

**Unaudited Financial Statements Announcement for the third quarter/three months ended 30/9/2017**

**PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS**

**1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

|   | Group<br>3 months ended |                       | Change         |
|---|-------------------------|-----------------------|----------------|
|   | 30/9/2017<br>US\$'000   | 30/9/2016<br>US\$'000 |                |
| Revenue   | 3,719                   | 2,344                 | 58.7%          |
| Cost of sales   | (2,542)                 | (1,305)               | 94.8%          |
| <b>Gross profit</b>   | <b>1,177</b>            | <b>1,039</b>          | <b>13.3%</b>   |
| Sales and marketing   | (1,173)                 | (2,385)               | (50.8)%        |
| Administrative expenses   | (1,263)                 | (1,685)               | (25.0)%        |
| Research and development expenses                                   | (992)                   | (2,847)               | (65.2)%        |
| Other income  | 268                     | 159                   | 68.6%          |
| <b>Results from operating activities</b>                            | <b>(1,983)</b>          | <b>(5,719)</b>        | <b>(65.3)%</b> |
| Finance costs   | (1,743)                 | (3,871)               | (55.0)%        |
| <b>Net finance costs</b>  | <b>(1,743)</b>          | <b>(3,871)</b>        | <b>(55.0)%</b> |
| <b>Loss before tax</b>  | <b>(3,726)</b>          | <b>(9,590)</b>        | <b>(61.1)%</b> |
| Tax income  | -                       | 2                     | NM             |
| <b>Loss for the period</b>  | <b>(3,726)</b>          | <b>(9,588)</b>        | <b>(61.1)%</b> |
| <b>Other comprehensive loss</b>                                     |                         |                       |                |
| Item that is or may be reclassified subsequently to profit or loss: |                         |                       |                |
| Foreign currency translation differences                            | 344                     | (27)                  | NM             |
| <b>Total comprehensive loss for the period</b>                      | <b>(3,382)</b>          | <b>(9,615)</b>        | <b>(64.8)%</b> |
| <b>Loss attributable to:</b>  |                         |                       |                |
| Owners of the Company   | (3,726)                 | (9,588)               | (61.1)%        |
| <b>Loss for the period</b>  | <b>(3,726)</b>          | <b>(9,588)</b>        | <b>(61.1)%</b> |
| <b>Total comprehensive loss attributable to:</b>                    |                         |                       |                |
| Owners of the Company   | (3,382)                 | (9,615)               | (64.8)%        |
| <b>Total comprehensive loss for the period</b>                      | <b>(3,382)</b>          | <b>(9,615)</b>        | <b>(64.8)%</b> |

NM denotes not meaningful

## 1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

|  | Group<br>9 months ended |                       | Change  |
|--|-------------------------|-----------------------|---------|
|  | 30/9/2017<br>US\$'000   | 30/9/2016<br>US\$'000 |         |
| Revenue  | 10,471                  | 8,256                 | 26.8%   |
| Cost of sales  | (7,115)                 | (4,851)               | 46.7%   |
| <b>Gross profit</b>  | <u>3,356</u>            | <u>3,405</u>          | (1.4)%  |
| Sales and marketing  | (4,546)                 | (7,591)               | (40.1)% |
| Administrative expenses  | (5,347)                 | (5,874)               | (9.0)%  |
| Research and development expenses                                      | (3,520)                 | (7,036)               | (50.0)% |
| Other income   | 289                     | 24,350                | (98.8)% |
| Other expenses   | –                       | (236)                 | (100)%  |
| <b>Results from operating activities</b>                               | <u>(9,768)</u>          | <u>7,018</u>          | NM      |
| Finance income   | –                       | 1,485                 | (100)%  |
| Finance costs  | (8,366)                 | (9,681)               | (13.6)% |
| <b>Net finance costs</b>   | <u>(8,366)</u>          | <u>(8,196)</u>        | 2.1%    |
| <b>Loss before tax</b>   | (18,134)                | (1,178)               | >100%   |
| Tax (expense)/income   | (4)                     | 1                     | NM      |
| <b>Loss for the period <sup>1</sup></b>                                | <u>(18,138)</u>         | <u>(1,177)</u>        | >100%   |
| <b>Other comprehensive loss</b>  |                         |                       |         |
| Item that is or may be reclassified<br>subsequently to profit or loss: |                         |                       |         |
| Foreign currency translation differences                               | 1,315                   | (1,005)               | NM      |
| <b>Total comprehensive loss for the period</b>                         | <u>(16,823)</u>         | <u>(2,182)</u>        | NM      |
| <b>Loss attributable to:</b>   |                         |                       |         |
| Owners of the Company  | (18,138)                | (1,177)               | >100%   |
| <b>Loss for the period</b>   | <u>(17,988)</u>         | <u>(1,177)</u>        | >100%   |
| <b>Total comprehensive loss attributable to:</b>                       |                         |                       |         |
| Owners of the Company  | (16,823)                | (2,182)               | NM      |
| <b>Total comprehensive loss for the period</b>                         | <u>(16,823)</u>         | <u>(2,182)</u>        | NM      |

NM denotes not meaningful

### Note:

- For the nine months ended 30 September 2016, excluding the once-off reversal for legal liability provision of US\$24.4 million recognised in FY2015, the Group would have recorded a loss for the period of US\$25.5 million as compared to a loss for the period of US\$18.1 million for the nine months ended 30 September 2017.

1(a)(ii) Notes to the consolidated statement of comprehensive income

|   | Group (Third Quarter) |           |          | Group (Year-To-Date) |           |          |
|---|-----------------------|-----------|----------|----------------------|-----------|----------|
|   | 3 months ended        |           |          | 9 months ended       |           |          |
|   | 30/9/2017             | 30/9/2016 | % change | 30/9/2017            | 30/9/2016 | % change |
|   | US\$'000              | US\$'000  |          | US\$'000             | US\$'000  |          |
| Depreciation of property, plant and equipment   | (92)                  | (111)     | (17.1)%  | (300)                | (261)     | 14.9%    |
| Amortization of intangible assets               | (242)                 | (247)     | (2.0)%   | (721)                | (747)     | (3.5)%   |
| Allowance for inventory obsolescence            | (150)                 | (158)     | (5.3)%   | (150)                | (158)     | (5.3)%   |
| Exchange (loss)/gain                            | (512)                 | (112)     | >100%    | (1,948)              | 174       | NM       |
| Equity-settled share based payment transactions | (167)                 | (70)      | >100%    | (1,958)              | (341)     | >100%    |
| Interest income                                 | –                     | –         | –        | –                    | 1         | (100)%   |
| Interest expense                                | (1,231)               | (3,471)   | (64.5)%  | (6,418)              | (6,522)   | (1.6)%   |
| Changes in fair value of financial instruments  | –                     | (288)     | (100)%   | –                    | (1,849)   | (100)%   |
| Reversal of legal liability provision           | –                     | –         | –        | –                    | 24,075    | (100)%   |

**1(b)(i) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Consolidated statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

|  | Group                 |                        | Company               |                        |
|--|-----------------------|------------------------|-----------------------|------------------------|
|  | 30/9/2017<br>US\$'000 | 31/12/2016<br>US\$'000 | 30/9/2017<br>US\$'000 | 31/12/2016<br>US\$'000 |
| <b>Assets:</b>                                     |                       |                        |                       |                        |
| Property, plant and equipment                      | 513                   | 794                    | –                     | –                      |
| Intangible assets                                  | 11,863                | 12,606                 | 40                    | 40                     |
| Investment in subsidiaries                         | –                     | –                      | 112,428               | 104,283                |
| Other non-current assets                           | 167                   | 225                    | –                     | –                      |
| <b>Non-current assets</b>                          | <b>12,543</b>         | <b>13,625</b>          | <b>112,468</b>        | <b>104,323</b>         |
| Inventories  | 3,288                 | 4,046                  | –                     | –                      |
| Trade and other receivables                        | 2,808                 | 1,893                  | 24                    | 1                      |
| Cash and cash equivalents                          | 377                   | 328                    | 2                     | 28                     |
| <b>Current assets</b>                              | <b>6,473</b>          | <b>6,267</b>           | <b>26</b>             | <b>29</b>              |
| <b>Total assets</b>                                | <b>19,016</b>         | <b>19,892</b>          | <b>112,494</b>        | <b>104,352</b>         |
| <b>Equity:</b>                                     |                       |                        |                       |                        |
| Share capital                                      | 169,935               | 152,685                | 169,935               | 152,685                |
| Reserves   | 6,185                 | 2,892                  | (29,645)              | (37,516)               |
| Accumulated losses                                 | (183,913)             | (165,775)              | (38,940)              | (29,008)               |
| <b>Total equity</b>                                | <b>(7,793)</b>        | <b>(10,198)</b>        | <b>101,350</b>        | <b>86,161</b>          |
| <b>Liabilities:</b>                                |                       |                        |                       |                        |
| Loans and borrowings                               | 1,019                 | –                      | 1,019                 | –                      |
| Trade and other payables,<br>including derivatives | 63                    | 63                     | –                     | –                      |
| Deferred income                                    | 14                    | 76                     | –                     | –                      |
| <b>Non-current liabilities</b>                     | <b>1,096</b>          | <b>139</b>             | <b>1,019</b>          | <b>–</b>               |
| Loans and borrowings                               | 9,722                 | 17,822                 | 7,677                 | 16,448                 |
| Trade and other payables,<br>including derivatives | 12,838                | 10,520                 | 2,448                 | 1,743                  |
| Deferred income                                    | 3,153                 | 1,609                  | –                     | –                      |
| <b>Current liabilities</b>                         | <b>25,713</b>         | <b>29,951</b>          | <b>10,125</b>         | <b>18,191</b>          |
| <b>Total liabilities</b>                           | <b>26,809</b>         | <b>30,090</b>          | <b>11,144</b>         | <b>18,191</b>          |
| <b>Total equity and liabilities</b>                | <b>19,166</b>         | <b>19,892</b>          | <b>112,494</b>        | <b>104,352</b>         |

**1(b)(ii) Aggregate amount of group's borrowings.**

|   | Secured                          |                                 | Unsecured                        |                                 |
|---|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   | 30 September<br>2017<br>US\$'000 | 31 December<br>2016<br>US\$'000 | 30 September<br>2017<br>US\$'000 | 31 December<br>2016<br>US\$'000 |
| Amount repayable within one<br>year or less or on demand: |                                  |                                 |                                  |                                 |
| Loans and borrowings                                      | 6,891                            | 14,998                          | 2,831                            | 2,824                           |
|   | <u>6,891</u>                     | <u>14,998</u>                   | <u>2,831</u>                     | <u>2,824</u>                    |

|                                     | Secured                          |                                 | Unsecured                        |                                 |
|-------------------------------------|----------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                                     | 30 September<br>2017<br>US\$'000 | 31 December<br>2016<br>US\$'000 | 30 September<br>2017<br>US\$'000 | 31 December<br>2016<br>US\$'000 |
| Amount repayable after one<br>year: |                                  |                                 |                                  |                                 |
| Loans and borrowings                | 1,019                            | –                               | –                                | –                               |
|                                     | <u>1,019</u>                     | <u>–</u>                        | <u>–</u>                         | <u>–</u>                        |

**Details of any collateral**

The loans and borrowings are secured by certain patents of the Group.

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

|   | Note | Group<br>3 months ended |                       |
|---|------|-------------------------|-----------------------|
|   |      | 30/9/2017<br>US\$'000   | 30/9/2016<br>US\$'000 |
| <b>Cash flows from operating activities</b>                                 |      |                         |                       |
| Net loss  |      | (3,726)                 | (9,588)               |
| Adjustments to reconcile net loss to net cash used in operating activities: |      |                         |                       |
| Depreciation of property, plant and equipment                               |      | 92                      | 111                   |
| Amortisation of intangible assets   |      | 242                     | 247                   |
| Interest expense  |      | 1,231                   | 3,471                 |
| Exchange loss   |      | 512                     | 112                   |
| Changes in fair value of financial instruments                              |      | –                       | 288                   |
| Equity-settled share-based payment transactions                             |      | 167                     | 70                    |
|   |      | <u>(1,482)</u>          | <u>(5,289)</u>        |
| Changes in working capital:   |      |                         |                       |
| - Trade and other receivables   |      | (956)                   | (11)                  |
| - Inventories   |      | 182                     | 945                   |
| - Other assets  |      | 66                      | 2                     |
| - Trade and other payables, including derivatives                           |      | (117)                   | 172                   |
| - Deferred income   |      | 1,469                   | (2)                   |
|   |      | <u>(838)</u>            | <u>(4,183)</u>        |
| <b>Net cash used in operating activities</b>                                |      |                         |                       |
| <b>Cash flows from investing activities</b>                                 |      |                         |                       |
| Purchase of property, plant and equipment                                   |      | (9)                     | (119)                 |
| Additions to intangible assets  |      | –                       | (20)                  |
|   |      | <u>(9)</u>              | <u>(139)</u>          |
| <b>Net cash used in investing activities</b>                                |      |                         |                       |
| <b>Cash flows from financing activities</b>                                 |      |                         |                       |
| Repayment of hire purchase creditor   |      | (2)                     | (2)                   |
| Proceeds from short-term loans  |      | –                       | 2,083                 |
| Proceeds from exercise of share options                                     |      | –                       | 33                    |
| Proceeds from issuance of shares  |      | 1,040                   | –                     |
|   |      | <u>1,038</u>            | <u>2,114</u>          |
| <b>Net cash from financing activities</b>                                   |      |                         |                       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                 |      | 191                     | (2,208)               |
| Effect of exchange rate changes on cash and cash equivalents                |      | 2                       | (11)                  |
| Cash and cash equivalents at beginning of period                            |      | 184                     | 3,032                 |
| <b>Cash and cash equivalents at end of period</b>                           | 1    | <u>377</u>              | <u>813</u>            |

**1(c) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

|   | Note | Group<br>9 months ended |                       |
|---|------|-------------------------|-----------------------|
|   |      | 30/9/2017<br>US\$'000   | 30/9/2016<br>US\$'000 |
| <b>Cash flows from operating activities</b>                                 |      |                         |                       |
| Net loss  |      | (18,138)                | (1,177)               |
| Adjustments to reconcile net loss to net cash used in operating activities: |      |                         |                       |
| Depreciation of property, plant and equipment                               |      | 300                     | 261                   |
| Amortisation of intangible assets   |      | 721                     | 747                   |
| Interest income   |      | –                       | (1)                   |
| Interest expense  |      | 6,418                   | 6,522                 |
| Exchange loss/(gain)  |      | 1,948                   | (174)                 |
| Changes in fair value of financial instruments                              |      | –                       | 1,849                 |
| Equity-settled share-based payment transactions                             |      | 1,958                   | 341                   |
|   |      | <u>(6,793)</u>          | <u>8,368</u>          |
| Changes in working capital:   |      |                         |                       |
| - Trade and other receivables   |      | (914)                   | 1,709                 |
| - Inventories   |      | 758                     | 1,293                 |
| - Other assets  |      | 59                      | (37)                  |
| - Trade and other payables, including derivatives                           |      | 1,773                   | (1,529)               |
| - Deferred income   |      | 1,482                   | 1,199                 |
| - Provision for legal liability   |      | –                       | (23,359)              |
| <b>Net cash used in operating activities</b>                                |      | <u>(3,635)</u>          | <u>(12,356)</u>       |
| <b>Cash flows from investing activities</b>                                 |      |                         |                       |
| Purchase of property, plant and equipment                                   |      | (20)                    | (323)                 |
| Additions to intangible assets  |      | –                       | (739)                 |
| <b>Net cash used in investing activities</b>                                |      | <u>(20)</u>             | <u>(1,062)</u>        |
| <b>Cash flows from financing activities</b>                                 |      |                         |                       |
| Repayment of hire purchase creditor   |      | (4)                     | (4)                   |
| Proceeds from short-term loans  |      | 1,117                   | 2,083                 |
| Proceeds from long-term loan  |      | 1,000                   | –                     |
| Proceeds from issuance of convertible notes                                 |      | –                       | 8,250                 |
| Proceeds from exercise of share options                                     |      | 26                      | 46                    |
| Proceeds from issuance of shares  |      | 1,558                   | –                     |
| <b>Net cash from financing activities</b>                                   |      | <u>3,697</u>            | <u>10,375</u>         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                 |      | 42                      | (3,043)               |
| Effect of exchange rate changes on cash and cash equivalents                |      | 7                       | 6                     |
| Cash and cash equivalents at beginning of period                            |      | 328                     | 3,850                 |
| <b>Cash and cash equivalents at end of period</b>                           | 1    | <u>377</u>              | <u>813</u>            |

**1(c) CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

Note:

(1) Cash and cash equivalents are derived from:

|                                 | <b>Group</b>             |                          |
|---------------------------------|--------------------------|--------------------------|
|                                 | <b>30 September 2017</b> | <b>30 September 2016</b> |
|                                 | <b>US\$'000</b>          | <b>US\$'000</b>          |
| Bank balances                   | 333                      | 769                      |
| Deposits pledged                | 44                       | 44                       |
| Total cash and cash equivalents | <u>377</u>               | <u>813</u>               |



1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

|   | Attributable to owners of the Company |                           |                                    |                                 |   |                                | Total equity<br>US\$'000 |
|---|---------------------------------------|---------------------------|------------------------------------|---------------------------------|---|--------------------------------|--------------------------|
|   | Ordinary shares<br>US\$'000           | Other reserve<br>US\$'000 | Reserve for own shares<br>US\$'000 | Translation reserve<br>US\$'000 | Share-based payment reserve<br>US\$'000 | Accumulated losses<br>US\$'000 |                          |
| <b>Group</b>  |                                       |                           |                                    |                                 |   |                                |                          |
| <b>At 1 July 2016</b>   | 148,435                               | (1,385)                   | (77)                               | (3,088)                         | 4,752                                   | (145,386)                      | 3,251                    |
| <b>Total comprehensive loss for the period</b>                              |                                       |                           |                                    |                                 |   |                                |                          |
| Loss for the period   | –                                     | –                         | –                                  | –                               | –                                       | (9,588)                        | (9,588)                  |
| <b>Other comprehensive income</b>   |                                       |                           |                                    |                                 |   |                                |                          |
| Foreign currency translation differences                                    | –                                     | –                         | –                                  | (27)                            | –                                       | –                              | (27)                     |
| <b>Total comprehensive loss for the period</b>                              | –                                     | –                         | –                                  | (27)                            | –                                       | (9,588)                        | (9,615)                  |
| <b>Contributions by and distributions to owners</b>                         |                                       |                           |                                    |                                 |   |                                |                          |
| Shares issued pursuant to exercise of options embedded in convertible notes | 248                                   | –                         | –                                  | –                               | –                                       | –                              | 248                      |
| Share options exercised   | 33                                    | –                         | –                                  | –                               | –                                       | –                              | 33                       |
| Share-based payment transactions  | –                                     | –                         | –                                  | –                               | 70                                      | –                              | 70                       |
| <b>Total contributions by and distributions to owners</b>                   | 281                                   | –                         | –                                  | –                               | 70                                      | –                              | 351                      |
| <b>At 30 September 2016</b>   | 148,716                               | (1,385)                   | (77)                               | (3,115)                         | 4,822                                   | (154,974)                      | (6,013)                  |
| <b>At 1 July 2017</b>   | 163,200                               | (1,385)                   | (77)                               | (1,187)                         | 8,320                                   | (180,187)                      | (11,316)                 |
| <b>Total comprehensive loss for the period</b>                              |                                       |                           |                                    |                                 |   |                                |                          |
| Loss for the period   | –                                     | –                         | –                                  | –                               | –                                       | (3,726)                        | (3,726)                  |
| <b>Other comprehensive income</b>   |                                       |                           |                                    |                                 |   |                                |                          |
| Foreign currency translation differences                                    | –                                     | –                         | –                                  | 344                             | –                                       | –                              | 344                      |
| <b>Total comprehensive loss for the period</b>                              | –                                     | –                         | –                                  | 344                             | –                                       | (3,726)                        | (3,382)                  |
| <b>Contributions by and distributions to owners</b>                         |                                       |                           |                                    |                                 |   |                                |                          |
| Shares issued pursuant to capital commitment agreement with GEM Global      | 1,040                                 | –                         | –                                  | –                               | –                                       | –                              | 1,040                    |
| Shares issued pursuant to settlement of short-term loans and trade payables | 507                                   | –                         | –                                  | –                               | –                                       | –                              | 507                      |
| Shares issued pursuant to settlement of convertible notes                   | 5,188                                 | –                         | –                                  | –                               | –                                       | –                              | 5,188                    |
| Share-based payment transactions  | –                                     | –                         | –                                  | –                               | 170                                     | –                              | 170                      |
| <b>Total contributions by and distributions to owners</b>                   | 6,735                                 | –                         | –                                  | –                               | 170                                     | –                              | 6,905                    |
| <b>At 30 September 2017</b>   | 169,935                               | (1,385)                   | (77)                               | (843)                           | 8,490                                   | (183,913)                      | (7,793)                  |

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

|   | Attributable to owners of the Company |                              |                                       |                                    |                                |                                   | Total equity<br>US\$'000 |
|---|---------------------------------------|------------------------------|---------------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------|
|   | Ordinary<br>shares<br>US\$'000        | Other<br>reserve<br>US\$'000 | Reserve for<br>own shares<br>US\$'000 | Translation<br>reserve<br>US\$'000 | Share-based                    |                                   |                          |
|   |                                       |                              |                                       |                                    | payment<br>reserve<br>US\$'000 | Accumulated<br>losses<br>US\$'000 |                          |
| <b>Company</b>  |                                       |                              |                                       |                                    |                                |                                   |                          |
| <b>At 1 July 2016</b>   | 148,435                               | (32,390)                     | (77)                                  | (5,525)                            | 4,752                          | (24,951)                          | 90,244                   |
| <b>Total comprehensive loss for the period</b>                              |                                       |                              |                                       |                                    |                                |                                   |                          |
| Loss for the period   | -                                     | -                            | -                                     | -                                  | -                              | (3,024)                           | (3,024)                  |
| <b>Other comprehensive income</b>   |                                       |                              |                                       |                                    |                                |                                   |                          |
| Foreign currency translation differences                                    | -                                     | -                            | -                                     | (1,193)                            | -                              | -                                 | (1,193)                  |
| <b>Total comprehensive loss for the period</b>                              | -                                     | -                            | -                                     | (1,193)                            | -                              | (3,024)                           | 4,217                    |
| <b>Contributions by and distributions to owners</b>                         |                                       |                              |                                       |                                    |                                |                                   |                          |
| Shares issued pursuant to exercise of options embedded in convertible notes | 248                                   | -                            | -                                     | -                                  | -                              | -                                 | 248                      |
| Share options exercised   | 33                                    | -                            | -                                     | -                                  | -                              | -                                 | 33                       |
| Share-based payment transactions  | -                                     | -                            | -                                     | -                                  | 70                             | -                                 | 70                       |
| <b>Total contributions by and distributions to owners</b>                   | 281                                   | -                            | -                                     | -                                  | 70                             | -                                 | 351                      |
| <b>At 30 September 2016</b>   | 148,716                               | (32,390)                     | (77)                                  | (6,718)                            | 4,822                          | (27,975)                          | 86,378                   |
| <b>At 1 July 2017</b>   | 163,200                               | (32,390)                     | (77)                                  | (7,102)                            | 8,320                          | (36,804)                          | 95,147                   |
| <b>Total comprehensive loss for the period</b>                              |                                       |                              |                                       |                                    |                                |                                   |                          |
| Loss for the period   | -                                     | -                            | -                                     | -                                  | -                              | (2,136)                           | (2,136)                  |
| <b>Other comprehensive income</b>   |                                       |                              |                                       |                                    |                                |                                   |                          |
| Foreign currency translation differences                                    | -                                     | -                            | -                                     | 1,434                              | -                              | -                                 | 1,434                    |
| <b>Total comprehensive loss for the period</b>                              | -                                     | -                            | -                                     | 1,434                              | -                              | (2,136)                           | (702)                    |
| <b>Contributions by and distributions to owners</b>                         |                                       |                              |                                       |                                    |                                |                                   |                          |
| Shares issued pursuant to capital commitment agreement with GEM Global      | 1,040                                 | -                            | -                                     | -                                  | -                              | -                                 | 1,040                    |
| Shares issued pursuant to settlement of short-term loans and trade payables | 507                                   | -                            | -                                     | -                                  | -                              | -                                 | 507                      |
| Shares issued pursuant to settlement of convertible notes                   | 5,188                                 | -                            | -                                     | -                                  | -                              | -                                 | 5,188                    |
| Share-based payment transactions  | -                                     | -                            | -                                     | -                                  | 170                            | -                                 | 170                      |
| <b>Total contributions by and distributions to owners</b>                   | 6,735                                 | -                            | -                                     | -                                  | 170                            | -                                 | 6,905                    |
| <b>At 30 September 2017</b>   | 169,935                               | (32,390)                     | (77)                                  | (5,668)                            | 8,490                          | (38,940)                          | 101,350                  |

## 1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

### Ordinary Share Capital

The Company's issued and fully paid-up ordinary share capital increased by 388,160,302 shares from 1,345,046,524 as at 30 June 2017 to 1,733,206,826 shares as at 30 September 2017 due to the following:

|  | Number of<br>ordinary<br>shares | Issued and<br>paid-up share<br>capital<br>US\$'000 |
|--|---------------------------------|--|
| <b>At 30 June 2017</b>   | 1,345,046,524                   | 163,200  |
| Shares issued pursuant to settlement of convertible bonds<br>and accounts payables | 313,295,302                     | 5,695  |
| Shares issued pursuant to capital commitment with GEM<br>Global                    | 74,865,000                      | 1,040  |
| <b>At 30 September 2017</b>  | <u>1,733,206,826</u>            | <u>169,935</u>                                     |

### Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and there were no subsidiary holdings as at 30 September 2017 and 30 September 2016.

### Outstanding Options

The Group was formed following the restructuring exercise pursuant to which TriReme Medical, LLC ("TriReme US") and Quattro Vascular Pte. Ltd. ("Quattro") became wholly owned subsidiaries of the Group ("Restructuring Exercise"). Pursuant to the Restructuring Exercise, the Company had on 9 April 2014, assumed the options under the TriReme US's 2005 Stock Plan and Quattro's 2010 Equity Incentive Plan. The Company had in 2013, adopted the QTV 2013 Share Plan and on 9 April 2014, adopted the 2014 QTV Employee Share Option Scheme.

Following the close of placement of shares in relation to the IPO on 25 April 2014, the Company had ceased the issuance of options under the 2005 Stock Plan, 2010 Equity Incentive Plan and QTV 2013 Share Plan (collectively, the “Three Share Plans”).

For the three months ended 30 September 2017, no ordinary shares were issued in respect of the options under the Three Share Plans and 2014 QTV Employee Share Option Scheme following the exercise of options during the period.

A reconciliation of outstanding share options from 1 July 2017 to 30 September 2017 is as follows:

| <b>Outstanding Options</b>  | <b>Number of Options</b>  |
|-----------------------------|---------------------------|
| <b>At 1 July 2017</b>       | 107,690,024               |
| Forfeited during the period | <u>(2,688,799)</u>        |
| <b>At 30 September 2017</b> | <u><u>105,001,225</u></u> |

As of 30 September 2017, there are 105,001,225 outstanding options convertible into 105,001,225 ordinary shares, representing approximately 6.1% of the existing ordinary share capital as at 30 September 2017 (30 September 2016: 115,598,593 options (representing approximately 12.0% of the then existing issued share capital of the Company comprising 960,511,195 Shares)).

For further details on the Three Share Plans and 2014 QTV Employee Share Option Scheme, please refer to the Company’s Offer Document dated 16 April 2014.

#### 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. As at 30 September 2017, the Company has granted a total of 84,957,994 share awards to its employees and directors which will vest accordingly based on a prescribed set of milestones set by the Board of Directors of the Company.

A reconciliation of outstanding share awards from 1 July 2017 to 30 September 2017 is as follows:

| <b>Outstanding Share Awards</b> | <b>Number of Shares</b>  |
|---------------------------------|--------------------------|
| <b>At 1 July 2017</b>           | 22,947,168               |
| Forfeited during the period     | <u>(20,000)</u>          |
| <b>At 30 September 2017</b>     | <u><u>22,927,168</u></u> |

As at 30 September 2017, the 22,927,168 outstanding share awards in issue are convertible into 22,927,168 Shares (30 September 2016: 3,637,600). No share awards was issued during the three months ended 30 September 2017. For further details on the QT Vascular Restricted Share Plan 2015, please refer to the Appendix of the Company’s 2014 Annual Report.

## Warrants

The Company had on 4 May 2017 issued 35,000,000 unlisted warrants (“**Warrants**”) to GEM Global Yield Fund LLC SCS (“**GEM Global**”), 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 30 September 2017, no Warrants have been exercised and converted into new Shares. Accordingly, as at 30 September 2017, there are 35,000,000 outstanding Warrants (30 September 2016: Nil) and the total number of new Shares that may be issued on conversion of all outstanding Warrants is 35,000,000 (30 September 2016: Nil.)

Based on the foregoing, the total number of Shares that may be issued (including Share Awards) as at 30 September 2017 is 162,928,393 Shares, representing approximately 9.4% of the existing issued share capital of the Company comprising 1,733,206,826 Shares as at 30 September 2017 (30 September 2016: 148,345,568 Shares, representing approximately 15.4% of the then existing issued share capital of the Company comprising 960,511,195 Shares).

Save as disclosed above, there were no outstanding convertibles held by the Company as at 30 September 2017 and 30 September 2016.

### **1(d)(iii) NUMBER OF ISSUED SHARES**

**To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares was 1,733,206,826 as at 30 September 2017 and 1,038,006,350 as at 31 December 2016.

The Company held no treasury shares as at 30 September 2017 and 31 December 2016.

### **1(d)(iv) TREASURY SHARES**

**A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

### **1(d)(v) SUBSIDIARY HOLDINGS**

**A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

### **2. Whether the figures have been audited or reviewed in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company’s auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to those used in the most recently audited annual financial statements for the financial year ended 31 December 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for and the effect of, the change.

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period compared with the most recently audited financial statements for the financial year ended 31 December 2016, except for the adoption of the Financial Reporting Standards ("FRSs") and Interpretation of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. The adoption of these new FRS and INT FRS has no material impact to the results of the Group and of the Company for the current period reported on.

## 6. EARNINGS PER SHARE

Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| Group  | 3 months ended<br>30/9/2017      | 3 months ended<br>30/9/2016      |
|--|----------------------------------|----------------------------------|
|  | Basic and diluted <sup>(1)</sup> | Basic and diluted <sup>(1)</sup> |
| Loss for the period attributable to owners of the Company (US\$'000)             | (3,726)                          | (9,588)                          |
| Weighted average number of ordinary shares used to compute loss per share ('000) | 1,612,252                        | 964,184                          |
| Loss per share (US\$)  | (0.002)                          | (0.01)                           |

Note:

- (1) The basic and diluted loss per share were the same as the potential ordinary shares are anti-dilutive as the effect of the share conversions would be to decrease the loss per share.

## 7. NET ASSET VALUE FOR ISSUER AND GROUP

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

|  | Group             |                    | Company           |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | 30/9/2017<br>US\$ | 31/12/2016<br>US\$ | 30/9/2017<br>US\$ | 31/12/2016<br>US\$ |
| Net (liability)/asset<br>value per ordinary<br>share <sup>(1), (2)</sup> | (0.004)           | (0.01)             | 0.06              | 0.08               |

Notes:

- (1) The net liability value per ordinary share of the Group is calculated based on net liabilities of US\$7.8 million as at 30 September 2017 (31 December 2016: US\$10.2 million). The net asset value per ordinary share of the Company is calculated based on net assets of US\$101.3 million as at 30 September 2017 (31 December 2016: US\$86.2 million).
- (2) For both the Group and the Company, the net (liability)/asset value per ordinary share were calculated based on 1,733,206,826 ordinary shares in issue as at 30 September 2017 and 1,038,006,350 as at 31 December 2016.

## 8. REVIEW OF PERFORMANCE OF THE GROUP

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Three months ended 30 September 2017 compared to the three months ended 30 September 2016*

The breakdown of our revenue derived from the sale of our products to the various geographical regions and by the number of units sold for the three months ended 30 September 2017 ("3Q2017") and for the three months ended 30 September 2016 ("3Q2016") are presented below:

|               | Three Months Ended<br>3Q2017 |              | Three Months Ended<br>3Q2016 |              |
|---------------|------------------------------|--------------|------------------------------|--------------|
|               | US\$'000                     | %            | US\$'000                     | %            |
| United States | 3,689                        | 99.2         | 1,949                        | 83.1         |
| Europe        | 27                           | 0.7          | 243                          | 10.4         |
| Asia          | 3                            | 0.1          | 152                          | 6.5          |
|               | <u>3,719</u>                 | <u>100.0</u> | <u>2,344</u>                 | <u>100.0</u> |

|            | Three<br>Months<br>Ended<br>3Q2016 | Three<br>Months<br>Ended<br>4Q2016 | Three<br>Months<br>Ended<br>1Q2017 | Three<br>Months<br>Ended<br>2Q2017 | Three<br>Months<br>Ended<br>3Q2017 |
|------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Units sold | <u>3,909</u>                       | <u>4,363</u>                       | <u>5,932</u>                       | <u>7,416</u>                       | <u>8,133</u>                       |

Our revenue increased by approximately US\$1.4 million, or 58.7%, from US\$2.3 million in 3Q2016 to US\$3.7 million in 3Q2017 mainly due to the increase in sales of our Chocolate® PTA Balloon Catheter ("Chocolate PTA") to Medtronic, Inc. ("Medtronic"). The increase in our sales was also due to the increase in sales of Chocolate XD® Balloon Catheter ("Chocolate XD") by our direct sales team as they continue to improve following a 45.7% increase in average sales per sales representative of US\$134,536 in 3Q2017 as compared to US\$92,332 in 3Q2016.

Cost of sales increased by approximately US\$1.2 million to US\$2.5 million in 3Q2017 mainly due to the higher average cost of Chocolate PTA incurred as a result of the buyback of Chocolate PTA from Cordis, Inc. ("Cordis") pursuant to the termination of the distribution agreement with Cordis in the first quarter of 2017 and from the higher sales achieved in 3Q2017 as compared to 3Q2016.



As a result of the above, our Group recorded a gross profit of US\$1.2 million or 31.6% of revenue in 3Q2017 as compared to a gross profit of US\$1.0 million or 44.3% of revenue in 3Q2016 due to the higher average cost of Chocolate PTA due to the buyback of Chocolate PTA from Cordis as mentioned above.

We recorded a loss before taxation of US\$3.7 million in 3Q2017 as compared to a loss before taxation of US\$9.6 million in 3Q2016. This is mainly due to:

- Our sales and marketing expenses decreased to US\$1.2 million in 3Q2017 mainly due to lower direct sales personnel costs in 3Q2017 as a result of lower sales commissions and a decrease in headcount.
- Our administrative expenses decreased to US\$1.3 million in 3Q2017 mainly due to lower headcount and reduction in overall spending due to cost cutting measures implemented.
- Our research and development expenses decreased to US\$1.0 million in 3Q2017 mainly due to lower development cost incurred on Chocolate Touch<sup>®</sup>, the Group's peripheral drug-coated balloon.
- We were in a lower net finance cost position of US\$1.7 million in 3Q2017, as compared to a net finance cost position of US\$3.9 million in 3Q2016 mainly due to a decrease in interest expenses to US\$1.2 million in 3Q2017 (3Q2016: US\$3.5 million) mainly due to the accretion of the costs of the convertible and exchangeable notes. The decrease in net finance cost was partially offset by the increase in foreign exchange losses of US\$0.5 million in 3Q2017 (3Q2016: US\$0.1 million) pursuant to exchange rate changes between the Singapore dollar and United States dollar.

#### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|                                | As at<br>30 September<br>2017<br>US\$'000 | As at<br>31 December<br>2016<br>US\$'000 | Change<br>% |
|--------------------------------|---|--|-------------|
| <b>Non-current assets</b>      | 12,543                                    | 13,625                                   | (7.9)%      |
| <b>Current assets</b>          | 6,473                                     | 6,267                                    | 3.3%        |
| <b>Total assets</b>            | 19,166                                    | 19,892                                   | (4.4)%      |
| <b>Total equity</b>            | (7,793)                                   | (10,198)                                 | 23.6%       |
| <b>Non-current liabilities</b> | 1,096                                     | 139                                      | >100%       |
| <b>Current liabilities</b>     | 25,713                                    | 29,951                                   | (14.1)%     |
| <b>Total liabilities</b>       | 26,809                                    | 30,090                                   | (10.9)%     |

The Group had negative working capital of US\$19.2 million as at 30 September 2017 mainly due to the convertible and exchangeable notes and short-term loans amounting to US\$9.7 million and current trade and other payables of US\$12.8 million.

Between 1 January 2017 and up to the date of this announcement, the Company had issued an aggregate of 555,345,180 Shares to a third party and various bondholders to settle amounts outstanding of approximately US\$13.7 million, which would have otherwise been settled in cash.

In addition to the above, the following steps have been taken by the Group to address the negative working capital and cash flow requirements as follows:

- On 20 March 2017, the Company announced that it had entered into a S\$10 million (“**Total Commitment**”) capital commitment agreement (“**Capital Commitment Agreement**”) with GEM Global. The Company would be able to drawdown the funds in accordance with the Capital Commitment Agreement, to, *inter alia*, repay existing borrowings and improve its gearing ratio, and for general working capital purposes. The Company is in discussions with GEM Global to review the share commitment indicated in the Capital Commitment Agreement. The Company will make the necessary announcements if and when there are any material updates on the aforementioned;
- Commencement of the exclusive worldwide distribution agreement with Medtronic from 1 March 2017 for the sale of the Group’s Chocolate PTA product for which Medtronic has a purchase commitment of at least US\$3.4 million in 2017 and US\$6.4 million in 2018;
- The Company had obtained shareholders’ approval on 2 June 2017 at an Extraordinary General Meeting in relation to an asset purchase option agreement with Medtronic for the sale of the Group’s Chocolate PTA for a consideration of US\$28 million and Medtronic is now able to exercise the option to complete the transaction; and
- The Company continues to have ongoing discussions with the existing bondholders and short-term loan creditors in relation to the settlement of the existing convertible and exchangeable notes, and short-term loans respectively via the issuance of shares or cash payment by the Company.

Our non-current assets decreased by US\$1.1 million mainly due to the depreciation of our fixed assets of US\$0.3 million and amortisation of intangible assets of US\$0.7 million.

Our current assets increased to US\$6.5 million as at 30 September 2017 mainly due to an increase in trade receivables and prepayments by US\$0.6 million and US\$0.4 million respectively in line with the increase in sales. The increase in current assets is partially offset by the decrease in inventory balances of S\$0.8 million following the utilisation of existing raw materials on hand for production purposes.

Our non-current liabilities increased US\$1.1 million as at 30 September 2017 mainly due to the US\$1.0 million long-term loan from Medtronic.

Our current liabilities decreased to US\$25.7 million as at 30 September 2017 mainly due to a US\$8.1 million decrease in loans and borrowings pursuant to the settlement of certain convertible notes and short-term loans, offset by an increase in trade payables by US\$2.3 million mainly due to increase in amount due to third party suppliers as a result of the increase in production activities as a result of the supply of Chocolate® PTA to Medtronic and deferred income of US\$1.5 million from the prepayment received from Medtronic in relation to the supply of Chocolate® PTA.

## CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded cash outflows from operating activities of US\$0.8 million for 3Q2017 which was a result of an operating loss before working capital changes of US\$1.5 million and a decrease in working capital changes of US\$0.7 million. The decrease in working capital changes was mainly due to the increase in deferred income of US\$1.5 million. The decrease in working capital changes is offset by the increase in trade and other receivables of US\$1.0 million due to increase sales to customers.

In 3Q2017, net cash inflow from financing activities of US\$1.0 million was mainly due to proceeds received from the issuance of ordinary shares to GEM Global under the Capital Commitment Agreement.

### 9. FORECAST AND PROSPECT STATEMENT

**Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement had been issued for the current financial reporting period.

### 10. SIGNIFICANT TRENDS AND COMPETITIVE CONDITIONS OF THE INDUSTRY

**A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Mergers and acquisitions (“M&A”) activity in the medical technology sector continues to ramp up in 2017 with major deals announced by Abbott, Phillips, Spectranetics, Medtronic and Cardinal. The key drivers behind this active M&A landscape include pressure on large players in mature markets to increase their top line growth and increased vendor consolidation in US hospitals which forces companies to broaden their product offerings. It is expected that this trend will continue and 2018 will also be active.

Peripheral arterial disease continues to be under-treated. While stents are used on some patients, there is a growing preference for therapies such as drug-coated balloons and atherectomy that do not involve placing a permanent implant. The rapid adoption of drug-coated balloons continues in the peripheral space. Sales of drug-coated balloons are estimated to have surpassed US\$300 million in 2016 in the US market<sup>[1]</sup> and the global market will surpass \$1 billion in sales by 2020<sup>[2]</sup>. The revenue for CR Bard’s Lutonix drug-coated balloon was US\$120 million in 2016 growing to an expected US\$150 million in 2017<sup>[3]</sup>. CR Bard and Medtronic, the market leader, are not only seeing a rapid increase in sales for use of drug-coated balloons in the currently approved “above-the-knee” segment, but they are also pursuing new indications for drug-coated balloons which include “below-the-knee” use and

---

<sup>[1]</sup> Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Analyst report on Biomedical Devices and Services industry, 23 January 2017

<sup>[2]</sup> Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Spectranetics flash update report, 24 January 2017

<sup>[3]</sup> Mike Matson, Needham & Company, LLC. Analyst report on C.R. Bard, 27 January 2017

arteriovenous fistula. This bodes well for continued sales growth for these devices well into the future. Spectranetics just announced FDA approval for their drug-coated balloon, Stellarex, which is the third drug-coated balloon approved in the US market. Securities analysts now attribute a significant portion of Spectranetics market value (approximately US\$1 billion) to the promise of Stellarex<sup>[2]</sup>.

The Group is well positioned to benefit from the increased adoption of drug-coated balloons. The Group's drug-coated peripheral balloon, Chocolate Touch<sup>®</sup>, had its first enrollment in the FDA approved pivotal trial. Upon completion of the trial and subsequent approval, this would make Chocolate Touch<sup>®</sup> the fourth such device to be approved in the US and the first with a differentiated platform and a clinical trial versus a commercially available drug-coated balloon. The final results of Chocolate Touch<sup>®</sup>'s first-in-human trials were announced in 2016 and demonstrate data that are similar to the best-in-class devices. On a related note, the Company began worldwide distribution of the non-drug coated Chocolate<sup>®</sup> PTA with Medtronic. This device will be positioned to compliment Medtronic's existing drug-coated balloon and atherectomy businesses and is proving to be a good partnership. This partnership with Medtronic along with the clinical success of the Group's latest generation coronary device in the US, Chocolate XD<sup>®</sup>, bode well for supporting robust sales growth in 2017 and beyond. Lastly, the Group's drug-coated coronary balloon, Chocolate Heart<sup>™</sup>, completed two year angiographic follow up for its first-in-man (FIM) study in the Dominican Republic. The results of this follow up exceeded expectations, showing a negative late lumen loss at 24 month which even the best drug eluting stents are not able to show. The Group anticipates commencing a safety and feasibility study in early 2018, and following which, FDA approval will be sought for Chocolate Heart<sup>™</sup> to be the first drug-coated balloon approved for broad coronary use in the US.

The Company is constantly exploring various strategic options including, mergers, acquisitions, disposals, joint ventures and fund raising activities to optimise and/or unlock value for shareholders. The Company had recently received shareholders' approval for the potential disposal of the Group's non-drug coated peripheral balloon, Chocolate<sup>®</sup> PTA to Medtronic for a sum of US\$28 million ("**Potential Transaction**") and on 2 November 2017, the Company announced that Medtronic has the right to exercise their option to purchase Chocolate<sup>®</sup> PTA as one of the option triggers has been satisfied by the Company. Further details of the Potential Transaction can be found in the Company's circular to shareholders dated 18 May 2017. The Company has received indications of interests from interested parties in relation to the potential transaction(s) for the Group's non-drug coated coronary assets with a possibility of an option to also purchase the drug-coated coronary balloon, Chocolate Heart<sup>™</sup> as announced on 15 October 2017. The Company continues to have preliminary discussions with interested parties in relation to the potential transaction(s) for the Group's drug-coated balloon (Chocolate Touch<sup>®</sup>) assets. The Company will update shareholders via SGXNET as and when there are any material developments on the aforementioned.

**11. IF A DECISION REGARDING DIVIDEND HAS BEEN MADE:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for the current reporting period.

**(b) (i) Amount per share (cents)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)**

Not applicable

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12. IF NO DIVIDEND HAS BEEN DECLARED/RECOMMENDED, A STATEMENT TO THAT EFFECT**

No dividends have been declared or recommended for the current reporting period.

**13. INTERESTED PERSONS TRANSACTIONS**

**If the Group has obtained a general mandate from shareholders for the IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There was no interested persons transactions which are S\$100,000 or more entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested persons transactions.

**14. QUARTERLY UPDATES TO GEM GLOBAL CAPITAL COMMITMENT AGREEMENT**

**(A) USE OF GEM GLOBAL PROCEEDS**

On 21 March 2017, the Company announced that it had entered into a capital commitment agreement with GEM Global (“**Capital Commitment Agreement**”) to subscribe up to S\$10 million in value or 178 million of new ordinary shares.

As at the date of this announcement, GEM Global has subscribed a total of S\$2,527,984 in value of new ordinary shares (“**Drawdown Shares**”). After deducting the commitment fee of S\$225,000 incurred by the Company in connection with the Capital Commitment Agreement, the net proceeds received was S\$2,302,984 (“**Net Proceeds**”).

As at the date of this announcement, the Net Proceeds have been utilised as follows:

|   | <b>Allocation of<br/>total amount<br/>S\$’000</b> | <b>Allocation of<br/>Net Proceeds<br/>received<br/>S\$’000</b> | <b>Amount<br/>utilised<br/>S\$’000</b> | <b>Balance<br/>S\$’000</b> |
|---|---|--|--|----------------------------|
| General working capital purposes <sup>(1)</sup> | 3,725   | 2,303  | (2,303)                                | 1,422                      |
| Settlement of borrowings                        | 6,000   | –  | –                                      | 6,000                      |
| <b>Total</b>                                    | <b>9,725<sup>(A)</sup></b>                        | <b>2,303</b>   | <b>(2,303)</b>                         | <b>7,422</b>               |

(A) Includes a reduction of S\$225,000 in expenses from the expected capital commitment of S\$10 million.

(1) A breakdown on the Net Proceeds utilised for general working capital purposes is as follows:

|                               | <b>S\$’000</b> |
|-------------------------------|----------------|
| Payment of salaries and wages | 1,281          |
| Payment to suppliers          | 1,022          |
| <b>Total</b>                  | <b>2,303</b>   |

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 21 March 2017.

**(B) ISSUANCE OF DRAWDOWN SHARES**

Since the last quarterly update up to the date of this announcement, the Company has issued the following Shares pursuant to the Capital Commitment Agreement:

| <b>Issuance Date</b> | <b>Number of<br/>Drawdown<br/>Shares at<br/>settlement<br/>date</b> | <b>Volume Weighted<br/>Average share<br/>price on the date<br/>of the Sales Notice<br/>S\$</b> | <b>Sales<br/>Price per<br/>Share in<br/>Sales<br/>Notice<br/>S\$</b> | <b>Issue<br/>Price per<br/>Share<br/>S\$</b> | <b>Amount<br/>Raised<br/>S\$</b> |
|----------------------|---|--|--|--|----------------------------------|
| 20 September 2017    | 40,865,000  | 0.0152   | 0.0137 <sup>(1)</sup>  | 0.0153 <sup>(1)</sup>                        | 626,087                          |
| 11 October 2017      | 55,068,220  | 0.0082   | 0.0074 <sup>(2)</sup>  | 0.0072 <sup>(2)</sup>                        | 396,491                          |

Notes:

- (1) The sales price indicated in the Sales Notice represents a 10% discount to the volume weighted average price for the shares traded on SGX-ST for the full market day on 8 August 2017, the date of the Sales Notice. The Issue Price was arrived at based on a 10% discount to the average daily VWAP of S\$0.017 per Share during the Evaluation Period, which is higher than the Sales Price, in accordance with the terms of the Capital Commitment Agreement.
- (2) The sales price indicated in the Sales Notice represents a 10% discount to the volume weighted average price for the shares traded on SGX-ST for the full market day on 4 September 2017, the date of the Sales Notice. The Issue Price was arrived at based on a 10% discount to the average daily VWAP of S\$0.008 per Share during the Evaluation Period, which is higher than the Sales Price, in accordance with the terms of the Capital Commitment Agreement.

**(C) ISSUANCE OF WARRANT SHARES**

As at 30 September 2017, GEM Global has not exercised any Warrants, and accordingly the Company has not issued any Warrant Shares. The exercise price of each Warrant is fixed at S\$0.10 per Share.

**15. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5) OF LISTING MANUAL**

The Board of Directors of the Company (“Board”) confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the 3 months ended 30 September 2017 to be false or misleading in any material aspect.

**16. CONFIRMATION OF UNDERTAKINGS FROM DIRECTORS AND EXECUTIVE OFFICERS UNDER RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

**BY ORDER OF THE BOARD**

**Eitan Konstantino**  
**Chief Executive Officer**  
14 November 2017

*This announcement 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”) for compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.*

*The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).*