QT VASCULAR LTD.
(Company Registration No. 201305911K)
(Incorporated in Singapore)
("**Company**")

PROPOSED AMENDMENTS TO THE 2014 QTV EMPLOYEE SHARE OPTION SCHEME

The Board of Directors of QT Vascular Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform shareholders ("**Shareholders**") that the Company intends to propose certain amendments to the 2014 QTV Employee Share Option Scheme (the "**Scheme**") for which it will seek shareholders' approval at an extraordinary general meeting to be convened in due course, further details of which are set out below.

2014 QTV Employee Share Option Scheme

The Scheme was adopted to allow the Company to grant share options ("**Options**") to employees and directors of the Company or its subsidiaries ("**Service Providers**"), including controlling shareholders and their associates.

The rules ("**Rules**") of the Scheme were approved by shareholders on 29 April 2014, with certain amendments made thereto which were approved by shareholders on 28 April 2016.

The Company proposes to modify the Rules, *inter alia,* to allow the duly authorised committee ("**Committee**"), appointed by the Board of Directors of the Company and comprising Directors of the Company established for the purposes of administering the Scheme, the discretion to re-price certain outstanding Options granted under the Scheme without the need to seek specific Shareholders' approval for such repricing, for the reasons, and subject to certain applicable circumstances or conditions as further elaborated below.

Proposed Amendments of the Rules

Under the existing Rules, the Company may grant Options for ordinary shares in the capital of the Company ("**Shares**") with an exercise price ("**Exercise Price**") which is equal to the closing market price ("**Market Price**") on the relevant date of grant ("**Date of Grant**") of such Options.

Options granted may not be exercised within the period of one (1) year following the Date of Grant of such Options (the "**Exercise Limitation Period**").

Rule 13(a)(ii) of the Scheme stipulates, inter alia, that the definition of "Exercise Price" shall not be altered to the advantage of Participants except with the prior sanction of the Shareholders in general meeting.

It is proposed that the Rules be amended, *inter alia,* by adding in a proviso in Rule 13 of the Scheme to provide that the Exercise Price of any outstanding Option ("**Repricing Option**") held by a Participant ("**Affected Participant**") whose Exercise Price is higher than the then prevailing Market Price of Shares (thereby being out-of-money), may be amended by the Committee in its discretion without seeking specific Shareholders' approval where, *inter alia,*:-

(i) the Repricing Option shall be out-of-money as at the date on which the Company makes an offer in writing ("**Repricing Offer**") to the Affected Participant to reprice the Exercise Price of the Repricing Option ("**Date of Repricing Offer**"), due to the existing Exercise Price of such Repricing Option being higher than the Market Price of Shares as at such date;

(ii) the Exercise Price under the Repricing Option is to be amended so that it is not less than the Market Price of Shares on the Date of Repricing Offer ("**Amended Exercise Price**");

(iii) it shall be a condition of such Repricing Offer that the Repricing Option shall be subject to a fresh Exercise Limitation Period, where the Repricing Option may not be exercised within the one (1) year period following such final date of acceptance of the Repricing Offer that the Committee may specify ("**Final Repricing Offer Acceptance Date**") ("**Fresh Exercise Limitation Period**"); and

(iv) save for the amendment to the Exercise Price as provided in paragraph (ii) aforesaid, there shall not be any other alterations or modifications to the terms of the Repricing Options to the advantage of the affected Participant except with the prior sanction of the Shareholders in general meeting.

For the avoidance of doubt, should an Affected Participant accept the Repricing Offer, the Amended Exercise Price and Fresh Exercise Limitation Period for the Repricing Option will apply with effect from the Final Repricing Offer Acceptance Date.

<u>Rationale for the Proposed Amendments of the Rules</u>

Options which are out-of-the-money do not provide employee retention value to the Company. Allowing for the repricing of outstanding Options that are out-of-money would give affected Participants more opportunity to exercise such Options which may otherwise have no further economic value, should such Options lapse upon the expiry of their terms without their Exercise Price rising above the then prevailing Market Price of Shares.

This is in line with the objective of the Scheme and the grant of Options thereunder to incentivize and motivate Participants to optimize their performance, efficiency and productivity and to work towards the growth of the Group, which ultimately benefits the Company and Shareholders.

While affected Participants will stand to gain an advantage from a lower Exercise Price under the repricing, they would not be allowed to exercise the Repricing Options immediately, but must commit to a fresh Exercise Limitation Period of one year following the Final Repricing Offer Acceptance Date.

This would ensure, *inter alia*, that only Participants who continue to stay and contribute to the growth and development of the Group for the requisite period after the repricing would be in a position to exercise the Repricing Options at the Amended Exercise Price and enjoy any potential gains or benefits arising from such exercise. There is however no certainty that the Repricing Options will be in-the-money after the end of the Fresh Exercise Limitation Period.

While it may be possible, and having substantially the same effect, for the Company to grant a fresh Option(s) to an affected Participant at the prevailing Market Price instead of repricing his or her existing Option(s), the Directors are of the view that a repricing of existing outstanding Options may be preferable to granting of new Options as the latter would lead to a larger pool of Shares being issuable under Options and which may not necessarily be an appropriate representation of the potential dilutive effect on the Company's share capital of such Options given that some of these Options would be out-of-money Options.

The Directors are proposing that subject as provided below, the Committee be given the discretion to reprice certain or all of the outstanding Options of Affected Participants which qualify as Repricing Options (namely, Options whose Exercise Price is higher than the then prevailing Market Price of

Shares, thereby being out-of-money), without the need to seek the prior sanction of the Shareholders in general meeting as:-

(i) the circumstances under which, and the applicable conditions under which the Committee can exercise such discretion are limited and clearly stipulated and prescribed under the amended Rules; and

(ii) the Company can save administrative time and costs by not having to convene an extraordinary general meeting to seek Shareholders' approval on each occasion where a repricing of Options is contemplated.

Provided always that any repricing of outstanding Options (which qualify as Repricing Options) of Affected Participants who may be Controlling Shareholders or Associates of Controlling Shareholders would still be subject to the general rule requiring the prior sanction of Shareholders in general meeting.

Further action to be taken

The Company shall, at such later date to be determined, issue to shareholders the relevant circular containing further details of the proposed amendments to the Rules and relevant notice convening the shareholders' meeting to approve the proposed amendments to the Rules.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
10 April 2019

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*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 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.

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