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

ENTRY INTO ASSET PURCHASE OPTION AGREEMENT

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1. INTRODUCTION

The Board of Directors of QT Vascular Ltd. ("**Company**", together with its subsidiaries, "**Group**") wishes to announce that the Company and its wholly-owned subsidiaries, TriReme Medical, LLC, Quattro Vascular Pte. Ltd. and TriReme Medical (Singapore) Pte. Ltd. and (collectively "**Sellers**") have on 11 May 2017 entered into an asset purchase option agreement ("**Option Agreement**") with Medtronic, Inc. and one of its affiliates (referred to collectively herein as "**Medtronic**").

2. OPTION AGREEMENT

2.1. Uncoated Peripheral Products

Pursuant to the Option Agreement, Medtronic has the option to acquire specific assets of the Sellers and licence intellectual property relating to the worldwide design, engineering, manufacturing, use, marketing, sale and distribution of the Group's non-drug coated Chocolate® PTA Balloon Catheter ("**Chocolate PTA**") product for use in the treatment, prevention, diagnosis or management of diseases in the peripheral vasculature and excluding coronary and drug coated products. ("**Uncoated Peripheral Products**") ("**Potential Transaction**")

2.2. Exercise of Option

The option ("**Option**") is exercisable by Medtronic within 90 days after the occurrence of any of the following:

(a) the date of completion of the manufacturing transfer of the Uncoated Peripheral Products to Emerald Apex Pte. Ltd. (a third party contract manufacturer);

(b) the date of receipt by the Sellers of the Pharmaceuticals and Medical Device Agency of Japan ("**PMDA**") Expert Panel Notice or PMDA Regulatory Approval for Chocolate PTA; or

(c) if either PMDA Expert Panel Notice or PMDA Regulatory Approval has not been received, the date of receipt of the approvals, licenses, registrations or authorisations of the China Food and Drug Administration necessary for the marketing and sale of an Uncoated Peripheral Product in China,

(each an "**Option Trigger**"). Medtronic shall have the right to exercise the Option until the last trigger expires

2.3. Conditions Precedents

Upon exercise of the option by Medtronic, closing of the Potential Transaction is further subject to, amongst others, the following conditions having been satisfied:

(a) there being no legal nor regulatory prohibitions nor restrictions affecting the Potential Transaction;

(b) there being no material adverse effect affecting the Potential Transaction;

(c) receipt by the Company of Shareholders' approval at the extraordinary general meeting for the Potential Transaction;

(d) compliance by the Sellers of the terms of the Agreement;

(e) the Uncoated Peripheral Products being free from all encumbrances; and

(f) entry into variation agreements by the Group with Messrs Eitan Konstantino and Tanhum Feld (the "**Inventors**") in respect of existing assignments of intellectual property by these individuals to the Group for the licensing of these intellectual property rights by the Group to Medtronic in connection with the Option Agreement.

The percentage of royalties to be paid under the existing agreements with the Inventors by the Company remain unchanged. The amendments to the agreements with the Inventors are made to obtain consent and conform with the terms in the licensing agreement with Medtronic.

The Audit Committee, having evaluated the terms of the amendments to the agreements with Messrs Eitan Konstantino and Tanhum Feld, is of the opinion that the amendments to the agreements and the royalty payments payable thereto are on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders and accordingly, is not adverse to the Group.

2.4. Consideration

Upon exercise of the option by Medtronic and closing ("**Closing**"), Medtronic shall pay to the Sellers the purchase consideration of US$28,000,000 ("**Consideration**") in cash to be adjusted in accordance with the Option Agreement for (i) repayment of the interest-bearing loan of up to US$1,250,000, (ii) reimbursement for any royalties payable by Medtronic for new royalty agreements entered into by the Group prior to the closing of the Potential Transaction and (iii) payment for any prepaid inventory amount at the point of the closing of the Potential Transaction.

The Consideration was negotiated on an arm's length basis, after taking into account the Consideration received and the value of the assets being sold.

2.5. Loan

Concurrent with the Option Agreement, Medtronic has also entered into a loan and security agreement with the Company to extend an interest-bearing loan of 8% per annum of up to US$1,250,000 to the Company for a period of up to three (3) years. The Loan Agreement is subject to shareholders' approval being obtained for the Potential Transaction. The loan will be applied by the Company for working capital purposes (including costs and expenses associated with the Option Agreement) and is secured by certain non-IP related assets of the Group that are the subject of the Option Agreement.

2.6. Business agreements

It is also envisaged that on Closing, the Group will enter into other business agreements with Medtronic, to facilitate the transfer of the assets of the Group that are the subject of the Option Agreement, which includes the following agreements:

(a) a licence agreement to grant certain intellectual property rights in connection with the Uncoated Peripheral Products to Medtronic;

(b) a transition services agreement to provide Medtronic with certain functional support and transitional services in connection with the Uncoated Peripheral Products;

(c) a product manufacturing and supply agreement to manufacture and supply Chocolate PTA products for use in the Periphery to Medtronic until such time that it has established its own manufacturing capabilities; and

(d) a quality agreement to regulate the quality of Chocolate PTA products and components supplied to Medtronic.

(collectively the "**Business Agreements**")

3. BUYER

Medtronic is an independent and unrelated third party of the Group, the Company's Directors and its controlling shareholders.

Headquartered in Dublin, Ireland, and listed on the New York Stock Exchange, Medtronic is among the world's largest medical technology, services and solutions companies – alleviating pain, restoring health and extending life for millions of people around the world. More information about Medtronic (including copies of its filings with the U.S. Securities and Exchange Commission) can be found at www.medtronic.com.

The Group currently has a 5-year worldwide distribution agreement for Chocolate PTA with Medtronic that was entered into on 2 February 2017. The distribution agreement with Medtronic will be replaced with the Business Agreements following the Closing.

4. RATIONALE

The potential sale of the Uncoated Peripheral Products under the Option Agreement represents an attractive opportunity for the Group to realise the value of its Uncoated Peripheral Products, which sale proceeds will help pare down the existing borrowings and liabilities of the Group, as well as enable the Group to further develop its other products including Chocolate Touch®, the drug coated Chocolate PTA which recently received the Investigational Device Exemption approval from the United States Food and Drug Administration ("**FDA**") and its coronary portfolio with both drug and non-drug coated products.

The Group believes that the potential sale to an international medical product conglomerate such as Medtronic is also proud testimony of the excellent quality of the Group's products and research.

The potential sale will not only provide the Group with the necessary funds for the settlement of outstanding debts and general working capital purposes but also provide funding, and more importantly, allow the Group to better focus its time and resources on the development and/or commercialization of its drug-coated products, i.e. Chocolate Heart™ and Chocolate Touch®.

5. BUSINESS OF THE GROUP AFTER THE POTENTIAL TRANSACTION

Following the Potential Transaction, the Group continues to sell its (i) drug-coated peripheral product, i.e. Chocolate Touch® in Europe; and (ii) non-drug coated coronary products, i.e. Chocolate XD® and Gilder™ PTCA Balloon Catheter worldwide.

The Group also continues with (i) its clinical trials of its drug-coated peripheral product, i.e. Chocolate Touch® in the US to obtain FDA approval for its sale in the US; and (ii) further development of its drug-coated coronary product, i.e. Chocolate Heart™.

6. USE OF PROCEEDS

The net proceeds from the Potential Transaction, after deducting estimated costs and expenses of US$1.5 million, is expected to amount to approximately US$26.5 million.

The net proceeds will give rise to an estimated net gain of approximately US$25.2 million over the book value of the Uncoated Peripheral Products of approximately US$1.3 million as at 31 December 2016 for the Group.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures for the Potential Transaction computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), based on the latest announced audited financial statements of the Group for the financial year ended 31 December 2016 are as follows:

Rule 1006	*Bases*	*Relative Figures*
(a)	The net asset value of assets to be disposed of, compared with the group's net liabilities value. This basis is not applicable to an acquisition of assets.	(12.76)% (1)
(b)	The net losses attributable to the assets acquired or disposed of, compared with the Group's net losses.	8.51% (2)
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	96.15%(3)
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable (4)
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable (5)

Notes:

(1) Computed based on the net asset value of the Uncoated Peripheral Products of US$1.30 million as at 31 December 2016 compared with the Group's net liabilities of US$10.20 million as at 31 December 2016.

(2) Computed based on the net losses attributable to the Uncoated Peripheral Products of US$1.02 million for the financial year ended 31 December 2016 compared with the Group's net losses for the financial year ended 31 December 2016 of US$11.98 million.

(3) Computed based on the Consideration and the market capitalisation of the Company of S$40.8 million (based on 1,310,858,710 Shares in issue and the last traded price of S$0.0311 per Share before the signing of the Option Agreement).

(4) This is not an acquisition.

(5) This is not a disposal of mineral, oil or gas assets by a mineral, oil or gas company.

As the relative figures computed based on Rule 1006(c) of the Catalist Rules exceeds 50%, the Potential Transaction constitutes a "major transaction" pursuant to Rule 1014 of the Catalist Rules and is subject to the approval of shareholders at an extraordinary general meeting to be convened ("**EGM**").

8. FINANCIAL EFFECTS

8.1. Assumptions

The pro forma financial effects of the Potential Transaction on the Group presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company and/or the Group following the Closing.

The pro forma financial effects are calculated based on the latest audited financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**") and the following assumptions:

(a) that Closing had taken place on 31 December 2016 for purposes of the financial effect on the NAV per Share and NTA per Share; and

(b) that Closing had taken place on 1 January 2016 for purposes of the financial effect on the earnings per Share ("**EPS**") or loss per Share ("**LPS**").

8.2. NAV per Share

	Before the Closing	*After the Closing*
NAV (US$'000)	(10,198)	15,001
Number of issued Shares	1,310,858	1,310,858
NAV per Share (US cents)	(0.01)	0.01

8.3. NTA per Share

	Before the Closing	*After the Closing*
NTA (US$'000)	(22,804)	2,705
Number of issued Shares	1,310,858	1,310,858
NTA per Share (US cents)	(0.02)	0.002

8.4. EPS

	Before the Closing	*After the Closing*
(Loss)/Profit after tax attributable to the Shareholders (US$'000)	(11,978)	13,331
Weighted average number of Shares (excluding treasury Shares)	1,208,305	1,208,305
(LPS)/EPS (US cents)	(0.01)	0.01

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Potential Transaction.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as provided in the Option Agreement and disclosed herein, none of the directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Potential Transaction (other than their direct or indirect shareholdings in the Company).

11. EGM AND SHAREHOLDERS' CIRCULAR

The Company will convene an EGM to seek the approval of shareholders for the Potential Transaction. A circular containing further details of the same and enclosing the notice of EGM will be despatched by the Company to shareholders in due course.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Potential Transaction and the Group, and the directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Option Agreement and the Business Agreements will be made available for inspection during normal business hours at the registered office of the Company for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Dr. Eitan Konstantino
Chief Executive Officer
12 May 2017

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*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Ptd. Ltd. ("**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

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