

QT VASCULAR LTD. ENTERS INTO BOND SETTLEMENT DEED FOR THE JULY 15 BONDS

Reference is made to the announcement of the Company dated 24 July 2015 in relation to the subscription agreement for up to US\$13.14 million 8.0% convertible bonds due 2017/2018 ("**July 15 Bonds**") dated the same date thereof ("**July 15 Bond Agreement**") made between the Company, and The Ephraim Heller Separate Property Trust, Toe Teow Heng, Kuah Ann Thia, Tanhum Feld, Malcolm Koo Chin Wei, Ho Kin Yan, Gary McCord, Tan Chin Hwee, Kenneth B. Landis and Peter J. Younger ("**July 15 Bondholders**").

(A) ENTRY INTO BOND REPAYMENT AND SHARE ISSUANCE DEED FOR THE THIRD TRANCHE OF THE JULY 15 BONDS

INTRODUCTION

Pursuant to the July 15 Bond Agreement, the third and final tranche of US\$2.19 million bonds is due for repayment on 30 September 2017 ("**July 15 Tranche 3 Due Amount**"). In connection therewith, the Company had on 27 November 2017 entered into the July 15 bond repayment and share issuance deed ("**July 15 Bond Repayment and Share Issuance Deed**") with certain Bondholders, namely Toe Teow Heng, Kuah Ann Thia, Malcolm Koo Chin Wei and Ho Kin Yan (collectively "**July 15 Tranche 3 Bondholders**") amounting to US\$1.36 million ("**July 15 Tranche 3 Settlement Amount**").

After the July 15 Bond Repayment and Share Issuance Deeds dated 27 November 2017, the aggregate remaining amount due to the other July 15 Bondholders in respect of the July 15 Bonds is US\$2.555 million, which the Company will continue to negotiate with them for settlement via cash or shares; or an extension of the maturity of the July 15 Bonds.

SALIENT TERMS

Under the July 15 Bond Repayment and Share Issuance Deed, the Company and the July 15 Tranche 3 Bondholders have agreed as follows:

- (a) The July 15 Tranche 3 Bondholders shall accept, in lieu of cash repayment, the allotment and issue of an aggregate 42,185,184 new ordinary shares in the capital of the Company ("**July 15 Tranche 3 Due Shares**") at an issue price of S\$0.0108 per July 15 Tranche 3 Due Share ("**July 15 Tranche 3 Issue Price**") as part settlement of the July 15 Tranche 3 Settlement Amount;
- (b) The remaining outstanding amount of US\$1.02 million from the July 15 Tranche 3 Settlement Amount will be payable by 31 January 2018 and the outstanding amount will bear interest of 8.0% p.a. from 1 October 2017; and
- (c) the Qualifying Exit Event (as defined below) under the July 15 Bond Agreement will further be varied in respect of the July 15 Tranche 3 Due Amount such that:
 - (1) the maturity date for the Qualifying Exit Event is extended to 31 January 2018; and
 - (2) the Qualifying Exit Event payout will be an amount equivalent to fifty (50) per cent (%) of the July 2015 Tranche 3 Due Amount invested by the July 15 Tranche 3 Bondholders under the July 15 Bond Agreement if there is a Qualifying Exit Event prior to (and including) 31 January 2018;

Under the July 15 Bond Agreement, a "Qualifying Exit Event" currently means any of the following events, provided that cumulatively such events involve an aggregate transaction size of equal to or more than S\$75 million and occur prior to the maturity date of 30 September 2017:

- (a) entry by the Company into legally binding agreements for the sale of the Company and/or any of its subsidiaries (collectively "**Group**"); or
- (b) entry by the Company into legally binding agreements for the sale of a major asset or business of the Group; and
- (d) Each July 15 Tranche 3 Bondholder undertakes, *inter alia*, to the Company that on satisfaction of all the July 15 Tranche 3 Due Amount payable, the July 2015 Tranche 3 Bondholder shall discharge and release fully and absolutely all security interest (including any charge, debenture and mortgage) over the Group's assets (including intellectual properties) which July 2015 Tranche 3 Bondholder may hold in connection with the July 15 Bond Agreement.

(B) ISSUE PRICE

The July 15 Tranche 3 Issue Price represents a discount of 10% to the volume weighted average price of S\$0.012 for trades done on the shares of the Company ("**Shares**") on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 27 November 2017, and was arrived at following arm's length negotiations between the Company and the July 15 Tranche 3 Bondholders.

(C) DETAILS ON THE NEW SHARES

The July 15 Tranche 3 Due Shares ("**New Shares**") will be issued pursuant to the general share issue mandate approved by shareholders of the Company at the Company's annual general meeting ("**2017 AGM**") held on 31 May 2017 for the issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2017 AGM, of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares) (the "**Share Issue Mandate**").

As at the date of the Share Issue Mandate, the Company had an issued and paid up share capital of 1,310,858,710 Shares and as at the date of this announcement, 7,687,814 new Shares have been issued from the vesting of restricted share awards ("**Award Shares**") which was outstanding and/or subsisting as at the date of the Share Issue Mandate. Therefore, the total number of Shares that may be issued under the Share Issue Mandate as at the date of this announcement is 1,318,546,524 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 659,273,262 Shares.

Under the Share Issue Mandate, the Company had on (i) 24 July 2017 issued 291,004,980 Shares pursuant to the bond repayment and share issuance deed dated 29 June 2017 entered into between the Company and certain bondholders, further details of which can be found in the Company's announcement on the SGXnet dated 24 July 2017; (ii) 24 July 2017 issued 22,290,322 Shares to an independent third party for settlement of trade payables, further details of which can be found in the Company's announcement on the SGXnet dated 24 July 2017; and (iii) 22 November 2017 announced a revised maximum share commitment with GEM Global Yield Fund LLC SCS and GEM Investments America, LLC (collectively, "**GEM**") for which an additional 178,000,000 new Shares ("**Additional Shares**") is to be made available under the existing agreement between GEM and the Company.

As such, the remaining number of new Shares that may be issued other than on a pro rata basis is 167,977,960. Accordingly, the allotment and issuance of the New Shares falls within the limits of the Share Issue Mandate.

Pursuant to the allotment and issuance of the 42,185,184 New Shares, the Company's issued and paid-up share capital will increase from 1,809,841,826 Shares ("**Existing Share Capital**") to 1,852,027,010 Shares ("**Enlarged Share Capital**"). The New Shares represents 2.33% of the Existing Share Capital and approximately 2.28% of the Enlarged Share Capital.

The New Shares will be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and ranks in all respect *pari passu* with the then existing issued Shares at the time of the issue except that the New Shares will not rank for any dividends, rights, allotment or other distributions at the record date which falls on or before the date of issue of the New Shares.

(D) ADDITIONAL LISTING APPLICATION

The New Shares will be issued to the July 15 Tranche 3 Bondholders who are not persons listed in Rule 812(1)(a) to (d) of the Catalist Rules and will be in compliance with Rule 812.

The Company will be making an application to the SGX-ST for the listing and quotation of the New Shares on the SGX-ST Catalist through its continuing sponsor, PrimePartners Corporate Finance Ptd. Ltd. ("**Listing Approval**"). The Company will make the necessary announcement upon receipt of the Listing Approval. The allotment and issue of the New Shares to the July 15 Tranche 3 Bondholders is to be made within three (3) business days of the Company obtaining the Listing Approval.

(E) BONDHOLDERS

The New Shares will be allotted and issued to the following July 15 Tranche 3 Bondholders as follows:

<i>Bondholder</i>	<i>Due Amount (US\$)</i>	<i>No. of Due Shares in consideration of Due Amount#</i>
Toe Teow Heng	150,000	18,611,111
Kuah Ann Thia	150,000	18,611,111
Malcolm Koo Chin Wei	15,000	1,861,111
Ho Kin Yan	25,000	3,101,851
TOTAL	340,000	42,185,184

Notes:

based on exchange rate of US\$1.00 to S\$1.34

(F) RATIONALE

The July 15 Bond Repayment and Share Issuance Deed is in the best interest of the Company as it will enable the Company to settle 25 per cent (%) of the July 15 Tranche 3 Settlement Amount in Shares, and conserve the Company's valuable cash resources for its businesses. At the same time, it further aligns the interests of the July 15 Tranche 3 Bondholders with shareholders of the Company, and demonstrates their confidence in the future and prospect of the Company.

(G) FINANCIAL EFFECTS

Assumptions

The pro forma financial effects of the issuance of the New Shares to the July 15 Tranche 3 Bondholders 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 issuance of the New Shares.

The pro forma financial effects of Completion 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 Completion had taken place on 31 December 2016 for purposes of the financial effect on the net liabilities value ("NLV") per Share;
- (b) that Completion had taken place on 1 January 2016 for purposes of the financial effect on the loss per Share ("LPS"); and
- (c) that a total of 771,835,476 shares issued during the period from 1 January 2017 to 27 November 2017 had all been issued on 1 January 2016.

NLV per Share

	<u>Before Completion</u>	<u>After Completion</u>
NLV (US\$'000)	(10,198)	(9,858)
Number of Shares ('000)	1,809,841	1,852,026
NLV per Share (US cents)	(0.01)	<(0.01)

LPS

	<u>Before Completion</u>	<u>After Completion</u>
Loss after tax attributable to shareholders (US\$'000)	(11,978)	(11,978)
Weighted average number of Shares (excluding treasury Shares) ('000)	1,707,289	1,749,474
LPS (US cents)	<(0.01)	<(0.01)

(H) CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the aforementioned, the Company considers the partial settlement of the July 15 Tranche 3 Due Amounts in the form of equity to be advantageous to the Group as it will, inter alia, ease the cash flow position of the Group and is in the long term interest of the Group, as further elaborated in paragraph G above.

(I) INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the July 15 Bond Repayment and Share Issuance Deed (other than their direct or indirect shareholdings in the Company).

(J) DOCUMENT AVAILABLE FOR INSPECTION

A copy of the July 15 Bond Repayment and Share Issuance Deed will be made available 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

Eitan Konstantino
Chief Executive Officer
27 November 2017

*This announcement has been prepared by 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 Catalyst. The Sponsor has not verified the contents of this announcement.*

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
