



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: QT Vascular Limited

Stock code: 510

Meeting details:

Date: 30 April 2021

Time: 9.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the letter from the CEO, the group is focused on the further development of the group's drug-coated coronary product, Chocolate Heart™. The group's partner, Teleflex, has an option on the acquisition of Chocolate Heart™ and if successful, the group also stands to receive subsequent royalties of net sales of Chocolate Heart™.

Revenue dropped from US\$8.0 million to US\$557,000 in FY2020 due to lower sales to Teleflex as a result of reduced underlying demand. The group reported a loss attributable to shareholders of US\$(7.6) million in FY2020, compared with a net loss attributable to shareholders of US\$(9.6) million in FY2019.

- (i) **Can management help shareholders understand if the potential sale of Chocolate Heart™ to Teleflex will significantly depend on the performance of Chocolate® XD for Teleflex?**
- (ii) **What are the lessons gleaned by management in the past 2-3 years from working with Medtronic and Teleflex?**
- (iii) **Can management elaborate further on the status and development roadmap of Chocolate Heart™? How realistic is it that Teleflex would exercise its option to acquire Chocolate Heart™?**

Q2. Total assets as at 31 December 2020 amounted to US\$3.41 million and equity attributable to owners of the company amounted to \$754,000 (page 51). The group has accumulated loss of US\$(176.3) million as at 31 December 2020 (page 52).

The company's auditors have included a disclaimer of opinion in the independent auditors' report. The independent auditors have stated that they do not express an opinion on the financial statements of the group and the statement of financial position of the company. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of the report, the independent auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

The basis of disclaimer of opinion included:

- Recoverability of intangible assets (US\$1,424,000)
- Recoverability of investment in subsidiaries (US\$12,624,000)
- Materiality uncertainty related to going concern (company has net current liabilities US\$1,483,000, respectively)

The details can be found in the independent auditor's report on pages 47 to 49 of the annual report.

For FY2019, the then-independent auditors had also included a disclaimer of opinion in the independent auditors' report in respect of the company's consolidated financial statements for the financial year ended 31 December 2019 as well.

As stated in the directors' statement, in the opinion of the directors, the consolidated financial statements of the group and the statement of financial position of the company are properly drawn up so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group for the year then ended (page 40).

- (i) **Given the significant matters raised by the independent auditors in the independent auditor's report, on what basis does the board assess that sufficient information has been disclosed for trading of the company's securities to continue in an orderly manner?**
- (ii) **Would the directors, especially the independent directors who are also audit committee members, help shareholders understand the basis of their opinion that the financial statements give a true and fair view even though the presence of the significance of the matters described by the independent auditors in the basis for disclaimer of opinion (for FY2019 and FY2020)?**
- (iii) **Has the board considered if it would be necessary to suspend the trading of the securities of the company on SGX-ST in the interest of maintaining a fair, orderly and transparent market?**

Q3. The company announced the following changes in the interest of directors and CEO:

- Sho Kian Hin, independent director, announcement made on 15 September 2020
 - o Sale of 1,968,600 ordinary shares for \$15,758.80 on 11 September 2020
- Eitan Konstantino, CEO, announcement made on 2 September 2020
 - o Sale of 45,961,900 ordinary shares for \$689,428.50 on 31 August 2020
 - o Sale of 4,038,100 ordinary shares for \$56,533.40 on 1 September 2020

The CEO's stake has been reduced from 59,189,562 shares from 31 December 2019 to 9,189,562 as at 31 December 2020.

- (i) **Can the CEO and the director help shareholders understand if they are committed to the company and have their interests aligned with the company for the long-term?**

On 21 August 2020, the company announced the proposed acquisition of Tengri Coal and Energy Pte. Limited. The share price of the company before and after the announcement by the company is shown in the chart below:

QT Vascular (510 / QTVA.SI)

Industry

Healthcare Services

Medical Equipment, Supplies & Distribution

This company reports in this currency: USD

SGD 0.006

(No Change in Price)

As at 21 Apr 2021 01:01 PM

Print

Prices & Chart

Day Week Month **1 Year** 5 Years



(Source: www.sgx.com)

- (ii) **Can the board help shareholders understand the due diligence carried out prior to the signing of the conditional sale and purchase agreement?**
- (iii) The proposed acquisition was terminated on 21 November 2020 as some Conditions Precedent were not met. **What were the efforts by management to meet the conditions precedent?**
- (iv) **Did the directors inform the board prior to the sale of their shares from 31 August to 11 September 2020 which was shortly after the company announced the proposed acquisitions and while the parties were trying to meet the conditions precedent?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)