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

ENTRY INTO BOND REPAYMENT AND SHARE ISSUANCE DEED FOR THE FIRST TRANCHE OF THE US$13.14 MILLION 8.0% CONVERTIBLE BONDS

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1. INTRODUCTION

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 ("**Bonds**") dated the same date thereof ("**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.

Pursuant to the Bond Agreement, the first tranche of US$5.475 million bonds is due for repayment on 6 February 2017 ("**Due Amount**"). In connection therewith, the Company has on 18 January 2017 entered into a bond repayment and share issuance deed ("**Bond Repayment and Share Issuance Deed**") with The Ephraim Heller Separate Property Trust, Toe Teow Heng, Kuah Ann Thia, Tanhum Feld, Malcolm Koo Chin Wei, Ho Kin Yan, Gary McCord, Kenneth B. Landis and Peter J. Younger (collectively "**Bondholders**") (save for Tan Chin Hwee amounting to US$0.35 million which will be fully settled in cash) for settlement of the first tranche of the Bonds.

2. SALIENT TERMS

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

(a) The Bondholders shall accept, in lieu of cash repayment, the allotment and issue of an aggregate 108,075,188 new ordinary shares in the capital of the Company ("**Due Shares**") at an issue price of S$0.06876 per Due Share ("**Issue Price**") as full and final settlement of the Due Amount.

(b) In consideration of the Bondholders agreeing to waive cash repayment:

(i) the Company shall pay to the Bondholders an aggregate additional amount of US$512,500 (equivalent to 10 per cent (%) of the Due Amount) ("**Additional Amount**"), which Additional Amount will also be satisfied by way of the Company allotting and issuing an aggregate 10,807,518 new ordinary shares in the capital of the Company ("**Additional Shares**") to the Bondholders at the Issue Price; and

(ii) the Qualifying Exit Event (as defined below) under the Bond Agreement will further be varied in respect of the Due Amount such that:

(1) the maturity date for the Qualifying Exit Event is extended for twelve (12) months from 30 September 2017 to 29 September 2018;

(2) the Qualifying Exit Event payout will be an amount equivalent to either (aa) the Due Amount invested by such Bondholder under the Bond Agreement if there is a Qualifying Exit Event on or before 30 September 2017; or (bb) 75 per cent (%) of the Due Amount invested by such Bondholder under the Bond Agreement if there is a Qualifying Exit Event after 30 September 2017 and prior to (including) 29 September 2018; and

(3) where: (aa) the consideration received by the Company for the Qualifying Exit Event is in cash, the Qualifying Exit Event payout shall be made to the Bondholders in cash; (bb) the consideration received by the Company for the Qualifying Exit Event is in securities, the Qualifying Exit Event payout shall be made to the Bondholders in securities (based on the same valuation of such securities received by the Company); and (cc) the consideration received by the Company for the Qualifying Exit Event is partly in cash and partly in securities, the Qualifying Exit Event payout shall be made to the Bondholders in the same proportions of cash and securities

Under the 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 in the event of completion of a Qualifying Exit Event and the Company receiving full proceeds on completion of such Qualifying Exit Event, the Company will pay to each Bondholder an amount equivalent to two (2) times of the principal amount subscribed by such Bondholder.

(c) Each Bondholder undertakes to the Company that on satisfaction of all the principal amounts of the Bonds invested by the Bondholder under the Bond Agreement by the Company, the Bondholder shall execute, complete and deliver all documents, agreements and deeds as may be required by the Company to discharge and release fully and absolutely all security interest (including any charge, debenture and mortgage) over the Group's assets (including intellectual properties) which the Bondholder may hold in connection with the Bond Agreement (and in the event the Bondholder shall fail to do so, it/he shall be deemed to have appointed any director of the Company as its/his agent with full power to execute, complete and deliver the same, in the name and on behalf of the Bondholder).

(d) The exchange rate of US$1.00 to S$1.45 shall be applied for any conversion of currency and satisfaction of payment obligations herein.

3. ISSUE PRICE

The Issue Price represents a discount of approximately 10% to the volume weighted average price of S$0.0764 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 18 January 2017, and was arrived at following arm's length negotiations between the Company and the Bondholders.

4. DETAILS ON THE NEW SHARES

The Due Shares and Additional Shares (collectively "**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 ("**AGM**") held on 28 April 2016 for the issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2016 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 928,389,037 Shares and as at 18 January 2017, 43,783,512 new Shares have been issued from the conversion of convertible bonds and the exercise of options which were 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 18 January 2017 is 972,172,549 Shares, of which the maximum number of Shares to be issued other than on a *pro rata* basis is 486,086,274 Shares. The Company had on 19 December 2016 issued 29,765,346 Shares for settlement of certain short-terms loans amounting to S$2,991,417 at an issue price of S$0.1005, further details of which can be found in the Company's announcement on the SGXnet dated 19 December 2016. As such, the remaining number new Shares that may be issued other than on a *pro rata* basis is 456,320,928. Accordingly, the allotment and issuance of 118,882,706 New Shares falls within the limits of the Share Issue Mandate.

On completion of the allotment and issuance of 118,882,706 Shares ("**Completion**"), the Company's issued and paid-up share capital will increase from 1,052,293,209 Shares ("**Existing Share Capital**") to 1,171,175,915 Shares ("**Enlarged Share Capital**"). The New Shares represents 11.30% of the Existing Share Capital and approximately 10.15% 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.

5. ADDITIONAL LISTING APPLICATION

The New Shares will be issued to the Bondholders and will not be issued to any of the 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 Bondholders is to be made within three (3) business days of the Company obtaining the Listing Approval.

6. BONDHOLDERS

On Completion, the New Shares will be allotted and issued to the following Bondholders as follows:

Bondholder	*Due Amount (US$)*	*No. of Due Shares in consideration of Due Amount*	*Additional Amount (US$)*	*No. of Additional Shares in consideration of Additional Amount*	*Aggregate No. of New Shares*
The Ephraim Heller Separate Property Trust	125,000	2,635,980	12,500	263,598	2,899,578
Toe Teow Heng	1,500,000	31,631,763	150,000	3,163,176	34,794,939
Kuah Ann Thia	1,500,000	31,631,763	150,000	3,163,176	34,794,939
Tanhum Feld	1,000,000	21,087,842	100,000	2,108,784	23,196,626
Malcolm Koo Chin Wei	150,000	3,163,176	15,000	316,318	3,479,494
Ho Kin Yan	250,000	5,271,960	25,000	527,196	5,799,156
Gary McCord	175,000	3,690,372	17,500	369,037	4,059,409
Kenneth B. Landis	175,000	3,690,372	17,500	369,037	4,059,409
Peter J. Younger	250,000	5,271,960	25,000	527,196	5,799,156
TOTAL	5,125,000	108,075,188	512,500	10,807,518	118,882,706

7. RATIONALE

The Bond Repayment and Share Issuance Deed is in the best interest of the Company as it will enable the Company to settle the Due 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 Bondholders with shareholders of the Company, and demonstrates their confidence in the future and prospect of the Company.

8. FINANCIAL EFFECTS

Assumptions

The pro forma financial effects of Completion 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 Completion.

The pro forma financial effects of Completion are calculated based on the latest unaudited financial statements of the Group for the nine (9) months' financial period ended 30 September 2016 ("**9M2016**") and the following assumptions:

(a) that Completion had taken place on 30 September 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 the issuances of 91,782,014 Shares between 1 October 2016 and 18 January 2017 had all been issued on 1 January 2016.

NLV per Share

	Before Completion	*After Completion*
NLV (US$'000)	(6,013)	(375)
Number of Shares ('000)	1,051,933	1,170,816
NLV per Share (US cents)	(0.01)	<(0.01)

LPS

	Before Completion	*After Completion*
Loss after tax attributable to shareholders (US$'000)	(1,177)	(1,177)
Weighted average number of Shares (excluding treasury Shares) ('000)	1,011,105	1,129,988
LPS (US cents)	(0.001)	(0.001)

9. 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 settlement of the Due Amount and the payment of an Additional Amount 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 7 above.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the 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
19 January 2017

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Ptd. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**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.