

QTVascular



**YOU MATTER
WE CARE**

ANNUAL REPORT 2017

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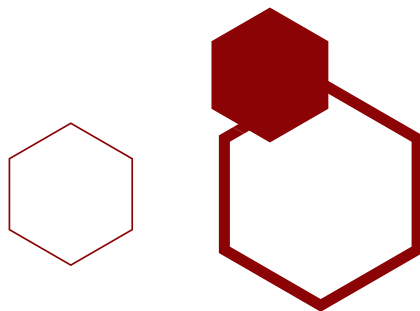


This Annual Report has been prepared by QT Vascular Ltd. (the “Company”) and its contents have been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (“Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).





CORPORATE PROFILE

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

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

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

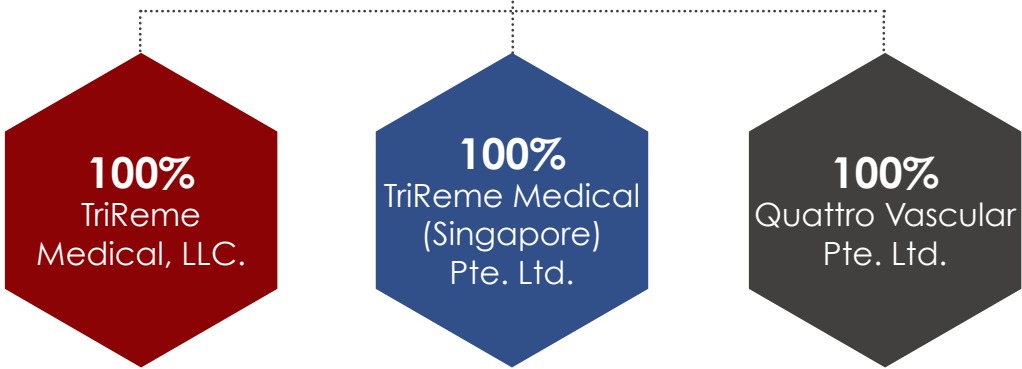
Peripheral artery disease (“PAD”) is an obstruction of the blood flow in the peripheral arteries. It occurs commonly in the arteries of the pelvis and legs. It can result from the slow accumulation of plaque over time or the sudden formation of a blood clot which leads to arterial narrowing or blockage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

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



CORPORATE STRUCTURE

QTVascular



INDUSTRY SERVED

Health Care

LOCATION SITES



USA

ASIA, SINGAPORE

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

MESSAGE FROM THE CEO

“The Company also continued to make progress on several of our critical, high-value development programs.”

Dear Shareholders:

On behalf of the board of directors and management, it is my pleasure to present QT Vascular’s Annual Report for the financial year ended 31 December 2017 (“**FY2017**”).

On the commercial side, our distributor relationship with Medtronic proved to be very successful culminating in Medtronic choosing to buy our Chocolate[®] PTA product line. This acquisition was successfully executed and completed on 29 January 2018.

In FY2017, the Company took various initiatives to reduce its loan and bond obligations as well as operating costs. Based on initiatives taken, the Company managed to reduce its loan and bond obligations by approximately US\$14.6 million and operating costs by approximately US\$10.2 million.

The Company also continued to make progress on several of our critical, high-value development programs. We began enrollment in the U.S. pivotal

study of the Drug Coated Chocolate Touch[®] Balloon. This is one of the very few Drug Coated peripheral Balloons to receive approval by the U.S. Food and Drug Administration (“**FDA**”) to conduct clinical studies in the U.S. In addition, we announced the 24-month outcomes of the Chocolate Heart[®] First-in-Human study¹. The results of this study added significantly to the body of evidence supporting the unique and distinguishing benefits of the Chocolate[®] platform in treating both coronary and peripheral vessels.

Both the Coronary and the Peripheral Vascular markets continue to offer significant opportunities for new devices that will better treat complex disease than those therapies that are currently available. These are the segments which offer the greatest value potential for Chocolate Touch[®], Chocolate[®] XD PTCA and Chocolate Heart[™] technologies.

In Coronary procedures, the presence of arterial calcium creates challenges for clinicians to properly deliver drug eluting stents which are the current standard of care for Coronary interventions thereby

¹ TCT2017, Denver, CO: Oct 29-Nov 2,2017; Presented by Dr. Georgios Bouras, MD, PhD – Yale University; and, ICI2017, Tel Aviv, Israel: Dec 3-5,2017; Presented by Alexandra Lansky, MD – Yale University.

MESSAGE FROM THE CEO

negatively impacting the arterial uptake of drug and resultant clinical outcomes². The clinical need for “Vessel Preparation” in the presence of calcium prior to stenting was highlighted by Dr. Ehtisham Mahmud of University of California, San Diego, U.S.A. at TCT2017 conference. As a potential, highly effective solution to this need, Dr. Mahmud presented the Chocolate[®] XD balloon².

At LINC (Leipzig Interventional Conference) in February 2018, a meeting mainly focused on Peripheral Interventions, there was an interesting parallel: Drug Coated Balloons (DCBs) are becoming the standard of care in this market, yet, DCBs also face similar clinical challenges. Physician thought leaders delivered a consistent message about the need for Vessel Preparation to treat arterial calcium prior to DCB². Dr. Christopher Metzger, a physician thought leader from Kingsport, TN, U.S.A., presented: “Calcium is a potential barrier to optimal drug absorption” (by DCBs)³. He also shared, “With the Chocolate[®] technology, I consistently get what I am looking for with these complex lesions: large lumens with minimal dissection and rarely the need for bail-out stenting.” “I often use Chocolate[®] for Vessel Preparation prior to DCB.”⁴

Following the successful completion of Medtronic’s Chocolate[®] PTA asset acquisition, the Company continues to explore and is in discussions regarding strategic transactions related to its coronary product lines and other potential collaborations with large multinational corporations. In parallel, we are planning to create a pipeline of new product initiatives to be developed and sold, by leveraging a combination of our organic developments and acquisitions of early stage technologies. This strategy is focused on the key strengths of the Group in product development and our track record in obtaining U.S. regulatory approvals.

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, investors, 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. Let us continue to push forward and have patients around the world benefit from our innovative technologies.

DR EITAN KONSTANTINO
Chief Executive Officer

² Dr. Mark Bosiers, LINC2018, Leipzig, Germany – Presentation: “DCB from a clinical perspective: What is proven and where are the open questions and limitations?” Also, Juan Granada, MD, President and CEO, Cardiovascular Research Foundation, Columbia Medical Center, New York City, NY, U.S.A. Presentation: ‘Vascular Calcium: New Pre-clinical Models and New Treatment Solutions’ (Presented at TCT2017 & LINC2018)

^{3,4} Christopher Metzger, MD, FACC, Kingsport, TN, U.S.A. at LINC2018, Leipzig, Germany, during panel discussions session: “Leave Nothing Behind 2.0”. Also, during presentation: “From Chocolate[®] to Hawk: Vessel Preparation for improved outcomes.”

BOARD OF DIRECTORS



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 Non-Independent 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.

BOARD OF DIRECTORS

AMIR BELSON

Independent Director

Amir Belson was appointed to our Board on 4 August 2016. Amir is the founder of various medical device companies such as ZipLine Medical, a company developing and commercializing innovative tissue repair devices to address the clinical need for rapid, non-invasive and easy-to-use skin closure and Neoguide Systems, a company that developed platform technology for minimally invasive surgical procedures that was later acquired by Intuitive Surgical in 2009. He is also the founder of Vascular Pathways, a company that developed an FDA cleared vascular intervention technology that has been chosen as one of the 10 best inventions of 2009 by Popular Science magazine, Thermocure, a minimally invasive therapeutic hypothermia technology company, Radguard Medical, a radiation protection medical device company and VasoStitch, which develops large vessel access and closure technology.

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

GREGORY CASCIARO

Independent Director

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

Gregory has over 31 years of experience in the medical device industry where he has had leadership positions in both private and public companies. He was from 1995 to 1999 the president and chief executive officer of General Surgical Innovations, Inc. a medical device company. Thereafter from 2000 to 2004, he was the president and chief executive officer of Orquest, Inc., a private company manufacturing

and selling bio-therapeutically products to the orthopaedic market. From 2004 to 2009, Gregory was the president and chief executive officer and a board member of XTENT Inc., a medical device company listed on the Nasdaq National Market that develops drug-eluting stents. Gregory was the president and chief executive officer of AccessClosure, Inc., a private held medical device company in the United States that develops access site management products designed to address vascular closure challenges during interventional surgery before it was acquired by Cardinal Health, Inc. in May 2014. Gregory is presently the Chief Executive Officer, President and Director of Cardiac Dimensions, Inc..

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

SHO KIAN HIN

Independent Director

Sho Kian Hin was appointed to our Board on 25 September 2015. He is currently also an Independent Director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited), a company listed on the Catalist Board of SGX-ST since July 2013.

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 SIN TONG

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 PIZARRO

Executive Vice President, Vice President of Research and Development

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

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

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

MOMI BROSH

General Manager of our Singapore operations

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

Momi has over 15 years of management experience. From 2001 to 2005, he was a member of the Secretariat of Kibbutz Shefayim Corporation and is Chairman of the Economic 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. Thereafter, from 2005 to 2007, Momi was the Vice President of marketing and sales in Tlaton Ltd, a company that specialises in missile and satellite packages for the aeronautics industry. Prior to joining our Group, from 2008 to 2010, Momi was a freelance marketing consultant in the defence industry.

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

FINANCIAL AND OPERATIONS REVIEW



In FY2017, QT Vascular's revenue increased by 34.4% to US\$14.3 million, from US\$10.6 million a year ago. This was mainly due to the sales of its Chocolate® PTA Balloon Catheter ("Chocolate PTA") to Medtronic, Inc. ("Medtronic"). The distribution of the Group's Chocolate PTA product in the United States ("US") has transitioned over to Medtronic since 1 March 2017. The increase in sales was also due to the increase in sales by the Group's direct sales team. Sales of Chocolate XD® Balloon Catheter ("Chocolate XD") by the direct sales team improved, with a 19.3% increase in average sales per sales representative of US\$438,193 in FY2017 as compared to US\$367,290 in FY2016 which reflects the healthy demand for the Group's products. The US remained the Group's largest market, accounting for 98.6% of total revenue.

Cost of sales increased by approximately US\$4.0 million to US\$9.9 million in FY2017 mainly due to the increase production of Chocolate PTA and Chocolate XD as a result of the increase in sales for both products during the year.

As a result of the above, our Group recorded a gross profit of US\$4.4 million or 30.7% of revenue in FY2017 as compared to a gross profit of US\$4.7 million or 44.1% of revenue in FY2016. The decrease in gross profit is mainly due to significantly higher sales of Chocolate PTA to Medtronic which generates lower gross margins as it is based on a distributor pricing as compared to sales of Chocolate PTA in FY2016 which was mainly based on direct sales to customers which generally generates higher margins.

Our sales and marketing expenses decreased to US\$5.3 million in FY2017 mainly due to lower direct sales personnel costs in FY2017 as a result of lower sales commissions and a decrease in headcount.

Our administrative expenses decreased to US\$6.9 million in FY2017 mainly due to lower headcount and reduction in overall spending due to cost cutting measures implemented during the year as well as the decrease in legal expenses.

Our research and development expenses decreased to US\$5.1 million in FY2017 mainly due to lower development costs incurred on the Group's products during the year.

We were in a lower net finance cost position of US\$6.2 million in FY2017, as compared to a net finance cost position of US\$13.1 million in FY2016 mainly due to a decrease in interest expenses to US\$6.9 million

in FY2017 (FY2016: US\$10.3 million) mainly due to the accretion of the costs of the convertible and exchangeable notes. The decrease in net finance cost was also due to the foreign exchange gain of US\$0.7 million in FY2017 (FY2016: US\$0.2 million foreign exchange loss) pursuant to exchange rate changes between the Singapore dollar and United States dollar.

In FY2017, other income was mainly due to US\$0.3 million of grant income received from the Economic Development Board. The US\$24.0 million in FY2016 was mainly due to the reversal of the provision for legal liability in relation to the litigation with AngioScore, Inc. ("AngioScore") following the reversal of the judgement on the State Law claims by the Appeal Court in its ruling on 21 July 2016.

Our other expenses of US\$4.3 million in FY2017 is mainly due to the agreed settlement with AngioScore which will fully and finally resolve all past, present and future disputes concerning all litigation matters between the Group and AngioScore, as announced on 15 November 2017.

As a result of the above, the Group recorded a net loss attributable to shareholders of US\$22.9 million in FY2017, compared with US\$12.0 million in FY2016.

FINANCIAL POSITION

The Group had negative working capital of US\$25.7 million as at 31 December 2017 mainly due to the convertible and exchangeable notes and loans amounting to US\$10.0 million and current trade and other payables of US\$19.9 million.

Notwithstanding the negative working capital, the Company had on 30 January 2018 announced that it had completed the sale of the Group's Chocolate PTA assets to Medtronic for US\$28 million. The net proceeds of US\$26.8 million, after taking into account the retention sum of US\$1.2 million, will be used to for working capital purposes as well as the settlement of the Group's existing debt and trade payables obligations.

In addition, on 5 February 2018, the Company announced that it had entered into a non-binding term sheet with a multinational corporate for the potential transaction for the Company's coronary products.

Our non-current assets decreased by US\$1.4 million mainly due to the depreciation of our fixed assets of US\$0.4 million and amortisation of intangible assets of US\$1.0 million in relation to our developed intellectual properties such as Chocolate® PTA and Chocolate XD®.

Our current assets decreased by US\$0.8 million mainly due to the decrease in inventory balances of approximately US\$0.7 million following the utilisation of existing raw materials on hand for production purposes, and trade and other receivables of US\$0.1 million following an improvement in the collection of receivables from our customers.

Our non-current liabilities decreased by US\$0.1 million as at 31 December 2017 mainly due to the reduction of deferred income recorded.

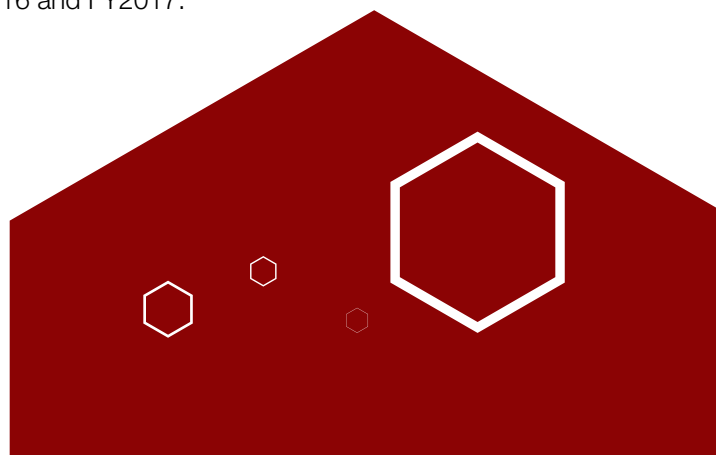
Our current liabilities of increased by US\$1.2 million due to the increase in trade and other payables of US\$9.4 million mainly due to increase in production activities as a result of the supply of Chocolate PTA to Medtronic and the accrual of the AngioScore settlement expenses. The increase in current liabilities was offset by the decrease in loans and borrowings of US\$7.8 million as at 31 December 2017 following the settlement of certain bonds and short-term loans with the Company's shares during the financial year.

CASH FLOW ANALYSIS

The Group recorded cash outflows from operating activities of US\$4.2 million for FY2017 which was a result of an operating loss before working capital changes of US\$13.1 million and a decrease in working capital changes of US\$8.9 million. The decrease in working capital changes was mainly due to the increase in trade and other payables of US\$8.5 million. The decrease of trade and other receivables of US\$0.1 million and inventories of US\$0.7 million also attributed to the decrease in working capital changes. The decrease in working capital changes was partially offset by the decrease in deferred income of US\$0.5 million.

In FY2017, net cash inflow from financing activities of US\$4.2 million was mainly due to proceeds received from the issuance of ordinary shares to GEM Global under the Capital Commitment Agreement of US\$2.0 million and short-term loans from third parties and Medtronic of US\$2.1 million.

As a result, the Group's cash and cash equivalents remained the same at US\$0.3 million at the end of FY2016 and FY2017.





CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive:

Mark Wan
*Non-Independent
Non-Executive Director*

Amir Belson
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*

REMUNERATION COMMITTEE

Amir Belson (Chairman)
Gregory Casciaro
Mark Wan

COMPANY SECRETARY

Lee Pih Peng

REGISTERED OFFICE

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

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

SHARE REGISTRAR

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 BANK

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

AUDIT COMMITTEE

Sho Kian Hin (Chairman)
Amir Belson
Gregory Casciaro

NOMINATING COMMITTEE

Gregory Casciaro (Chairman)
Eitan Konstantino
Amir Belson



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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 2017 (“**FY2017**”), 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 FY2017.

BOARD MATTERS

The Board's Conduct of Affairs

1.1	What is the role of the Board?	<p>The Board has 6 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2">Composition of the Board</th> <th colspan="3">Composition of the Board Committees</th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> <th>AC ⁽¹⁾</th> <th>NC ⁽²⁾</th> <th>RC ⁽³⁾</th> </tr> </thead> <tbody> <tr> <td>Eitan Konstantino</td> <td>Chief Executive Officer</td> <td>-</td> <td>M</td> <td>-</td> </tr> <tr> <td>Mark Allen Wan</td> <td>Non-Independent Non-Executive Director</td> <td>-</td> <td>-</td> <td>M</td> </tr> <tr> <td>Amir Belson</td> <td>Independent Director</td> <td>M</td> <td>M</td> <td>C</td> </tr> <tr> <td>Gregory David Casciaro</td> <td>Independent Director</td> <td>M</td> <td>C</td> <td>M</td> </tr> <tr> <td>Eric Sho Kian Hin</td> <td>Independent Director</td> <td>C</td> <td>-</td> <td>-</td> </tr> <tr> <td>Gary Ng Sin Tong</td> <td>Executive Director</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Notes: (1) The AC comprises three (3) members, all of whom are independent. (2) The NC comprises three (3) members, the majority of whom, including the Chairman, are independent. (3) The RC comprises three (3) members, the majority of whom, including the Chairman, are independent. All the members of the RC are non-executive Directors.</p>	Composition of the Board		Composition of the Board Committees			Name of Director	Designation	AC ⁽¹⁾	NC ⁽²⁾	RC ⁽³⁾	Eitan Konstantino	Chief Executive Officer	-	M	-	Mark Allen Wan	Non-Independent Non-Executive Director	-	-	M	Amir Belson	Independent Director	M	M	C	Gregory David Casciaro	Independent Director	M	C	M	Eric Sho Kian Hin	Independent Director	C	-	-	Gary Ng Sin Tong	Executive Director	-	-	-
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Amir Belson	Independent Director	M	M	C																																						
Gregory David Casciaro	Independent Director	M	C	M																																						
Eric Sho Kian Hin	Independent Director	C	-	-																																						
Gary Ng Sin Tong	Executive Director	-	-	-																																						

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
		<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; ensuring compliance with all laws and regulations as may be relevant to the business; and providing overall corporate governance of the Company. 																																													
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	The Board has delegated certain responsibilities to the Audit Committee (the " AC "), the Nominating Committee (the " NC ") and the Remuneration Committee (the " RC ") (collectively, the " Board Committees "). The compositions of the Board Committees have been set out in Section 1.1 of this report.																																													
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 2017, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:</p> <table border="1"> <caption>Table 1.4 – Board and Board Committee Meetings in FY2017</caption> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Name of Director</td> <td colspan="4">Number of Meetings Attended</td> </tr> <tr> <td>Mark Allen Wan</td> <td>4</td> <td>-</td> <td>-</td> <td>1</td> </tr> <tr> <td>Eitan Konstantino</td> <td>4</td> <td>-</td> <td>1</td> <td>-</td> </tr> <tr> <td>Gregory David Casciaro</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> <tr> <td>Gary Ng Sin Tong</td> <td>4</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Sho Kian Hin</td> <td>4</td> <td>4</td> <td>-</td> <td>-</td> </tr> <tr> <td>Amir Belson</td> <td>4</td> <td>4</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>The Board is also briefed periodically by senior management on the Group's strategy and performance.</p> <p>The Company's Constitution (the "Constitution") allows for Board meetings to be held through teleconferencing and/or videoconferencing.</p>		Board	AC	NC	RC	Number of Meetings Held	4	4	1	1	Name of Director	Number of Meetings Attended				Mark Allen Wan	4	-	-	1	Eitan Konstantino	4	-	1	-	Gregory David Casciaro	4	4	1	1	Gary Ng Sin Tong	4	-	-	-	Sho Kian Hin	4	4	-	-	Amir Belson	4	4	1	1
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1.5	What are the types of material transactions which require approval from the Board?	<p>Matters and transactions 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; share issuance, dividend release or changes in capital; the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance; material interested person transactions exceeding S\$100,000; the Company's financial statements, financial results announcements, budgets; and all 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>																																													

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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>The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board will consider adopting a policy on continuous professional development for Directors.</p> <p>To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors. Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Company's business. Such training costs are borne by the Company.</p> <p>Briefings and updates for the Directors in FY2017 include:</p> <ul style="list-style-type: none"> the external auditors ("EA") had briefed the AC on changes or amendments to accounting standards; and the Company Secretary had briefed the Board on regulatory changes, such as changes to the Companies Act and/or the SGX-ST Listing Manual Section B: Rules of Catalyst.
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.	<p>Guideline 2.1 of the Code is met as more than one-third of the Board is independent.</p> <p>Guideline 2.2 of the Code is met as the Independent Directors make up half of the Board.</p> <p>As set out in Section 3.1 of this report, the Company currently does not have a Chairman of the Board, and accordingly, Guideline 3.3 of the Code is not applicable.</p>
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual directors' declaration in their assessment of independence.</p> <p>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.</p>
	(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.	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.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There is no Independent Director who has served beyond nine (9) years since the date of his first appointment.

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																						
2.5	What are the steps taken by the Board to progressively renew the Board composition?	<p>The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.</p> <p>To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.</p>																																						
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board and board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge that could contribute to the Group, regardless of gender.																																						
	(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 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>33</td> </tr> <tr> <td>- Business management</td> <td>5</td> <td>83</td> </tr> <tr> <td>- Legal or corporate governance</td> <td>6</td> <td>100</td> </tr> <tr> <td>- Relevant industry knowledge or experience</td> <td>6</td> <td>100</td> </tr> <tr> <td>- Strategic planning experience</td> <td>6</td> <td>100</td> </tr> <tr> <td>- Customer based experience or knowledge</td> <td>5</td> <td>83</td> </tr> <tr> <td>- Information Technology</td> <td>3</td> <td>50</td> </tr> <tr> <td colspan="3">Gender</td> </tr> <tr> <td>- Male</td> <td>6</td> <td>100</td> </tr> <tr> <td>- Female</td> <td>-</td> <td>-</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	33	- Business management	5	83	- Legal or corporate governance	6	100	- Relevant industry knowledge or experience	6	100	- Strategic planning experience	6	100	- Customer based experience or knowledge	5	83	- Information Technology	3	50	Gender			- Male	6	100	- Female	-
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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?	<p>The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.</p> <p>The Non-Executive Directors have met once in the absence of key management personnel in FY2017.</p>																																						

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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.</p> <p>The responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none"> (a) to lead the Board to ensure its effectiveness on all aspects of its role; (b) to promote a culture of openness and debate at the Board; (c) to facilitate the effective contribution of non-executive directors in particular; and (d) to promote high standards of corporate governance. <p>The former Chairman retired as a Director of the Company on 28 April 2016 and the Company has yet to appoint a new Chairman as the current Board composition is currently made up of:</p> <ul style="list-style-type: none"> • 50% of independent directors; and • 67% of non-executive directors. <p>Currently, the Board deliberates and makes all necessary decisions on a collective basis. The Board is of the opinion that the aforementioned arrangement does not impede the functioning of the Board and the decision-making process after taking into consideration the following:</p> <ul style="list-style-type: none"> • Size and capabilities of the Board; • Size and operations of the Group; and • Safeguards currently in place (such as the requirement for the Board's approval for material transactions) to ensure that decision-making by the Board is collective. <p>Notwithstanding the above, the Board will endeavour to appoint a Chairman as soon as practicable to assume the responsibilities of the Chairman.</p> <p>The responsibilities of the CEO are as follows:</p> <ul style="list-style-type: none"> (a) to progress and advance the strategic direction provided by the Board; (b) the operational running of the Company, pursuant to the Board delegating to the CEO certain of the Board's powers, authorities and discretions; (c) to set the agenda of Board meetings and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (d) to ensure that the directors receive complete, adequate and timely information; (e) to ensure effective communication with shareholders; and (f) to encourage constructive relations within the Board and between the Board and Management.
3.4	Have the Independent Directors met in the absence of other directors?	<p>The Independent Directors will meet in the absence of the other directors as and when circumstances warrant.</p> <p>In FY2017, the Independent Directors have met once in the absence of the other directors.</p>
Board Membership		
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) the review of board succession plans for directors, in particular, the Chairman and for the CEO; (b) the development of a process for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programs for the Board; (d) to review and approve any new employment of related persons and proposed terms of their employment; (e) to decide whether or not a director of the Company is able to and has been adequately carrying out his duties as a director; and (f) board appointments and re-nominations of existing directors for re-election in accordance with the Company's Constitution (including alternate directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of directors, as to composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an independent director as well as ensuring all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

CORPORATE GOVERNANCE

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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?	The Board has set the maximum number of listed company board representations as 8. Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefiting the Company.												
	(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?	The considerations in assessing the capacity of Directors include the following: <ul style="list-style-type: none"> Expected and/or competing time commitments of Directors , including whether such commitment is a full-time or part-time employment capacity; Geographical location of Directors; Size and composition of the Board; Nature and scope of the Group's operations and size; and Capacity, complexity and expectations of the other listed directorships and principle commitments held. The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:- <ul style="list-style-type: none"> Declarations by individual Directors of their other listed company board directorships and principal commitments; Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and Assessment of the individual Directors' performance based on the criteria set out in Section 5 of this report. 												
	(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, taking into account the multiple directorships and other principal commitments of each of the Directors (if any) and is satisfied that all Directors have discharged their duties adequately for FY2017.												
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.	<p>Table 4.6(a) – Process for the Selection and Appointment of New Directors</p> <table border="1"> <tbody> <tr> <td>1.</td> <td>Determination of selection criteria</td> <td> <ul style="list-style-type: none"> 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> <ul style="list-style-type: none"> The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage professional search firms where necessary. </td> </tr> <tr> <td>3.</td> <td>Assessment of shortlisted candidates</td> <td> <ul style="list-style-type: none"> 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> <ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval. </td> </tr> </tbody> </table>	1.	Determination of selection criteria	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage professional search firms where necessary. 	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> The NC would meet and interview the shortlisted candidates to assess their suitability. 	4.	Appointment of director	<ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval.
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<p>Table 4.6(b) – Process for Re-electing Incumbent Directors</p> <table border="1"> <tbody> <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> <ul style="list-style-type: none"> Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. </td> </tr> </tbody> </table>	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	<ul style="list-style-type: none"> Subject to the NC's satisfactory assessment of their overall contributions and performance, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. 								
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		<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. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for three (3) years since their last election.</p> <p>As such, the Board has accepted the NC's recommendations to seek the approval of shareholders at the forthcoming AGM to re-elect Sho Kian Hin and Gary Ng Sin Tong who will be retiring pursuant to Article 98 of the Constitution. In making the recommendations, the NC has considered Sho Kian Hin and Gary Ng Sin Tong's overall contribution and performance. Sho Kian Hin will, upon re-election as a Director, remain as a Chairman of the AC. Sho Kian Hin will be considered independent for the purposes of Rule 704(7) of the Catalyst Rules.</p> <p>Further, the NC has reviewed and noted that Sho Kian Hin and Gary Ng Sin Tong do not have any relationship including immediate and family relationships with the other Directors, the Company or its 10% shareholders.</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 border="1"> <caption>Table 4.7 – Directors' Key Information</caption> <thead> <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> </thead> <tbody> <tr> <td>Eitan Konstantino</td> <td>CEO</td> <td>11 July 2013</td> <td>31 May 2017</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>31 May 2017</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>Amir Belson</td> <td>Independent Director</td> <td>4 August 2016</td> <td>31 May 2017</td> <td>AlterG, Inc. Emboline, Inc. Modular Surgical, Inc. Oxyvive, Inc. Qool Therapeutic, Inc. Radiation Ltd. SuperRenal, Inc. VasoStitch, Inc. Zipline Medical, Inc.</td> <td>Vascular Pathways, Inc.</td> <td> Founding Director of Zipline Medical, Inc. Founding Director of Emboline, Inc. </td> </tr> <tr> <td>Gregory David Casciaro</td> <td>Independent Director</td> <td>14 August 2013</td> <td>28 April 2016</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>28 April 2016</td> <td>OUE Lippo Healthcare Limited</td> <td>Nil</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>28 April 2016</td> <td>Nil</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table> <p>The profile of each Director (including academic and professional qualifications) is presented in this annual report under the heading "Board of Directors".</p>	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	Eitan Konstantino	CEO	11 July 2013	31 May 2017	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	31 May 2017	AcelRx Pharmaceutical, Inc.	Biosensors International Group, Ltd. ePocrates, Inc.	Managing Member of Three Arch Management IV, LLC	Amir Belson	Independent Director	4 August 2016	31 May 2017	AlterG, Inc. Emboline, Inc. Modular Surgical, Inc. Oxyvive, Inc. Qool Therapeutic, Inc. Radiation Ltd. SuperRenal, Inc. VasoStitch, Inc. Zipline Medical, Inc.	Vascular Pathways, Inc.	Founding Director of Zipline Medical, Inc. Founding Director of Emboline, Inc.	Gregory David Casciaro	Independent Director	14 August 2013	28 April 2016	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	28 April 2016	OUE Lippo Healthcare Limited	Nil	Executive Director of China Farm Equipment Pte. Ltd.	Gary Ng Sin Tong	Executive Director	6 August 2015	28 April 2016	Nil	Nil	Nil
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Amir Belson	Independent Director	4 August 2016	31 May 2017	AlterG, Inc. Emboline, Inc. Modular Surgical, Inc. Oxyvive, Inc. Qool Therapeutic, Inc. Radiation Ltd. SuperRenal, Inc. VasoStitch, Inc. Zipline Medical, Inc.	Vascular Pathways, Inc.	Founding Director of Zipline Medical, Inc. Founding Director of Emboline, Inc.																																															
Gregory David Casciaro	Independent Director	14 August 2013	28 April 2016	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	28 April 2016	OUE Lippo Healthcare Limited	Nil	Executive Director of China Farm Equipment Pte. Ltd.																																															
Gary Ng Sin Tong	Executive Director	6 August 2015	28 April 2016	Nil	Nil	Nil																																															

CORPORATE GOVERNANCE

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 its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <caption>Table 5 – Performance Criteria</caption> <thead> <tr> <th>Performance Criteria</th> <th>Board and Board Committees</th> <th>Individual Directors</th> </tr> </thead> <tbody> <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. Inputs to strategic planning</td> <td>4. Overall effectiveness</td> </tr> <tr> <td>5. Board accountability</td> <td>5. Engagement with Management</td> </tr> <tr> <td>6. CEO/Top Management interaction</td> <td></td> </tr> <tr> <td>7. Standards of Conduct</td> <td></td> </tr> </tbody> </table> <p>The evaluations are designed to assess the Board's effectiveness to enable the NC Chairman and Board to identify the areas of improvement or enhancement which can be made to the Board.</p> <p>The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.</p> <p>The NC did not propose any changes to the performance criteria for FY2017 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same since FY2016.</p>	Performance Criteria	Board and Board Committees	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. Inputs to strategic planning	4. Overall effectiveness	5. Board accountability	5. Engagement with Management	6. CEO/Top Management interaction		7. Standards of Conduct	
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	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 and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2017, 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 Board Committees, 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 for FY2017.																		

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
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?	<p>It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. This responsibility extends to the interim and full-year financial results announcements, other price-sensitive public reports and reports to regulators (if required).</p> <p>Management provides the Board with key information that is complete, adequate and timely. The types of information which are provided by Management to Independent Directors are set out in the table below:</p> <table border="1"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Quarterly</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>Quarterly</td> </tr> <tr> <td>3.</td> <td>Reports on on-going or planned corporate actions</td> <td>Quarterly</td> </tr> <tr> <td>4.</td> <td>Internal auditors' ("IA") report(s)</td> <td>Yearly</td> </tr> <tr> <td>5.</td> <td>Regulatory updates and implications</td> <td>As and when required</td> </tr> <tr> <td>6.</td> <td>Significant project updates</td> <td>As and when required</td> </tr> <tr> <td>7.</td> <td>External Auditors' reports</td> <td>Yearly</td> </tr> </tbody> </table> <p>Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.</p> <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. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.</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	5.	Regulatory updates and implications	As and when required	6.	Significant project updates	As and when required	7.	External Auditors' reports	Yearly
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6.3	What is the role of the Company Secretary?	<p>All Directors have separate and independent access to the Company Secretary. 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 the Company's Constitution, applicable rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act (Chapter 50) of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalyst (the "Catalist Rules"), are complied with; • Ensuring good information flows within the Board and its board committees and between the senior management and the Directors; • Advising the Board on all corporate governance matters; • Facilitating orientation and assisting with professional developments; • Attending all board and committee meetings; • Ensuring coordination and liaison between the Board, the Board Committees and key management personnel; and • Assisting the Chairman, the Chairman of each Board Committee and key management personnel in the development of agendas for the various Board and Board Committee meetings. <p>Individually or collectively, in order to execute their duties, Directors are able to obtain independent professional advice at the Company's expense as and when required.</p>																								

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REMUNERATION MATTERS																																																										
Developing Remuneration Policies Level and Mix of Remuneration																																																										
7.1	What is the role of the RC?	The RC is guided by key terms of reference which include, amongst others, the following: <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 QT Vascular Restricted Share Plan 2015 ("2015 RSP") (or such other similar share plans as may be implemented by the Company from time to time) 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 FY2017, the Company did not engage any remuneration consultants.																																																								
8.4	Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?	The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.																																																								
Disclosure on Remuneration																																																										
9	What is the Company's remuneration policy?	The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.																																																								
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?	The breakdown for the remuneration of the Directors for FY2017 is as follows: <table border="1" style="margin-top: 10px;"> <caption>Table 9 – Directors' Remuneration</caption> <thead> <tr> <th>Name</th> <th>Remuneration Bands⁽¹⁾</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> </thead> <tbody> <tr> <td>Eitan Konstantino</td> <td>H</td> <td>38</td> <td>-</td> <td>-</td> <td>1</td> <td>61</td> <td>100</td> </tr> <tr> <td>Mark Allen Wan</td> <td>A</td> <td>-</td> <td>-</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Gregory David Casciaro</td> <td>A</td> <td>-</td> <td>-</td> <td>40</td> <td>-</td> <td>60</td> <td>100</td> </tr> <tr> <td>Gary Ng Sin Tong</td> <td>B</td> <td>48</td> <td>4</td> <td>-</td> <td>6</td> <td>42</td> <td>100</td> </tr> <tr> <td>Eric Sho Kian Hin</td> <td>A</td> <td>-</td> <td>-</td> <td>41</td> <td>-</td> <td>59</td> <td>100</td> </tr> <tr> <td>Amir Belson</td> <td>A</td> <td>-</td> <td>-</td> <td>35</td> <td>-</td> <td>65</td> <td>100</td> </tr> </tbody> </table> <p>Notes: (1) Remuneration Bands: Band "A" refers to remuneration of up to S\$250,000 per annum; Band "B" refers to remuneration from S\$250,001 to S\$500,000 per annum; Band "C" refers to remuneration from S\$500,001 to S\$750,000 per annum; Band "D" refers to remuneration from S\$750,001 to S\$1,000,000 per annum; Band "E" refers to remuneration from S\$1,000,001 to S\$1,250,000 per annum; Band "F" refers to remuneration from S\$1,250,001 to S\$1,500,000 per annum; Band "G" refers to remuneration from S\$1,500,001 to S\$1,750,000 per annum; and Band "H" refers to remuneration from S\$1,750,001 to S\$2,000,000 per annum.</p>	Name	Remuneration Bands ⁽¹⁾	Salary (%)	Bonus (%)	Directors Fees (%)	Benefits-in-kind (%)	Stock options / Restricted share awards (%)	Total (%)	Eitan Konstantino	H	38	-	-	1	61	100	Mark Allen Wan	A	-	-	100	-	-	100	Gregory David Casciaro	A	-	-	40	-	60	100	Gary Ng Sin Tong	B	48	4	-	6	42	100	Eric Sho Kian Hin	A	-	-	41	-	59	100	Amir Belson	A	-	-	35	-	65	100
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		<p>The breakdown of directors fees for the Non-Executive Directors for FY2017 is set out in the table below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Basic Fee (%)</th> <th>Fee for appointment to AC (%)</th> <th>Fee for appointment to other Board Committees (%)</th> <th>Attendance fee for Board and Board Committee Meetings (%)</th> <th>Others (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Mark Allen Wan</td> <td>100</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Gregory David Casciaro</td> <td>40</td> <td>-</td> <td>-</td> <td>-</td> <td>60</td> <td>100</td> </tr> <tr> <td>Eric Sho Kian Hin</td> <td>33</td> <td>8</td> <td>-</td> <td>-</td> <td>59</td> <td>100</td> </tr> <tr> <td>Amir Belson</td> <td>35</td> <td>-</td> <td>-</td> <td>-</td> <td>65</td> <td>100</td> </tr> </tbody> </table> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director to the nearest thousand dollars, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment and the nature of the industry for which specialised skill sets are required.</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>	Name	Basic Fee (%)	Fee for appointment to AC (%)	Fee for appointment to other Board Committees (%)	Attendance fee for Board and Board Committee Meetings (%)	Others (%)	Total (%)	Mark Allen Wan	100	-	-	-	-	100	Gregory David Casciaro	40	-	-	-	60	100	Eric Sho Kian Hin	33	8	-	-	59	100	Amir Belson	35	-	-	-	65	100
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9.3	<p>(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>	<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 FY2017 is as follows:</p> <table border="1"> <caption>Table 9.3 – Remuneration of Key Management Personnel</caption> <thead> <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> </thead> <tbody> <tr> <td>Randal Farwell</td> <td>D</td> <td>48</td> <td>-</td> <td>2</td> <td>50</td> <td>100</td> </tr> <tr> <td>Maria Pizarro</td> <td>B</td> <td>80</td> <td>-</td> <td>2</td> <td>18</td> <td>100</td> </tr> <tr> <td>Momi Brosh</td> <td>B</td> <td>70</td> <td>-</td> <td>5</td> <td>25</td> <td>100</td> </tr> </tbody> </table> <p>Note: (1) Band "A" refers to remuneration of up to S\$250,000 per annum; Band "B" refers to remuneration from S\$250,001 to S\$500,000 per annum; Band "C" refers to remuneration from S\$500,001 to S\$750,000 per annum; and Band "D" refers to remuneration from S\$750,001 to S\$1,000,000 per annum.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each key management personnel to the nearest thousand dollars, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment and the nature of the industry for which specialised skill sets are required.</p> <p>There were no termination, retirement and post-employment benefits that may be granted to the top key management personnel (who are not Directors or the CEO).</p>	Name	Remuneration Bands ⁽¹⁾	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Share options / Restricted Share Awards (%)	Total (%)	Randal Farwell	D	48	-	2	50	100	Maria Pizarro	B	80	-	2	18	100	Momi Brosh	B	70	-	5	25	100							
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	<p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>The total remuneration (which includes vested Restricted Share Awards) paid to the top three (3) key management personnel (excluding the CEO and the Executive Director) for FY2017 was S\$1,659,224.</p>																																			

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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 FY2017.						
9.5	Please provide details of the employee share scheme(s).	<p>Save for Eitan Konstantino, the Chief Executive Officer of the Company, there are no participants who received 5% or more of the total number of outstanding options or share awards that have been granted under the Scheme (as defined on page 32 of this Annual Report).</p> <p>Save for Eitan Konstantino, the Chief Executive Officer of the Company, Randal Farwell, the Chief Financial Officer of the Company, Maria Pizarro, the Executive Vice President and Vice President, Research and Development of the Company and Momi Brosh, the General Manager of the Company's Singapore operations, there are no participants who received 5% or more of the total number of outstanding share awards that have been granted under the 2015 RSP (as defined on page 33 of this Annual Report).</p> <p>The Company does not have a parent company. During FY2017, no options or share awards 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 32 and 33 and 70 to 73 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	<p>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>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 FY2017. 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.</p> <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 border="1"> <thead> <tr> <th colspan="2">Table 9.6(b) – Performance Conditions</th> </tr> <tr> <th>Performance Conditions</th> <th>Short-term Incentives (such as performance bonus)</th> </tr> </thead> <tbody> <tr> <td>Qualitative</td> <td> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> </tr> </tbody> </table> <p>Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2017.</p>	Table 9.6(b) – Performance Conditions		Performance Conditions	Short-term Incentives (such as performance bonus)	Qualitative	<ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.</p> <p>The CEO meets with key management personnel on a regular basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the Board.</p> <p>The Group has in place a structured and systematic approach to risk management, and aims to mitigate the exposures through appropriate risk management strategies and internal controls. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed.</p> <p>The Board and the AC is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2017.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> 1. Assurance has been received from the CEO and CFO (refer to Section 11.3(b) below); 2. An internal audit has been done by the IA and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; 5. An enterprise risk management framework was established to identify, manage and mitigate significant risks; and 6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels. <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</p>
	(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 FY2017.</p> <p>The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on the IA reports issued to the Company for FY2017 as assurances that the Company's risk management and internal control systems are effective.</p>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.4	What is the composition of and role of the AC?	<p>All members of the AC are Independent, Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.</p> <p>The AC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> (a) considering 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 reviewing with the external auditors the audit plans, their evaluation of the system of internal accounting controls, their audit reports, their management letter and the Company's management's response before submission of the results of such review to the Board for approval; (b) considering the appointment or re-appointment of the internal auditors, the level of their remuneration and matters relating to resignation or removal of the internal auditors, and reviewing with the internal auditors the internal audit plans and their evaluation of the adequacy of the Company's system of internal accounting controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's annual report (where necessary); (c) reviewing the system of internal accounting controls and procedures established by management and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary); (d) overseeing the development of the Company's risk framework to manage the current risk exposures and future risk strategy of the Company; (e) reviewing the annual and quarterly financial statements and results announcements, where applicable, before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major areas of judgement, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements; (f) reviewing the effectiveness and adequacy of the Company's administrative, operating, internal accounting and financial control procedures; (g) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and (h) reviewing 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.
12.2	Are the members of the AC appropriately qualified to discharge their responsibilities?	<p>Yes. The Board considers Sho Kian Hin, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Amir Belson and Gregory David Casciaro of the AC are also well versed in financial management.</p> <p>The members of the AC collectively have many years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.</p>
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 once in the absence of key management personnel in FY2017.
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 border="1"> <thead> <tr> <th colspan="3">Table 12.6(a) – Fees Paid/Payable to the EA for FY2017</th> </tr> <tr> <th></th> <th>US\$'000</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td>288</td> <td>95.4</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>- Auditors' report on government grant</td> <td>3</td> <td>1.0</td> </tr> <tr> <td>- Tax related advices</td> <td>11</td> <td>3.6</td> </tr> <tr> <td>Total</td> <td>302</td> <td>100.0</td> </tr> </tbody> </table>	Table 12.6(a) – Fees Paid/Payable to the EA for FY2017				US\$'000	% of total	Audit fees	288	95.4	Non-audit fees			- Auditors' report on government grant	3	1.0	- Tax related advices	11	3.6	Total	302	100.0
Table 12.6(a) – Fees Paid/Payable to the EA for FY2017																							
	US\$'000	% of total																					
Audit fees	288	95.4																					
Non-audit fees																							
- Auditors' report on government grant	3	1.0																					
- Tax related advices	11	3.6																					
Total	302	100.0																					
	(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 FY2017 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 border="1"> <thead> <tr> <th>Name</th> <th>Email Address</th> </tr> </thead> <tbody> <tr> <td>Amir Belson</td> <td>abelson@ziplinemedical.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> </tbody> </table> <p>In FY2017, there were no whistle-blowing reports received by the whistle-blowing committee.</p>	Name	Email Address	Amir Belson	abelson@ziplinemedical.com	Gregory David Casciaro	gcasciaro@yahoo.com	Sho Kian Hin	eshokh88@yahoo.com													
Name	Email Address																						
Amir Belson	abelson@ziplinemedical.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 FY2017, 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.	<p>The Company's internal audit function is outsourced to One e-Risk Services Pte Ltd that reports directly to the AC Chairman and administratively to the CEO and CFO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>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.</p> <p>The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor:</p> <ul style="list-style-type: none"> • is adequately qualified, given that the partner and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to the Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors; • is adequately resourced as there is a team of 2 members assigned to the Company's internal audit, led by Chen Yeow Sin who has more than 15 years of diverse audit experience; and • has the appropriate standing in the Company, given, <i>inter alia</i>, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. 																					

CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.2	Are shareholders informed of the rules, including voting procedures that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company's investor relations website at https://qtvascular.com/news/singapore_exchange/ , is a key resource of information for the investment community. It contains comprehensive information on the Company, including annual reports, past financial results and shares information.
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company solicits feedback from and addresses the concerns of shareholders (including institutional and retail investors) via the following: <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.qtvascular.com; • media publications; and • investor/analyst briefings.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	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.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website and its investor relations webpage at www.qtvascular.com .
15.5	Does the Company have a dividend policy? Is the Company paying dividends for the financial year? If not, please explain why.	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. The Board has not declared or recommended any dividends for FY2017, as the Company was not profitable for FY2017.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Constitution allow for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). 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 external auditors are 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. All resolutions are put to vote by poll, and their detailed results including the total number and the respective percentage of votes cast for and against each resolution will be announced via SGXNET after the conclusion of the general meeting. All minutes of general meetings including the questions raised by shareholders in relation to the meeting agenda and the responses from the Board and/or Management, will be made available to shareholders upon their request within a reasonable timeframe after the general meeting.

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.
711A, 711B	Sustainability Reporting	The Company is working towards the issuance of its first sustainability report by 31 December 2018 and such report will be made available to shareholders on SGXNet.
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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance and information technology risks which the Group considers relevant and material to its current business scope and environment for FY2017 based on the following:</p> <ul style="list-style-type: none"> • internal controls and the risk management system established by the Company; • work performed by the internal and external auditors; • assurances from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel.
1204(17)	Interested Persons Transaction ("IPT")	<p>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.</p> <p>In FY2017, there were no interested person transactions which were S\$100,000 and above entered into during the current financial period reported on. The Group does not have a general mandate for recurrent interested person transactions.</p>
1204(19)	Dealing in Securities	<p>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.</p> <p>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.</p>
1204(21)	Non-sponsor fees	For FY2017, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$55,000.
1204(22)	Use of Proceeds	<p>GEM Global Capital Commitment</p> <p>On 21 March 2017, the Company announced that it had entered into a capital commitment agreement with GEM Global Yield Fund LLC SCS ("GEM Global") ("Capital Commitment Agreement") to subscribe up to S\$10 million in value or 178 million of new ordinary shares. Subsequently, on 22 November 2017, the Company announced that it had agreed with GEM Global to revise the number of new ordinary shares to be made available under the Capital Commitment Agreement from 178 million new ordinary shares to 356 million new ordinary shares.</p> <p>As at 24 April 2018, GEM Global has subscribed a total of S\$4,215,301 in value of new ordinary shares ("Drawdown Shares"). After deducting the commitment fee of S\$225,000 incurred by the Company in connection with the Capital Commitment Agreement, the net proceeds received was S\$3,990,301 ("Net Proceeds").</p>

CORPORATE GOVERNANCE

Catalist Rule	Rule Description	Company's Compliance or Explanation																		
		<p>As at the date of this report, the Net Proceeds have been utilised as follows:</p> <table data-bbox="624 477 1431 629"> <thead> <tr> <th></th> <th style="text-align: right;">Allocation of total amount S\$'000</th> <th style="text-align: right;">Allocation of Net Proceeds received S\$'000</th> <th style="text-align: right;">Amount utilised S\$'000</th> <th style="text-align: right;">Balance S\$'000</th> </tr> </thead> <tbody> <tr> <td>General working capital purposes ⁽¹⁾</td> <td style="text-align: right;">9,725^(A)</td> <td style="text-align: right;">3,990</td> <td style="text-align: right;">3,990</td> <td style="text-align: right;">5,735</td> </tr> </tbody> </table> <p>(A) Includes a reduction of S\$225,000 in expenses from the expected capital commitment of S\$10 million.</p> <p>(1) A breakdown on the Net Proceeds utilised for general working capital purposes is as follows:</p> <table data-bbox="667 775 1431 891"> <thead> <tr> <th></th> <th style="text-align: right;">S\$'000</th> </tr> </thead> <tbody> <tr> <td>Payment of salaries and wages</td> <td style="text-align: right;">1,831</td> </tr> <tr> <td>Payment to suppliers</td> <td style="text-align: right;">2,159</td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>3,990</u></td> </tr> </tbody> </table> <p>The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company's announcement dated 22 November 2017.</p>		Allocation of total amount S\$'000	Allocation of Net Proceeds received S\$'000	Amount utilised S\$'000	Balance S\$'000	General working capital purposes ⁽¹⁾	9,725 ^(A)	3,990	3,990	5,735		S\$'000	Payment of salaries and wages	1,831	Payment to suppliers	2,159	Total	<u>3,990</u>
	Allocation of total amount S\$'000	Allocation of Net Proceeds received S\$'000	Amount utilised S\$'000	Balance S\$'000																
General working capital purposes ⁽¹⁾	9,725 ^(A)	3,990	3,990	5,735																
	S\$'000																			
Payment of salaries and wages	1,831																			
Payment to suppliers	2,159																			
Total	<u>3,990</u>																			

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 2017.

In our opinion:

- (a) the financial statements set out on pages 41 to 91 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 2017 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
Amir Belson
Gregory David Casciaro
Gary Ng Sin Tong
Sho Kian Hin

Directors' interests

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

Name of director and interests held	Holdings at beginning of the year	Holdings at end of the year
Eitan Konstantino		
• Ordinary shares	14,974,336	26,686,222 ¹
• Options	45,046,792	45,046,792
• Restricted share awards	11,958,550	9,144,412
Gregory David Casciaro		
• Ordinary shares	–	1,204,083
• Options	4,115,768	4,115,768
• Restricted share awards	947,522	717,201

DIRECTORS' STATEMENT

Name of director and interests held	Holdings at beginning of the year	Holdings at end of the year
Mark Allen Wan		
• Ordinary shares ²	157,284,444 ²	157,284,444 ²
• Options ²	2,737,000 ²	4,743,611 ²
Gary Ng Sin Tong		
• Ordinary shares	600,000	1,913,412
• Options	1,215,000	1,215,000
• Restricted share awards	1,316,181	976,531
Amir Belson		
• Ordinary shares	1,200,288	2,593,875
• Options	79,616	79,616
• Restricted share awards	1,326,531	906,706
Sho Kian Hin		
• Ordinary shares	–	1,393,587 ³
• Restricted share awards	1,326,531	906,706

¹ Includes 14,064,000 ordinary shares under the GEM Global share lending arrangement

² Includes deemed interest held by Three Arch Partners IV, LP and Three Arch Associates IV, LP

³ Includes 1,150,000 ordinary shares under the GEM Global share lending arrangement

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 at the end of the financial year.

Except as disclosed above, there were no other changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

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

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

DIRECTORS' STATEMENT

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, Amir Belson, Gregory David Casciaro and Mark Allen Wan.

	No. of options 31 December 2017 '000	No. of options 31 December 2016 '000
Outstanding at 1 January	113,768	121,216
Granted during the year	5,156	2,000
Forfeited during the year	(15,717)	(7,606)
Expired during the year	(133)	(277)
Exercised during the year	(816)	(1,565)
Outstanding at 31 December	<u>102,258</u>	<u>113,768</u>
Exercisable at 31 December	<u>79,378</u>	<u>99,456</u>

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 2017	Aggregate options granted since commencement of Scheme to 31 December 2017	Aggregate options exercised since commencement of Scheme to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Eitan Konstantino	–	48,166,792	(3,120,000)	45,046,792
Gregory David Casciaro	–	4,115,768	–	4,115,768
Mark Allen Wan	2,006,611	4,743,611	–	4,743,611
Gary Ng Sin Tong	–	1,215,000	–	1,215,000
Amir Belson	–	1,200,288	(1,120,672)	79,616
Name of key management personnel				
Randal Farwell	–	8,340,256	–	8,340,256
Shiva Ardakani	–	6,369,736	–	6,369,736
Maria Pizarro	–	7,325,232	(1,643,536)	5,681,696

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

DIRECTORS' STATEMENT

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 2 March 2017 and 7 April 2017, the Company granted 31,891,246 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, Amir Belson, Gregory David Casciaro and Mark Allen Wan.

	No. of RSA 31 December 2017 '000	No. of RSA 31 December 2016 '000
Outstanding at 1 January	28,730	9,294
Granted during the year	31,891	43,773
Issued during the year	(37,674)	(24,157)
Forfeited during the year	(1,642)	(180)
Outstanding at 31 December	<u>21,305</u>	<u>28,730</u>

Subsequent to the financial year ended 31 December 2017, 5,923,968 RSA had vested and issued on 22 January 2018, and 7,687,809 RSA had vested and issued on 2 April 2018 (2016: 6,735,278 shares were issued on 13 January 2017).

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

Name of director	RSA granted for financial year ended 31 December 2017	Aggregate RSA granted since commencement of 2015 RSP to 31 December 2017	Aggregate RSA issued since commencement of 2015 RSP to 31 December 2017	Aggregate RSA outstanding as at 31 December 2017
Eitan Konstantino	11,897,748	25,381,898	(16,237,486)	9,144,412
Gregory David Casciaro	973,762	1,921,284	(1,204,083)	717,201
Gary Ng Sin Tong	973,762	2,889,943	(1,913,412)	976,531
Amir Belson	973,762	2,300,293	(1,393,587)	906,706
Sho Kian Hin	973,762	2,300,293	(1,393,587)	906,706
Name of key management personnel				
Randal Farwell	4,220,424	8,964,124	(5,728,268)	3,235,856
Maria Pizarro	2,201,896	5,979,196	(5,428,722)	550,474
Momi Mimon Brosh	2,201,896	9,179,196	(7,988,722)	1,190,474

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

DIRECTORS' STATEMENT

Warrants

The Company had on 4 May 2017 issued 35,000,000 unlisted warrants ("Warrants") to GEM Global Yield Fund LLC SCS ("GEM Global"), a company based in Luxembourg, each carrying the right to subscribe for 1 new Share at an exercise price of S\$0.10 for each new Share ("Warrant Shares"). As at 31 December 2017, no Warrants have been exercised and converted into new Shares. Accordingly, as at 31 December 2017, there are 35,000,000 outstanding Warrants (31 December 2016: Nil) and the total number of new Shares that may be issued on conversion of all outstanding Warrants is 35,000,000 (31 December 2016: Nil.)

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

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

Audit Committee

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

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

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

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

The Audit Committee also reviewed the following:

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

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

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

13 April 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company

QT Vascular Ltd. and its subsidiaries

Report on the financial statements

Opinion

We have audited the accompanying financial statements of QT Vascular Ltd. (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 91.

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

Basis for opinion

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

Material uncertainty related to going concern

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
QT Vascular Ltd. and its subsidiaries

**Valuation of intangible assets
(Refer to Note 6 to the financial statements)**

Key Audit Matters

The Group's intangible assets comprised of developed technology, licensed royalties and intellectual property on various therapeutic solutions to improve outcomes in complex peripheral and coronary interventions. As at 31 December 2017, the carrying amount of intangible assets of the Group amounted to US\$11,615,000.

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

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

Based on management's assessment, the recoverable values of these intangible assets exceeded the carrying value of these assets and they concluded that there was no impairment loss during the financial year.

How the matter was addressed in our audit

We have used our valuation specialists to critically assess the appropriateness of the valuation methodology used by management.

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

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

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

We concurred with management's assessment that there was no impairment loss during the financial year.

Our findings

We found management's assessment of the valuation of intangible assets to be balanced and appropriate.

INDEPENDENT AUDITORS' REPORT

Members of the Company

QT Vascular Ltd. and its subsidiaries

Valuation of investment in subsidiaries (Refer to Note 7 to the financial statements)

Key Audit Matters

As at 31 December 2017, the carrying amount of the investment in subsidiaries recorded in the Company's statement of financial position amounted to US\$114,096,000.

Management determined that there are indicators of impairment for investment in subsidiaries and performed an assessment of the Company's carrying value of the investment in subsidiaries.

The intangible assets are the most valuable assets to the Group. These assets largely determine the overall fair value of the business as a whole and were recorded in the subsidiaries of the Company.

Management determined that value-in-use of the intangible assets will be the appropriate assessment to reflect the recoverable values of the investment in subsidiaries.

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

Based on management's assessment, the recoverable values of these intangible assets exceeded the carrying value of these assets and they concluded that there was no impairment loss during the financial year.

How the matter was addressed in our audit

We have used our valuation specialists to critically assess the appropriateness of the valuation methodology used by management.

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

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

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

We concurred with management's assessment that there was no impairment loss during the financial year.

Our findings

We found management's assessment of the valuation of the investment in subsidiaries to be balanced and appropriate.

Other information

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
QT Vascular Ltd. and its subsidiaries

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements

INDEPENDENT AUDITORS' REPORT

Members of the Company

QT Vascular Ltd. and its subsidiaries

or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

13 April 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

Note	Attributable to owners of the Company							Total equity US\$'000
	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		
Group								
At 1 January 2016	139,202	(1,385)	(77)	(2,110)	4,481	(153,797)	(13,686)	
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	(11,978)	(11,978)	
Other comprehensive income								
Foreign currency translation differences	-	-	-	(48)	-	-	(48)	
Total comprehensive income for the year								
	-	-	-	(48)	-	(11,978)	(12,026)	
Contributions by and distributions to owners								
Shares issued pursuant to exercise of options embedded in convertible notes	12	-	-	-	-	-	11,729	
Shares issued pursuant to settlement of bridging loan	12	1,708	-	-	-	-	1,708	
Share options exercised	12	46	-	-	-	-	46	
Share-based payment transactions	15	-	-	-	2,031	-	2,031	
Total contributions by and distributions to owners								
	13,483	-	-	-	2,031	-	15,514	
At 31 December 2016	152,685	(1,385)	(77)	(2,158)	6,512	(165,775)	(10,198)	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

Group	Note	Attributable to owners of the Company						
		Ordinary shares US\$'000	Other reserve US\$'000	Reserve for own shares US\$'000	Translation reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
At 1 January 2017		152,685	(1,385)	(77)	(2,158)	6,512	(165,775)	(10,198)
Total comprehensive income for the year		-	-	-	-	-	(22,871)	(22,871)
Loss for the year		-	-	-	(1,282)	-	-	(1,282)
Other comprehensive income		-	-	-	(1,282)	-	(22,871)	(24,153)
Foreign currency translation differences								
Total comprehensive income for the year		-	-	-	(1,282)	-	(22,871)	(24,153)
Contributions by and distributions to owners								
Shares issued pursuant to settlement of convertible notes	12	13,859	-	-	-	-	-	13,859
Shares issued pursuant to settlement of bridging loans and trade payables	12	2,624	-	-	-	-	-	2,624
Shares issued pursuant to capital commitment agreement	12	2,022	-	-	-	-	-	2,022
Share options exercised	12	26	-	-	-	-	-	26
Share-based payment transactions	15	-	-	-	-	2,240	-	2,240
Total contributions by and distributions to owners		18,531	-	-	-	2,240	-	20,771
At 31 December 2017		171,216	(1,385)	(77)	(3,440)	8,752	(188,646)	(13,580)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	Group	
		2017 US\$'000	2016 US\$'000
Cash flows from operating activities			
Net loss for the year		(22,871)	(11,978)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	5	422	434
Amortisation of intangible assets	6	964	995
Interest income	21	–	(1)
Interest expense on convertible notes		5,948	8,985
Interest expense on short term loans		959	1,311
Exchange (gain)/loss		(739)	150
Equity-settled share-based payment transactions	15	2,245	2,106
Changes in fair value of financial instruments		–	2,646
		(13,072)	4,648
Changes in:			
- Trade and other receivables		127	1,737
- Inventories		684	1,904
- Other assets		70	(78)
- Trade and other payables		8,481	(1,120)
- Deferred income		(450)	1,320
- Provision for legal liability		–	(23,359)
Net cash used in operating activities		(4,160)	(14,948)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(20)	(322)
Proceeds from disposal of plant and equipment		–	7
Additions to intangible assets	6	–	(739)
Net cash used in investing activities		(20)	(1,054)
Cash flows from financing activities			
Repayment of hire purchase creditor		(3)	(4)
Proceeds from exercise of share options		26	46
Proceeds from short-term loans		2,147	4,190
Proceeds from issuance of shares		2,022	–
Proceeds from issuance of convertible notes		–	8,250
Net cash from financing activities		4,192	12,482
Net increase/(decrease) in cash and cash equivalents		12	(3,520)
Effect of exchange rate changes on cash and cash equivalents		7	(2)
Cash and cash equivalents at beginning of year		328	3,850
Cash and cash equivalents at end of year	11	347	328

There was no property, plant and equipment acquired under finance lease arrangements during the financial year ended 31 December 2017.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

Significant non-cash transaction

During the year ended 31 December 2016, the Company issued ordinary shares to third parties following the exercise of the options embedded in their convertible notes amounting to US\$11,729,000.

During the year ended 31 December 2017, the Company issued ordinary shares to third parties for the settlement of certain convertible notes, bridging loans and trade payables totalling to US\$16,483,000 (2016: US\$1,708,000).

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 13 April 2018.

1 Domicile and activities

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

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

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

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

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

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

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

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

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 USD has been rounded to the nearest thousand, unless otherwise stated.

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 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".

(ii) **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.

NOTES TO THE FINANCIAL STATEMENTS

3 Basis of preparation (continued)

3.4 Use of estimates and judgements (continued)

(ii) Valuation of long-lived assets (continued)

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 impairment might be reached.

(iii) 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.

(iv) 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.

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

- Note 6 – Intangible assets
- Note 13 – Loans and borrowings
- Note 14 – Convertible notes
- Note 25 – Determination of fair values

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

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

NOTES TO THE FINANCIAL STATEMENTS

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 Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative* (Amendments to FRS 7);
- *Recognition of Deferred Tax Assets for Unrealised Losses* (Amendments to FRS 12); and
- *Clarification of the scope of FRS 112* (Improvements to FRSs 2016).

The adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

4.2 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

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 either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

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.

Investment 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 SGD at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to SGD 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 significant influence or joint control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

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 or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

Non-derivative financial assets

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.

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 expired. 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.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

Non-derivative financial liabilities (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legal enforceable 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 (excluding accrued payroll and other related costs), loans and borrowings 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

4.4 Financial instruments (continued)

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.

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)

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

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

4.7 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.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

4.8 Inventories

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

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

4.9 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.

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. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

4.9 Impairment (continued)

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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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

Impairment losses are recognised in profit or loss.

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

4.10 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.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

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 timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

4 Significant accounting policies (continued)

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

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

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

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, which comprise share options granted to employees.

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 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.

5 Property, plant and equipment

	Furniture, fixtures and office equipment US\$'000	Computer, network and software US\$'000	Machinery and equipment US\$'000	Construction in progress US\$'000	Total US\$'000
Group					
Cost					
At 1 January 2016	1,078	349	1,578	475	3,480
Additions	46	5	216	55	322
Disposals	(5)	(25)	(88)	–	(118)
Effects of movements in exchange rates	(1)	(1)	(3)	–	(5)
Reclassification	–	–	449	(449)	–
At 31 December 2016	1,118	328	2,152	81	3,679
Additions	14	3	17	–	34
Effects of movements in exchange rates	5	6	12	–	23
Reclassification	–	–	81	(81)	–
At 31 December 2017	1,137	337	2,262	–	3,736
Accumulated depreciation					
At 1 January 2016	892	279	1,396	–	2,567
Depreciation for the year	98	46	290	–	434
Disposals	(5)	(25)	(81)	–	(111)
Effects of movements in exchange rates	(1)	(2)	(2)	–	(5)
At 31 December 2016	984	298	1,603	–	2,885
Depreciation for the year	89	24	309	–	422
Effects of movements in exchange rates	5	5	5	–	15
At 31 December 2017	1,078	327	1,917	–	3,322
Carrying amounts					
At 1 January 2016	186	70	182	475	913
At 31 December 2016	134	30	549	81	794
At 31 December 2017	59	10	345	–	414

Property, plant and equipment with carrying amount of US\$Nil (2016: US\$3,000) were acquired under finance lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

6 Intangible assets

Group	Developed	Licensed	Intellectual	Developed	Software	Total
	technology	royalties	property	technology	development	
	US\$'000	US\$'000	US\$'000	in progress	in progress	US\$'000
Cost						
At 1 January 2016	9,789	172	372	4,811	248	15,392
Additions	–	–	–	707	32	739
Effects of movements in exchange rates	1	–	–	–	–	1
At 31 December 2016 and 31 December 2017	9,790	172	372	5,518	280	16,132
Accumulated amortisation						
At 1 January 2016	2,131	68	332	–	–	2,531
Amortisation for the year	984	11	–	–	–	995
At 31 December 2016	3,115	79	332	–	–	3,526
Amortisation for the year	953	11	–	–	–	964
Effects of movements in exchange rates	27	–	–	–	–	27
At 31 December 2017	4,095	90	332	–	–	4,517
Carrying amounts						
At 1 January 2016	7,658	104	40	4,811	248	12,861
At 31 December 2016	6,675	93	40	5,518	280	12,606
At 31 December 2017	5,695	82	40	5,518	280	11,615
Company						Intellectual property US\$'000
Cost						
At 1 January 2016, 31 December 2016 and 2017						40
Accumulated amortisation						
At 1 January 2016, 31 December 2016 and 2017						–
Carrying amounts						
At 1 January 2016						40
At 31 December 2016						40
At 31 December 2017						40

NOTES TO THE FINANCIAL STATEMENTS

6 Intangible assets (continued)

Source of estimation uncertainty

The Group makes judgements about the recoverability of finite-lived intangible assets whenever events or changes in circumstances indicate that impairment may exist. Recoverability of finite-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. The Group performs an annual impairment assessment for intangible assets in-progress, 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 intangible assets in-progress is measured by comparing the carrying amount of the asset to the future discounted cash flows that the asset is expected to generate or if not readily-available, the replacement costs which are assessed to be higher than the net book value of the intangible asset. 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 the intangible assets are complex and subjective. They can be affected by various factors (i.e. growth rate, royalty rate and discount rate), including external factors such as industry and economic trends, and internal factors such as changes in the Group's business strategy and forecasts for specific product lines.

7 Investment in subsidiaries

	Company	
	2017	2016
	US\$'000	US\$'000
Unquoted shares in subsidiaries, at cost	400	369
Amounts due from subsidiaries	105,178	97,992
Capital contributions related to share-based payment awards	8,518	5,922
	114,096	104,283

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.

Name of subsidiary	Country of incorporation	Company	
		2017	2016
		%	%
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

7 Investment in subsidiaries (continued)

Sources of estimation uncertainty

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

Impairment assessment on investment in subsidiaries

The carrying amounts of the Company's investment in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. Management judgement is required in assessing whether events or changes in circumstances have occurred that may indicate that the carrying value of investment in subsidiaries may no longer be recoverable. If any such indicator exists, the assets' recoverable amount was determined based on the value-in-use of the intangible assets being the most valuable assets to the Group; these assets determine the overall fair value of the business as a whole and were recorded in the subsidiaries of the Company. Based on the review, there was no impairment loss noted.

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	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
		(Restated)		
Deductible temporary differences*	29,239	36,558	–	–
Research and development tax credits	2,959	3,465	–	–
Tax losses	178,147	149,887	–	–
	<u>210,345</u>	<u>189,910</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.

On 22 December 2017, The United States of America enacted HR-1, originally known as the Tax Cuts and Job Act, under which the corporate statutory tax rate shall be reduced to 21% effective beginning on or after 1 January 2018. Hence, any deferred tax assets or liabilities that are expected to reverse after 1 January 2018 would be remeasured to 21%.

As at 31 December 2017, the Group's unrecognised tax losses for federal and state income taxes related to a subsidiary based in the United States of America amounted to US\$89,250,000 (2016: US\$71,485,000) and US\$65,082,000 (2016: US\$56,891,000), respectively. The unrecognised federal and state tax losses will expire from 2032 and 2026 respectively.

NOTES TO THE FINANCIAL STATEMENTS

8 Deferred tax assets and liabilities (continued)

As at 31 December 2017, the Group has federal and state research and development tax credits related to a subsidiary in the United States of America of US\$1,522,000 (2016: US\$1,812,000) and US\$1,437,000 (2016: US\$1,653,000), respectively. The federal research and development tax credits 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.

* The comparative information has been restated from \$38,981,000 to \$36,558,000 for deductible temporary difference due to an adjustment related to the tax implication that arose in the United States of America. There was no effect to the consolidated statements of financial position and comprehensive income of the Group, as these deductible temporary differences were not recognised as deferred taxes.

9 Inventories

	Group	
	2017 US\$'000	2016 US\$'000
Raw materials	523	1,004
Work in progress	1,627	1,263
Finished goods	1,021	1,779
Goods-in-transit	191	–
	3,362	4,046
Inventories included in cost of sales	9,920	5,949

10 Trade and other receivables

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Trade receivables	1,175	1,414	–	–
Others	373	254	–	–
Loan and receivables	1,548	1,668	–	–
Prepayments	218	225	5	1
Total receivables	1,766	1,893	5	1

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 18. 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	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Bank balances	302	286	2	28
Deposits pledged	45	42	–	–
Total cash and cash equivalents	347	328	2	28

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 18.

12 Share capital and reserves

	Group and Company
	No. of ordinary shares '000
Share capital	
In issue at 1 January 2016	822,956
Issuance of shares pursuant to exercise of options embedded in convertible notes	159,563
Issuance of shares pursuant to exercise of share options	1,566
Issuance of shares pursuant to vesting of share awards	24,157
Issuance of shares pursuant to settlement of bridging loan	29,765
	215,051
In issue at 31 December 2016	1,038,007
	Group and Company
	No. of ordinary shares '000
In issue at 1 January 2017	1,038,007
Issuance of shares pursuant to capital commitment agreement with GEM Global Yield LLC SCS ("GEM Global")	178,000
Issuance of shares pursuant to exercise of share options	816
Issuance of shares pursuant to vesting of share awards	37,674
Issuance of shares pursuant to settlement of bridging loans and trade payables	109,717
Issuance of shares pursuant to settlement of convertible notes	530,037
	856,244
In issue at 31 December 2017	1,894,251

NOTES TO THE FINANCIAL STATEMENTS

12 Share capital and reserves (continued)

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

- i. GEM Global agreed to grant the Company an option to require the investor to subscribe for new ordinary shares of the Company. The Company shall determine the timing and aggregate number of ordinary shares which the investors should subscribe. The maximum number of shares to be subscribed was 178,000,000 new ordinary shares, or an aggregate amount of S\$10,000,000 (US\$7,000,000). During the year, the Company allotted and issued a total of 178,000,000 ordinary shares to GEM Global at an issue price ranging from S\$0.007 to S\$0.27 per share for a total proceed of US\$2,022,000; and
- ii. the Company shall issue warrants for up to 35,000,000 new ordinary shares with an exercise price of \$0.10 each and exercisable within five years from the date of the agreement. The Company will account for this transaction based on the guidance of FRS 32 and will classify it as equity as the warrant provides GEM Global the right to buy a fixed number of the Company’s shares for a fixed exercise price with no put conditions. As at 31 December 2017, none of these warrants were exercised.

In November 2017, the Company and GEM Global agreed to revise the number of ordinary shares to be made available under the Agreement from 178,000,000 to 356,000,000 new ordinary shares.

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.

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.

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 2017, the Group held 16,000 (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

13 Loans and borrowings

	Note	Group		Company	
		2017	2016	2017	2016
		US\$'000	US\$'000	US\$'000	US\$'000
Convertible notes	14	6,535	14,995	4,508	13,624
Short-term loans		3,473	2,824	3,473	2,824
Finance lease liability		–	3	–	–
		10,008	17,822	7,981	16,448

The short term loans entered into with certain directors and employees of the Group and the Company and third parties are unsecured, repayable on demand and, bear a fixed interest of 20% on the principal amount and an additional payment which is capped at 45% of the principal amount. The additional payment is based on the price differential of the 5-day Volume Weighted Average Price ("VWAP") of the Company's share price at the inception date and due date or settlement date (whichever date is earlier) multiplied by the principal amount of each short term loan.

At 31 December 2017, the Group had an obligation for a finance lease that is repayable as follows:

	Payments 2017	Interest 2017	Principal 2017	Payments 2016	Interest 2016	Principal 2016
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Repayable:						
Within 1 year	–	–	–	3	*	3
After 1 year but within 5 years	–	–	–	–	*	–
Total	–	–	–	3	*	3

* less than US\$1,000

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

	Group US\$'000
<i>Loans and borrowings</i>	
Balance at 1 January 2017	17,822
Repayment of bridging loan through issuance of shares	(12,573)
Repayment of convertible notes through issuance of shares	(2,624)
Exchange gain	(461)
Repayment of hire purchase creditor	(3)
Proceeds from short-term loans	2,147
Interest expense	5,700
Net movement during the year	(7,814)
Balance at 31 December 2017	10,008

NOTES TO THE FINANCIAL STATEMENTS

14 Convertible notes

Note	Group		Company	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Face value of the convertible notes	6,368	19,200	4,508	17,340
Amortised cost of liability component	13	6,535	14,995	4,508
Accreted interest		4,207	8,697	3,707
				8,134

Convertible Notes totalling US\$13,140,000 ("2015 convertible notes")

On 24 July 2015, the Company entered into a US\$13,140,000 convertible note agreement with several investors. As at 31 December 2016, the Company has issued convertible notes for total gross proceeds of US\$13,140,000.

Exchangeable and Convertible Notes totalling US\$6,060,000 ("2016 convertible notes")

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. As at 31 December 2017, the Company has issued convertible notes for total gross proceeds of US\$6,060,000.

The salient terms of the 2015 and 2016 convertible notes ("notes") are summarised as follows:

- The notes bear an interest of 8% per annum, are payable every six months and mature upon 18 months and 12 months respectively 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 converted into ordinary shares of the Company.

Exchangeable and Convertible Notes totalling US\$6,060,000 ("2016 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 within 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 established as the residual and subsequently measured at amortised costs using the effective-interest rate method and is recognised in the profit or loss. The separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. As at 31 December 2017 and 2016, the fair value of option (embedded derivatives) was US\$Nil.

NOTES TO THE FINANCIAL STATEMENTS

15 Share-based payment arrangements

Description of the share-based payment arrangements

During the financial years ended 31 December 2016 and 2017, 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, Amir Belson, Gregory David Casciaro and Mark Allen Wan.

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

Grant date/employees entitled	No. of share options '000	Vesting conditions	Contractual life of options
Grants existing as at 1 January 2016	291,690	*	10 years
2016 grants – Employees	2,000	6	10 years
Grants existing as at 31 December 2016	293,690	*	10 years
2017 grants – Employees	5,157	6	10 years
Grants existing as at 31 December 2017	298,847	*	10 years

* As at 1 January 2016, 31 December 2016 and 2017, each set of share option granted has one of the following vesting conditions

Vesting conditions

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

Vested share 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	
	2017	2016	2017	2016
Fair value at grant date (weighted average)	US\$0.02 to US\$0.04	US\$0.04	N.A.	US\$0.04
Share price at grant date	US\$0.02 to US\$0.04	US\$0.08	N.A.	US\$0.08
Exercise price	US\$0.02 to US\$0.04	US\$0.08	N.A.	US\$0.08
Expected volatility (weighted average)	50%	50%	N.A.	50%
Expected life (weighted average)	6.0 years	6.0 years	N.A.	6.0 years
Expected dividends	–	–	–	–
Risk-free interest rate (weighted average based on government bonds)	2.2% to 2.3%	1.2%	N.A.	1.2%
Share-based compensation expense	US\$220,000	US\$278,000	–	US\$37,000

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
	2017	2017	2016	2016
	US\$	'000	US\$	'000
Outstanding at 1 January	0.01 – 0.09	113,768	0.01 – 0.07	121,216
Forfeited during the year	0.03 – 0.07	(15,744)	0.03 – 0.07	(7,606)
Expired during the year	0.05	(133)	0.04	(277)
Exercised during the year	0.01– 0.07	(816)	0.01 – 0.09	(1,565)
Granted during the year	0.04	5,157	0.09	2,000
Outstanding at 31 December	0.01 – 0.09	<u>102,232</u>	0.01 – 0.09	<u>113,768</u>
Exercisable at 31 December	0.01 – 0.07	<u>79,378</u>	0.01 – 0.07	<u>99,456</u>

The options outstanding at 31 December 2017 have an exercise price in the range of US\$0.01 to US\$0.09 (2016: US\$0.01 to US\$0.09) and a weighted average contractual life of 5.7 years (2016: 5.7 years).

The weighted average share price at the date of exercise for share options exercised in 2017 was S\$0.05 (2016: S\$0.09).

NOTES TO THE FINANCIAL STATEMENTS

15 Share-based payment arrangements (continued)

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 2 March 2017 and 7 April 2017, the Company granted 31,891,000 restricted share awards. 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, Amir Belson, Gregory David Casciaro and Mark Allen Wan.

Grant date/employees entitled	No. of instruments '000	Vesting conditions
Share awards existing as at 1 January 2016	9,294	1,5
2016 grants - Employees and Key Management	43,773	2,3,5
Share awards existing as at 31 December 2017	53,067	
2017 grants - Employees and Key Management	31,891	3,4,5
Share awards existing as at 31 December 2017	84,958	

Vesting conditions

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

As at 31 December 2017, 37,674,000 (2016: 24,157,000) of the restricted share awards had vested and were issued during the year.

Reconciliation of outstanding restricted share awards

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

	Group		Company	
	2017 '000	2016 '000	2017 '000	2016 '000
Outstanding at 1 January	28,730	9,294	3,601	-
Forfeited during the year	(1,642)	(180)	-	-
Issued during the year	(37,674)	(24,157)	(3,991)	-
Granted during the year	31,891	43,773	2,921	3,601
Outstanding at 31 December	21,305	28,730	2,531	3,601

Measurement of fair values

The fair value at date of grant for each restricted share award granted on 14 August 2015, 8 December 2016, 2 March 2017 and 7 April 2017 was S\$0.088, S\$0.094, S\$0.057 and S\$0.039 respectively which is the market price of the Company's shares at each 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.

NOTES TO THE FINANCIAL STATEMENTS

15 Share-based payment arrangements (continued)

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Share-based compensation expense	2,025	1,828	197	75

16 Deferred income

	Group	
	2017 US\$'000	2016 US\$'000
Deferred grant income	–	252
Customer advances	1,235	1,433
	1,235	1,685
Current	1,235	1,609
Non-current	–	76
	1,235	1,685

17 Trade and other payables

Note	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Non-current:				
Provisions	66	63	–	–
Current:				
Trade payables	2,712	5,428	–	–
Accrued payroll and other related costs	1,356	1,360	–	–
Accrued expenses	1,285	818	703	470
Non-trade payables	11,268	1,658	5,218	261
Other payables	1,450	–	–	–
Amounts due to subsidiaries, non-trade	–	–	77	77
Accrued interest	1,859	1,256	1,508	935
	19,930	10,520	7,506	1,743

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

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

The Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

18 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 undertakes 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 2017, approximately 61% (2016: 18%) of the Group's revenue is attributable to sales transaction with a single multinational customer. No impairment loss had been recognised for this customer to date.

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

The carrying amount of financial assets in the statement of financial position represents the Group'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.

NOTES TO THE FINANCIAL STATEMENTS

18 Financial risk management (continued)

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

Ageing of trade and other receivables (excluding prepayments)

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Neither past due or impaired	374	1,350	–	–
Past due 1-30 days	1,166	222	–	–
Past due 31-90 days	–	23	–	–
Past due 91-180 days	1	5	–	–
Greater than 180 days past due	7	68	–	–
Total	1,548	1,668	–	–

As at 31 December 2017, the Group's most significant customer, a US distributor, accounts for US\$1,173,000 of the trade and other receivables carrying amount. As at 31 December 2016, US customers account for US\$1,102,000 of the trade and other receivables carrying amount.

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	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
North America	1,220	1,102	–	–
Asia	326	522	–	–
European Union	2	44	–	–
Total	1,548	1,668	–	–

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\$347,000 and US\$2,000 respectively as at 31 December 2017 (2016: US\$328,000 and US\$28,000 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 A3, based on Rating Agency Moody's ratings.

NOTES TO THE FINANCIAL STATEMENTS

18 Financial risk management (continued)

Liquidity risk

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

The Group'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.

	Carrying amount US\$'000	Contractual cash flows US\$'000	Within 1 year US\$'000	1-2 years US\$'000	2-5 years US\$'000	> 5 years US\$'000
Group						
2017						
<u>Non-derivative financial liabilities</u>						
Trade and other payables**	18,574	18,724	18,574	30	90	30
Convertible notes	6,535	6,535	6,535	–	–	–
Short term loans*	3,473	3,473	3,473	–	–	–
	28,582	28,732	28,582	30	90	30
2016						
<u>Non-derivative financial liabilities</u>						
Trade and other payables**	9,160	9,340	9,160	30	90	60
Convertible notes	14,995	14,995	14,995	–	–	–
Short term loans*	2,824	2,824	2,824	–	–	–
	26,979	27,159	26,979	30	90	60
Company						
2017						
<u>Non-derivative financial liabilities</u>						
Trade and other payables	7,506	7,506	7,506	–	–	–
Convertible notes	4,508	4,508	4,508	–	–	–
Short term loans*	3,473	3,473	3,473	–	–	–
	15,487	15,487	15,487	–	–	–
2016						
<u>Non-derivative financial liabilities</u>						
Trade and other payables	1,743	1,743	1,743	–	–	–
Convertible notes	13,624	13,624	13,624	–	–	–
Short term loans*	2,824	2,824	2,824	–	–	–
	18,191	18,191	18,191	–	–	–

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

** Excluding accrued payroll and other related costs.

* The related interest expense was recorded under 'Trade and other payables'.

NOTES TO THE FINANCIAL STATEMENTS

18 Financial risk management (continued)

Interest rate risk

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

Exposure to interest rate risk

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

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
<u>Fixed rate instruments</u>				
Financial assets	45	42	–	–
Financial liabilities	(6,535)	(19,200)	(4,508)	(17,340)
	(6,490)	(19,158)	(4,508)	(17,340)
<u>Variable rate instruments</u>				
Financial liabilities	(3,473)	(2,824)	(3,473)	(2,824)

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 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.

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

Market risk

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

Currency risk

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

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

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

In 2017 and 2016, 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.

NOTES TO THE FINANCIAL STATEMENTS

18 Financial risk management (continued)

Currency risk (continued)

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

	----- Group -----				----- Company -----	
	2017		2016		2017	2016
	SGD US\$'000	USD US\$'000	SGD US\$'000	USD US\$'000	USD US\$'000	USD US\$'000
Cash and cash equivalents	2	*	66	1	*	1
Deposits pledged	45	-	42	-	-	-
Trade and other receivables	447	-	217	-	-	-
Non-current assets	-	-	193	-	-	-
Amount due from subsidiaries	-	-	-	-	63,918	61,005
Trade and other payables	(7,390)	(6,218)	(4,267)	(899)	(6,218)	(899)
Deferred income	-	-	(252)	-	-	-
Loans and borrowings	*	(7,158)	-	(15,349)	(7,158)	(15,349)
Net position of financial currency exposure	(6,896)	(13,376)	(4,001)	(16,247)	50,542	44,758

* Less than US\$1,000

Sensitivity analysis

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

	Profit/(Loss) US\$'000
Group	
2017	
SGD	690
USD	<u>1,338</u>
2016	
SGD	400
USD	<u>1,625</u>
Company	
2017	
USD	<u>(5,054)</u>
2016	
USD	<u>(4,476)</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.

NOTES TO THE FINANCIAL STATEMENTS

18 Financial risk management (continued)

Capital management

Capital management policy

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

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

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

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

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

19 Revenue

	Group	
	2017	2016
	US\$’000	US\$’000
Sale of goods	14,312	10,645

20 Finance costs

	Group	
	2017	2016
	US\$’000	US\$’000
Finance income		
Net foreign exchange gain	739	–
Interest income	–	1
	<u>739</u>	<u>1</u>
Finance costs		
Interest expense on convertible notes	(5,948)	(8,985)
Interest expense on short term loans	(959)	(1,311)
Net foreign exchange loss	–	(150)
Changes in fair value of financial instruments	–	(2,646)
	<u>(6,907)</u>	<u>(13,092)</u>
Net finance costs	<u>(6,168)</u>	<u>(13,091)</u>

NOTES TO THE FINANCIAL STATEMENTS

21 Loss for the year

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

	Group	
	2017 US\$'000	2016 US\$'000
Audit fees paid/payable to auditors of the Company:		
- statutory audit and review fees	288	344
Non-audit fees paid/payable to:		
- auditors of the Company	16	32
- other auditors	–	69
Professional fees	1,648	4,088
Directors' fees	160	233
Operating lease expense	543	522
Depreciation of property, plant and equipment	422	434
Amortisation of intangible assets	964	995
Reversal of expenses recognised in relation to legal liability*	–	(23,359)
Grant income	(513)	–
Employee compensation expense:		
- Salaries and bonus	8,902	13,309
- Employee benefit expense	1,066	1,526
- Expenses related to defined contribution plans	138	309
- Equity settled share-based payment transactions	2,245	2,106

* This expense was recognised following the Trial Court's judgement on the State Law claims on 14 October 2015. As at 31 December 2016, the provision for legal liability was reversed following the ruling by the US Court of Appeals for the Federal Circuit ("Appeal Court") on 21 July 2016. The effect of the reversal was recorded under 'Other Income'.

22 Tax expense/(income)

Tax recognised in profit or loss

	Group	
	2017 US\$'000	2016 US\$'000
Current tax expense/(income)		
Current year	4	(1)

Reconciliation of effective tax rate

Loss before tax	22,871	(11,979)
Tax using the Singapore tax rate of 17% (2016: 17%)	(3,888)	(2,036)
Effect of tax rates in foreign jurisdictions	(1,534)	(2,573)
Non-deductible expenses	3,056	(2,276)
Non-taxable items	(1,305)	(11,766)
Change in unrecognised temporary differences	3,675	18,650
	4	(1)

NOTES TO THE FINANCIAL STATEMENTS

23 Earnings per share

Basic and diluted loss per share are based on:

Losses used in calculating loss per share

	Group	
	2017 US\$'000	2016 US\$'000
Loss attributable to ordinary shareholders	(22,871)	(11,978)

Weighted average number of ordinary shares

	Group	
	2017 '000	2016 '000
Issued ordinary shares at 1 January	1,038,007	822,956
Issue of new shares pursuant to settlement of short-term loans and trade payables	43,287	1,057
Issue of new shares pursuant to settlement of convertible notes	299,772	–
Issue of new shares pursuant to capital commitment agreement with GEM Global	55,247	–
Issue of new shares pursuant to vesting of share awards	29,588	5,049
Effects of share options exercised	789	632
Issue of new shares pursuant to exercise of options embedded in convertible notes	–	105,760
Weighted average number of shares during the year	1,466,690	935,454

There were no share option to purchase ordinary shares, restricted share award and warrants to issue ordinary shares which has dilutive potential as at 31 December 2016 and 2017.

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.

24 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 and, trade and other payables on their notional amounts which reasonably approximate their fair values because of their short term nature.

NOTES TO THE FINANCIAL STATEMENTS

24 Determination of fair values (continued)

- 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 2016, the fair value of the option embedded in the convertible notes issued on 6 August 2015, 13 November 2015, 9 March 2016, 30 March 2016 and 12 May 2016 was measured using the standard Binomial Tree Option Pricing Model. Measurement inputs include the share price on the measurement date, 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.

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.

Financial assets and financial liabilities carried at fair value

As at 31 December 2016 and 2017, the Group does not have any financial assets and financial liabilities that are carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS

24 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				
2017				
Convertible notes - liability component	-	-	6,535	6,535
Short-term loans	-	-	3,473	3,473
	-	-	10,008	10,008
2016				
Convertible notes - liability component	-	-	14,995	14,995
Short-term loans	-	-	2,824	2,824
	-	-	17,819	17,819
Company				
2017				
Convertible notes - liability component	-	-	4,508	4,508
Short-term loans	-	-	3,473	3,473
	-	-	7,981	7,981
2016				
Convertible notes - liability component	-	-	13,624	13,624
Short-term loans	-	-	2,824	2,824
	-	-	16,448	16,448

The financial assets or liabilities were carried at fair value that meets the above fair value hierarchy disclosure requirements.

25 Operating leases

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

	Group	
	2017 US\$'000	2016 US\$'000
Within one year	401	564
Between 1 to 5 years	715	131
Total	1,116	695

The Group leases five facilities located in Pleasanton, California, in the United States of America, under an operating lease. The lease will expire in February 2021. 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 in Singapore under one operating lease which will expire in April 2018. In addition, the Group entered into a new lease agreement for office space which will expire by April 2020.

NOTES TO THE FINANCIAL STATEMENTS

26 Capital commitments

	Group	
	2017 US\$'000	2016 US\$'000
Development costs	915	911

27 Contingencies

As part of the Convertible Notes agreements that the Group entered into as disclosed in Note 14 and referred to as qualifying exit clause, the Group is obligated to pay a consideration equal to two times the outstanding principal amount invested by each note holder as of reporting date contingent upon the cumulative transaction size of the sale of assets and/or businesses of the Group and/or the acquisition of the Group for purchase consideration of at least S\$75,000,000 (transaction value) prior to the maturity date of the convertible notes.

Subsequent to 31 December 2017, \$4,098,000 of the outstanding amount has been settled with certain noteholders. As at 13 April 2018, the date the financial statements were authorised for issue by the Board of Directors, the remaining outstanding principal amount, which may be subjected to the qualifying exit clause, was \$2,270,000. The Group may be obligated to pay an additional consideration of \$2,270,000, as well as the outstanding principal amount, if the qualifying exit clause is triggered. As the possibility of an outflow is not yet probable, as at the date of the financial statements, the Group has not recognised any liability in respect of the contingent consideration.

28 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	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Transactions				
Short-term employee benefits	2,596	2,986	204	222
Share-based payments	1,890	1,413	270	90
	4,486	4,399	474	312

Key management personnel and director transactions

	Transaction value			
	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Transactions				
Royalty	359	272	–	–
Legal fees	7	582	–	–
Interest expense	209	127	209	127
	575	981	209	127

NOTES TO THE FINANCIAL STATEMENTS

28 Related parties (continued)

	<----- Balance outstanding as at ----->			
	Group		Company	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Balances				
Royalty	359	118	-	-
Accrued legal fees	133	449	-	-
Accrued interest	209	127	209	127
	<u>701</u>	<u>694</u>	<u>209</u>	<u>127</u>

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 litigation 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. As presented on the above-mentioned table, during the financial year, the royalty expenses recognised in profit or loss amounted to US\$359,000 (2016): US\$272,000).

In August and October 2016, certain directors of the Company extended a total of US\$450,000 in short-term loans to the Company for working capital purposes. The short term loan bear a fixed interest of 20% on the principal amount and an additional payment of which is capped at 45% of the principal amount. The additional payment is based on the price differential of the 5-day VWAP of the Company's share price at the inception date and due date or settlement date (whichever date is earlier) multiplied by the principal amount of each short term loan. The terms of the loan are conducted on an arm's length basis and based on similar terms agreed with third party lenders.

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	
	2017	2016
	US\$'000	US\$'000
Loans to subsidiaries	3,862	14,972
Repayment of convertible bonds by subsidiaries	-	(1,600)
Payment on behalf of subsidiary	778	-
Payment on behalf by subsidiary	<u>(542)</u>	<u>-</u>

The loans provided to subsidiaries are interest-free with no fixed repayment dates. These amounts were recorded as part of investment in subsidiaries under the line item – Amount due from subsidiaries (Note 7).

NOTES TO THE FINANCIAL STATEMENTS

28 Related parties (continued)

Other related party transactions and balances

	Group		Company	
	Transaction value for the year ended		Transaction value for the year ended	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense				
Luminor Pacific Fund 2 Ltd	297	77	-	-
	<----- Balance outstanding as at ----->			
	Group		Company	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
	Interest expense			
Luminor Pacific Fund 2 Ltd	279	77	-	-

29 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	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
United States of America	14,115	9,245	5,611	6,331
Singapore	-	40	6,573	7,294
Japan	-	678	-	-
Europe	184	619	-	-
Australia	-	17	-	-
Hong Kong	13	46	-	-
	14,312	10,645	12,184	13,625

Revenues from one customer of the United States of America segment represents approximately US\$8,737,000 (2016: US\$1,899,000) of the Group's total revenues.

NOTES TO THE FINANCIAL STATEMENTS

30 Subsequent events

Share-Based Payment

Date	Plan	Event(s)
22 January 2018	2015 RSP	Issued 5,923,968 ordinary shares to various employees and directors of the Company for achieving relevant milestone target.
6 March 2018	2014 stock plan	Granted 3,700,000 share options to an employee
2 April 2018	2015 RSP	Issued 7,687,809 ordinary shares to various employees and directors of the Company for achieving relevant milestone target.

Share Issuances

Date	Plan	Event(s)
15 January 2018	Agreement with GEM Global	On 15 January 2018, the Company allotted and issued 55,512,000 ordinary shares to GEM Global at an issue price of S\$0.01125 per share or for a total proceed of S\$624,510 (equivalent to US\$477,053). The issue price was arrive at based on a 10% discount to the average daily volume weighted average share price of S\$0.0125 per share.
14 March 2018	Agreement with GEM Global	On 14 March 2018, the Company allotted and issued 55,512,000 ordinary shares to GEM Global at an issue price of S\$0.01495 per share or for a total proceed of S\$830,015 (equivalent to US\$632,778). The issue price was arrive at based on a 10% discount to the average daily volume weighted average share price of S\$0.01661 per share.

Sale of Chocolate PTA to Medtronic, Inc. ("Medtronic")

Date	Plan	Event
30 January 2018	Asset Purchase Option Agreement with Medtronic ("Option Agreement")	On 30 January 2018, the Company announced that it has completed the sale of Chocolate PTA balloon catheter product line (excluding the patent rights) to Medtronic for a consideration amounting to US\$28 million following the triggering of one of the option triggers set out in the Option Agreement (i.e. the substantial completion of the manufacturing transfer of Chocolate PTA to a third-party contract manufacturer).

Sale of Chocolate® PTCA Balloon Catheter and Glider™ PTCA Balloon Catheter

Date	Plan	Event(s)
5 February 2018	Asset Purchase Option Agreement with a potential buyer	As discussed in Note 2, on 5 February 2018, the Group and a third party global medical device company entered into a NBO for the potential disposal of assets (excluding ownership of patent rights) related to the non-coated Chocolate® PTCA Balloon Catheter and Glider™ PTCA Balloon Catheter product lines of the Group. Management expects that this sale to complete in 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 Full convergence with International Financial Reporting Standards (IFRS) adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) which comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018. Other Singapore-incorporated companies may voluntarily apply SFRS(I) at the same time. The Group plans to voluntarily apply SFRS(I) on 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

Summary of quantitative impact

The Group is currently finalising the transition adjustments. The Group does not expect the application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 to have any significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies IFRS on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, The Group does not expect the application of the mandatory exceptions and the optional exemptions in IFRS 1 to have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 Full convergence with International Financial Reporting Standards (IFRS) adoption of new standards (continued)

SFRS(I) 15

IFRS 15 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.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 retrospectively, and the comparative period presented in the 2018 financial statements will be restated.

The Group does not expect the application of SFRS(I) 15 to have any significant impact on the financial statements.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirement.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

NOTES TO THE FINANCIAL STATEMENTS

31 Full convergence with International Financial Reporting Standards (IFRS) adoption of new standards (continued)

(i) Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group do not expect a significant increase in impairment of trade and other receivables based on its assessment.

The Group is currently finalising the testing of its expected credit loss model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 Full convergence with International Financial Reporting Standards (IFRS) adoption of new standards (continued)

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under IFRS 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 25).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

(i) The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under IFRS 16. The operating lease commitments on an undiscounted basis amount to approximately 6% (2016: 3%) of the consolidated total assets and 4% (2016: 2%) of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

STATISTICS OF SHAREHOLDINGS

As at 17 April 2018

ISSUED AND FULLY PAID UP CAPITAL	:	S\$184,359,992
NUMBER OF SHARES IN ISSUE	:	2,018,886,773
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

The Company does not have any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 APRIL 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	6	0.17	120	0.00
100 – 1,000	33	0.93	23,566	0.00
1,001 – 10,000	468	13.23	3,566,272	0.18
10,001 – 1,000,000	2,829	79.96	478,864,433	23.72
1,000,001 AND ABOVE	202	5.71	1,536,432,382	76.10
TOTAL	3,538	100.00	2,018,886,773	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	218,688,452	10.83
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	163,650,018	8.11
3	KUAH ANN THIA	78,000,000	3.86
4	DBS NOMINEES PTE LTD	73,672,766	3.65
5	BIOMEDICAL SCIENCES INVESTMENT FUND PTE LTD	66,596,116	3.30
6	LUMINOR PACIFIC FUND 1 LTD	54,120,176	2.68
7	RAFFLES NOMINEES (PTE) LTD	53,116,000	2.63
8	RHB SECURITIES SINGAPORE PTE LTD	42,038,200	2.08
9	OCBC SECURITIES PRIVATE LTD	40,609,798	2.01
10	MAYBANK KIM ENG SECURITIES PTE LTD	32,152,208	1.59
11	ASDEW ACQUISITIONS PTE LTD	30,334,800	1.50
12	LIM AIK BIN	27,000,000	1.34
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	26,582,000	1.32
14	MALCOLM KOO CHIN WEI	24,144,612	1.20
15	HSBC (SINGAPORE) NOMINEES PTE LTD	23,042,000	1.14
16	MERRILL LYNCH (SINGAPORE) PTE LTD	21,330,540	1.06
17	ONG SHEN CHIEH (WANG SHENGJIE)	20,797,200	1.03
18	TAN POH SOON	19,585,000	0.97
19	EITAN KONSTANTINO	18,490,947	0.92
20	PHILLIP SECURITIES PTE LTD	18,434,200	0.91
TOTAL		1,052,385,033	52.13

STATISTICS OF SHAREHOLDINGS

As at 17 April 2018

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	7.65	-	-
2	Three Arch Management ⁽²⁾	-	-	157,284,444	7.82
3	Mark Allen Wan ⁽³⁾	-	-	157,284,444	7.82

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, L.P. 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 the 3,397,105 shares held by Three Arch Associates IV, L.P..

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 17 April 2018, approximately 90.23% 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 The Chevrons, Sunflower Room 1, Level 1, 48 Boon Lay Way, Singapore 609961 on Tuesday, 8 May 2018 at 9.00 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' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon. (Resolution 1)
2. To approve the payment of Directors' fees of US\$204,000 for the financial year ended 31 December 2017 (2016: US\$222,000). (Resolution 2)
3. To re-elect Mr Sho Kian Hin who is retiring pursuant to Article 98 of the Company's Constitution. *See explanatory note (i)* (Resolution 3)
4. To re-elect Mr Gary Ng Sin Tong who is retiring pursuant to Article 98 of the Company's Constitution. *See explanatory note (ii)* (Resolution 4)
5. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. (Resolution 5)
6. 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:

7. **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
- (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

NOTICE OF ANNUAL GENERAL MEETING

- (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 Catalyst Rules as at the date of this Resolution is passed;
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) 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 Catalyst 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 Catalyst 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 (iii)* (Resolution 6)

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

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

See explanatory note (iv)

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to allot and issue Shares under the 2014 QTV Employee Share Option Scheme (“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 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 Scheme while this Resolution was in force,

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

See explanatory note (v)

(Resolution 8)

10. **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 (vi)

(Resolution 9)

11. **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

NOTICE OF ANNUAL GENERAL MEETING

- (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
 - (iii) 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;

“**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;

NOTICE OF ANNUAL GENERAL MEETING

- (d) the number of Shares which may in aggregate be purchased or acquired by the Company during the Relevant Period shall be subject to the Maximum Limit;
- (e) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Buy-Back Mandate in any manner as they think fit, which is permitted under the Act; and
- (f) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.
See explanatory note (vii) (Resolution 10)

By Order of the Board

Lee Pih Peng
Company Secretary
24 April 2018

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES TO BE TRANSACTED

ORDINARY BUSINESS

- (i) Ordinary Resolution 3, if passed, will re-elect Mr Sho Kian Hin as Director of the Company. Mr Sho Kian Hin is an independent director of the Company. Mr Sho Kian Hin will, upon the re-election, remain as Chairman of the Audit Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr Sho Kian Hin does not have any immediate relationships between himself and the Directors, the Company or its 10% shareholders. Further information on Mr Sho Kian Hin can be found under the “Board of Directors” and Corporate Governance” sections in the Company’s Annual Report 2017.
- (ii) Ordinary Resolution 4, if passed, will re-appoint Mr Gary Ng Sin Tong as Director of the Company. Mr Gary Ng Sin Tong is an executive Director of the Company. Mr Gary Ng Sin Tong does not have any immediate relationships between himself and the Directors, the Company or its 10% shareholders. Further information on Mr Gary Ng Sin Tong can be found under the “Board of Directors” and Corporate Governance” sections in the Company’s Annual Report 2017.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

- (iii) Ordinary Resolution 6, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.
- (iv) Ordinary Resolution 7, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares to holders of outstanding options which were awarded under the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan pursuant to the exercise of such outstanding options. Options granted under the 2005 Stock Plan and the 2010 Equity Incentive Plan had been assumed by the Company pursuant to the restructuring exercise entered into prior to the listing of the Company on Catalist. The Company had ceased issuing additional options under the QTV 2013 Share Plan since 25 April 2014. However, subsisting options granted prior to such date are not affected by the discontinuation and remain exercisable in accordance with the rules of the QTV 2013 Share Plan, the 2005 Stock Plan and the 2010 Equity Incentive Plan.
- (v) Ordinary Resolution 8 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to (i) offer and grant Options under the terms of the Scheme and (ii) allot and issue Shares pursuant to the exercise of Options to be granted under the Scheme.
- (vi) Ordinary Resolution 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 (i) grant awards under the terms of the Share Plan and (ii) allot and issue Shares pursuant to the vesting of the Awards to be granted under the Share Plan.
- (vii) Ordinary Resolution 10 above, if passed, will provide the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution and the Appendix. Please refer to the Appendix for more details.

NOTICE OF ANNUAL GENERAL MEETING

FURTHER NOTES:

1. (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 (Cap. 19) 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 (Cap. 289) and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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, #09-12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the AGM or any adjournment thereof.
 4. All resolutions put to vote at the AGM shall be decided by way of poll.

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 of Singapore may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. For SRS investors who have used their SRS monies to buy QT Vascular Ltd. shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. 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 The Chevrons, Sunflower Room 1, Level 1, 48 Boon Lay Way, Singapore 609961 on Tuesday, 8 May 2018 at 9.00 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. All resolutions put to vote at the Meeting shall be decided by way of poll.

No.	ORDINARY RESOLUTION	Number of votes For*	Number of votes Against*
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of US\$204,000 for the financial year ended 31 December 2017.		
3.	To re-elect Mr Sho Kian Hin who is retiring pursuant to Article 98 of the Company's Constitution.		
4.	To re-elect Mr Gary Ng Sin Tong who is retiring pursuant to Article 98 of the Company's Constitution.		
5.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6.	To approve the authority to allot and issue shares.		
7.	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.		
8.	To approve the authority to allot and issue shares under the 2014 QTV Employee Share Option Scheme.		
9.	To approve the authority to allot and issue shares under the QT Vascular Restricted Share Plan 2015.		
10.	To approve the proposed renewal of the Share Buy-Back Mandate.		

* 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/May, 2018

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:

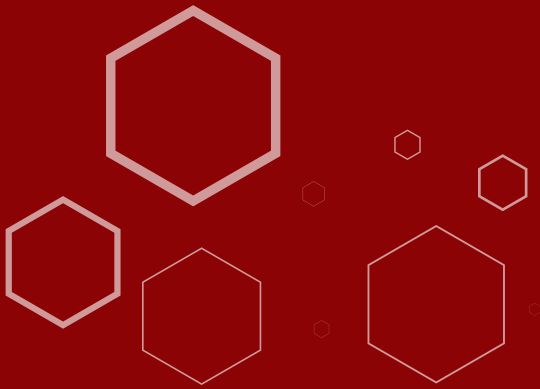
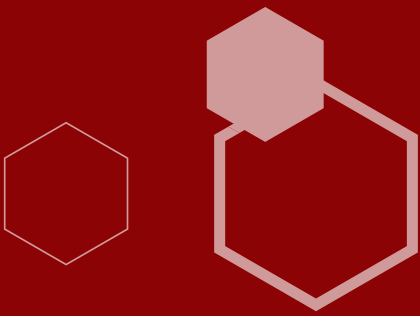
- (i) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 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, #09-12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the 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 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

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QTVascular

(Company Registration No.: 201305911K)

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