



Bringing **QUALITY** to **LIFE**

2015

Annual Report





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QT Vascular Ltd. (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 29 April 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor").

This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report.

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

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



Corporate Profile

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

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

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

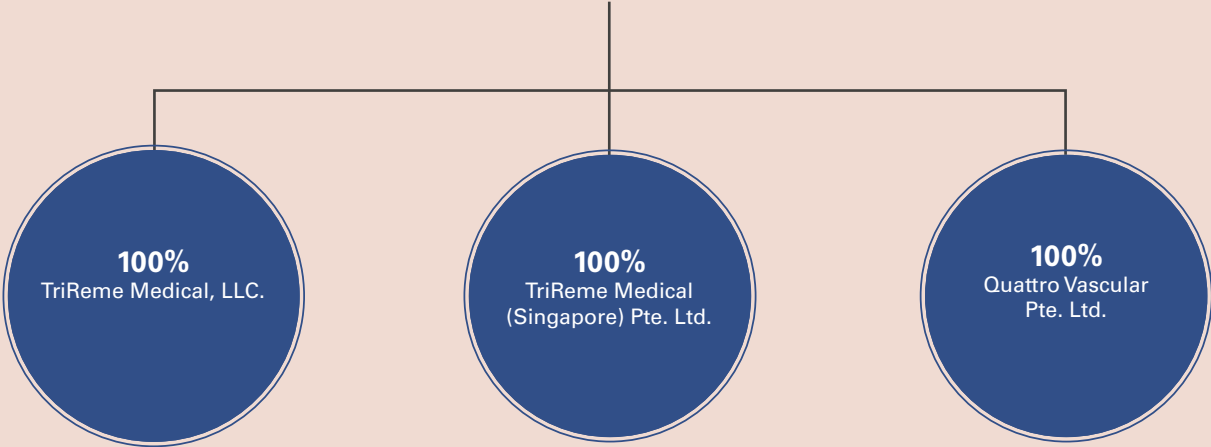
Peripheral artery disease (“PAD”) is an obstruction of the blood flow in the peripheral arteries. It occurs commonly in the arteries of the pelvis and legs. It can result from the slow accumulation of plaque over time or the sudden formation of a blood clot which leads to arterial narrowing or blockage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

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



Corporate Structure

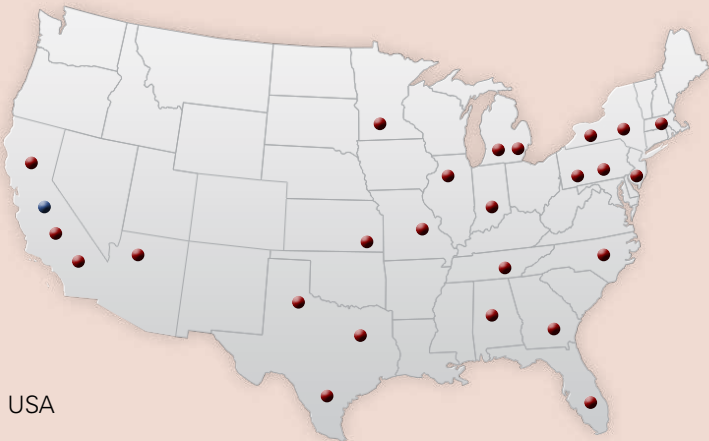
QTVascular



INDUSTRY SERVED

Health Care

LOCATION SITES



- Direct sales representation
- U.S.A (Pleasanton, California) - TriReme Medical, LLC
- ASIA, SINGAPORE - TriReme Medical (Singapore) Pte. Ltd.

Message from the CEO



“... sales by our own direct sales team increased by over 20% per representative in FY2015.”

Dear Shareholders:

On behalf of the Board of Directors, I am pleased to present QT Vascular's Annual Report for the financial year ended 31 December 2015 ("FY2015").

FY2015 turned out to be a pivotal year in proving the promise and potential of our foundational Chocolate® platform technology. The final results of the below-the-knee cohort of patients in the Chocolate BAR study were released, demonstrating a dramatic reduction in unplanned stenting, amputations, and deaths compared to conventional balloon angioplasty. In addition, the 6-month results of ENDURE above-the-knee cohort with Chocolate Touch™ showed that the addition of the drug, paclitaxel, to the Chocolate® platform successfully reduced the rates of repeat procedures based on historical conventional angioplasty results. The combination of lower rates of dissections, lower bail out stenting and the drug coating gives patients the best possibility to minimize the need for a stent placement. Complementing these exciting clinical results of our peripheral products, we also presented the first-in-human study results of Chocolate Heart™, our drug-coated coronary balloon study that treated heart patients without using stents. These outcomes suggest the potential for a re-thinking of how certain coronary procedures are performed and we will continue to develop this product and expand the clinical evidence.

In addition to these clinical milestones, the Chocolate® platform's promise was reinforced in several other ways. We received CE mark clearance for Chocolate Touch™

which allows us to initiate commercial launch in Europe. Furthermore, the Group's intellectual property position was strengthened as a result of having 3 foundational Chocolate® patents allowed by the United States Patent and Trademark Office (USPTO) and the Group prevailed against Angioscore, Inc ("Angioscore") in its patent infringement lawsuit.

In terms of financial performance, the Group achieved revenue of US\$12.4 million in FY2015, slightly lower than the US\$13.2 million achieved in FY2014. This in part may be attributed to the acquisition of Cordis, Inc., the Company's distributor for Chocolate® PTA in United States by Cardinal Health, Inc.. Despite this slight decrease in sales, we realized several operational efficiencies. Our gross profit increased by almost 22% and average sales revenues by our own direct sales team increased by over 20% per representative in FY2015.

Operating expenses were generally higher due to an increase in the number of direct sales personnel and an increase in research and development ("R&D") expenses. Following the other piece of litigation with Angioscore, we adopted a prudent approach and recognized the entire legal liability provision of US\$23.4 million. Our appeal against this judgment is on-going and the final sum to be borne by the Group, if any, will be determined at the end of the appeal.

As a result, the Group recorded a loss attributable to shareholders of US\$53.1 million in FY2015. After stripping out non-cash effect of the litigation charges, our losses for FY2015 were narrowed to US\$29.0 million, compared with US\$34.2 million ago.



Message from the CEO

During FY2015, we managed to secure US\$13.1 million of funding by the issuance of convertible notes. This is a strong statement of the confidence our investors have in the mounting body of evidence of the value of the Chocolate® platform. We are also encouraged by the support shown to us from the Singapore Economic Development Board (“EDB”) in the establishment of our drug-coating development centre in Singapore. This centre will help boost the Group’s research and development efforts in our drug-coated balloon programs while leveraging Singapore’s most talented engineering resources.

The Future is Bright

Management continues to believe the Group is well positioned to benefit from the continued strong adoption of drug-coated balloons. With two drug-coated balloons approved in the United States, and supported by strong clinical data, we believe the use of drug-coated balloons will continue to increase in the coming years. In 2016, we estimate that the use of drug-coated balloons may surpass 20% of procedures in the femoral-popliteal arteries. This trend bodes well for our peripheral drug-coated balloon, Chocolate Touch™. While the peripheral opportunity is exciting, early results from the coronary drug-coated balloon program are even more exciting and could provide a unique opportunity to change people’s lives.

We will continue to invest in R&D to enhance our range of products and continue our efforts to extend our reach to more physicians and more patients in more markets.

Note of Appreciation

During the year, Mr Hoon Ching Sing stepped down from the Board to devote more time for personal matters. I would like to take this opportunity to thank Mr Hoon for his valuable contributions to the Group. Mr Robert Michael Kleine will not be standing for re-election due to mounting professional and personal obligations but will remain available to advise us if needed. Mr Kleine’s contribution during the two and a half years with the Group was very significant and I would like to thank Mr Kleine for it.

We welcome Mr Toe Teow Heng, Mr Sho Kian Hin and Mr Gary Ng Sin Tong to the Board. Mr Toe is the Group CEO of ICH Group Ltd and one of the subscribers of our July 2015 8% convertible notes, while Mr Sho is the Executive Director for China Farm Equipment Pte Ltd and brings to the Group his vast experience in financial regulatory compliance. Mr Ng is currently our Director of Strategy and Capital Markets and plays a key role in the Group’s funding and investor relations initiatives.

I would like to thank the Board of Directors for their commitment and contributions during the year. On behalf of the Board, I would like to express our appreciation to our shareholders, business partners, associates and customers for their continued support of QT Vascular. I would also like to commend our management and staff, for their dedication and hard work throughout the year. Let us continue to push forward for better results, in our products and in our operations.

DR EITAN KONSTANTINO

Chief Executive Officer

Board of Directors

TOE TEOW HENG

Non-Executive Chairman

Toe Teow Heng was appointed to our Board on 6 August 2015. He is currently the Chief Executive Officer of ICH Group Ltd, a boutique investment banking firm which provides financial advisory services.

Teow Heng has over 20 years of experience in providing banking and advisory services across Asia and beyond. He was an associate director of the Corporate Finance Department in UBS AG for Singapore and Hong Kong with responsibility for investments in Transport, Leisure and Hotels in Asia.

Teow Heng holds a First Class Honours Degree from the Business Faculty of Nanyang Technological University. Teow Heng is also an accredited Chartered Financial Analyst with CFA Institute.

EITAN KONSTANTINO

CEO

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

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

Eitan has more than 48 patents and patent applications worldwide in the field of medical devices and solar control systems. Eitan Konstantino received his PhD in Laser Surface Treatment, Optical Design, Materials Science from Technion-Machon Technologi Le'Israel in 1999. He also currently serves as the co-chairman of the F04.30.06 Cardiovascular Standards Task Group of the American Society for Testing and Materials, a globally recognised leader in the development and delivery of international voluntary consensus standards. Eitan is also a member of SPRING Singapore's Medtech Network of Advisors whose functions are to advise local medical technology business on business challenges and strategies and to advise the management of SPRING Singapore on the development and review of strategies and initiatives to address the development needs of small medium enterprises in the medical technology sector.

MARK WAN

Non-Executive Director

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

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

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

ROBERT MICHAEL KLEINE

Lead Independent Director

Robert Michael Kleine was a member of the board of directors of TriReme US from March 2011 to July 2013. He was subsequently appointed to our Board on 14 August 2013.

Robert has more than 25 years of experience in the medical device industry and healthcare industries, having successfully managed several biomedical companies focused on the market advancement of numerous leading-edge products.

Board of Directors

From 2001 to 2002, Robert was a partner of Pharos LLC, a company focused on acquiring and developing core technologies. Thereafter from 2002 to 2006, he was the president and chief executive officer of MicroVention Inc., a leading developer, manufacturer and marketer of minimally invasive products for the treatment of cerebral and vascular peripheral diseases. During his tenure at MicroVention Inc., Robert successfully grew the company from its infancy to US\$43 million in gross sales before it was acquired by Terumo Medical Corporation in March 2006. Thereafter he was appointed president, chairman and chief executive officer of the MicroVention Division in Terumo Medical Corporation, where he remained until 2008. From 2008 to 2010, Robert was the president and chief executive officer of Biosensors International Group, Ltd., a company listed on the Main Board of the SGX-ST in the medical device industry. Under his supervision, the product revenue of Biosensors International Group, Ltd. grew from approximately US\$44 million to approximately US\$139 million. From May 2011 to January 2014, Robert was the president and chief executive officer of EndoGastric Solutions, Inc., a medical device company that develops natural orifice surgical products and procedures to advance the treatment of gastrointestinal diseases. He is currently the president and chief executive officer of Miramar Labs, Inc., a medical device company that focuses on addressing dermatologic medical conditions.

Robert holds a Master of Arts with Honours in Marketing from the Webster University in 1992 and a Bachelor of Arts in Biology from the Missouri Valley College in 1976.

GREGORY CASCIARO

Independent Director

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

Gregory has over 31 years of experience in the medical device industry where he has had leadership positions in both private and public companies. He was from 1995 to 1999 the president and chief executive officer of General Surgical Innovations, Inc. a medical device company. Thereafter from 2000 to 2004, he was the president and chief executive officer of Orquest, Inc., a private company manufacturing and selling bio-therapeutically products to the orthopaedic market. From 2004 to 2009, Gregory was the president and chief executive officer and a board member of XTENT Inc., a medical device company listed on the Nasdaq

National Market that develops drug-eluting stents. Gregory was the president and chief executive officer of AccessClosure, Inc., a private held medical device company in the United States that develops access site management products designed to address vascular closure challenges during interventional surgery before it was acquired by Cardinal Health, Inc. in May 2014. Gregory is presently the Chief Executive Officer, President and Director of Cardiac Dimensions, Inc..

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

SHO KIAN HIN

Independent Director

Sho Kian Hin was appointed to our Board on 25 September 2015. He is currently an Executive Director of China Farm Equipment Pte Ltd, a company formerly listed on the Main Board of SGX-ST since 2007.

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

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

GARY NG SINTONG

Executive Director

Gary Ng Sin Tong was appointed to our Board on 6 August 2015. He is the Company's Director of Strategy and Capital Markets since February 2015.

Gary has over 14 years of experience as an equity analyst with Solomon Smith Barney, Deutsche Bank and CIMB with primary focus on healthcare. During his time as an equity analyst, Gary was involved in various fundraising activities for capital market deals and is a ranked analyst in various broker polls such as Asiamoney Brokers Poll and Thomson Reuters StarMine Analyst Awards.

Gary graduated from University of London with a Bachelor of Business.

Key Management

RANDAL FARWELL

CFO

Randal Farwell joined our Group in August 2013 and is responsible for overseeing all accounting and finance functions of our Group.

Prior to joining the Group, Randal was a partner at KPMG from 1992 until his retirement in September 2012. Randal's career with KPMG began in 1983. He was seconded to KPMG's Singapore office for 2 years from April 1988 to December 1989. During his tenure with KPMG, Randal advised global multinational organisations in the financial services, power generation and distribution, manufacturing, consumer goods and technology sectors on their business tax planning and tax compliance needs, risk management, supply chain optimization, international and domestic compliance, transfer pricing compliance, intangible asset planning, international financing and foreign tax credit planning.

Randal holds a Master of Taxation from the Portland State University, as well as a Bachelor of Science degree in Business Management from Corban University. He is a Certified Public Accountant licensed by the American Institute of Certified Public Accountants and California Board of Accountancy since 1989 and 1993, respectively.

MARIA PIZZARO

Executive Vice President, Vice President of Research and Development

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

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

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

MOMI BROSH

General Manager of our Singapore operations

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

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

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

Financial and Operations Review



In FY2015, QT Vascular's revenue declined by 5.5% to US\$12.4 million, from US\$13.2 million a year ago. This was mainly due to a decrease in the sales of its Chocolate® PTA Balloon Catheter ("Chocolate PTA") to Cordis, following a renegotiation of the terms of the distribution agreement. The decrease in sales was partially offset by improved sales by the Group's direct sales team. Sales of Chocolate PTA, Chocolate® PTCA Balloon Catheter ("Chocolate PTCA") and Glider PTCA by the direct sales team improved, with a 20.5% increase in average sales per sales representative of US\$171,546 in FY2015. This reflects the healthy demand for the Group's products.

The United States remained the Group's largest market, accounting for 87.1% of total revenue. Sales to Europe and Asia Pacific improved during the year. Europe accounted for 3.4% of total revenue with US\$426,000 sales, compared with US\$258,000 a year ago. Sales to Asia Pacific increased slightly to US\$1.2 million, accounting for 9.5% of total revenue.

With improvements in the Group's overall production efficiency, coupled with the lower sales to Cordis, cost of sales decreased by 14.8% to US\$8.4 million in FY2015. As a result, the Group achieved gross profit of US\$4.1 million with a gross margin of 32.8% in FY2015, compared with a gross profit of US\$3.3 million and gross margin of 25.4% in FY2014.

The 18.6% increase in sales and marketing expenses to US\$10.4 million in FY2015 mainly relates to the cost of direct sales personnel. The Group had a higher average number of sales personnel in FY2015 compared with FY2014. Administrative expenses decreased 7.1% to

US\$12.8 million in FY2015 mainly due to the absence of one-off professional service fees of approximately US\$3.0 million incurred in FY2014 in relation to its initial public offer ("IPO"). However, this was partially offset by professional fees relating to the ongoing litigation with AngioScore.

Research and development expenses increased by 17.6% to US\$7.9 million due to research and development expenses of US\$12.1 million, offset by the capitalization of development expenses of US\$4.2 million during the year.

The Group's net finance costs of US\$2.1 million in FY2015 mainly relates to interest expenses, fair value loss or gain in relation to the convertible notes of US\$1.1 million, and foreign exchange loss of US\$0.3 million due to exchange rate fluctuations between the Singapore dollar and the US dollar.

Other expenses in FY2015 mainly comprised the provision for the AngioScore legal liability. Adopting a prudent stance, the Group had recognised the entire sum of US\$24.1 million in accordance with the Financial Reporting Standards, being damages awarded against the Group and its CEO, Dr Eitan Konstantino, following the judgement in relation to the State Law claims. The Group is currently appealing against the judgement, and the final sum to be borne by the Group, if any, will be determined at the conclusion of the appeal, which is on-going.

As a result of the above, the Group recorded a net loss attributable to shareholders of US\$53.1 million in FY2015, compared with US\$34.2 million in FY2014.



Financial Position

Due to the recognition of the legal liability provision of US\$23.4 million, the Group had negative working capital of US\$24.0 million as at 31 December 2015. On top of that, the Group had utilised its cash for general working capital purposes, the professional fees relating to the litigation cases, and research and development of new products. As a result, the Group had net liabilities of US\$13.7 million as at 31 December 2015. Excluding the legal liability provision, the Group's negative working capital would have been US\$0.6 million and the Group would have net assets of US\$9.7 million.

Non-current assets increased by US\$3.7 million to US\$13.9 million as at 31 December 2015, mainly due to the increase in intangible assets owing to the capitalization of research and development costs. Current assets decreased by US\$16.4 million to US\$13.4 million as at 31 December 2015 due to the increase in research and development expenses and general working capital requirements.

Non-current liabilities increased by US\$3.4 million to US\$3.6 million as at 31 December 2015 due to loans and borrowings arising from the convertible notes issued in August and November 2015 amounting to US\$3.5 million. Current liabilities increased by US\$29.2 million to US\$37.4 million as at 31 December 2015 mainly due to the increase in the Group's deferred income arising from funds received in advance from customers, as well as increase in trade and other payables attributable to the recognition of derivatives in relation to the

convertible notes of US\$3.7 million, and the recognition of the legal liability provision relating to the AngioScore litigation.

Cash Flow Analysis

The Group recorded cash outflows from operating activities of US\$22.6 million for FY2015, compared to an outflow of US\$26.5 million in FY2014. This was mainly due to a larger operating loss before working capital changes and a decrease in working capital changes mainly due to the recognition of the AngioScore legal liability provision of US\$23.4 million. The decrease in working capital was partially offset by the increase in trade and other receivables of US\$0.1 million.

Net cash used in investing activities was US\$4.5 million in FY2015, mainly due to additions to fixed assets and intangible assets. Net cash from financing activities of US\$11.4 million in FY2015 was mainly due to proceeds received from the issuance of convertible notes of US\$11.0 million and the exercise of share options.

As a result, its cash and cash equivalents decreased to US\$3.9 million at end FY2015, from US\$20.2 million at end FY2014.

Corporate Information

BOARD OF DIRECTORS

Non-Executive:

Toe Teow Heng
Non-Executive Chairman

Mark Wan
Non-Executive Director

Robert Michael Kleine
Lead Independent Director

Gregory Casciaro
Independent Director

Sho Kian Hin
Independent Director

Executive:

Eitan Konstantino
Chief Executive Officer

Gary Ng Sin Tong
Director, Capital and Strategic Markets

AUDIT COMMITTEE

Sho Kian Hin (Chairman)
Robert Michael Kleine
Gregory Casciaro

NOMINATING COMMITTEE

Gregory Casciaro (Chairman)
Eitan Konstantino
Robert Michael Kleine

REMUNERATION COMMITTEE

Robert Michael Kleine (Chairman)
Gregory Casciaro
Mark Wan

COMPANY SECRETARY

Lee Pih Peng

REGISTERED OFFICE

3A International Business Park
#09-10/11/12 ICON @ IBP Tower B
Singapore 609935
Tel: (65) 6430 0288
Fax: (65) 6659 8187

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

KPMG LLP

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

Audit Partner-in-charge
Chu Sook Fun
Since Financial Year 2013

SPONSOR

PrimePartners Corporate
Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

PRINCIPAL BANKER

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



Financial Contents

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Corporate Governance

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

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

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 31 December 2015 (“**FY2015**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																				
BOARD MATTERS																						
The Board's Conduct of Affairs																						
1.1	What is the role of the Board?	<p>The Board has 7 members and comprises the following:</p> <table><tr><th colspan="2">Table 1.1 – Composition of the Board</th></tr><tr><th>Name of Director</th><th>Designation</th></tr><tr><td>Toe Teow Heng</td><td>Non-Independent Non-Executive Chairman</td></tr><tr><td>Eitan Konstantino</td><td>Chief Executive Officer</td></tr><tr><td>Robert Michael Kleine</td><td>Lead Independent Director</td></tr><tr><td>Mark Allen Wan</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Gregory David Casciaro</td><td>Independent Director</td></tr><tr><td>Sho Kian Hin</td><td>Independent Director</td></tr><tr><td>Gary Ng Sin Tong</td><td>Executive Director</td></tr></table> <p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are, <i>inter alia</i>:</p> <ul style="list-style-type: none">• overseeing the Company, including its control and accountability systems;• monitoring and reviewing senior management's performance and implementation of strategy;• satisfying itself that senior management has developed and implemented a sound system of risk management and internal controls in relation to financial reporting risks and has reviewed the effectiveness of the operation of that system;• assessing the effectiveness of senior management's implementation of systems for managing material business risks, including the making of additional enquiries and to request assurances regarding the management of material business risks, as appropriate; and• providing overall corporate governance of the Company.	Table 1.1 – Composition of the Board		Name of Director	Designation	Toe Teow Heng	Non-Independent Non-Executive Chairman	Eitan Konstantino	Chief Executive Officer	Robert Michael Kleine	Lead Independent Director	Mark Allen Wan	Non-Independent Non-Executive Director	Gregory David Casciaro	Independent Director	Sho Kian Hin	Independent Director	Gary Ng Sin Tong	Executive Director		
Table 1.1 – Composition of the Board																						
Name of Director	Designation																					
Toe Teow Heng	Non-Independent Non-Executive Chairman																					
Eitan Konstantino	Chief Executive Officer																					
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1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit Committee (the “AC”), the Nominating Committee (the “RC”) and the Remuneration Committee (the “NC”) (collectively, the “Board Committees”). The compositions of the Board Committees are as follows:</p> <table><tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr><tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Chairman</td><td>Sho Kian Hin</td><td>Gregory David Casciaro</td><td>Robert Michael Kleine</td></tr><tr><td>Member</td><td>Robert Michael Kleine</td><td>Eitan Konstantino</td><td>Gregory David Casciaro</td></tr><tr><td>Member</td><td>Gregory David Casciaro</td><td>Robert Michael Kleine</td><td>Mark Allen Wan</td></tr></table>	Table 1.3 – Composition of the Board Committees					AC	NC	RC	Chairman	Sho Kian Hin	Gregory David Casciaro	Robert Michael Kleine	Member	Robert Michael Kleine	Eitan Konstantino	Gregory David Casciaro	Member	Gregory David Casciaro	Robert Michael Kleine	Mark Allen Wan
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																												
1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets at least four (4) times a year, and as and when circumstances require. During the financial year ended 31 December 2015, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:</p> <table><tr><th colspan="5">Table 1.4 - Directors' Attendance</th></tr><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Number of Meetings Held</td><td>8</td><td>4</td><td>1</td><td>2</td></tr><tr><th>Name of Director</th><th colspan="4">Number of Meetings Attended</th></tr><tr><td>Mark Allen Wan</td><td>8</td><td>NA</td><td>NA</td><td>2</td></tr><tr><td>Eitan Konstantino</td><td>7</td><td>NA</td><td>1</td><td>NA</td></tr><tr><td>Robert Michael Kleine</td><td>7</td><td>3</td><td>1</td><td>1</td></tr><tr><td>Gregory David Casciaro</td><td>7</td><td>3</td><td>1</td><td>2</td></tr><tr><td>Toe Teow Heng ⁽¹⁾</td><td>2</td><td>NA</td><td>NA</td><td>NA</td></tr><tr><td>Gary Ng Sin Tong ⁽²⁾</td><td>3</td><td>NA</td><td>NA</td><td>NA</td></tr><tr><td>Sho Kian Hin ⁽³⁾</td><td>1</td><td>1</td><td>NA</td><td>NA</td></tr><tr><td>Hoon Ching Sing ⁽⁴⁾</td><td>5</td><td>3</td><td>NA</td><td>NA</td></tr></table> <p>Notes: (1) Toe Teow Heng was appointed as a Director of the Company on 6 August 2015. (2) Gary Ng Sin Tong was appointed as a Director of the Company on 6 August 2015. (3) Sho Kian Hin was appointed as a Director of the Company on 25 September 2015. (4) Hoon Ching Sing resigned as a Director of the Company on 7 August 2015.</p> <p>The Board is also briefed periodically by senior management on the Group's strategy and performance.</p> <p>The Company's Constitution allow for meetings to be held through teleconferencing and/or videoconferencing.</p>	Table 1.4 - Directors' Attendance						Board	AC	NC	RC	Number of Meetings Held	8	4	1	2	Name of Director	Number of Meetings Attended				Mark Allen Wan	8	NA	NA	2	Eitan Konstantino	7	NA	1	NA	Robert Michael Kleine	7	3	1	1	Gregory David Casciaro	7	3	1	2	Toe Teow Heng ⁽¹⁾	2	NA	NA	NA	Gary Ng Sin Tong ⁽²⁾	3	NA	NA	NA	Sho Kian Hin ⁽³⁾	1	1	NA	NA	Hoon Ching Sing ⁽⁴⁾	5	3	NA	NA
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1.5	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none">major capital expenditure, capital management and acquisitions and divestitures;Chapter 9 and Chapter 10 transactions in the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules");the Company's control and accountability systems;the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;the Company's financial statements; andall matters which crosses the Materiality Threshold*. <p>Note: * The Board will establish materiality thresholds from time to time which will reflect the stage of development of the Company and takes into consideration the guidelines provided in the Catalist Rules.</p>																																																												
1.6	(a) Are new Directors given formal training? If not, please explain why.	Newly appointed Directors will receive comprehensive and tailored induction upon joining the Board, including their duties as directors and how to discharge those duties. An orientation program including site visits to the Group's operations will be held where required to ensure that the Directors are familiar with the Group's business, organisation structure, corporate strategies and policies, and governance practices. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company.																																																												
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>Briefings, updates and trainings for the Directors in FY2015 include:</p> <ul style="list-style-type: none">the external auditors ("EA") had briefed the AC on changes or amendments to accounting standards; andToe Teow Heng and Gary Ng Sin Tong made a site visit to the United States ("US") to understand the operations and business of our US subsidiary, TriReme Medical, LLC as well as to attend the Transcatheter Cardiovascular Therapeutics conference in San Francisco to obtain a better understanding of the industry the Group operates in.																																																												

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																				
Board Composition and Guidance																																						
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 is met as more than one-third of the Board is independent. In view that the Chairman of the Board (the " Chairman ") is not an independent director, Guideline 2.2 of the Code is not met as the Independent Directors make up 3/7 of the Board. The Company will comply with Guideline 2.2 for at least half of the board to be independent by the annual general meeting of the Company to be held in respect of the Company's financial year ending 31 December 2017. In addition, pursuant to Guideline 3.3 of the Code, Robert Michael Kleine has been appointed as the Lead Independent Director of the Company and made himself available to shareholders at the Company's general meetings. As Robert Michael Kleine is due to retire by rotation and will not be offering himself for re-election as a director of the Company, the Company will be seeking to appoint another independent director in due course.																																				
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.																																				
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.																																				
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served beyond nine years since the date of his first appointment.																																				
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The Board and board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.</p> <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <thead> <tr> <th colspan="3">Table 2.6 – Balance and Diversity of the Board</th></tr> <tr> <th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr> </thead> <tbody> <tr> <td colspan="3">Core Competencies</td></tr> <tr> <td>- Accounting or finance</td><td>2</td><td>29</td></tr> <tr> <td>- Business management</td><td>6</td><td>86</td></tr> <tr> <td>- Legal or corporate governance</td><td>7</td><td>100</td></tr> <tr> <td>- Relevant industry knowledge or experience</td><td>7</td><td>100</td></tr> <tr> <td>- Strategic planning experience</td><td>7</td><td>100</td></tr> <tr> <td>- Customer based experience or knowledge</td><td>5</td><td>71</td></tr> <tr> <td colspan="3">Gender</td></tr> <tr> <td>- Male</td><td>7</td><td>100</td></tr> <tr> <td>- Female</td><td>0</td><td>0</td></tr> </tbody> </table>	Table 2.6 – Balance and Diversity of the Board				Number of Directors	Proportion of Board (%)	Core Competencies			- Accounting or finance	2	29	- Business management	6	86	- Legal or corporate governance	7	100	- Relevant industry knowledge or experience	7	100	- Strategic planning experience	7	100	- Customer based experience or knowledge	5	71	Gender			- Male	7	100	- Female	0	0
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	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met one time in the absence of key management personnel in FY2015.
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the CEO.</p> <p>The responsibilities of the Non-Independent Non-Executive Chairman are as follows:</p> <ol style="list-style-type: none"> to lead the Board to ensure its effectiveness on all aspects of its role; to promote a culture of openness and debate at the Board; to facilitate the effective contribution of non-executive directors in particular; and to promote high standards of corporate governance. <p>The responsibilities of the CEO are as follows:</p> <ol style="list-style-type: none"> to progress and advance the strategic direction provided by the Board; the operational running of the Company, pursuant to the Board delegating to the CEO certain of the Board's powers, authorities and discretions; to set the agenda of Board meetings and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; to ensure that the directors receive complete, adequate and timely information; to ensure effective communication with shareholders; and to encourage constructive relations within the Board and between the Board and Management.
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors have met one time in the absence of key management personnel in FY2015.
Board Membership		
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> the review of board succession plans for directors, in particular, the Chairman and for the CEO; the development of a process for evaluation of the performance of the Board, its board committees and directors; the review of training and professional development programs for the Board; to review and approve any new employment of related persons and proposed terms of their employment; to decide whether or not a director of the Company is able to and has been adequately carrying out his duties as a director; and board appointments and re-nominations of existing directors for re-election in accordance with the Company's Constitution (including alternate directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of directors, as to composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an independent director. Ensuring all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

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4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<p>The Board has set the maximum number of listed company board representations as 8.</p> <p>Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefiting the Company.</p>																								
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.																								
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none">• Expected and/or competing time commitments of Directors;• Geographical location of Directors;• Size and composition of the Board; and• Nature and scope of the Group's operations and size.																								
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.																								
4.5	Are there alternate Directors?	The Company does not have any alternate directors.																								
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<table border="1"><tr><th colspan="3">Table 4.6(a) – Process for the Selection and Appointment of New Directors</th></tr><tr><td>1.</td><td>Determination of selection criteria</td><td>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td></tr><tr><td>2.</td><td>Search for suitable candidates</td><td>• The NC would consider candidates proposed by the Directors, management or substantial shareholders, and may engage professional search firms where necessary.</td></tr><tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>• The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr><tr><td>4.</td><td>Appointment of director</td><td>• The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr></table> <table border="1"><tr><th colspan="3">Table 4.6(b) – Process for Re-electing Incumbent Directors</th></tr><tr><td>1.</td><td>Assessment of director</td><td><ul style="list-style-type: none">• The NC would assess the contributions and performance of the director in accordance with the performance criteria set by the Board; and• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.</td></tr><tr><td>2.</td><td>Re-appointment of director</td><td>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr></table> <p>Pursuant to Article 98 of the Constitution, at least one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire from office at least once every three (3) years. Pursuant to Article 99, Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election but shall not include any Director who is due to retire at the meeting by reason of age. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election.</p>	Table 4.6(a) – Process for the Selection and Appointment of New Directors			1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2.	Search for suitable candidates	• The NC would consider candidates proposed by the Directors, management or substantial shareholders, and may engage professional search firms where necessary.	3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	• The NC would recommend the selected candidate to the Board for consideration and approval.	Table 4.6(b) – Process for Re-electing Incumbent Directors			1.	Assessment of director	<ul style="list-style-type: none">• The NC would assess the contributions and performance of the director in accordance with the performance criteria set by the Board; and• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.	2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.
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		<p>As such, the Board has accepted the NC's recommendations to seek the approval of shareholders at the forthcoming AGM to re-elect Gregory David Casciaro and Robert Michael Kleine who will be retiring pursuant to Article 98 of the Constitution. In making the recommendations, the NC had considered the directors' overall contribution and performance. Gregory David Casciaro will, upon re-election as a Director, remain as the Chairman of the NC.</p> <p>However, Robert Michael Kleine, the Lead Independent Director, and chairman of the RC, will not be offering himself for re-election as director of the Company and has decided to retire at the forthcoming Annual General Meeting of the Company to be held on 28 April 2016 ("AGM"), as he wishes to devote more time to his own company's operations. The Company will seek the replacement for Robert Michael Kleine and will keep shareholders of the Company informed in relation thereto, including the appointment of a new Lead Independent Director and the re-constitution of Board Committees.</p> <p>The Board has also accepted the NC's recommendations to seek the approval of shareholders at the forthcoming AGM to re-elect Toe Teow Heng, Gary Ng Sin Tong and Sho Kian Hin who will be retiring pursuant to Article 102 of the Constitution. In making the recommendations, the NC had considered the directors' overall contribution and performance. Toe Teow Heng will, upon re-election as a Director, remain as the Non-Independent Non-Executive Chairman. Sho Kian Hin will, upon re-election as a Director, remain as the Chairman of the AC. Sho Kian Hin is considered independent for the purpose of Rule 704(7) of the Catalist Rules. Gary Ng Sin Tong will, upon re-election as a director, remain as an Executive Director and Director, Capital and Strategic Markets.</p>																																																																	
4.7	Please provide Directors' key information.	<p>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out in the table below.</p> <table><tr><th colspan="7">Table 4.7 - Directors' Key Information</th></tr><tr><th rowspan="2">Name of Director</th><th rowspan="2">Board Membership</th><th rowspan="2">Date of first appointment</th><th rowspan="2">Date of last re-appointment</th><th colspan="2">Directorships in other listed companies</th><th rowspan="2">Other Principal Commitments</th></tr><tr><th>Current</th><th>Past three years</th></tr><tr><td>Toe Teow Heng</td><td>Non-Independent Non-Executive Chairman</td><td>6 August 2015</td><td>Not applicable</td><td>Tianjin Zhong Xin Pharmaceutical Group Corporation Limited</td><td>Nil</td><td>CEO of ICH Group Ltd.</td></tr><tr><td>Eitan Konstantino</td><td>CEO</td><td>11 July 2013</td><td>30 April 2015</td><td>Nil</td><td>Nil</td><td>Founding director of Singapore Medtech Accelerator Pte. Ltd.; Member of SPRING Singapore's Medtech Network of Advisors; Co-chairman of F04.30.06 Cardiovascular Standards Task Group of the American Society for Testing and Materials</td></tr><tr><td>Mark Allen Wan</td><td>Non-Independent Non-Executive Director</td><td>11 July 2013</td><td>30 April 2015</td><td>AcelRx Pharmaceutical, Inc.</td><td>Biosensors International Group, Ltd. ePocrates, Inc.</td><td>Managing Member of Three Arch Management IV, LLC</td></tr><tr><td>Robert Michael Kleine</td><td>Lead Independent Director</td><td>14 August 2013</td><td>28 May 2014</td><td>Cardica Inc.</td><td>Biosensors International Group, Ltd.</td><td>President & CEO of Miramar Labs, Inc. and a member of Miramar Labs, Inc.'s Board of Directors</td></tr><tr><td>Gregory David Casciaro</td><td>Independent Director</td><td>14 August 2013</td><td>28 May 2014</td><td>Cardica Inc.</td><td>Nil</td><td>President, CEO and Director of Cardiac Dimensions, Inc. Director and Member of Compensation Committee of Cardica Inc.</td></tr><tr><td>Sho Kian Hin</td><td>Independent Director</td><td>25 September 2015</td><td>Not applicable</td><td>Nil</td><td>China Farm Equipment Limited</td><td>Executive Director of China Farm Equipment Pte. Ltd.</td></tr><tr><td>Gary Ng Sin Tong</td><td>Executive Director</td><td>6 August 2015</td><td>Not applicable</td><td>Nil</td><td>Nil</td><td>Nil</td></tr></table>	Table 4.7 - Directors' Key Information							Name of Director	Board Membership	Date of first appointment	Date of last re-appointment	Directorships in other listed companies		Other Principal Commitments	Current	Past three years	Toe Teow Heng	Non-Independent Non-Executive Chairman	6 August 2015	Not applicable	Tianjin Zhong Xin Pharmaceutical Group Corporation Limited	Nil	CEO of ICH Group Ltd.	Eitan Konstantino	CEO	11 July 2013	30 April 2015	Nil	Nil	Founding director of Singapore Medtech Accelerator Pte. Ltd.; Member of SPRING Singapore's Medtech Network of Advisors; Co-chairman of F04.30.06 Cardiovascular Standards Task Group of the American Society for Testing and Materials	Mark Allen Wan	Non-Independent Non-Executive Director	11 July 2013	30 April 2015	AcelRx Pharmaceutical, Inc.	Biosensors International Group, Ltd. ePocrates, Inc.	Managing Member of Three Arch Management IV, LLC	Robert Michael Kleine	Lead Independent Director	14 August 2013	28 May 2014	Cardica Inc.	Biosensors International Group, Ltd.	President & CEO of Miramar Labs, Inc. and a member of Miramar Labs, Inc.'s Board of Directors	Gregory David Casciaro	Independent Director	14 August 2013	28 May 2014	Cardica Inc.	Nil	President, CEO and Director of Cardiac Dimensions, Inc. Director and Member of Compensation Committee of Cardica Inc.	Sho Kian Hin	Independent Director	25 September 2015	Not applicable	Nil	China Farm Equipment Limited	Executive Director of China Farm Equipment Pte. Ltd.	Gary Ng Sin Tong	Executive Director	6 August 2015	Not applicable	Nil	Nil	Nil
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
Board Performance																				
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole, and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <caption>Table 5 - Performance Criteria</caption> <tr> <th>Performance Criteria</th><th>Board</th><th>Individual Directors</th></tr> <tr> <td rowspan="7">Qualitative</td><td>1. Size and composition</td><td>1. Commitment of time</td></tr> <tr> <td>2. Access to information</td><td>2. Knowledge and abilities</td></tr> <tr> <td>3. Board processes</td><td>3. Teamwork</td></tr> <tr> <td>4. Strategic planning</td><td>4. Overall effectiveness</td></tr> <tr> <td>5. Board accountability</td><td></td></tr> <tr> <td>6. CEO/Top Management interaction</td><td></td></tr> <tr> <td>7. Standards of Conduct</td><td></td></tr> </table>	Performance Criteria	Board	Individual Directors	Qualitative	1. Size and composition	1. Commitment of time	2. Access to information	2. Knowledge and abilities	3. Board processes	3. Teamwork	4. Strategic planning	4. Overall effectiveness	5. Board accountability		6. CEO/Top Management interaction		7. Standards of Conduct	
Performance Criteria	Board	Individual Directors																		
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	3. Board processes	3. Teamwork																		
	4. Strategic planning	4. Overall effectiveness																		
	5. Board accountability																			
	6. CEO/Top Management interaction																			
	7. Standards of Conduct																			
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2015, the review process was as follows:</p> <ol style="list-style-type: none"> All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, and the individual Directors based on criteria disclosed in Table 5 above; The questionnaire results are collated for the NC's discussion and the NC concluded the performance results during the NC meeting; and All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance. <p>No external facilitator was used in the evaluation process.</p>																		
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.																		
Access to Information																				
6.1 10.3	What types of information does the Company provide to Non-Executive Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<table border="1"> <caption>Table 6 – Types of Information Provided by Key Management Personnel to Non-Executive Directors</caption> <tr> <th></th><th>Information</th><th>Frequency</th></tr> <tr> <td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Quarterly</td></tr> <tr> <td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Quarterly</td></tr> <tr> <td>3.</td><td>Reports on on-going or planned corporate actions</td><td>Quarterly</td></tr> <tr> <td>4.</td><td>Internal auditors' ("IA") report(s)</td><td>Yearly</td></tr> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly	2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly	3.	Reports on on-going or planned corporate actions	Quarterly	4.	Internal auditors' ("IA") report(s)	Yearly			
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3.	Reports on on-going or planned corporate actions	Quarterly																		
4.	Internal auditors' ("IA") report(s)	Yearly																		
6.3	What is the role of the Company Secretary?	<p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> Ensuring that board procedures are followed and that applicable rules and regulations are complied with; Ensuring good information flows within the Board and its board committees and between the senior management and the Directors, advising the Board on all governance matters, facilitating orientation and assisting with professional developments; and Attending all board and committee meetings. 																		

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1	What is the role of the RC?	<p>The RC is guided by key terms of reference which include, amongst others, the following:</p> <ul style="list-style-type: none"> (a) Review and recommend to the Board a general framework of remuneration for the Board and key management personnel, as well as specific remuneration packages for each Director and key management personnel of the Company; (b) Review annually the remuneration of the key management personnel and the Executive Director(s) including the terms of renewal for their Service Agreements; (c) Review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and (d) Oversee the administration of the Company's 2014 QTV Employee Share Option Scheme ("2014 ESOS") and QTV Vascular Restricted Share Plan 2015 ("2015 RSP") (or such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said 2014 ESOS and 2015 RSP, and the practical administration of the options granted under the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan.
7.3	Were remuneration consultants engaged in the last financial year?	In FY2015, the Company did not engage any remuneration consultants.
Disclosure on Remuneration		
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																																																
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2015 is as follows:</p> <table><tr><th colspan="8">Table 9 – Directors' Remuneration</th></tr><tr><th>Name</th><th>Remuneration Bands⁽⁵⁾</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits-in-kind (%)</th><th>Stock options / Restricted share awards (%)</th><th>Total (%)</th></tr><tr><td>ToeTeow Heng ⁽¹⁾</td><td>A</td><td>-</td><td>-</td><td>77</td><td>-</td><td>23</td><td>100</td></tr><tr><td>Eitan Konstantino</td><td>E</td><td>57</td><td>13</td><td>-</td><td>2</td><td>28</td><td>100</td></tr><tr><td>Mark Allen Wan</td><td>A</td><td>-</td><td>-</td><td>81</td><td>-</td><td>19⁽⁶⁾</td><td>100</td></tr><tr><td>Robert Michael Kleine</td><td>A</td><td>-</td><td>-</td><td>74</td><td>-</td><td>26</td><td>100</td></tr><tr><td>Gregory David Casciaro</td><td>A</td><td>-</td><td>-</td><td>74</td><td>-</td><td>26</td><td>100</td></tr><tr><td>Gary Ng Sin Tong ⁽²⁾</td><td>A</td><td>56</td><td>5</td><td>-</td><td>5</td><td>34</td><td>100</td></tr><tr><td>Sho Kian Hin ⁽³⁾</td><td>A</td><td>-</td><td>-</td><td>100</td><td>-</td><td>-</td><td>100</td></tr><tr><td>Hoon Ching Sing ⁽⁴⁾</td><td>A</td><td>-</td><td>-</td><td>100</td><td>-</td><td>-</td><td>100</td></tr></table> <p>Notes:</p> <p>(1) Toe Teow Heng was appointed as a Director of the Company on 6 August 2015.</p> <p>(2) Gary Ng Sin Tong was appointed as a Director of the Company on 6 August 2015.</p> <p>(3) Sho Kian Hin was appointed as a Director of the Company on 25 September 2015.</p> <p>(4) Hoon Ching Sing resigned as a Director of the Company on 7 August 2015.</p> <p>(5) Remuneration Bands: Band "A" refers to remuneration of up to S\$250,000 per annum; Band "E" refers to remuneration from S\$1,000,001 to S\$1,250,000 per annum; and</p> <p>(6) 817,000 options granted under the 2014 ESOS is subject to shareholders' approval at the AGM.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p> <p>There were no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top key management personnel (who are not Directors or the CEO).</p>	Table 9 – Directors' Remuneration								Name	Remuneration Bands ⁽⁵⁾	Salary (%)	Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Stock options / Restricted share awards (%)	Total (%)	ToeTeow Heng ⁽¹⁾	A	-	-	77	-	23	100	Eitan Konstantino	E	57	13	-	2	28	100	Mark Allen Wan	A	-	-	81	-	19 ⁽⁶⁾	100	Robert Michael Kleine	A	-	-	74	-	26	100	Gregory David Casciaro	A	-	-	74	-	26	100	Gary Ng Sin Tong ⁽²⁾	A	56	5	-	5	34	100	Sho Kian Hin ⁽³⁾	A	-	-	100	-	-	100	Hoon Ching Sing ⁽⁴⁾	A	-	-	100	-	-	100
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9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The Company only has three (3) top key management personnel.</p> <p>The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2015 is as follows:</p> <table><tr><th colspan="7">Table 9.3 – Remuneration of Key Management Personnel</th></tr><tr><th>Name</th><th>Remuneration Bands⁽¹⁾</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)</th><th>Share options / Restricted Share Awards (%)</th><th>Total (%)</th></tr><tr><td>Randal Farwell</td><td>C</td><td>69</td><td>12</td><td>3</td><td>16</td><td>100</td></tr><tr><td>Maria Pizarro</td><td>B</td><td>83</td><td>5</td><td>2</td><td>10</td><td>100</td></tr><tr><td>Momi Brosh</td><td>C</td><td>46</td><td>11</td><td>-</td><td>43</td><td>100</td></tr></table> <p>Note:</p> <p>(1) "Band B" refers to remuneration from S\$250,001 to S\$500,000 per annum. "Band C" refers to remuneration from S\$500,001 to S\$750,000 per annum.</p>	Table 9.3 – Remuneration of Key Management Personnel							Name	Remuneration Bands ⁽¹⁾	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Share options / Restricted Share Awards (%)	Total (%)	Randal Farwell	C	69	12	3	16	100	Maria Pizarro	B	83	5	2	10	100	Momi Brosh	C	46	11	-	43	100																																													
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	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top three (3) key management personnel (excluding the CEO and the Executive Director) for FY2015 was S\$1,570,607.																																																																																

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation				
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	There was no employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2015.				
9.5	Please provide details of the employee share scheme(s).	<p>Save for Eitan Konstantino, the Chief Executive Officer of the Company, Randal Farwell, the Chief Financial Officer of the Company and Maria Pizzaro, the Executive Vice President and Vice President, Research and Development of the Company, there are no participants who received 5% or more of the total number of outstanding options that have been granted under the Scheme (as defined on page 30 of this Annual Report). The Company does not have a parent company. During FY2015, no options have been granted at a discount.</p> <p>Information relating to the Company's options and share awards for ordinary shares in the Company is set out on pages 30 to 32 and 70 to 74 of this Annual Report, and further information can be found in the Company's offer document dated 16 April 2014 and Appendix to shareholders dated 15 April 2015.</p>				
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.				
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table><tr><th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th></tr><tr><td>Qualitative</td><td><ol style="list-style-type: none">LeadershipPeople developmentCommitmentTeamwork</td></tr></table>	Performance Conditions	Short-term Incentives (such as performance bonus)	Qualitative	<ol style="list-style-type: none">LeadershipPeople developmentCommitmentTeamwork
Performance Conditions	Short-term Incentives (such as performance bonus)					
Qualitative	<ol style="list-style-type: none">LeadershipPeople developmentCommitmentTeamwork					
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2015.				
ACCOUNTABILITY AND AUDIT						
Risk Management and Internal Controls						
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2015.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none">Assurance has been received from the CEO and CFO (refer to Section 11.3(b) below);An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed;Key management personnel regularly evaluates, monitors and reports to the AC on material risks;Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns;An enterprise risk management framework was established to identify, manage and mitigate significant risks; andRisk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels. <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</p>				

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the CEO and CFO in respect of FY2015.</p> <p>The Board has additionally relied on the IA reports issued to the Company for FY2015 as assurances that the Company's risk management and internal control systems are effective.</p>
Audit Committee		
12.1 12.4	What is the role of the AC?	<p>The AC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> (a) consider the appointment or re-appointment of the external auditors, the level of their remuneration and matters relating to resignation or removal of the external auditors, and review with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and the Company's management's response before submission of the results of such review to the Board for approval; (b) consider the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or removal of the internal auditors, and review with the internal auditors the internal audit plans and their evaluation of the adequacy of the Company's system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's annual report (where necessary); (c) review the system of internal accounting controls and procedures established by management and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary); (d) oversees the development of the Company's risk framework to manage the current risk exposures and future risk strategy of the Company; (e) review the annual and quarterly financial statements and results announcements, where applicable, before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/ regulatory requirements; (f) review the effectiveness and adequacy of the Company's administrative, operating, internal accounting and financial control procedures; (g) review the scope and results of the external audit, and the independence and objectivity of the external auditors; and (h) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up.
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA one time in the absence of key management personnel in FY2015.
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<table><tr><th colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA for FY2015</th></tr><tr><th></th><th>US\$'000</th><th>% of total</th></tr><tr><td>Audit fees</td><td>309</td><td>96</td></tr><tr><td>Non-audit fees</td><td></td><td></td></tr><tr><td>- Tax related advices</td><td>12</td><td>4</td></tr><tr><td>Total</td><td>321</td><td>100</td></tr></table>	Table 12.6(a) – Fees Paid/Payable to the EA for FY2015				US\$'000	% of total	Audit fees	309	96	Non-audit fees			- Tax related advices	12	4	Total	321	100
Table 12.6(a) – Fees Paid/Payable to the EA for FY2015																				
	US\$'000	% of total																		
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Non-audit fees																				
- Tax related advices	12	4																		
Total	321	100																		
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2015 were not substantial.																		
12.7	Does the Company have a whistle-blowing policy?	<p>Yes. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the following Independent Directors:</p> <table><tr><th>Name</th><th>Email Address</th></tr><tr><td>Robert Michael Kleine</td><td>mikekleine@gmail.com</td></tr><tr><td>Gregory David Casciaro</td><td>gcasciaro@yahoo.com</td></tr><tr><td>Sho Kian Hin</td><td>eshokh88@yahoo.com</td></tr></table>	Name	Email Address	Robert Michael Kleine	mikekleine@gmail.com	Gregory David Casciaro	gcasciaro@yahoo.com	Sho Kian Hin	eshokh88@yahoo.com										
Name	Email Address																			
Robert Michael Kleine	mikekleine@gmail.com																			
Gregory David Casciaro	gcasciaro@yahoo.com																			
Sho Kian Hin	eshokh88@yahoo.com																			
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, the AC was briefed by the external auditors on the changes or amendments to the accounting standards which may have a direct impact on the financial statements.																		
12.9	Are there any member of the AC who is a former partner or director of the Company's existing auditing firm or auditing corporation (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation?	There is no AC member who is a former partner or director of the Company's existing auditing firm or audit corporation.																		
Internal Audit																				
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to PriceWaterhouseCoopers Management Consultants Pte. Ltd. that reports directly to the AC Chairman and administratively to the CEO and CFO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, <i>inter alia</i> , its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.																		
SHAREHOLDER RIGHTS AND RESPONSIBILITIES																				
Communication with Shareholders																				

Corporate Governance

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.2 15.3 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>The Company solicits feedback from and addresses the concerns of shareholders via the following:</p> <ul style="list-style-type: none"> an investor relations contact whose contact details can be found on the Investor Relations page of the Company's website, www.qtvvascular.com; media publications; and investor/analyst briefings. <p>The Company held numerous investor briefings in FY2015 to meet with its institutional and retail investors.</p> <p>The Company has an internal investor relations team. In addition, the Company has engaged an external investor relations firm, Waterbrooks Consultants Pte. Ltd. to assist the Company in its investor relations initiatives.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website and its investor relations webpage at www.qtvvascular.com.</p>
15.5	<p>Does the Company have a dividend policy?</p> <p>Is the Company is paying dividends for the financial year? If not, please explain why.</p>	<p>The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, <i>inter alia</i>, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.</p> <p>The Board has not declared or recommended any dividends for FY2015, as the Company was not profitable for FY2015.</p>
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allow for abstentia voting.</p> <p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, except in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will made available to shareholders upon their request after the general meeting.</p>

Corporate Governance

COMPLIANCE WITH APPLICABLE CATALIST RULES																																					
Catalist Rule	Rule Description	Company's Compliance or Explanation																																			
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.																																			
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.																																			
1204(10)	Confirmation of adequacy of internal controls	The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks for FY2015 based on the following: <ul style="list-style-type: none">• internal controls and the risk management system established by the Company;• work performed by the IA and EA;• assurances from the CEO and CFO; and• reviews done by the various Board Committees and key management personnel.																																			
1204(17)	Interested Persons Transaction ("IPT")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. There were no interested person transactions which were of S\$100,000 and above entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested person transactions.																																			
1204(19)	Dealing in Securities	The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements respectively, and ending on the date of the announcement of the relevant results.																																			
1204(21)	Non-sponsor fees	For FY2015, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$47,750.																																			
1204(22)	Use of Proceeds	<u>Initial Public Offering ("IPO")</u> Pursuant to the IPO, the Company received gross proceeds of S\$55,000,000 ("IPO Proceeds"). As at 31 December 2015, the IPO proceeds has been utilized as follows: <table><thead><tr><th></th><th>Amount allocated S\$'000</th><th>Amount utilised S\$'000</th><th>Balance S\$'000</th></tr></thead><tbody><tr><td>Commercial expansion ⁽¹⁾</td><td>5,000</td><td>5,000</td><td>-</td></tr><tr><td>Development of new products and product enhancements</td><td>15,000</td><td>15,000</td><td>-</td></tr><tr><td>General working capital purposes ⁽²⁾</td><td>30,282</td><td>30,282</td><td>-</td></tr><tr><td>Listing expenses</td><td>4,718</td><td>4,718</td><td>-</td></tr><tr><td>Total</td><td>55,000</td><td>55,000</td><td>-</td></tr></tbody></table> Notes: (1) Commercial expansion includes marketing activities, expenses incurred in entering into further supplier and distributorship agreements, market expansion activities and costs of our sales force. (2) A breakdown on the IPO proceeds utilised for general working capital purposes is as follows: <table><thead><tr><th></th><th>S\$'000</th></tr></thead><tbody><tr><td>Payment of salaries and wages</td><td>10,978</td></tr><tr><td>Payment to supplier</td><td>9,778</td></tr><tr><td>Payment of professional fees</td><td>9,526</td></tr><tr><td></td><td><u>30,282</u></td></tr></tbody></table>			Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000	Commercial expansion ⁽¹⁾	5,000	5,000	-	Development of new products and product enhancements	15,000	15,000	-	General working capital purposes ⁽²⁾	30,282	30,282	-	Listing expenses	4,718	4,718	-	Total	55,000	55,000	-		S\$'000	Payment of salaries and wages	10,978	Payment to supplier	9,778	Payment of professional fees	9,526		<u>30,282</u>
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Corporate Governance

Catalist Rule	Rule Description	Company's Compliance or Explanation																																										
		<p>The above utilisations are in accordance with the intended use of IPO proceeds, as stated in the Offer Document.</p> <p><u>Convertible notes</u></p> <p>The Company has announced a proposed issue of convertible notes of up to US\$13.14 million (the "Notes") on 24 July 2015. On 6 August 2015, 18 December 2015 and 30 March 2016, the Company announced the completion of the subscription of the first, second and third tranches of the Notes respectively, amounting to an aggregate of US\$13.14 million. After deducting expenses of approximately US\$0.10 million incurred by the Company in connection with the issuance, the net proceeds is approximately US\$13.04 million ("2015 CN Proceeds").</p> <p>As at 31 March 2016, the 2015 CN Proceeds have been utilised as follows:</p> <table><tr><th></th><th>Amount allocated US\$'000</th><th>Amount utilised US\$'000</th><th>Balance US\$'000</th></tr><tr><td>Research and development</td><td>7,850</td><td>6,570</td><td>1,280</td></tr><tr><td>General working capital purposes ⁽¹⁾</td><td>5,190</td><td>4,280</td><td>910</td></tr><tr><td>Total</td><td>13,040</td><td>10,850</td><td>2,190</td></tr></table> <p>Note:</p> <p>(1) A breakdown on the 2015 CN Proceeds utilised for general working capital purposes is as follows:</p> <table><tr><th></th><th>US\$'000</th></tr><tr><td>Payment of salaries and wages</td><td>1,338</td></tr><tr><td>Payment to suppliers</td><td>1,720</td></tr><tr><td>Payment of professional fees</td><td>1,222</td></tr><tr><td>Total</td><td>4,280</td></tr></table> <p>The above utilisations are in accordance with the intended use of the 2015 CN proceeds, as stated in the Company's announcement dated 24 July 2015.</p> <p>On 27 January 2016, the Company has announced the proposed issue of convertible notes of US\$4.20 million ("Convertible Notes") and exchangeable bonds of US\$1.86 million ("Exchangeable Bonds"). On 9 March 2016, the Company announced the completion of the subscription of the Convertible Notes. After deducting expenses of approximately US\$0.05 million incurred by the Company in connection with the issuance, the net proceeds from the Convertible Notes is approximately US\$4.15 million ("Convertible Notes Proceeds").</p> <p>As at 31 March 2016, the Convertible Notes Proceeds have been utilised as follows:</p> <table><tr><th></th><th>Amount allocated US\$'000</th><th>Amount utilised US\$'000</th><th>Balance US\$'000</th></tr><tr><td>Research and development</td><td>1,050</td><td>-</td><td>1,050</td></tr><tr><td>General working capital purposes</td><td>3,100</td><td>865</td><td>2,235</td></tr><tr><td>Total</td><td>4,150</td><td>865</td><td>3,285</td></tr></table> <p>The Convertible Notes proceeds utilised for general working capital purposes was for payments to suppliers of US\$865,000.</p> <p>The above utilisation is in accordance with the intended use of the Convertible Notes proceeds as stated in the Company's announcement dated 27 January 2016.</p> <p>The Company will be seeking the approval of its Shareholders for the Exchangeable Bonds issue at the AGM.</p>		Amount allocated US\$'000	Amount utilised US\$'000	Balance US\$'000	Research and development	7,850	6,570	1,280	General working capital purposes ⁽¹⁾	5,190	4,280	910	Total	13,040	10,850	2,190		US\$'000	Payment of salaries and wages	1,338	Payment to suppliers	1,720	Payment of professional fees	1,222	Total	4,280		Amount allocated US\$'000	Amount utilised US\$'000	Balance US\$'000	Research and development	1,050	-	1,050	General working capital purposes	3,100	865	2,235	Total	4,150	865	3,285
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Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 37 to 94 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Eitan Konstantino	
Mark Allen Wan	
Robert Michael Kleine	
Gregory David Casciaro	
Gary Ng Sin Tong	(Appointed on 6 August 2015)
Toe Teow Heng	(Appointed on 6 August 2015)
Sho Kian Hin	(Appointed on 25 September 2015)

Directors' interests

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

Name of director and interests held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Eitan Konstantino		
• Ordinary shares	13,054,336	14,974,336
• Options	44,271,792	45,046,792
• Restricted share awards	–	1,907,000
Robert Michael Kleine		
• Options	2,496,304	3,313,304

Directors' Statement

Name of director and interests held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Gregory David Casciaro		
• Options	3,298,768	4,115,768
Mark Allen Wan		
• Ordinary shares ¹	157,284,444 ¹	157,284,444 ¹
• Options ^{1 2}	1,920,000 ¹	2,737,000 ^{1 2}
Gary Ng Sin Tong		
• Options	–	1,215,000
• Restricted share awards	–	750,000
Toe Teow Heng		
• Convertible notes with embedded options	16,171,875	16,171,875
• Options	–	1,215,000

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

² Includes 817,000 options that are subject to shareholders' approval at a general meeting as the options are granted to Mark Allen Wan, the Company's existing Non-Executive Director and controlling shareholder

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

Between the end of the financial year and 21 January 2016 as a result of the issue of ordinary shares from the QT Vascular Restricted Share Plan 2015 on 4 January 2016, the interests in the Company for the following directors are as follows:

Name of director and interests held	Holdings as at 31 December 2015	Holdings as at 21 January 2016
Eitan Konstantino		
• Ordinary shares	14,974,336	15,355,736
• Options	45,046,792	45,046,792
• Restricted share awards	1,907,000	1,525,600
Gary Ng Sin Tong		
• Ordinary shares	–	150,000
• Options	1,215,000	1,215,000
• Restricted share awards	750,000	600,000

Directors’ Statement

Except as disclosed above, there were no other changes in any of the above mentioned interests in Company between the end of the financial year and 21 January 2016.

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

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

Options to purchase Ordinary Shares

In September 2005 (“2005 Stock Plan”), November 2010 (“2010 Stock Plan”), and September 2013 (“2013 Stock Plan”), the Group established share options plans that entitle certain employees, directors and consultants to purchase ordinary shares. For details of the share options plans, refer to Note 15.

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

	No. of options 31 December 2015 ’000	No. of options 31 December 2014 ’000
Outstanding at 1 January	112,392	7,443
Subdivision of options from 1 to 16 options	–	110,239
Granted during the year *	29,162	–
Forfeited during the year	(4,727)	(1,043)
Expired during the year	(221)	–
Exercised during the year	(15,390)	(4,247)
Outstanding at 31 December	<u>121,216</u>	<u>112,392</u>
Exercisable at 31 December	<u>88,505</u>	<u>89,781</u>

* Includes 817,000 options that are subject to shareholders’ approval at a general meeting as mentioned above.

Directors' Statement

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

Name of director	Options granted for financial year ended 31 December 2015	Aggregate options granted since commencement of Scheme to 31 December 2015	Aggregate options exercised since commencement of Scheme to 31 December 2015	Aggregate options outstanding as at 31 December 2015
Eitan Konstantino	3,895,000	48,166,792	(3,120,000)	45,046,792
Mark Allen Wan	817,000*	2,737,000	–	2,737,000
Robert Michael Kleine	817,000	3,313,304	–	3,313,304
Gregory David Casciaro	817,000	4,115,768	–	4,115,768
Gary Ng Sin Tong	1,215,000	1,215,000	–	1,215,000
Toe Teow Heng	1,215,000	1,215,000	–	1,215,000

* The granting of the share options to Mark Allen Wan is subject to shareholders' approval at a general meeting as mentioned above.

Restricted share awards

At the Annual General Meeting of the Company held on 30 April 2015, the shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015 ("2015 RSP"). On 14 August 2015, the Company granted 9,294,000 restricted share awards ("RSA") 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. The 2015 RSP is administered by the Remuneration Committee, comprising three directors, Robert Michael Kleine, Gregory David Casciaro and Mark Allen Wan.

	No. of RSA 31 December 2015 '000
Outstanding at 1 January	–
Granted during the year	9,294
Outstanding at 31 December	9,294

As at 31 December 2015, 1,858,800 of the RSA had vested and were issued on 4 January 2016.

Directors' Statement

Details of RSA granted to directors of the Company under the 2015 RSP are as follows:

Name of director	RSA granted for financial year ended 31 December 2015	Aggregate RSA granted since commencement of 2015 RSP to 31 December 2015	Aggregate RSA issued since commencement of 2015 RSP to 31 December 2015	Aggregate RSA outstanding as at 31 December 2015
Eitan Konstantino	1,907,000	1,907,000	–	1,907,000
Gary Ng Sin Tong	750,000	750,000	–	750,000

Convertible notes

As at 31 December 2015, the Company had issued convertible notes ("notes") which have embedded options that entitle the notes' holders to receive 118,054,692 ordinary share (2014: Nil) for total proceeds of US\$10,950,000. During the year, 47,437,501 ordinary shares were issued pursuant to the exercise of such options.

Name of director	Convertible notes with embedded options issued for financial year ended 31 December 2015	Aggregate convertible notes with embedded options exercised since issuance of convertible notes to 31 December 2015	Aggregate convertible notes with embedded options outstanding as at 31 December 2015
Toe Teow Heng	32,343,750	16,171,875	16,171,875

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

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

Directors' Statement

Audit Committee

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

- Sho Kian Hin (Chairman), Independent Director (Appointed on 25 September 2015)
- Robert Michael Kleine, Lead Independent Director
- Gregory David Casciaro, Independent Director
- Hoon Ching Sing (Chairman), Independent Director (Resigned on 7 August 2015)

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

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

The Audit Committee also reviewed the following:

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

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

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

Directors' Statement

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Eitan Konstantino

Director

Sho Kian Hin

Director

31 March 2016

Independent Auditors' Report

Members of the Company
QT Vascular Ltd.

Report on the financial statements

We have audited the accompanying financial statements of QT Vascular Ltd. (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, 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, as set out on pages 37 to 94.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Members of the Company
QT Vascular Ltd.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which indicates that the financial statements have been prepared on a going concern basis notwithstanding the net loss of US\$53,050,000 for the current year, the deficiency in net assets of US\$13,686,000 and the net current liabilities of US\$23,972,000 as of 31 December 2015.

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.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 March 2016

Consolidated Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Note	31/12/2015	31/12/2014	31/12/2015	31/12/2014
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	5	913	827	–	–
Intangible assets	6	12,861	9,235	40	40
Investment in subsidiaries	7	–	–	90,029	73,232
Other non-current assets		147	201	–	–
Non-current assets		13,921	10,263	90,069	73,272
Inventories	9	5,950	6,174	–	–
Trade and other receivables	10	3,630	3,474	2	14
Cash and cash equivalents	11	3,850	20,152	2,474	11,516
Current assets		13,430	29,800	2,476	11,530
Total assets		27,351	40,063	92,545	84,802
Equity					
Share capital	12	139,202	133,263	139,202	133,263
Reserves	12	909	(821)	(37,084)	(33,287)
Accumulated losses		(153,797)	(100,747)	(41,097)	(15,929)
Equity attributable to owners of the Company/Total equity		(13,686)	31,695	61,021	84,047
Liabilities					
Loans and borrowings	13	3,474	12	3,470	–
Trade and other payables, including derivatives	17	161	175	–	–
Non-current liabilities		3,635	187	3,470	–
Loans and borrowings	13	3	1	–	–
Trade and other payables, including derivatives	17	13,675	8,180	4,695	755
Deferred income	16	365	–	–	–
Provision for legal liability*	18	23,359	–	23,359	–
Current liabilities		37,402	8,181	28,054	755
Total liabilities		41,037	8,368	31,524	755
Total equity and liabilities		27,351	40,063	92,545	84,802

*As at 31 December 2015, following the damages awarded against (i) the Company, (ii) the Company's subsidiaries, TriReme Medical, LLC and Quattro Vascular Pte. Ltd. and (iii) the Company's Chief Executive Officer ("CEO"), Dr. Eitan Konstantino, in the judgement on the breach of fiduciary duty ("State Law claims"), the Company and the Group had recognised a provision for legal liability of US\$23,359,000. The final sum to be borne by the Company and the Group will be determined at the conclusion of the appeal on the State Law claims judgement. On 17 February 2016, the Company and the Group submitted the brief of defendants document to the US Court of Appeals for the Federal Circuit and as of the date of this report, the hearing on the appeal has not been scheduled. With the exclusion of the legal liability provision, the Company and the Group's current liabilities will exceed their respective current assets by US\$2,219,000 and US\$613,000, respectively, and the total equity of the Company and the Group will be a positive US\$84,380,000 and US\$9,673,000, respectively.

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

		Group	
	Note	31/12/2015	31/12/2014
		US\$'000	US\$'000
Revenue	20	12,435	13,159
Cost of sales		(8,362)	(9,820)
Gross profit		4,073	3,339
Sales and marketing expenses		(10,440)	(8,800)
Administrative expenses		(12,756)	(13,732)
Research and development expenses		(7,905)	(6,720)
Other expenses		(23,893)	(197)
Results from operating activities		(50,921)	(26,110)
Finance income		5	1,424
Finance costs		(2,132)	(9,487)
Net finance costs	21	(2,127)	(8,063)
Loss before tax		(53,048)	(34,173)
Tax expense	23	(2)	(1)
Loss for the year	22	(53,050)	(34,174)
Other comprehensive income			
<i>Item that is or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		747	(3,213)
Total comprehensive income for the year		(52,303)	(37,387)
Loss attributable to:			
Owners of the Company		(53,050)	(34,174)
Loss for the year		(53,050)	(34,174)
Total comprehensive income attributable to:			
Owners of the Company		(52,303)	(37,387)
Total comprehensive income for the year		(52,303)	(37,387)
Earnings per share			
Basic loss per share (dollars)	24	(0.07)	(0.06)
Diluted loss per share (dollars)	24	(0.07)	(0.06)

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company						
	Ordinary shares US\$'000	Convertible preference shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Translation reserve US\$'000	Share-based	
						payment reserve US\$'000	Accumulated losses US\$'000
Total equity US\$'000							
Group							
At 1 January 2014	5,529	47,204	(1,385)	(77)	356	2,956	(66,573)
(11,990)							
Total comprehensive income for the year							
Loss for the year	-	-	-	-	-	-	(34,174)
(34,174)							
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	(3,213)	-	(3,213)
(3,213)							
Total comprehensive income for the year	-	-	-	-	(3,213)	-	(34,174)
(37,387)							
Contributions by and distributions to owners							
Preference shares issued pursuant to exercise of warrants	-	3,487	-	-	-	-	3,487
3,487							
Issuance of preference shares	-	200	-	-	-	-	200
200							
Conversion of preference shares into ordinary shares	50,891	(50,891)	-	-	-	-	-
(50,891)							
Shares issued pursuant to the initial public offering	43,775	-	-	-	-	-	43,775
43,775							
Shares issued in satisfaction of professional fees	1,684	-	-	-	-	-	1,684
1,684							
Transaction costs pursuant to the initial public offering	(4,691)	-	-	-	-	-	(4,691)
(4,691)							
Shares issued pursuant to conversion of convertible notes	35,911	-	-	-	-	-	35,911
35,911							
Share options exercised	164	-	-	-	-	-	164
164							
Share-based payment transactions	-	-	-	-	-	542	542
-							
Total contributions by and distributions to owners	127,734	(47,204)	-	-	-	542	81,072
127,734							
At 31 December 2014	133,263	-	(1,385)	(77)	(2,857)	3,498	(100,747)
133,263							
31,695							

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company					
	Ordinary shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Translation reserve US\$'000	Share-based	
					payment reserve US\$'000	Accumulated losses US\$'000
Total equity	Total equity US\$'000					
Group						
At 1 January 2015	133,263	(1,385)	(77)	(2,857)	3,498	(100,747)
						31,695
Total comprehensive income for the year						
Loss for the year	-	-	-	-	-	(53,050)
						(53,050)
Other comprehensive income						
Foreign currency translation differences	-	-	-	747	-	-
						747
Total comprehensive income for the year	-	-	-	747	-	(53,050)
						(52,303)
Contributions by and distributions to owners						
Shares issued pursuant to exercise of options embedded in convertible notes	5,449	-	-	-	-	-
						5,449
Share options exercised	490	-	-	-	-	-
						490
Share-based payment transactions	-	-	-	-	983	-
						983
Total contributions by and distributions to owners						
	5,939	-	-	-	983	-
						6,922
At 31 December 2015	139,202	(1,385)	(77)	(2,110)	4,481	(153,797)
						(13,686)

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

Consolidated Statement of Cash Flows

Year ended 31 December 2015

Note	Group	
	31/12/2015 US\$'000	31/12/2014 US\$'000
Cash flows from operating activities		
Net loss for the year	(53,050)	(34,174)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, plant and equipment	259	360
Amortisation of intangible assets	576	570
Interest income	(5)	(21)
Interest expense on convertible notes	751	4,477
Gain on disposal of property, plant and equipment	–	(3)
Property, plant and equipment written off	–	25
Exchange loss/(gain)	313	(1,401)
Equity-settled share-based payment transactions	983	542
Changes in fair value of financial instruments	1,068	5,010
	<u>(49,105)</u>	<u>(24,615)</u>
Changes in:		
- Trade and other receivables	(149)	(1,581)
- Inventories	223	(2,649)
- Other assets	54	(16)
- Trade and other payables, including derivatives	2,609	3,048
- Deferred income	365	(647)
- Provision for legal liability	23,359	–
Net cash used in operating activities	<u>(22,644)</u>	<u>(26,460)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(349)	(811)
Additions to intangible assets	(4,191)	(2,975)
Net cash used in investing activities	<u>(4,540)</u>	<u>(3,786)</u>

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

Consolidated Statement of Cash Flows

Year ended 31 December 2015

		Group	
	Note	31/12/2015 US\$'000	31/12/2014 US\$'000
Cash flows from financing activities			
Proceeds from issue of ordinary shares		–	43,775
Transaction costs pursuant to the initial public offering		–	(3,007)
Repayment of convertible note interests		–	(702)
Repayment of hire purchase creditor		(5)	(2)
Proceeds from issuance of convertible notes		10,950	2,500
Proceeds from exercise of share options		485	164
Proceeds from exercise of warrants		–	3,487
Net cash from financing activities		11,430	46,215
Net (decrease)/increase in cash and cash equivalents		(15,754)	15,969
Effect of exchange rate changes on cash and cash equivalents		(548)	(1,014)
Cash and cash equivalents at beginning of year		20,152	5,197
Cash and cash equivalents at end of year	11	3,850	20,152

In 2014, the Group acquired property, plant and equipment with an aggregate cost of US\$826,000, of which US\$15,000 was acquired under finance lease arrangements. There was no property, plant and equipment acquired under finance lease arrangements during the financial year ended 31 December 2015.

Significant non-cash transaction

During the year ended 31 December 2015, the Company issued ordinary shares to a director and third parties following the exercise of the options embedded in their convertible notes amounting to US\$5,449,000.

During the year ended 31 December 2014, the Company issued ordinary shares to a third party in satisfaction of professional fees amounting to US\$1,684,000.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2016.

1 Domicile and activities

QT Vascular Ltd. (the “Company”) is incorporated in the Republic of Singapore. The address of the Company’s registered office is 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

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

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

2 Going concern

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

The Group recorded net loss of US\$53,050,000 for the year ended 31 December 2015 and as at that date, the statement of financial position showed a deficiency in net assets of US\$13,686,000 and net current liabilities of US\$23,972,000.

As described in note 18 to the financial statements, the Group recognised US\$23,359,000 of provision for a legal liability based on the State Law claims judgement awarded by the United States District Court (Northern District of California – Oakland Division), which is not payable until the conclusion of the appeal. As at the date of this report, the appeal filed by the Group is still on-going.

Notwithstanding that the appeal is on-going, 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 in operation and meet its obligations for the foreseeable future.

The cash flow forecasts were prepared based on reasonable assumptions on growth and reorganisation plans that were ongoing within the Group to drive operational efficiency. Based on the cash flow forecasts, 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.

Notes to the Financial Statements

3 Basis of preparation

3.1 Statement of compliance

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

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

Change in functional currency

With effect from 1 January 2015, as a result of a change in underlying transactions, events and conditions relevant to a subsidiary, the functional currency of the subsidiary was changed from Singapore dollars to United States dollars.

3.4 Use of estimates and judgements

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

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

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

(i) Valuation of inventories

The valuation of inventories at the lower of cost and net realisable value requires the Group to review inventories for their saleability and for indications of obsolescence. This requires the Group management to make estimates based on future market demand and past experience with similar inventories and their usage. In addition, judgements and estimates regarding future selling prices, level of demand and indications of obsolescence must be made and used in connection with evaluating whether such write-downs are necessary and the amounts of such write-downs.

Notes to the Financial Statements

3.4 Use of estimates and judgements (continued)

(ii) *Useful lives of property, plant and equipment and intangible assets*

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

(iii) *Valuation of long-lived assets*

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

If any such indicator exists, the assets recoverable amounts are estimated. The recoverable amount is the greater of the assets net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The determination of recoverability is based on estimates of future cash flows expected to result from the use of the assets and its eventual disposition. The estimate of cash flows is dependent, among other things, on certain assumptions about expected future operating performance, future selling prices, utilisation rates, market demand and other factors. If the Group management made different estimates of the future cash flows, different conclusions regarding impairments might be reached.

Notes to the Financial Statements

3.4 Use of estimates and judgements (continued)

(iv) *Valuation of subsidiaries*

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

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

- Note 13 – Loans and borrowings
- Note 14 – Convertible notes
- Note 18 – Provision for legal liability
- Note 25 – Determination of fair values

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

4.1 New or amended FRS and Interpretations of FRS ("INT FRS")

On 1 January 2015, the Group adopted the new or amended FRS and INT FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.2 Basis of consolidation

Business combinations

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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

Subsidiaries

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

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

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

Transactions eliminated on consolidation

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.3 Foreign currency

Foreign currency transactions

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

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

Foreign operations

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

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

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.4 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group has financial assets classified in the loans and receivable category.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

Cash and cash equivalents

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group considers an exchange of financial liabilities as an extinguishment where it has discharged the liability by paying the creditor or is legally released from primary responsibility for the liability and where the terms of the new liability are substantially different. A gain or loss in profit or loss is recognised for the difference between the carrying value of the existing liability and the sum of the carrying value of the new liability and any consideration or non-cash assets paid or transferred.

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

All other non-derivative financial liabilities have been classified into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables, loans and borrowings, deferred income and provision for legal liability.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

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

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

Distribution of non-cash assets to owners of the Company

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

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Derivative financial instruments

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

The classification of a financial instrument or its components as either equity or liability is made at initial recognition and may be reclassified only if there has been an amendment of terms of the instrument or the effective terms of an instrument change without any amendment of the contractual terms.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

Embedded derivative and hybrid financial instruments

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

A hybrid contract is a contract that includes both a non-derivative host contract and one or more embedded derivatives. Hybrid financial instruments issued by the Group comprise convertible notes denominated in USD which have embedded options that entitle notes' holders to receive ordinary shares. Following any exercise of options embedded in the convertible notes, the principal value of the convertible notes will still be payable by the Company.

The initial bifurcation of a separable embedded derivative does not result in any gain or loss being recognised.

Subsequent to initial recognition, the liability component of convertible notes is measured at amortised cost using the effective interest method. The separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss.

Interest and gains and losses related to the financial liability component are recognised in profit or loss.

4.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.5 Property, plant and equipment (continued)

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

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

Subsequent costs

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

Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

Construction in progress is not depreciated.

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.6 Intangible assets

Research and development

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

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

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

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

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

Amortisation

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

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

- Developed technology 10 years
- Licensed royalties 15 years
- Intellectual property 5 years

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

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.7 Leased assets

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

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

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories are based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads.

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

4.9 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.9 Impairment (continued)

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for Group management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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

Impairment losses are recognised in profit or loss.

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.10 Employee benefits

Short-term employee benefits

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

Share-based payment transactions

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

4.11 Provisions

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

4.12 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The Group's customers have no return rights, other than a limited standard warranty.

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.13 Government grants

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

4.14 Lease payments

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

4.15 Finance income and finance costs

Finance income comprises interest income on funds invested and fair value gains on financial assets and liabilities at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value losses on financial assets and liabilities at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.16 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.16 Tax (continued)

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

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

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.17 Earnings per share

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

Notes to the Financial Statements

4 Significant accounting policies (continued)

4.18 Segment reporting

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

4.19 Standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in the preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except the following set out below.

Financial Reporting Standard FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard is to be applied for annual periods commencing on 1 January 2018, with the possibility of early adoption.

As at the reporting date, the Group has not yet completed examining the impact of adoption of the standard on its financial statements.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for the financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1 *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

Notes to the Financial Statements

5 Property, plant and equipment

Group	Furniture, fixtures and office equipment US\$'000	Computer, network and software US\$'000	Machinery and equipment US\$'000	Construction in progress US\$'000	Total US\$'000
Cost					
At 1 January 2014	846	276	1,399	–	2,521
Additions	110	103	220	393	826
Disposals	(13)	(52)	(65)	–	(130)
Effects of movements in exchange rates	(39)	(4)	(22)	–	(65)
At 31 December 2014	904	323	1,532	393	3,152
Additions	180	32	55	82	349
Effects of movements in exchange rates	(6)	(6)	(9)	–	(21)
At 31 December 2015	1,078	349	1,578	475	3,480
Accumulated depreciation					
At 1 January 2014	746	253	1,146	–	2,145
Depreciation for the year	110	46	204	–	360
Disposals	(5)	(51)	(52)	–	(108)
Effects of movements in exchange rates	(29)	(8)	(35)	–	(72)
At 31 December 2014	822	240	1,263	–	2,325
Depreciation for the year	75	44	140	–	259
Effects of movements in exchange rates	(5)	(5)	(7)	–	(17)
At 31 December 2015	892	279	1,396	–	2,567
Carrying amounts					
At 1 January 2014	100	23	253	–	376
At 31 December 2014	82	83	269	393	827
At 31 December 2015	186	70	182	475	913

Property, plant and equipment with carrying amount of US\$7,000 (2014: US\$12,000) were acquired under finance lease arrangements.

Notes to the Financial Statements

6 Intangible assets

Group	Developed technology US\$'000	Licensed royalties US\$'000	Intellectual property US\$'000	Developed technology in progress US\$'000	Software development in progress US\$'000	Total US\$'000
Cost						
At 1 January 2014	3,159	172	343	4,544	–	8,218
Additions	–	–	42	2,933	–	2,975
Reclassification	2,768	–	–	(2,768)	–	–
Effects of movements in exchange rates	(1)	–	(2)	–	–	(3)
At 31 December 2014	5,926	172	383	4,709	–	11,190
Additions	–	–	–	3,943	248	4,191
Reclassification	3,848	–	–	(3,848)	–	–
Effects of movements in exchange rates	15	–	(11)	7	–	11
At 31 December 2015	9,789	172	372	4,811	248	15,392
Accumulated amortisation						
At 1 January 2014	1,105	45	235	–	–	1,385
Amortisation for the year	493	11	66	–	–	570
At 31 December 2014	1,598	56	301	–	–	1,955
Amortisation for the year	533	12	31	–	–	576
At 31 December 2015	2,131	68	332	–	–	2,531
Carrying amounts						
At 1 January 2014	2,054	127	108	4,544	–	6,833
At 31 December 2014	4,328	116	82	4,709	–	9,235
At 31 December 2015	7,658	104	40	4,811	248	12,861

Notes to the Financial Statements

6 Intangible assets (continued)

Company	Intellectual property US\$'000
Cost	
At 1 January 2014	–
Additions	42
Effects of movements in exchange rates	(2)
At 31 December 2014 and 31 December 2015	<u>40</u>
Accumulated amortisation	
At 1 January 2014, 31 December 2014 and 31 December 2015	<u>–</u>
Carrying amounts	
At 1 January 2014	–
At 31 December 2014 and 31 December 2015	<u>40</u>

The amortisation expenses have been allocated to the cost of inventory and is included in “cost of sales” as inventory is sold.

Source of estimation uncertainty

We make judgements about the recoverability of finite-lived intangible assets whenever events or changes in circumstances indicate that impairment may exist. Recoverability of finite-lived intangible assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows that the asset is expected to generate. We perform an annual impairment assessment for indefinite-lived intangible assets, or more frequently if indicators of potential impairment exist, to determine whether it is more likely than not that the carrying value of the assets may not be recoverable. Recoverability of indefinite-lived intangible assets is measured by comparing the carrying amount of the asset to the future discounted cash flows that the asset is expected to generate. If we determine that an individual asset is impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The assumptions and estimates used to determine future values and remaining useful lives of our intangible and other long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our forecasts for specific product lines.

Notes to the Financial Statements

7 Investment in subsidiaries

	Company	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Unquoted shares in subsidiaries, at cost	378	405
Amounts due from subsidiaries	85,538	69,420
Capital contributions related to share-based payment awards	4,113	3,407
	90,029	73,232

Amounts due from subsidiaries which form part of the Company's net investments in subsidiaries, are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost.

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

		Company	
	Country of incorporation	31/12/2015	31/12/2014
		%	%
TriReme Medical, LLC ("TMI US")	United States of America	100	100
Quattro Vascular Pte. Ltd. ("Quattro")	Singapore	100	100
TriReme Medical (Singapore) Pte. Ltd.	Singapore	100	100

KPMG LLP is the auditor of all the above subsidiaries.

Notes to the Financial Statements

8 Deferred tax assets and liabilities

Unrecognised deferred tax assets and liabilities

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

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Deductible temporary differences	3,029	3,119	–	–
Research and development tax credits	3,543	2,112	–	–
Tax losses	122,181	96,687	–	–
	<u>128,753</u>	<u>101,918</u>	<u>–</u>	<u>–</u>

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

As of 31 December 2015, the Group has unrecognised tax losses for federal and state income tax purposes of approximately US\$56,902,000 (2014: US\$37,373,000) and US\$49,141,000 (2014: US\$40,942,000), respectively. The unrecognised federal and state tax losses will expire from 2032 and 2026 respectively. The unrecognised federal and state income tax losses are generated in the subsidiary incorporated in the United States of America.

As of 31 December 2015, the Group has federal and state research and development tax credits of US\$1,779,000 (2014: US\$1,031,000) and US\$1,764,000 (2014: US\$1,081,000), respectively. The federal research and development tax credits which will expire from 2025 and the state research and development tax credits have no expiration.

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

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

Notes to the Financial Statements

9 Inventories

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Raw materials	1,217	1,257
Work in progress	3,445	4,046
Finished goods	1,637	959
	<u>6,299</u>	<u>6,262</u>
Allowance for inventory obsolescence:		
At 1 January	(88)	–
Allowance made during the year	(261)	(88)
At 31 December	<u>(349)</u>	<u>(88)</u>
	<u>5,950</u>	<u>6,174</u>
Inventories included in cost of sales	<u>8,362</u>	<u>9,820</u>

10 Trade and other receivables

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade receivables	2,555	2,642	–	–
Others	855	102	–	–
Loan and receivables	3,410	2,744	–	–
Prepayments	220	730	2	14
Total receivables	<u>3,630</u>	<u>3,474</u>	<u>2</u>	<u>14</u>

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 19. To date, the Group has not established an allowance for doubtful accounts as there has not been a history of uncollected balances.

Notes to the Financial Statements

11 Cash and cash equivalents

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Bank balances	3,807	20,107	2,474	11,516
Deposits pledged	43	45	–	–
Total cash and cash equivalents	3,850	20,152	2,474	11,516

Amounts in deposits pledged relate to security for various company credit cards both in the United States of America and Singapore.

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

12 Share capital and reserves

	Group and Company	
	No. of ordinary shares '000	No. of convertible preference shares '000
Share capital		
In issue at 1 January 2014	4,546	16,520
Issuance of shares pursuant to exercise of warrants	1,168	1,204
Issuance of shares pursuant to conversion from preference shares	18,755	(17,724)
Subdivision of shares from 1 ordinary share to 16 ordinary shares	367,244	–
Issuance of shares pursuant to conversion from convertible notes	160,164	–
Issuance of shares pursuant to the initial public offering	196,429	–
Issuance of shares in satisfaction of professional fees	7,559	–
Issuance of shares pursuant to exercise of share options	4,263	–
In issue at 31 December 2014	760,128	–
Issuance of shares pursuant to exercise of options embedded in convertible notes	47,438	–
Issuance of shares pursuant to exercise of share options	15,390	–
In issue at 31 December 2015	822,956	–

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

All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Ordinary shares

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

Notes to the Financial Statements

12 Share capital and reserves (continued)

Other reserve

Merger reserve

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

Warrants

Included in other reserve was reserve which represents the warrants issued before 31 December 2013 in conjunction with certain convertible preference shares. These warrants have been exercised in the financial year ended 31 December 2014.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2015, the Group held 16,000 (2014: 16,000) of the Company's shares.

Translation reserve

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

Share-based payment reserve

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

13 Loans and borrowings

	Note	Group		Company	
		31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Convertible notes	14	3,470	–	3,470	–
Finance lease liability		7	13	–	–
		<u>3,477</u>	<u>13</u>	<u>3,470</u>	<u>–</u>
Current loans and borrowings		3	1	–	–
Non-current loans and borrowings		3,474	12	3,470	–
		<u>3,477</u>	<u>13</u>	<u>3,470</u>	<u>–</u>

Notes to the Financial Statements

13 Loans and borrowings (continued)

At 31 December 2015, the Group had an obligation for a finance lease that is repayable as follows:

	Payments 2015 US\$'000	Interest 2015 US\$'000	Principal 2015 US\$'000	Payments 2014 US\$'000	Interest 2014 US\$'000	Principal 2014 US\$'000
Repayable:						
Within 1 year	3	*	3	1	*	1
After 1 year but within 5 years	4	*	4	13	(1)	12
Total	<u>7</u>	<u>*</u>	<u>7</u>	<u>14</u>	<u>(1)</u>	<u>13</u>

* less than US\$1,000

14 Convertible notes

	Note	Group and Company	
		31/12/2015 US\$'000	31/12/2014 US\$'000
Face value of the convertible notes		10,950	–
Fair value of option (embedded derivatives)	17	3,738	–
Amortised cost of liability component	13	3,470	–
Accreted interest		<u>646</u>	<u>4,518</u>

On 24 July 2015, the Company entered into a US\$13,140,000 convertible note agreement with several investors.

On 6 August 2015 and 13 November 2015, the Company issued convertible notes for total gross proceeds of US\$10,950,000. The remaining convertible notes of US\$2,190,000 were issued after year-end as disclosed in Note 31.

The salient terms of the convertible notes ("notes") are summarised as follows:

- The notes bear an interest rate of 8% per annum, is payable every six months and mature upon 18 months after the issuance date.
- The notes are secured by the Group's Chocolate® patents.
- The notes' holders will be entitled to receive ordinary shares at any point in time upon the completion of subscription. The conversion price for the notes is fixed at S\$0.128 per share based on a fixed exchange rate of US\$1.00 to S\$1.38. No interest will be due or payable once the notes' holders receive ordinary shares of the Company.

Notes to the Financial Statements

14 Convertible notes (continued)

- Regardless of the receipt of the ordinary shares, the notes' holders are entitled to receive the principal amount invested upon the maturity of these notes. However, if an event triggers the qualifying exit* clause, the notes' holders will be entitled to two times the principal amount invested which will be payable upon the receipt of funds from the completion of the event.

*The qualifying exit clause will be triggered if there is an event relating to the sale of a business asset of the Group or a takeover of the Group's business in excess of S\$75,000,000 prior to the maturity of the notes.

The economic characteristics and risks of the embedded derivative with the convertible notes are not closely related to the host debt contract and thus, the option is required to be separated and accounted for as a stand-alone derivative. At inception, the embedded derivatives have been fair valued and the carrying amount of the liability component is measured at amortised costs using the effective interest rate method and is recognised in the profit or loss.

15 Share-based payment arrangements

Description of the share-based payment arrangements

During the financial years ended 31 December 2014 and 2015, the Group had the following share-based payment arrangements:

Share option programme (equity-settled)

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

The Group's 2005, 2010, 2013 and 2014 Stock Plans are administered by the Remuneration Committee, comprising three directors, Robert Michael Kleine, Gregory David Casciaro and Mark Allen Wan.

Notes to the Financial Statements

15 Share-based payment arrangements (continued)

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

Grant date/employees entitled	No. of share options '000#	Vesting conditions*	Contractual life of options
Grants existing as at 1 January 2014 and 31 December 2014	262,528	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15	10 years
2015 grants - Employees, Consultants and Key Management	29,162	5, 6	10 years
Grants existing as at 31 December 2015	291,690		

* Each set of share option grants has multiple vesting conditions.

The number of instruments granted includes subdivision of options from 1 to 16 options in April 2014.

Vesting Conditions

1. 1,500 vesting at start date; 1,500 vesting on last day of month
2. Rateable over one year (1/12 per month)
3. Rateable over two years (1/24 per month)
4. Rateable over three years (1/36 per month)
5. Rateable over four years (1/48 per month)
6. 25% after one year; rateable over four years (1/48 per month) thereafter
7. 25% at start date; rateable over three years (1/36 per month) thereafter
8. 25% at start date; rateable over four years (1/48 per month) thereafter
9. 25% after one year; rateable over three years (1/36 per month) thereafter
10. 25% at start date; 25% per year thereafter
11. 50% at start date; rateable over two years
12. 50% at start then rateable over three years (1/36 per month) thereafter
13. 100% vesting at start date
14. 100% vesting at milestone completion date
15. One third on 31 May 2006, 30 September 2006 and 31 December 2006 respectively

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

Notes to the Financial Statements

15 Share-based payment arrangements (continued)

Measurement of fair values

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

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

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Fair value at grant date (weighted average)	US\$0.03	US\$0.40	US\$0.03	US\$0.40
Share price at grant date	US\$0.06	US\$0.85	US\$0.06	US\$0.85
Exercise price	US\$0.07	US\$0.05*	US\$0.07	US\$0.05*
Expected volatility (weighted average)	50%	50%	50%	50%
Expected life (weighted average)	6.0 years	5.5 years	6.0 years	5.5 years
Expected dividends	–	–	–	–
Risk-free interest rate (weighted average based on government bonds)	1.8%	1.8%	1.8%	1.8%
Share-based compensation expense	<u>US\$536,000</u>	<u>US\$542,000</u>	<u>US\$54,000</u>	<u>US\$23,000</u>

* The change in exercise price during the financial year ended 31 December 2014 was to account for the subdivision of shares of the Company from 1 share to 16 shares. The change in exercise price does not have any impact on the measurements of the fair values of the equity-settled share based payment plans.

Notes to the Financial Statements

15 Share-based payment arrangements (continued)

Reconciliation of outstanding share options

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

	← Group and Company →		← Group and Company →	
	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	US\$	'000	US\$	'000
Outstanding at 1 January	0.01 – 0.07	112,392	0.11 – 0.85	7,443
Forfeited during the year	0.01 – 0.07	(4,727)	0.04 – 0.07	(1,043)
Expired during the year	0.03	(221)	–	–
Subdivision of options from 1 to 16 options	–	–	0.01 – 0.07	110,239
Exercised during the year	0.01 – 0.05	(15,390)	0.01 – 0.07	(4,247)
Granted during the year	0.07	29,162	–	–
Outstanding at 31 December	0.01 – 0.07	<u>121,216</u>	0.01 – 0.07	<u>112,392</u>
Exercisable at 31 December	0.01 – 0.06	<u>88,505</u>	0.01 – 0.07	<u>89,781</u>

The options outstanding at 31 December 2015 have an exercise price in the range of US\$0.01 to US\$0.07 (2014: US\$0.01 to US\$0.11) and a weighted average contractual life of 5.3 years (2014: 5.8 years).

The weighted average share price at the date of exercise for share options exercised in 2015 was S\$0.20 (2014: S\$0.35).

Restricted share awards (equity-settled)

At the Annual General Meeting of the Company held on 30 April 2015, the shareholders of the Company adopted the QT Vascular Restricted Share Plan 2015 ("2015 RSP"). On 14 August 2015, the Company granted 9,294,000 restricted share awards to its key management and employees of the Group. Under the terms of the 2015 RSP, award holders will receive fully paid-up ordinary shares of the Company. The 2015 RSP is administered by the Remuneration Committee, comprising three directors, Robert Michael Kleine, Gregory David Casciaro and Mark Allen Wan.

Grant date/employees entitled	No. of instruments '000	Vesting conditions
Share awards existing as at 1 January 2014 and 31 December 2014	–	
2015 grants - Employees and Key Management	9,294	1,2
Share awards existing as at 31 December 2015	<u>9,294</u>	

Notes to the Financial Statements

15 Share-based payment arrangements (continued)

Vesting Conditions

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

As at 31 December 2015, 1,858,800 of the restricted share awards had vested and were issued on 4 January 2016.

Measurement of fair values

The fair value at date of grant for each restricted share award granted on 14 August 2015 was S\$0.088 which is the market price of the Company's shares at date of grant. Service and non-market performance conditions attached to the arrangement were not taken into account in measuring the fair value and no dividends were expected.

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Share-based compensation expense	447	–	–	–

16 Deferred income

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Deferred grant income	42	–
Customer advances	323	–
	365	–

Government grant

In 2015, a subsidiary of the Group was offered a S\$3,970,000 grant from the Economic Development Board of Singapore ("EDB") under the Research Incentive Scheme for Companies ("EDB Grant"). Subject to the fulfilment of certain conditions, EDB reimburses the subsidiary for certain qualifying expenses incurred to establish a drug coating research and development centre to develop a drug-coated product portfolio.

Notes to the Financial Statements

17 Trade and other payables, including derivatives

	Note	Group		Company	
		31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Non-current:					
Provisions		161	175	–	–
Current:					
Trade payables		1,046	1,846	–	–
Accrued expenses		3,523	3,469	373	484
Provisions		–	158	–	–
Other payables		5,267	2,707	406	194
Amounts due to subsidiaries, non-trade		–	–	77	77
Accrued interest		101	–	101	–
Embedded derivatives	14	3,738	–	3,738	–
		<u>13,675</u>	<u>8,180</u>	<u>4,695</u>	<u>755</u>
Trade and other payables, including derivatives					
Non-current		161	175	–	–
Current		<u>13,675</u>	<u>8,180</u>	<u>4,695</u>	<u>755</u>
		<u>13,836</u>	<u>8,355</u>	<u>4,695</u>	<u>755</u>

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

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

Notes to the Financial Statements

18 Provision for legal liability

On 1 July 2015, a State Law claims judgement was awarded in favour of AngioScore, Inc. ("AngioScore") by the United States District Court (Northern District of California – Oakland Division) ("Trial Court") against Dr. Eitan Konstantino (CEO and Executive Director of the Company), TMI US, Quattro and the Company (collectively, the "Defendants").

The judgement awarded against the Defendants (which is joint and several) for the breach of fiduciary duty is as follows:

- US\$2,970,000 million in past lost profits for Chocolate®;
- US\$17,064,000 million in future lost profits for Chocolate®;
- US\$333,000 of pre-judgement interests; and
- 0.31% per annum of post-judgement interests as set forth at 28 U.S.C. § 1961. The total post-judgement interest accrued for the year ended 31 December 2015 was US\$16,000.

In addition to the above judgement, the Trial Court also required Dr. Eitan Konstantino to disgorge any monies received that he earned in respect of Chocolate® (i.e. IP assignment fee, royalties and consulting fees) and shares and options in the Company that he owns at the time of the judgment. In accordance with the by-laws of the respective companies within the Group as well as the indemnity agreements entered into between Dr. Eitan Konstantino and TMI US and the Company, the respective companies will be liable to reimburse Dr. Eitan Konstantino for all monies disgorged related to this judgement.

As a result, as at 31 December 2015, the Company and the Group recorded a provision for legal liability amounting to US\$23,359,000 including US\$2,976,000 in relation to the disgorgement.

On 26 November 2015, a three-judge panel of the United States Court of Appeals for the Federal Circuit ("Federal Circuit") has unanimously granted the Defendants a motion to stay the enforcement of the Trial Court's judgement on the State Law claims ("Order"). As a result of the Federal Circuit's Order, AngioScore is not permitted to seek enforcement of the Trial Court's judgement while the appeal is pending.

On 17 February 2016, the Company and the Group submitted the brief of defendants document to the United States Court of Appeals for the Federal Circuit. As of the date of this report, the hearing on the appeal has not been scheduled.

The final sum to be borne by the Group in relation to the State Law claims (if any) will be determined at the conclusion of the appeal.

With the exclusion of the legal liability provision, the Company and the Group's net current liabilities will exceed their respective current assets by US\$2,219,000 and US\$613,000, respectively, and the total equity of the Company and the Group will be a positive US\$84,380,000 and US\$9,673,000 respectively.

No payment in relation to the judgement is expected to occur in 2016.

Notes to the Financial Statements

19 Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and geographical region in which customers operate, as these factors may have an influence on credit risk. During 2015, approximately 55% (2014: 69%) of the Group's revenue is attributable to sales transaction with a single multinational customer. The Group has transacted with the multinational customer for more than one year and no impairment loss had been recognised for this customer to date.

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

Notes to the Financial Statements

19 Financial risk management (continued)

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

The ageing of trade and other receivables at the reporting date were as follows:

Ageing of trade and other receivables (excluding prepayments)

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
Neither past due or impaired	2,960	2,447	–	–
Past due 1-30 days	350	278	–	–
Past due 31-90 days	87	9	–	–
Past due 91-180 days	13	10	–	–
Greater than 180 days past due	–	–	–	–
Total	3,410	2,744	–	–

The Group's most significant customer, a US distributor, accounts for US\$1,497,000 of the trade and other receivables carrying amount as at 31 December 2015 (2014: US\$2,138,000).

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

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
North America	2,419	2,433	–	–
Asia	842	205	–	–
European Union	33	16	–	–
Others	116	90	–	–
Total	3,410	2,744	–	–

The Group and the Company believe that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analyses of customer credit risk, include underlying customers' credit ratings, when available.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US\$3,850,000 and US\$2,474,000 respectively as at 31 December 2015 (2014: US\$20,152,000 and US\$11,516,000 respectively) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with two banks which are rated A1 and A2, based on Rating Agency Moody's ratings.

Notes to the Financial Statements

19 Financial risk management (continued)

Liquidity risk

Risk management policy

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

The Group's liquidity needs include working capital expenditures, conduct of research and development, testing and regulatory compliance activities, business development activities and paying down outstanding debt. To meet its liquidity needs, the Group primarily relies on financing in the form of issuance of ordinary shares or debt securities. During the year, the Group raised funds through issuance of convertible notes.

The following are the contractual maturities of the Group's financial liabilities, including estimated interest payments:

	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 year US\$'000	1-2 years US\$'000	2-5 years US\$'000	> 5 years US\$'000	Total US\$'000
Group							
31 December 2015							
<u>Non-derivative financial liabilities</u>							
Trade and other payables	10,098	10,257	9,937	40	120	160	10,257
Finance lease liability	7	7	3	4	–	–	7
Convertible notes	7,208	11,644	433	11,211	–	–	11,644
	<u>17,313</u>	<u>21,908</u>	<u>10,373</u>	<u>11,255</u>	<u>120</u>	<u>160</u>	<u>21,908</u>
31 December 2014							
<u>Non-derivative financial liabilities</u>							
Trade and other payables	8,355	8,355	8,180	175	–	–	8,355
Finance lease liability	13	14	1	13	–	–	14
	<u>8,368</u>	<u>8,369</u>	<u>8,181</u>	<u>188</u>	<u>–</u>	<u>–</u>	<u>8,369</u>

Notes to the Financial Statements

19 Financial risk management (continued)

Company	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 year US\$'000	1-2 years US\$'000	2-5 years US\$'000	> 5 years US\$'000	Total US\$'000
31 December 2015							
<u>Non-derivative financial liabilities</u>							
Trade and other payables	957	957	957	–	–	–	957
Convertible notes	7,208	11,644	433	11,211	–	–	11,644
	<u>8,165</u>	<u>12,601</u>	<u>1,390</u>	<u>11,211</u>	<u>–</u>	<u>–</u>	<u>12,601</u>
31 December 2014							
<u>Non-derivative financial liabilities</u>							
Trade and other payables	<u>755</u>	<u>755</u>	<u>755</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>755</u>

Interest rate risk

Risk management policy

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

The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates.

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Fixed rate instruments</u>				
Financial assets	43	45	–	–
Financial liabilities	(10,950)	–	(10,950)	–
	<u>(10,907)</u>	<u>45</u>	<u>(10,950)</u>	<u>–</u>

The fixed rate financial assets and liabilities comprised of the deposits pledged and the face value of the outstanding notes at the reporting dates, respectively. The Group did not have any variable rate instruments at the respective reporting dates included in these financial statements.

The Group does not have any available-for-sale financial assets or cash flow hedge relationships. As such, a change in interest rates at the reporting date does not affect the Group's equity balance.

In addition, the Group measures its fixed rate instruments at amortised cost. As such, a change in interest rates at the reporting date would not affect the carrying value of fixed rate instruments.

Notes to the Financial Statements

19 Financial risk management (continued)

Market risk

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

Currency risk

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

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

In 2015, the interest on the Group's convertible notes was denominated in the currency of the convertible notes. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily in USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

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

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

	← Group →				← Company →	
	31/12/2015		31/12/2014		31/12/2015	31/12/2014
	SGD	USD	SGD	USD	USD	USD
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cash and cash equivalents	92	2,436	71	267	2,436	260
Deposits pledged	42	–	37	–	–	–
Trade and other receivables	632	–	68	134	–	–
Amount due from subsidiaries	–	–	–	–	50,740	31,430
Trade and other payables, including derivatives	(701)	(4,269)	(103)	(622)	(4,269)	(156)
Deferred income	(43)	–	–	–	–	–
Provision for legal liability	–	(22,258)	–	–	(22,258)	–
Loans and borrowings	(7)	(3,470)	–	–	(3,470)	–
Net position of financial currency exposure	15	(27,561)	73	(221)	23,179	31,534

Notes to the Financial Statements

19 Financial risk management (continued)

Sensitivity analysis

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

	Profit/(Loss) US\$'000
Group	
31 December 2015	
SGD	(2)
USD	<u>2,756</u>
31 December 2014	
SGD	(7)
USD	<u>22</u>
Company	
31 December 2015	
USD	<u>(2,318)</u>
31 December 2014	
USD	<u>(3,153)</u>

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

Capital management

Capital management policy

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

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

Notes to the Financial Statements

19 Financial risk management (continued)

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

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

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

20 Revenue

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Sale of goods	12,435	13,159

21 Finance costs

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Finance income		
Interest income	5	21
Net foreign exchange gain	–	1,401
Others, net	–	2
	5	1,424
Finance costs		
Interest expense on convertible notes	(751)	(4,477)
Net foreign exchange loss	(313)	–
Changes in fair value of financial instruments	(1,068)	(5,010)
	(2,132)	(9,487)
Net finance costs	(2,127)	(8,063)

Notes to the Financial Statements

22 Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Audit fees paid/payable to auditors of the Company:		
- statutory audit and review fees	399	479
- initial public offering fees	–	617
Non-audit fees paid/payable to:		
- auditors of the Company	86	19
- other auditors	110	42
Professional fees	6,531	7,445
Directors' fees	327	121
Operating lease expense	508	511
Depreciation of property, plant and equipment	259	360
Amortisation of intangible assets	576	570
Allowance for inventory obsolescence	261	88
Expenses recognised in relation to the legal liability provision*	24,054	–
Employee compensation expense:		
- Salaries and bonus	14,072	12,467
- Employee benefit expense	1,682	1,939
- Expenses related to defined contribution plans	346	358
- Equity settled share-based payment transactions	983	542

* This expense was recognised following the Trial Court's judgment on the State Law claims on 14 October 2015. For more details, please refer to Note 18.

Notes to the Financial Statements

23 Tax expense

Tax recognised in profit or loss

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Current tax expense		
Current year	2	1
<i>Reconciliation of effective tax rate</i>		
Loss before tax	(53,048)	(34,173)
Tax using the Singapore tax rate of 17%	(9,018)	(5,809)
Effect of tax rates in foreign jurisdictions	(3,634)	(3,445)
Non-deductible expenses	5,027	1,846
Non-taxable items	–	(481)
Change in unrecognised temporary differences	7,627	7,890
	2	1

24 Earnings per share

Basic and diluted loss per share are based on:

Losses used in calculating loss per share

	Group	
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Loss attributable to ordinary shareholders	(53,050)	(34,174)

Weighted average number of ordinary shares

	Group	
	31/12/2015	31/12/2014
	'000	'000
Issued ordinary shares at 1 January	760,128	72,688
Subdivision of 1 share to 16 shares	–	218,784
Issue of new shares pursuant to conversion from preference shares	–	13,731
Issue of new shares pursuant to conversion from convertible notes	–	116,284
Issue of new shares pursuant to exercise of options embedded in convertible notes	9,996	–
Issue of new shares pursuant to conversion from warrants	–	861
Issuance of ordinary shares during the year	–	140,277
Effects of share options exercised	9,106	739
Weighted average number of shares during the year	779,230	563,364

Notes to the Financial Statements

24 Earnings per share (continued)

There were no share option to purchase ordinary shares, restricted share award and option relating to the convertible note to issue ordinary shares which has dilutive potential as of 31 December 2014 and 2015.

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

25 Determination of fair values

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

- a) Management has determined that the carrying amounts of cash, including deposits pledged, trade and receivables (excluding prepayments), inventories, other financial assets, amounts owing by/ (to) related companies and, trade and other payables on their notional amounts which reasonably approximate their fair values because of their short term nature.
- b) The fair value of the employee share options are measured using the Black-Scholes options-pricing model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.
- c) For the financial year ended 31 December 2015, the fair value of the option embedded in the convertible notes issued on 6 August 2015 and 13 November 2015 was measured using the standard Binomial Tree Option Pricing Model. Measurement inputs include the share price on the measurement date, the principal amount and coupon rate of the instrument, expected volatility (based on an evaluation of the historical volatility of the Company and comparable companies' share price, particularly over the historical period commensurate with the expected term), time to maturity of the instrument, exchange rate on the measurement date, risk-free interest rate, dividend yield, credit risk factor, and marketability factor.
- d) Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

Notes to the Financial Statements

25 Determination of fair values (continued)

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

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

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

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

Fair value hierarchy – Financial instruments

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- *Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3:* unobservable inputs for the asset or liability.

Financial assets and financial liabilities carried at fair value

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Group and Company				
31 December 2015				
Financial liabilities				
Embedded derivatives (if in liability position)	–	–	3,738	3,738
Total liabilities	–	–	3,738	3,738

No disclosure was made by the Group and the Company in respect of the financial year ended 31 December 2014 as there were no financial assets or liabilities which were carried at fair value that meets the above fair value hierarchy disclosure requirements.

Notes to the Financial Statements

25 Determination of fair values (continued)

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Group and Company				
31 December 2015				
Convertible notes - liability component	–	–	3,470	3,470
Total liabilities	–	–	3,470	3,470

No disclosure was made by the Group and the Company in respect of the financial year ended 31 December 2014 as there were no financial assets or liabilities which were not carried at fair value that meets the above fair value hierarchy disclosure requirements.

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short term nature and where the effect of discounting is immaterial.

Level 3 fair values

The following table shows reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Embedded derivatives US\$'000
Group and Company	
As at 1 January 2015	–
Additional issues	8,266
Total unrealised gains or losses recognised in profit or loss	(1,068)
Settlements	(3,460)
As at 31 December 2015	3,738
As at 1 January 2014	10,565
Additional issues	384
Total unrealised gains or losses recognised in profit or loss	3,172
Terminations/Settlements	(14,121)
As at 31 December 2014	–

Notes to the Financial Statements

25 Determination of fair values (continued)

The following table shows the valuation technique and key unobservable inputs used in the determination of fair value of the embedded derivatives.

Embedded derivatives – conversion feature within the convertible notes

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the embedded derivative within the convertible notes issued on 6 August 2015 and 13 November 2015 is calculated using the standard Binomial Tree Option Pricing Model.	<ul style="list-style-type: none"> Credit risk factor Marketability factor 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> The credit risk was lower; or The marketability factor was higher.

Management considers that changing one or more of the significant unobservable inputs used to other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

26 Operating leases

Non-cancellable operating leases, rentals are payable as follows:

	Group	
	31/12/2015 US\$'000	31/12/2014 US\$'000
Within one year	394	552
Between 1 to 5 years	368	753
Total	762	1,305

The Group leases five facilities located in Pleasanton, California under an operating lease. The lease will expire in February 2018. The Group recognises rent expense on a straight line basis over the lease term and records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability.

The Group also leases one facility and an apartment in Singapore under two operating leases. The lease for the facility will expire in April 2016 and the operating lease for the apartment will expire in August 2016 with an optional renewal term which will expire in August 2017.

Notes to the Financial Statements

27 Capital commitments

	Group	
	31/12/2015 US\$'000	31/12/2014 US\$'000
Property, plant and equipment	–	136
Development costs	1,508	1,021
	<u>1,508</u>	<u>1,157</u>

28 Contingencies

As part of the convertible notes agreement that the Group has entered into during the year as disclosed in Note 14, the Group is obligated to pay a consideration equal to two times the principal amount invested by each investor as of reporting date contingent upon a sale of business asset of the Group or a takeover of the Group's business in excess of S\$75,000,000 prior to the maturity date of the convertible notes.

As the possibility of an outflow is not yet probable, as of the date of the financial statements, the Group has not recognised any liability in respect of the contingent consideration.

29 Related parties

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

Key management personnel compensation comprised:

	Group		Company	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Transaction				
Short-term employee benefits	2,959	2,846	222	121
Share-based payments	698	409	54	23
	<u>3,657</u>	<u>3,255</u>	<u>276</u>	<u>144</u>

Notes to the Financial Statements

29 Related parties (continued)

Key management personnel and director transactions

	Transaction value			
	Group		Company	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Transaction				
Royalty	306	334	–	–
Legal fees	600	–	–	–
Provision for legal liability	3,065	–	3,065	–
Interest expenses	25	–	25	–
Proceeds from convertible notes	(3,000)	–	(3,000)	–
	<u>996</u>	<u>334</u>	<u>90</u>	<u>–</u>
	Balance outstanding as at			
	Group		Company	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Balances				
Royalty	92	90	–	–
Accrued legal fees	154	–	–	–
Provision for legal liability	2,976	–	2,976	–
Accrued interest	25	–	25	–
Embedded derivative	837	–	837	–
Convertible notes	951	–	951	–
	<u>5,035</u>	<u>90</u>	<u>4,789</u>	<u>–</u>

On 24 July 2015, a director of the Company, Toe Teow Heng, entered into a convertible notes subscription agreement with the Company to subscribe up to US\$3,600,000 of the Company's 8.0% convertible notes. As at 31 December 2015, Toe Teow Heng has subscribed up to US\$3,000,000 of the Company's convertible notes. The remaining US\$600,000 of convertible notes has been subscribed by Toe Teow Heng after year end.

Since November 2015, as Dr. Eitan Konstantino was acting in his capacity as director and in the best interests of TMI US, Quattro and the Company in the development of Chocolate® line of products, in accordance with the by-laws of the respective companies as well as the indemnity agreements entered into between Dr. Eitan Konstantino and TMI US as well as the Company, the legal fees incurred by Dr. Eitan Konstantino in respect of the appeal on the State Law claims judgement will be borne by TMI US until such time the appeal is concluded.

On 27 April 2014, the CEO, Dr. Eitan Konstantino, entered into an amended and restated intellectual property assignment agreement with the Company and Quattro under which he assigned the Company and Quattro all intellectual property rights for a medical device to be utilised in the treatment of blood vessels, i.e., 'chocolate' balloon catheter. Based on the revised agreement, Dr. Eitan Konstantino is entitled to 2.85% of the net sales of the product upon commercialisation and the amount is payable quarterly on a date within five business days of the earlier of (i) filing with the applicable regulatory body of the required quarterly and annual financial reports and (ii) 45 days following the end of a fiscal quarter and 60 days following the end of a fiscal year.

Notes to the Financial Statements

29 Related parties (continued)

In January 2007, the Company entered into a consulting agreement with Michal Konstantino, the spouse of the CEO, Dr. Eitan Konstantino, to provide consulting services on the bio-safety aspects of the product design process. During the year, the Company incurred consulting expenses paid/payable to Michal Konstantino which amounted to US\$Nil (2014: US\$17,000).

Transactions with subsidiaries

Other than disclosed elsewhere in the financial statements, during the financial year, there were the following significant transactions with subsidiaries:

	Company Transaction value for the year ended	
	31/12/2015 US\$'000	31/12/2014 US\$'000
Working capital loans to subsidiaries	18,860	32,588
Payments on behalf by subsidiaries	(227)	(500)
	<u>18,633</u>	<u>32,088</u>

The loans provided to subsidiaries are interest free with no fixed repayment dates.

Other related party transactions and balances

	Group Transaction value for the year ended		Company Transaction value for the year ended	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Interest expense				
Luminor Pacific Fund 1 Ltd	–	86	–	86
Three Arch Partners IV, L.P.	–	67	–	67
Three Arch Associates IV, L.P.	–	1	–	1
	<u>–</u>	<u>154</u>	<u>–</u>	<u>154</u>

There were no other related party balances as of 31 December 2014 and 2015.

Notes to the Financial Statements

30 Geographical segments

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

	Revenue		Non-current assets	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
United States of America	10,826	11,738	7,048	6,266
Singapore	18	–	6,873	3,997
Japan	891	1,025	–	–
Europe	426	258	–	–
China	179	87	–	–
Australia	95	51	–	–
	<u>12,435</u>	<u>13,159</u>	<u>13,921</u>	<u>10,263</u>

Revenues from one customer of the United States of America segment represents approximately US\$6,880,000 (2014: US\$9,068,000) of the Group's total revenues.

31 Subsequent events

Issue of ordinary shares under the 2015 RSP share award plan

On 4 January 2016, pursuant to the achievement of a predetermined milestone set by the Board of Directors in respect of the 2015 RSP share award plan, the Company issued 1,858,800 ordinary shares to employees and directors of the Company who participated in the 2015 RSP share award plan.

Grant of share options under the 2014 Stock Plan

On 2 March 2016, the Company granted 2,000,000 share options under the 2014 Stock Plan to certain employees of the Group.

Exchangeable and Convertible Notes totaling US\$6,060,000

On 27 January 2016, the Company announced that it entered into a US\$1,860,000 8.0% Exchangeable Bonds agreement ("Exchangeable Bonds") with Luminor Pacific Fund 2 Ltd ("Luminor Pacific") and a US\$4,200,000 8.0% Convertible Notes agreement ("January 2016 Convertible Notes") with various individual investors. The terms for both the Exchangeable Bonds and January 2016 Convertible Notes is similar to the US\$13,140,000 Convertible Notes agreement entered into by the Company on 24 July 2015 ("July 2015 Convertible Notes").

Luminor Pacific is managed by Luminor Capital Pte. Ltd. ("Luminor Capital") which is also the investment manager of Luminor Pacific Fund 1 Ltd. At the date of the announcement, Luminor Pacific, together with Luminor Pacific Fund 1 Ltd and Luminor Capital, own 12.74% of the share capital of the Company on a deemed basis. As such, Luminor Pacific is considered a person falling under Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). Pursuant to Rule 812(1) and Rule 812(2) of the Catalist Rules, the issuance of the Exchangeable Bonds and/or the Exchange Shares to be issued upon exchange of the Exchangeable Bonds to Luminor Pacific is subject to shareholders' approval at the forthcoming Annual General Meeting to be convened by the Company.

Notes to the Financial Statements

31 Subsequent events (continued)

On 25 February 2016, the Company announced that it has received the listing and quotation notice from SGX-ST for the listing and quotation of up to 65,334,375 ordinary shares of the Company comprising 20,053,125 ordinary shares upon exercise of options embedded in the Exchangeable Bonds and 45,281,250 ordinary shares upon exercise of options embedded in the January 2016 Convertible Notes.

On 9 March 2016, the Company announced the completion of the subscription for the January 2016 Convertible Notes.

Conversion of convertible notes

On 20 January 2016, 1 February 2016 and 22 March 2016, certain convertible notes' holders have elected to exercise the options embedded in their July 2015 convertible notes and/or January 2016 convertible notes to receive ordinary shares of the Company. Accordingly, the Company issued 101,343,752 ordinary shares of the Company pursuant to the exercise of such options.

Tranche 3 of the July 2015 Convertible Notes

On 30 March 2016, the Company issued the remaining convertible notes amounting to US\$2,190,000 as disclosed in Note 14.

Statistics of Shareholdings

As at 14 March 2016

ISSUED AND FULLY PAID UP CAPITAL	:	S\$133,975,815
NUMBER OF SHARES IN ISSUE	:	859,853,878
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

The Company does not have any treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	4	0.13	131	0.00
100 – 1,000	31	1.03	22,550	0.00
1,001 – 10,000	568	18.77	4,352,216	0.51
10,001 – 1,000,000	2,367	78.22	232,664,577	27.06
1,000,001 AND ABOVE	56	1.85	622,814,404	72.43
TOTAL	3,026	100.00	859,853,878	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	176,968,169	20.58
2	LUMINOR PACIFIC FUND 1 LTD	102,120,176	11.88
3	BIOMEDICAL SCIENCES INVESTMENT FUND PTE LTD	66,596,116	7.75
4	UOB KAY HIAN PTE LTD	25,528,180	2.97
5	CIMB SECURITIES (SINGAPORE) PTE LTD	20,619,605	2.40
6	MERRILL LYNCH (SINGAPORE) PTE LTD	19,344,344	2.25
7	OCBC SECURITIES PRIVATE LIMITED	18,941,678	2.20
8	EITAN KONSTANTINO	15,355,736	1.79
9	JOHNSON & JOHNSON DEVELOPMENT CORPORATION	14,147,321	1.65
10	PHILLIP VENTURES ENTERPRISE FUND 3 LTD	11,359,164	1.32
11	HSBC (SINGAPORE) NOMINEES PTE LTD	10,987,700	1.28
12	RAFFLES NOMINEES (PTE) LTD	10,782,200	1.25
13	PHILLIP SECURITIES PTE LTD	10,581,900	1.23
14	CHONG GEORGE	8,822,000	1.03
15	JUNIPER CAPITAL VENTURES (PTE) LTD	7,295,498	0.85
16	LUMINOR PACIFIC FUND 2 LTD	6,913,760	0.80
17	TAN CHIN HWEE (CHEN JINGHUI)	6,313,665	0.73
18	MAYBANK KIM ENG SECURITIES PTE LTD	6,267,608	0.73
19	DB NOMINEES (SINGAPORE) PTE LTD	5,961,989	0.69
20	DBS NOMINEES PTE LTD	5,253,608	0.61
	TOTAL	550,160,417	63.99

Statistics of Shareholdings

As at 14 March 2016

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of shares held as Direct	%	No. of shares held as Deemed	%
1	Three Arch Partners IV, L.P. ⁽¹⁾	153,887,339	17.90	–	–
2	Three Arch Management ⁽²⁾	–	–	157,284,444	18.29
3	Mark Allen Wan ⁽³⁾	–	–	157,284,444	18.29
4	Luminor Pacific Fund 1 Ltd.	102,120,176	11.88	–	–
5	Luminor Capital Pte. Ltd. ("Luminor Capital") ⁽⁴⁾	–	–	109,033,936	12.68
6	Biomedical Sciences Investment Fund Pte Ltd ("BMSIF")	66,596,116	7.75	–	–
7	EDB Investments Pte Ltd ("EDB Investments") ⁽⁵⁾	–	–	66,596,116	7.75
8	Bio*One Capital Pte Ltd ("Bio*One Capital") ⁽⁶⁾	–	–	66,596,116	7.75
9	EDBI Pte Ltd ("EDBI") ⁽⁸⁾	–	–	66,596,116	7.75
10	Economic Development Board of Singapore ("EDB") ⁽⁷⁾	–	–	66,596,116	7.75

Notes:

- (1) 3,457,000 shares are held in the name of UOB Kay Hian Pte Ltd and 150,430,339 shares are held in the name of Citibank Nominees Singapore Pte Ltd.
- (2) Three Arch Management is the general partner of Three Arch Partners and Three Arch Associates. Accordingly, Three Arch Management is deemed interested in 153,887,339 shares held by Three Arch Partners IV, LP. and the 3,397,105 shares held by Three Arch Associates IV, L.P..
- (3) Mark Allen Wan is a managing member of Three Arch Management, the general partner of Three Arch Partners IV, L.P. and Three Arch Associates IV, L.P. and is deemed to have share voting and dispositive power over the shares held by Three Arch Partners IV, L.P. and Three Arch Associates IV, L.P.. Accordingly, Mark Allen Wan is deemed interested in 153,887,339 shares held by Three Arch Partners IV, L.P. and 3,397,105 shares held by Three Arch Associates IV, L.P..
- (4) Luminor Capital is the investment manager of Luminor Pacific Fund 1 Ltd and Luminor Pacific Fund 2 Ltd. Accordingly, Luminor Capital is deemed interested in 102,120,176 shares held by Luminor Pacific Fund 1 Ltd and the 6,913,760 shares held by Luminor Pacific Fund 2 Ltd.
- (5) BMSIF is a wholly-owned subsidiary of EDB Investments. Accordingly, EDB Investments is deemed interested in 66,596,116 shares held by BMSIF.
- (6) Bio*One Capital is the fund manager of BMSIF and is a wholly-owned subsidiary of EDBI. Accordingly, Bio*One Capital and EDBI is deemed interested in 66,596,116 shares held by BMSIF.
- (7) EDB Investments and EDBI are wholly-owned by EDB. Accordingly, EDB is deemed interested in 66,596,116 shares held by BMSIF.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 14 March 2016, approximately 59.37% of the issued ordinary shares of the Company was held in the hands of the public and therefore, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited, is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of QT Vascular Ltd will be held at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 on Thursday, 28 April 2016 at 9.30 a.m. ("**AGM**") for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolutions:

ORDINARY BUSINESS

AS ORDINARY RESOLUTIONS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon. (Resolution 1)
2. To approve the payment of Directors' fees of US\$222,000 for the financial year ended 31 December 2015. (Resolution 2)
3. To re-elect Mr Gregory David Casciaro, a Director of the Company, who is retiring pursuant to Article 98 of the Company's Constitution. (See explanatory note 1) (Resolution 3)
4. To re-elect Mr Toe Teow Heng, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution. (See explanatory note 2) (Resolution 4)
5. To re-elect Mr Sho Kian Hin, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution. (See explanatory note 3) (Resolution 5)
6. To re-elect Mr Gary Ng Sin Tong, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution. (See explanatory note 4) (Resolution 6)
7. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. (Resolution 7)
8. To transact any other ordinary business which may be properly transacted at the AGM.

SPECIAL BUSINESS

AS ORDINARY RESOLUTIONS

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

9. Authority to allot and issue shares

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

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

Notice of Annual General Meeting

- (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (II) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
 - (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
 - (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Company’s Constitution for the time being; and
 - (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company’s next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

(See explanatory note 5)

(Resolution 8)

Notice of Annual General Meeting

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

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

(See explanatory note 6)

(Resolution 9)

11. Authority to allot and issue Shares under the 2014 QTV Employee Share Option Scheme

THAT the Directors of the Company be and are hereby authorised to:

- (I) offer and grant options to purchase Shares ("**Options**") in accordance with the provisions of the 2014 QTV Employee Share Option Scheme;
- (II) pursuant to Section 161 of the Act, allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the exercise of the Options; and
- (III) (notwithstanding the authority conferred by this Resolution may have ceased to be in force), pursuant to Section 161 of the Act, allot and issue fully paid-up Shares pursuant to the exercise of any Options granted by the Directors in accordance with the 2014 QTV Employee Share Option Scheme while this Resolution was in force,

such authority to continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See explanatory note 7)

(Resolution 10)

12. Authority to allot and issue Shares under the QT Vascular Restricted Share Plan 2015 ("Share Plan")

THAT the Directors of the Company be and are hereby authorised to:

- (I) grant awards of Shares ("**Awards**") in accordance with the provisions of the Share Plan;
- (II) pursuant to Section 161 of the Act, allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the vesting of the Awards; and
- (III) (notwithstanding the authority conferred by this Resolution may have ceased to be in force), pursuant to Section 161 of the Act, allot and issue fully paid-up Shares pursuant to the vesting of any Award granted by the Directors in accordance with the Share Plan while this Resolution was in force,

such authority to continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note 8)

(Resolution 11)

For Resolutions 12 to 16 below, all capitalised terms in this Notice shall have the same meanings ascribed to them in the Appendix to Shareholders of the Company dated 13 April 2016 (the "Appendix"), unless otherwise defined herein or where the context otherwise requires.

Notice of Annual General Meeting

13. Proposed renewal of the Share Buy-Back Mandate

THAT:

- (a) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchase(s) (each a **"Market Purchase"**) on the SGX-ST transacted through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) (each an **"Off-Market Purchase"**) effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules and the Act,

on the terms of the Appendix and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Constitution of the Company and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Buy-Back Mandate"**);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the Relevant Period (as hereinafter defined) and expiring on the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company is held or date by which such annual general meeting is required to be held;
 - (ii) the date on which the share buy-backs are carried out to the full extent of the Share Buy-Back Mandate; or
 - (ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;
- (c) for purposes of this ordinary resolution:

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

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

Notice of Annual General Meeting

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

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

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

- (d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Act; and
- (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

(See Explanatory Note 9)

(Resolution 12)

14. Proposed Issuance of Exchangeable Bonds and Exchange Shares to Luminor Pacific Fund 2 Ltd.

THAT for the purposes of Rule 812(1) and Rule 812(2) of the Catalist Rules, the proposed creation and issuance of 8% exchangeable bonds (**“Exchangeable Bonds”**) with a principal amount of US\$1.86 million due in 2017/2018 by the Company’s wholly-owned subsidiary, the Quattro Vascular Pte. Ltd. (**“Quattro Vascular”**), which is exchangeable into 20,053,125 ordinary shares in the capital of the Company (**“Exchange Shares”**) at a conversion price of S\$0.128 per Share based on the currency exchange rate of S\$1.38 to US\$1.00, on the terms and conditions of the exchangeable bonds subscription agreement dated 27 January 2016 entered into between Luminor Pacific Fund 2 Ltd. and the Company (**“Exchangeable Bonds Agreement”**) and all transactions contemplated thereunder, be and are hereby approved, and for this purpose, approval be and is hereby given to the Directors:

- (a) for the Company to create and issue the Exchangeable Bonds, such Exchangeable Bonds to be exchangeable at the option of the holder thereof, into the Exchange Shares in accordance with the Exchangeable Bonds Agreement; and
- (b) to allot and issue such number of Exchange Shares as may be required or permitted to be allotted or issued on the exchange of the Exchangeable Bonds to the holders of the Exchangeable Bonds on the exchange thereof, subject to and otherwise in accordance with the terms and conditions of the Exchangeable Bonds Agreement; and

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the Directors of the Company and each of them be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

(See Explanatory Note 10)

(Resolution 13)

15. The Proposed Participation of Mr Mark Allen Wan, a Controlling Shareholder of the Company, in the 2014 QTV Employee Share Option Scheme

THAT:

- (a) the participation by Mr Mark Allen Wan, a Controlling Shareholder of the Company, in the 2014 QTV Employee Share Option Scheme be and is hereby approved; and
- (b) the Directors of the Company and each of them be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

(See Explanatory Note 11)

(Resolution 15)

16. The Proposed Grant of Options to Mr Mark Allen Wan, a Controlling Shareholder of the Company, under the 2014 QTV Employee Share Option Scheme

THAT SUBJECT TO AND CONTINGENT UPON THE PASSING OF ORDINARY RESOLUTION 14 ABOVE:

- (a) the proposed grant of options ("**Options**") to Mr Mark Allen Wan, a Controlling Shareholder of the Company, pursuant to and in accordance with the terms under the 2014 QTV Employee Share Option Scheme be and is hereby approved, confirmed and ratified and the Directors and each of them be and are hereby authorized to allot and issue or deliver from time to time such number of Shares upon the exercise of such Options:

- i) Date of Grant : 14 August 2015
- ii) Exercise price : S\$0.095
- iii) Number of Shares comprised under the Options : 817,000 Shares (representing approximately 0.09% of the total issued Shares as at the Latest Practicable Date)
- iv) Vesting period of Options : Between one (1) and four (4) year(s), as follows:

One fourth (1/4th) of the share options shall vest on the one (1) year anniversary of the vesting commencement date, and an additional one forty-eight (1/48th) of the share options shall vest on the last day of each full calendar month thereafter, subject to the option holder continuing to be a service provider through each such date.
- v) Market price* of the Company's Shares on the date of grant : S\$0.095 per Share on 14 August 2015

**Market price refers to the weighted average of the last-dealt price for a Share, as determined by reference to the daily Official List published by the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of an Option.*

- vii) Validity/term of Options granted : Ten (10) years from the date of grant

Notice of Annual General Meeting

- (b) the Directors of the Company and each of them be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required as they or he may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

(See Explanatory Note 12)

(Resolution 15)

17. The Proposed Amendment(s) to the rules of the 2014 QTV Employee Share Option Scheme

THAT:

- (a) the proposed amendment(s) to the Rules of the 2014 QTV Employee Share Option Scheme as set out in paragraph 6 of the Appendix, be and are hereby approved and adopted with immediate effect; and
- (b) the Directors of the Company and each of them be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required as they or he may consider expedient or necessary or in the interests of the Company to give effect to this Resolution.

(See Explanatory Note 13)

(Resolution 15)

By Order of the Board

Lee Pih Peng
Company Secretary
13 April 2016

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES TO BE TRANSACTED

ORDINARY BUSINESS

- (1) Ordinary Resolution 3, if passed, will re-elect Mr Gregory David Casciaro as Director of the Company. Mr Gregory David Casciaro is an Independent Director of the Company. Mr Gregory David Casciaro will, upon the re-election, remain as a member of the Audit Committee, Nominating Committee and the Remuneration Committee. Mr Gregory David Casciaro will be considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Gregory David Casciaro does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Gregory David Casciaro can be found in the Annual Report 2015.
- (2) Ordinary Resolution 4, if passed, will re-elect Mr Toe Teow Heng, who was appointed as Director during the course of the financial year ended 31 December 2015. Mr Toe Teow Heng is a Non-Executive Director of the Company. Mr Toe Teow Heng will, upon the re-election, remain as the Chairman of the Board. Mr Toe Teow Heng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Toe Teow Heng can be found in the Annual Report 2015.

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- (3) Ordinary Resolution 5, if passed, will re-elect Mr Sho Kian Hin, who was appointed as Director during the course of the financial year ended 31 December 2015. Mr Sho Kian Hin is an Independent Director of the Company. Mr Sho Kian Hin will, upon the re-election, remain as the Chairman of the Audit Committee. Mr Sho Kian Hin will be considered to be independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Sho Kian Hin, Eric does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Mr Sho Kian Hin can be found in the Annual Report 2015.
- (4) Ordinary Resolution 6, if passed, will re-elect Mr Gary Ng Sin Tong, who was appointed as Director during the course of the financial year ended 31 December 2015. Mr Gary Ng Sin Tong will, upon the re-election, remain as an Executive Director and Director, Capital and Strategic Markets, of the Company. There are no relationships between Mr Gary Ng Sin Tong, and the Directors, the Company or its 10% shareholders.

SPECIAL BUSINESS

- (5) Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a *pro-rata* basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.
- (6) Ordinary Resolution 9, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares to holders of outstanding options which were awarded under the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan pursuant to the exercise of such outstanding options. Options granted under the 2005 Stock Plan and the 2010 Equity Incentive Plan had been assumed by the Company pursuant to the restructuring exercise entered into prior to the listing of the Company on Catalist. The Company had ceased issuing additional options under the QTV 2013 Share Plan since 25 April 2014. However, subsisting options granted prior to such date are not affected by the discontinuation and remain exercisable in accordance with the rules of the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan.

Notice of Annual General Meeting

- (7) Ordinary Resolution 10 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to (i) offer and grant Options under the terms of the 2014 QTV Employee Share Option Scheme and (ii) allot and issue Shares pursuant to the exercise of Options to be granted under the 2014 QTV Employee Share Option Scheme.
- (8) Ordinary Resolution 11, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to (i) grant awards under the terms of the Share Plan and (ii) allot and issue Shares pursuant to the vesting of the Awards to be granted under the Share Plan.
- (9) Ordinary Resolution 12 above, if passed, will provide the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.
- (10) Ordinary Resolution 13 above, if passed, will provide the authority to the Company to issue the Exchangeable Bonds and Exchange Shares to Luminor Pacific Fund 2 Ltd., on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.
- (11) Ordinary Resolution 14 above, if passed, will approve the participation of Mr Mark Allen Wan, a Controlling Shareholder of the Company, in the QTV 2014 QTV Employee Share Option Scheme, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.
- (12) Ordinary Resolution 15 above, if passed, will approve the grant of Options Mr Mark Allen Wan, a Controlling Shareholder of the Company, under the QTV 2014 QTV Employee Share Option Scheme, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.
- (13) Ordinary Resolution 16 above, if passed, will approve the amendment(s) to the QTV 2014 QTV Employee Share Option Scheme, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.

Notice of Annual General Meeting

FURTHER NOTES:

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified)

“Relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. A proxy need not be a member of the Company.
 3. An instrument appointing a proxy must be deposited at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

QT VASCULAR LTD.

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

PROXY FORM**Annual General Meeting****IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I / We _____ (Name), NRIC/Passport No. _____

of _____ (Address)

being a member(s) of QT VASCULAR LTD. (the "Company") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

or failing whom the Chairman of the Annual General Meeting (the "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 on Thursday, 28 April 2016 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	ORDINARY RESOLUTION ORDINARY BUSINESS	Number of votes For*	Number of votes Against*
1.	To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of US\$222,000 for the financial year ended 31 December 2015.		
3.	To re-elect Mr Gregory David Casciaro, a Director of the Company, who is retiring pursuant to Article 98 of the Company's Constitution.		
4.	To re-elect Mr Toe Teow Heng, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution.		
5.	To re-elect Mr Sho Kian Hin, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution.		
6.	To re-elect Mr Gary Ng Sin Tong, a Director of the Company, who is retiring pursuant to Article 102 of the Company's Constitution.		
7.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
8.	To approve the authority to allot and issue shares.		
9.	To approve the authority to allot and issue shares pursuant to options granted by the Company under the QTV 2013 Share Plan and assumed by the Company under the 2005 Stock Plan and the 2010 Equity Incentive Plan.		
10.	To approve the authority to allot and issue shares under the 2014 QTV Employee Share Option Scheme.		
11.	To approve the authority to allot and issue shares under the QT Vascular Restricted Share Plan 2015.		
12.	To approve the proposed renewal of the Share Buy-Back Mandate		
13.	To approve the proposed issuance of Exchangeable Bonds and Exchange Shares to Luminor Pacific Fund 2 Ltd.		
14.	To approve the proposed participation of Mr Mark Allen Wan, a Controlling Shareholder of the Company, in the 2014 QTV Employee Share Option Scheme		
15.	To approve the proposed grant of options to Mr Mark Allen Wan, a Controlling Shareholder of the Company, under the 2014 QTV Employee Share Option Scheme		
16.	To approve the proposed amendment(s) to the rules of the 2014 QTV Employee Share Option Scheme		

*Note: If you wish to exercise all your votes "For" or "Against" the above resolution, please tick "✓" within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this ____ day of April 2016

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes to Proxy Form

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
 4. An instrument appointing a proxy must be deposited at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof.
 5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer.
 7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

QTVascular
(Company Registration No.: 201305911K)

3A International Business Park
#09-10/11/12 ICON @ IBPTower B, Singapore 609935