

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

RESPONSE TO QUESTIONS BY THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) DATED 23 APRIL 2021

1. INTRODUCTION

The Board of Directors (“**Board**”) of QT Vascular Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce its responses to the questions raised by the Securities Investors Association (Singapore) (the “**SIAS**”) on 23 April 2021 in relation to the Company’s annual report for the financial year ended 31 December 2020 (“**FY2020**”).


2. QUESTIONS BY SIAS AND COMPANY’S RESPONSES

	SIAS questions	Company’s responses
Q1	<p>As noted in the letter from the CEO, the group is focused on the further development of the Group’s drug-coated coronary product, Chocolate Heart™. The Group’s partner, Teleflex, has an option on the acquisition of Chocolate Heart™ and if successful, the Group also stands to receive subsequent royalties of net sales of Chocolate Heart™.</p> <p>Revenue dropped from US\$8.0 million to US\$557,000 in FY2020 due to lower sales to Teleflex as a result of reduced underlying demand. The Group reported a loss attributable to shareholders of US\$(7.6) million in FY2020, compared with a net loss attributable to shareholders of US\$(9.6) million in FY2019.</p>	
	<p>i. Can management help shareholders understand if the potential sale of Chocolate Heart™ to Teleflex will significantly depend on the performance of Chocolate® XD for Teleflex?</p>	<p>The Company is unable to comment on whether Teleflex, Inc. (“Teleflex”) will acquire Chocolate Heart™ based on the performance of Chocolate® XD as the Company is not privy to the corporate plans of Teleflex.</p>

	SIAS questions	Company's responses
	<p>ii. What are the lessons gleaned by management in the past 2-3 years from working with Medtronic and Teleflex?</p>	<p>Based on the interactions the management of the Company has in working with the teams from Medtronic, Inc. and Teleflex, management has seen firsthand on some of the industry's leading best practices adopted in the medical device industry in areas such as manufacturing and business development processes which the Company has implemented as part of its business processes over the last few years.</p>
	<p>iii. Can management elaborate further on the status and development roadmap of Chocolate Heart™? How realistic is it that Teleflex would exercise its option to acquire Chocolate Heart™?</p>	<p>As mentioned in various announcements released by the Company, the Company continues to develop Chocolate Heart™ for the United States' medical device market. We will provide timely updates to our shareholders as and when there is further progress of this development.</p> <p>We are unable to comment on whether Teleflex will exercise its option to acquire Chocolate Heart™ as the Company is not privy to Teleflex's corporate plans as mentioned above.</p>
Q2	<p>Total assets as at 31 December 2020 amounted to US\$3.41 million and equity attributable to owners of the Company amounted to \$754,000 (page 51). The Group has accumulated loss of US\$(176.3) million as at 31 December 2020 (page 52).</p> <p>The Company's auditors have included a disclaimer of opinion in the independent auditors' report. The independent auditors have stated that they do not express an opinion on the financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the report, the independent auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.</p> <p>The basis of disclaimer of opinion included:</p> <ul style="list-style-type: none"> - Recoverability of intangible assets (US\$1,424,000) 	

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	<p>- Recoverability of investment in subsidiaries (US\$12,624,000)</p> <p>- Materiality uncertainty related to going concern (Company has net current liabilities US\$1,483,000, respectively)</p> <p>The details can be found in the independent auditor's report on pages 47 to 49 of the annual report.</p> <p>For FY2019, the then-independent auditors had also included a disclaimer of opinion in the independent auditors' report in respect of the Company's consolidated financial statements for the financial year ended 31 December 2019 as well.</p> <p>As stated in the directors' statement, in the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended (page 40).</p>	
	<p>i. Given the significant matters raised by the independent auditors in the independent auditor's report, on what basis does the Board assess that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner?</p>	<p>Please refer to the Company's response in Q5 of the announcement dated 23 April 2021 titled '<i>Response to Queries by the Singapore Exchange Securities Trading Limited dated 22 April 2021</i>'.</p>
	<p>ii. Would the directors, especially the independent directors who are also audit committee members, help shareholders understand the basis of their opinion that the financial statements give a true and fair view even though the presence of the significance of the matters described by the independent auditors in the basis for disclaimer of opinion (for FY2019 and FY2020)?</p>	<p>The directors have arrived at the opinion that the financial statements for the financial year ended 31 December 2020 are properly prepared to give a true and fair view based on the notes to the financial statements presented in the FY2020 annual report and management's representation to the directors on the issues noted by the Company's auditors in their Independent Auditor's Report under paragraphs 11 and 12 on page 49 and on pages 47 and 48 of the FY2020 annual report, respectively.</p>

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	<p>iii. Has the Board considered if it would be necessary to suspend the trading of the securities of the Company on SGX-ST in the interest of maintaining a fair, orderly and transparent market?</p>	<p>Please refer to the Company's response in Q5 of the announcement dated 23 April 2021 titled '<i>Response to Queries by the Singapore Exchange Securities Trading Limited dated 22 April 2021.</i></p>
Q3	<p>The Company announced the following changes in the interest of directors and CEO:</p> <ul style="list-style-type: none"> • Sho Kian Hin, independent director, announcement made on 15 September 2020 <ul style="list-style-type: none"> ○ Sale of 1,968,600 ordinary shares for \$15,758.80 on 11 September 2020 • Eitan Konstantino, CEO, announcement made on 2 September 2020 <ul style="list-style-type: none"> ○ Sale of 45,961,900 ordinary shares for \$689,428.50 on 31 August 2020 ○ Sale of 4,038,100 ordinary shares for \$56,533.40 on 1 September 2020 <p>The CEO's stake has been reduced from 59,189,562 shares from 31 December 2019 to 9,189,562 as at 31 December 2020.</p>	
	<p>i. Can the CEO and the director help shareholders understand if they are committed to the Company and have their interests aligned with the Company for the long-term?</p>	<p>The CEO and the director have always aligned their interests with the Company and acted in the best interest of the Company since their appointment to their respective positions in the Company.</p>
	<p>On 21 August 2020, the Company announced the proposed acquisition of Tengri Coal and Energy Pte. Limited. The share price of the Company before and after the announcement by the Company is shown in the chart below:</p>	

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<p>QT Vascular (510 / QTVA.SI)</p> <p>Industry</p> <p>Healthcare Services Medical Equipment, Supplies & Distribution</p> <p>This company reports in this currency: USD</p> <p>SGD 0.006 (No Change in Price) As at 21 Apr 2021 01:01 PM</p> <p>Print</p> <p>Prices & Chart</p> <p>Day Week Month 1 Year 5 Years</p>  <p>(Source: www.sgx.com)</p>		
<p>ii. Can the Board help shareholders understand the due diligence carried out prior to the signing of the conditional sale and purchase agreement?</p>		<p>Before the signing of the conditional sale and purchase agreement, the Board, together with management, had performed preliminary due diligence based on the information that was made available to the Company in the data room set up by Tengri Coal and Energy Pte. Limited (“Tengri”), which includes, amongst other things:</p> <ul style="list-style-type: none"> i. reviewing the information and seeking clarification on certain information with management of Tengri on the information provided; ii. enquiries with external parties with regards to Tengri’s business and management; and iii. enquiries with consultants and management of Tengri in respect of the future business plans of Tengri.

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	iii. The proposed acquisition was terminated on 21 November 2020 as some Conditions Precedent were not met. What were the efforts by management to meet the conditions precedent?	Please refer to the Company's responses in Q1 to Q3 of the announcement dated 26 November 2020 titled ' <i>Response to Queries by the Singapore Exchange Securities Trading Limited dated 23 November 2020.</i>
	iv. Did the directors inform the Board prior to the sale of their shares from 31 August to 11 September 2020 which was shortly after the Company announced the proposed acquisitions and while the parties were trying to meet the conditions precedent?	The directors were in compliance with Part VII (Disclosure of Interests) of the Securities and Futures Act in relation to their notification obligation to the Company for their disposal of the Company's shares.

By Order of the Board

QT VASCULAR LTD.

Eitan Konstantino

Chief Executive Officer

28 April 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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