at 9:00 a.m. for the purposes set out below.

The Notice has been made available on SGXNet and the AGM registration website at URL https://www.meetings.vision/qtv-agm-registration. A printed copy of this Notice, the proxy form and other documents related to the AGM will not be despatched to members.

ORDINARY BUSINESS

AS ORDINARY RESOLUTIONS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon. (Resolution 1)

2. To approve the payment of Directors' fees of US$216,000 for the financial year ended 31 December 2019 to be paid in arrears. (Resolution 2)

3. To re-elect Dr Eitan Konstantino, who is retiring pursuant to Article 98 of the Company's Constitution. *See explanatory note (i)* (Resolution 3)

4. To re-elect Dr Amir Belson, who is retiring pursuant to Article 98 of the Company's Constitution. *See explanatory note (ii)* (Resolution 4)

5. To transact any other ordinary business which may be properly transacted at the AGM.

SPECIAL BUSINESS

AS ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

6. **Authority to Allot and Issue Shares**

   THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

   (I) (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

Any adjustments in accordance with 6(II)(b)(i) or 6(II)(b)(ii) above shall only be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
See explanatory note (iii) (Resolution 5)

7. **Authority to allot and issue shares under the QTV 2013 Share Plan (the "QTV 2013 Share Plan"), the TriReme Medical, LLC 2005 Stock Plan ("2005 Stock Plan") and the Quattro Vascular Pte. Ltd. 2010 Equity Incentive Plan ("2010 Equity Incentive Plan").**

THAT pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the exercise of options under the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan, such authority (unless revoked or varied by the company in general meeting) to continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
See explanatory note (iv) (Resolution 6)

8. **Authority to allot and issue shares under the 2014 QTV Employee Share Option Scheme (the "Scheme")**

THAT the directors of the Company be and are hereby authorized to:

(i) offer and grant options to purchase Shares ("**Options**") in accordance with the provisions of the Scheme as from time to time amended, modified or supplemented and approved by Shareholders in general meeting;

(ii) pursuant to Section 161 of the Act, allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options; and

(iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force), pursuant to Section 161 of the Act, allot and issue fully paid-up Shares pursuant to the exercise of any Options granted by the Directors in accordance with the Scheme while this Resolution was in force,

such authority to continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.
See explanatory note (v) (Resolution 7)

9. **Authority to allot and issue shares under the QT Vascular Restricted Share Plan 2015 ("Share Plan")**

THAT the directors of the Company be and are hereby authorized to:

(i) grant awards of Shares ("**Awards**") in accordance with the provisions of the Share Plan as from time to time amended, modified or supplemented and approved by Shareholders in general meeting;

(ii) pursuant to Section 161 of the Act, allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Awards; and

(iii) (notwithstanding the authority conferred by this Resolution may have ceased to be in force), pursuant to Section 161 of the Act, allot and issue fully paid-up Shares pursuant to the vesting of any Award granted by the Directors in accordance with the Share Plan while this Resolution was in force,

such authority to continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is the earlier.
See explanatory note (vi) (Resolution 8)

10. **The Proposed Renewal of the Share Buy-Back Mandate**

THAT:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of the Company be and are hereby authorized to exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

    (i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST transacted through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Act; on the terms of the Appendix and otherwise in accordance with all other laws and regulations including but not limited to, the provisions of the Constitution of the Company and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the Relevant Period (as hereinafter defined) and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;

(ii) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

(c) For the purposes of this Resolution:

"**Maximum Limit**" means ten per cent. (10%) of the total issued Shares of the Company as at the date of the passing of this ordinary resolution, unless the Company has effected a reduction of the share capital of the Company (other than a reduction by virtue of a share buy-back) in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as hereinafter defined) in which event the issued Shares of the Company shall be taken to be the total number of the issued Shares as altered by such capital reduction (the total number of Shares shall exclude any Shares that may be held as treasury shares by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the earliest of the date on which the next annual general meeting of the Company is held or is required by law to be held, the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate, or the date the said mandate is revoked or varied by the Company in a general meeting;

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the day on which the Market Purchase was made by the Company and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, ten per cent. (10%) above the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded before the day on which the Company makes an announcement of an offer under the Off-Market Purchase scheme stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;

(e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-back Mandate in any manner as they think fit, which is permitted under the Act; and

(f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they and/or he may consider desirable, expedient, or necessary to give effect to the transactions contemplated by this Resolution.
See explanatory note (vii) (Resolution 9)

By Order of the Board

Lee Pih Peng
Company Secretary
18 July 2020

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS TO BE TRANSACTED

ORDINARY BUSINESS

(i) Ordinary Resolution 3, if passed will re-appoint Dr Eitan Konstantino as Director of the Company. Dr Eitan Konstantino is an executive Director and the Chief Executive Officer of the Company. Dr Eitan Konstantino, will upon the re-election, remain as a member of the Nominating Committee.

(ii) Ordinary Resolution 4, if pass will re-elect Dr Amir Belson as Director of the Company. Dr Amir Belson is an Independent Director of the Company. Dr Amir Belson will, upon the re-election, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee. The Board considers Dr Amir Belson to be independent for the purpose of Rule 704(4) of the Catalist Rules.

(iii) The term of office of the existing auditors of the Company, KPMG LLP, will expire at the conclusion of the forthcoming annual general meeting and as they have indicated to the Company that they do not wish to seek re-appointment for another term of office. The Company will be taking the necessary steps to identify another accounting entity to be appointed as the new auditors of the Company, and will update Shareholders on such proposed appointment in due course.

SPECIAL BUSINESS

(iii) Ordinary Resolution 5, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

(iv) Ordinary Resolution 6, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares to holders of outstanding options which were awarded under the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan pursuant to the exercise of such outstanding options. Options granted under the 2005 Stock Plan and the 2010 Equity Incentive Plan had been assumed by the Company pursuant to the restructuring exercise entered into prior to the listing of the Company on Catalist. The Company had ceased issuing additional options under the QTV 2013 Share Plan since 25 April 2014. However, subsisting options granted prior to such date are not affected by the discontinuation and remain exercisable in accordance with the rules of the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan.

(v) Ordinary Resolution 7 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to (i) offer and grant Options under the terms of the Scheme and (ii) allot and issue Shares pursuant to the exercise of Options to be granted under the Scheme.

(vi) Ordinary Resolution 8, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to (i) grant awards under the terms of the Share Plan and (ii) allot and issue Shares pursuant to the vesting of the Awards to be granted under the Share Plan.

(vii) Ordinary Resolution 9 above, if passed, will provide the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.

NOTICE OF ANNUAL GENERAL MEETING

FURTHER NOTES:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 9:00 a.m. on 1 August 2020, at https://www.meetings.vision/qtv-agm-registration. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 2:00 p.m. on 2 August 2020. Members who do not receive an email by 2:00 p.m. on 2 August 2020 should contact the Company's Share Registrar, by email at SG.IS.Enquiry@sg.tricorglobal.com.

   Persons holding shares through relevant intermediaries who wish to participate in the AGM via webcast should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

3. Members who pre-register to watch the "live" webcast or listen to the "live" audio feed may also submit questions relating to the resolutions to be tabled for approval at the AGM. Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed.

   All questions must be submitted by 9:00 a.m. on 25 July 2020 by email to ktong@triremeMedical.com.

   The Company will address substantial questions relevant to the resolutions to be tabled for approval at the AGM as received from Shareholders either before or during the AGM. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website.

4. A member will not be able to attend the AGM in person. Members (whether individuals or corporates) who wish to exercise their voting rights at the Annual General Meeting must appoint the Chairman of the Meeting as their proxy to attend, speak and vote on their behalf at the Annual General Meeting. In appointing the Chairman of the Meeting as proxy, members (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent personally or by post, be received at 3A International Business Park, #09-12 ICON @ IBP Tower B, Singapore 609935; or

   (b) if submitted by email, be received by QT Vascular Ltd., by email at ktong@triremeMedical.com.

   In either case no later than 9:00 a.m. on 1 August 2020, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. The Annual Report for the financial year ended 31 December 2019 and the Letter to Shareholders dated 18 July 2020 in relation to the proposed renewal of the Share Buyback Mandate have been made available on SGXNET and may be accessed at the Company's website at https://qtvascular.com/us/news/singapore-exchange/reports/.

8. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

9. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

10. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).

11. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Annual General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Annual General Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof);

(ii) processing of the pre-registration for purposes of granting access to members to the "live" webcast or "live" audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Amir Belson and Dr Eitan Konstantino are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 3 August 2020 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Mr Amir Belson	**Dr Eitan Konstantino**
Date of Appointment	4 August 2016	11 July 2013
Date of last re-appointment	31 May 2017	31 May 2017
Age	57	52
Country of principal residence	Israel	United States of America
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Amir Belson as the Independent Chairman of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr Amir Belson is considered independent for the purposes of Catalist Rule 704(7).	The re-election of Dr Eitan Konstantino as the Executive Director and Chief Executive Officer of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Primarily responsible for the business development and overall management of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Chairman, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.	Chief Executive Officer and a member of the Nominating Committee.
Professional qualifications	• MD degree, Cum Laude, Technion Institute of Technology • Master's Degree in Pediatrics, Sackler School of Medicine, Tel-Aviv University • Member of the Israeli Pediatric Association • Member of the Israeli Medical Association • Member of the Israeli Society of Clinical Pedicatrics • Member of American Society of Nephrology • Member of American Society of Gastrointestinal Endoscopy	PhD in Laser Surface Treatment, Optical Design and Materials Science, Technion-Machon Technologi Le'Israel

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Amir Belson	**Dr Eitan Konstantino**
Working experience and occupation(s) during the past 10 years	2005 to Present: Qool Therapeutics, Inc., Founder and Board Member 2007 to Present: Alter-G, Inc., Board Member 2007 to Present: Zipline Medical, Inc., Founder and Board Member 2009 to Present: VasoStitch, Inc.; Founder and Board Member 2010 to Present: Modular Surgical, Inc., Founder and Board Chairman 2011 to Present: Emboline, Inc., Founder and Board Chairman 2012 to Present: Oxyvive, Inc., Founder and Board Member 2014 to Present: SuperRenal, Inc., Founder and Board Chairman 2014 to Present: Radiaction Ltd, Founder and Board Member 2015 to Present: Relimetrics, Inc, Board Member 2016 to Present: PAFA Medical, Founder and Board Chairman 2018 to Present: Amnis Corporation, Board Member	2005 to Present: TriReme Medical, LLC., Chief Executive Officer 2012 to Present: Singapore Medtech Accelerator Pte. Ltd., Director 2013 to Present: EM Device Innovation Pte. Ltd., Director 2013 to Present: QT Vascular Ltd., Chief Executive Officer 2019 to Present: Expanse Medical, Inc., Founder
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 3,168,948 shares, representing 0.14%	Direct interest: 59,189,562 shares, representing 2.65%
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issue and/or substantial shareholder of the listed issue or of any of its principal subsidiaries	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Amir Belson	Dr Eitan Konstantino
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Vascular Pathways, Inc.	Co-Chairman of the F04.30.06 Cardiovascular Standards Task Group of the American Society for Testing and Materials
Present	1. AlterG, Inc. 2. Emboline, Inc. 3. Modular Surgical, Inc. 4. Oxyvive, Inc. 5. Qool Therapeutic, Inc. 6. Radiaction Ltd. 7. SuperRenal, Inc. 8. VasoStitch, Inc. 9. Zipline Medical, Inc.	1. Singapore Medtech Accelerator Pte. Ltd. 2. Member of SPRING Singapore's Medtech Network of Advisors 3. EM Device Innovation Pte. Ltd. 4. Expanse Medical, Inc.
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr Amir Belson	Dr Eitan Konstantino
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr Amir Belson	Dr Eitan Konstantino
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Amir Belson	Dr Eitan Konstantino
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.

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

IMPORTANT

Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 9:00 a.m. on 1 August 2020, at https://www.meetings.vision/qtv-agm-registration. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 2:00 p.m. on 2 August 2020. Members who do not receive an email by 2:00 p.m. on 2 August 2020 should contact the Company's Share Registrar by email at SG.IS.Enquiry@sg.tricorglobal.com.

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (and his appointed proxy(ies)) consents to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for such purposes and/or otherwise with the personal data privacy terms set out in the Notice of Annual General Meeting dated 18 July 2020.

PROXY FORM
Annual General Meeting

This form of proxy has been made available on SGXNet and the Company's website and may be accessed at the URLs https://www.sgx.com/securities/company-announcements and https://www.meetings.vision/qtv-agm-registration. A printed copy of this form of proxy will NOT be despatched to members.

I/We, ____________________ (name) of ____________________ (NRIC/Passport No./Company Registration No.) of ____________________ (address) being a *member/members of **QT Vascular Ltd.** (the "**Company**"), hereby appoint :

the Chairman of the Annual General Meeting (the "**Meeting**")

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Meeting of the Company to be held by way of electronic means on 3 August 2020 at 9:00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting to vote for, against and/or to abstain from the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the Chairman may vote or abstain from voting at his discretion, as he may on any other matter arising at the Meeting.

No.	ORDINARY RESOLUTION	Number of votes For*	Number of votes Against*	Number of votes Abstaining*
	ORDINARY BUSINESS			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.			
2.	To approve the payment of Directors' fees of US$216,000 for the financial year ended 31 December 2019 to be paid in arrears.			
3.	To re-elect Dr Eitan Konstantino, who is retiring pursuant to Article 98 of the Company's Constitution.			
4.	To re-elect Dr Amir Belson, who is retiring pursuant to Article 98 of the Company's Constitution.			
	SPECIAL BUSINESS			
5.	To approve the authority to allot and issue shares			
6.	To approve the authority to allot and issue shares pursuant to options granted by the Company under the QTV 2013 Share Plan and assumed by the Company under the 2005 Stock Plan and the 2010 Equity Incentive Plan.			
7.	To approve the authority to allot and issue shares under the 2014 QTV Employee Share Option Scheme.			
8.	To approve the authority to allot and issue shares under the QT Vascular Restricted Share Plan 2015.			
9.	To approve the proposed renewal of the Share Buy-Back Mandate.			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against"; or to "Abstain" from, the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes in a proportion of "For", "Against" or/and to "Abstain" from the relevant resolution, please indicate the number of shares in the boxes provided.

Date this ________ day of ________________ 2020

Total Number of Shares held **(see Note 1)**	
CDP Register	
Member's Register	
TOTAL	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. Members will be able to watch the proceedings of the AGM through a "live" webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, members who wish to watch the "live" webcast or listen to the "live" audio feed must pre-register by 9:00 a.m. on 1 August 2020, at https://www.meetings.vision/qtv-agm-registration. Following authentication of their status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 2:00 p.m. on 2 August 2020. Members who do not receive an email by 2:00 p.m. on 2 August 2020 should contact the Company's Share Registrar, by email at SG.IS.Enquiry@sg.tricorglobal.com.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent personally or by post, be received at 3A International Business Park, #09-12 ICON @ IBP Tower B, Singapore 609935; or

   (b) if submitted by email, be received by QT Vascular Ltd. by email at ktong@triremedical.com,

   In either case no later than 9:00 a.m. on 1 August 2020, and in default the instrument of proxy shall not be treated as valid. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy.

8. In the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Important Reminders

Due to the constantly evolving COVID-19 situation, the Company may be required to change its Annual General Meeting arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the Annual General Meeting. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

QTVascular
(Company Registration No.: 201305911K)

3A International Business Park
#09-12 ICON @ IBP Tower B, Singapore 609935