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

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES (AS DEFINED HEREIN) OF THE SGX-ST (AS DEFINED HEREIN) – EMPHASIS OF MATTER BY THE AUDITORS ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the board of directors (the "**Board**") of QT Vascular Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, KPMG LLP, had without modifying their opinion, included in the Independent Auditor's Report an emphasis of matter in respect of the Group's ability to continue as a going concern on the audited financial statements of the Group for the financial year ended 31 December 2017 (the "**Audited Financial Statements**"). A copy of the Independent Auditors' Report, consolidated statements of financial statements as at 31 December 2017, consolidated statement of comprehensive income for the year ended 31 December 2017 and an extract of Note 2 from the notes to the Audited Financial Statements are attached to this announcement for information.

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

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

2. On 30 January 2018, the Company announced that it had completed the sale of its non-drug coated Chocolate PTA balloon catheter product line to Medtronic, Inc. for a consideration of US$28 million; and

3. On 5 February 2018, the Company and a multinational medical device company entered into a non-legally binding and non-definitive term sheet for the potential disposal of the Group's coronary assets which the Company expects this sale to complete in 2018.

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

Shareholders of the Company are advised to read the Audited Financial Statements in its 2017 annual report, which will be distributed to Shareholders in due course.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
16 April 2018

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Ptd. 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).

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

Independent auditors' report

Members of the Company
QT Vascular Ltd.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of QT Vascular Ltd. (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss of US$22,871,000 during the year ended 31 December 2017 and, as of that date, the Group's current liabilities exceeded its current assets by US$25,698,000 and the deficiency in net assets amounted to US$13,580,000. The directors believe that the going concern basis of accounting is appropriate, and that the financial statements have been prepared as such. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

Key audit matters

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

<table>
<tr><td colspan="2">Valuation of intangible assets
(Refer to Note 6 to the financial statements)</td></tr>
<tr><td>Key Audit Matters</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's intangible assets comprised of developed technology, licensed royalties and intellectual property on various therapeutic solutions to improve outcomes in complex peripheral and coronary interventions. As at 31 December 2017, the carrying amount of intangible assets of the Group amounted to US$11,615,000.

Management determined that there have been indicators of impairment for certain intangible assets and performed an assessment of the Group's carrying value of these assets. The recoverable values of these intangible assets were determined based on the value-in-use method utilizing discounted projected future cash flows.

Management's judgement was required in the preparation of these discounted projected future cash flows, particularly on the determination of assumptions such as remaining useful life of the intangible assets, growth rate, royalty rate and discount rate.

Based on management's assessment, the recoverable values of these intangible assets exceeded the carrying value of these assets and they concluded that there was no impairment loss during the financial year.</td><td>We have used our valuation specialists to critically assess the appropriateness of the valuation methodology used by management.

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

We tested the mathematical accuracy of the discounted projected future cash flows.

We have evaluated the sufficiency of the disclosures made by management on critical judgement applied in the estimation of the recoverable values of these intangible assets.

We concurred with management's assessment that there was no impairment loss during the financial year.</td></tr>
<tr><td colspan="2">Our findings

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

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

Valuation of investment in subsidiaries (Refer to Note 7 to the financial statements)	
Key Audit Matters	*How the matter was addressed in our audit*
As at 31 December 2017, the carrying amount of the investment in subsidiaries recorded in the Company's statement of financial position amounted to US$114,096,000. Management determined that there are indicators of impairment for investment in subsidiaries and performed an assessment of the Company's recoverable value of the investment in subsidiaries. The intangible assets recognised by these subsidiaries are the most valuable assets to the Group. These assets largely determine the overall fair value of the business of the subsidiaries of the Company. Management determined that value-in-use of the intangible assets will be the appropriate assessment to reflect the recoverable values of the investment in subsidiaries Management's judgement was required in the preparation of these discounted projected future cash flows, particularly on the determination of assumptions such as remaining useful life of the intangible assets, growth rate, royalty rate and discount rate. Based on management's assessment, the recoverable values of these intangible assets exceeded the carrying value of these assets and they concluded that there was no impairment loss during the financial year.	We have used our valuation specialists to critically assess the appropriateness of the valuation methodology used by management. We have critically assessed the appropriateness of the key assumptions and information used by management in the discounted projected future cash flow. We tested the mathematical accuracy of the discounted projected future cash flow. We have evaluated the sufficiency of the disclosures made by management on critical judgement applied in the estimation of the recoverable values of these intangible assets. We concurred with management's assessment that there was no impairment loss during the financial year.
Our findings We found management's assessment of the valuation of the investment in subsidiaries to be balanced and appropriate.	

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon (the Annual Report).

We have obtained the directors' statement prior to the date of this auditors' report. The Annual Report is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of management and directors for the financial statements

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

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

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

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

Extracted from the Independent Auditors' Report to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

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

Report on other legal and regulatory requirements

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 April 2018

Extract of the consolidated statements of financial position as at 31 December 2017

	Note	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Assets					
Property, plant and equipment	5	414	794	–	–
Intangible assets	6	11,615	12,606	40	40
Investment in subsidiaries	7	–	–	114,096	104,283
Other non-current assets		155	225	–	–
Non-current assets		12,184	13,625	114,136	104,323
Inventories	9	3,362	4,046	–	–
Trade and other receivables	10	1,766	1,893	5	1
Cash and cash equivalents	11	347	328	2	28
Current assets		5,475	6,267	7	29
Total assets		17,659	19,892	114,143	104,352
Equity					
Share capital	12	171,216	152,685	171,216	152,685
Reserves	12	3,850	2,892	(27,894)	(37,516)
Accumulated losses		(188,646)	(165,775)	(44,666)	(29,008)
Equity attributable to owners of the Company/Total equity		(13,580)	(10,198)	98,656	86,161
Liabilities					
Trade and other payables	17	66	63	–	–
Deferred income	16	–	76	–	–
Non-current liabilities		66	139	–	–
Loans and borrowings	13	10,008	17,822	7,981	16,448
Trade and other payables	17	19,930	10,520	7,506	1,743
Deferred income	16	1,235	1,609	–	–
Current liabilities		31,173	29,951	15,487	18,191
Total liabilities		31,239	30,090	15,487	18,191
Total equity and liabilities		17,659	19,892	114,143	104,352

Extract of the consolidated statements of financial position as at 31 December 2017

Consolidated statement of comprehensive income
Year ended 31 December 2017

	Note	Group 2017 US$'000	2016 US$'000
Revenue	19	14,312	10,645
Cost of sales		(9,920)	(5,949)
Gross profit		4,392	4,696
Sales and marketing expenses		(5,330)	(10,055)
Administrative expenses		(6,895)	(8,224)
Research and development expenses		(5,102)	(9,274)
Other income		524	23,969
Other expenses		(4,288)	–
Results from operating activities		(16,699)	1,112
Finance income		739	1
Finance costs		(6,907)	(13,092)
Net finance costs	20	(6,168)	(13,091)
Loss before tax		(22,867)	(11,979)
Tax (expense)/income	22	(4)	1
Loss for the year	21	(22,871)	(11,978)
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(1,282)	(48)
Total comprehensive income for the year		(24,153)	(12,026)
Loss attributable to:			
Owners of the Company		(22,871)	(11,978)
Loss for the year		(22,871)	(11,978)
Total comprehensive income attributable to:			
Owners of the Company		(24,153)	(12,026)
Total comprehensive income for the year		(24,153)	(12,026)
Earnings per share			
Basic loss per share (dollars)	23	(0.02)	(0.01)
Diluted loss per share (dollars)	23	(0.02)	(0.01)

Extracted Note 2 to the Audited Financial Statements of QT Vascular Ltd. for the financial year ended 31 December 2017

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$22,871,000 (2016: US$11,978,000) for the year ended 31 December 2017 and as at that date, the statement of financial position showed a deficiency in net assets of US$13,580,000 (2016: US$10,198,000) and net current liabilities of US$25,698,000 (2016: US$23,684,000).

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

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

On 30 January 2018, the Company announced that it had completed the sale of its non-drug coated Chocolate PTA balloon catheter product line to Medtronic, Inc. for a consideration of US$28,000,000.

On 5 February 2018, the Group and a third party global medical device company entered into a Non-Binding Offer ("NBO") for the potential disposal of assets (excluding ownership of patent rights) related to the non-coated Chocolate® PTCA Balloon Catheter and Glider™ PTCA Balloon Catheter product lines of the Group. Management expects this sale to complete in 2018.

As at 31 March 2018, the Group has an available cash balance of US$4,579,000. The management monitors the cash flows on a weekly basis and believes that the Company will be able to raise funds from various parties when required.

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