

CIRCULAR DATED 18 MAY 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS CIRCULAR OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of QT Vascular Ltd. (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. 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 Circular.

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

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.

QTVascular

QT VASCULAR LTD

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

CIRCULAR TO SHAREHOLDERS

in relation to

THE POTENTIAL TRANSACTION INVOLVING THE DISPOSAL OF CERTAIN ASSETS OF THE GROUP RELATING TO THE UNCOATED PERIPHERAL PRODUCTS

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	31 May 2017 at 8.00 a.m.
Date and time of Extraordinary General Meeting	:	2 June 2017 at 8.00 a.m.
Place of Extraordinary General Meeting	:	3A International Business Park #09-10/11/12 ICON @ IBP Tower B Singapore 609935

CONTENTS

DEFINITIONS.....	3
1. INTRODUCTION	8
2. THE POTENTIAL TRANSACTION.....	8
3. SERVICE AGREEMENT.....	14
4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	14
5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE POTENTIAL TRANSACTION.....	15
6. DIRECTORS' RECOMMENDATION	15
7. EXTRAORDINARY GENERAL MEETING	15
8. ACTION TO BE TAKEN BY SHAREHOLDERS	15
9. DIRECTORS' RESPONSIBILITY STATEMENT.....	16
10. DOCUMENTS AVAILABLE FOR INSPECTION	16
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	17
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context requires otherwise or unless otherwise stated:

<i>"2005 Stock Plan"</i>	:	The TriReme US share option plan
<i>"2010 Equity Incentive Plan"</i>	:	The Quattro Vascular share option plan
<i>"2014 QTV ESOS"</i>	:	The employee share option scheme adopted by the Company on 9 April 2014
<i>"Act" or "Companies Act"</i>	:	The Companies Act (Chapter 50) of Singapore as may be amended or modified from time to time
<i>"Agreement"</i>	:	The asset purchase option agreement dated 11 May 2017 entered into between the Sellers, Medtronic and its affiliate to provide Medtronic with the option to purchase certain assets relating to the Uncoated Peripheral Products
<i>"Associate"</i>	:	<ul style="list-style-type: none">(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:<ul style="list-style-type: none">(i) his immediate family;(ii) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<i>"Board" or "Board of Directors"</i>	:	The board of directors of the Company as at the date of this Circular
<i>"Bond Repayment and Share Issuance Deeds"</i>	:	The bond repayment and share issuance deeds dated 18 January 2017 and 16 March 2017 entered into between the Company and various bond holders to settle certain bond obligations via the issuance of new Shares
<i>"Business Agreements"</i>	:	Has the same meaning as ascribed to it in Section 2.4.4 of this Circular
<i>"Call Option Buyback Date"</i>	:	Sellers right to terminate the Agreement within ninety (90) days after an Option Expiration Date only when it receives a written offer for a change in control transaction from a third party
<i>"Catalist"</i>	:	The sponsor-supervised listing platform of the SGX-ST

DEFINITIONS

<i>“Catalist Rules”</i>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended or modified from time to time
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 18 May 2017 in respect of the Potential Transaction
<i>“Company” or “QT Vascular”</i>	:	QT Vascular Ltd.
<i>“Constitution”</i>	:	The constitution of the Company
<i>“Controlling Shareholder”</i>	:	A person who (i) holds directly or indirectly 15.0% or more of the total number of issued Shares excluding treasury shares in the Company (the SGX-ST may determine that a person who satisfies the above is not a Controlling Shareholder); or (ii) in fact exercises control over the Company
<i>“Director”</i>	:	A director of the Company as at the Latest Practicable Date
<i>“EGM”</i>	:	The extraordinary general meeting of the Company to be held on 2 June 2017, notice of which is set out in pages 17 and 18 of this Circular
<i>“EPS”</i>	:	Earnings per Share
<i>“FDA”</i>	:	US Food and Drug Administration
<i>“FY”</i>	:	Financial year ended or ending 31 December (as the case may be)
<i>“FY2016”</i>	:	Audited consolidated financial statements of the Group for the financial year ended 31 December 2016
<i>“Group”</i>	:	The Company and its subsidiaries, collectively
<i>“Inventors”</i>	:	Messrs Eitan Konstantino and Tanhum Feld
<i>“IP”</i>	:	Intellectual property
<i>“IP Assignments”</i>	:	Has the same meaning as ascribed to it in Section 2.4.3(f) of this Circular
<i>“Latest Practicable Date”</i>	:	12 May 2017, being the latest practicable date prior to the printing of this Circular
<i>“Loan Closing Date”</i>	:	The disbursement date of the loan by Medtronic, as more particularly described in Section 2.4.5 of this Circular
<i>“LPS”</i>	:	Loss per Share
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value

DEFINITIONS

<i>“Notice of EGM”</i>	:	The notice of EGM which is set out on pages 17 and 18 of this Circular
<i>“NTA”</i>	:	Net tangible asset
<i>“Medtronic”</i>	:	Medtronic, Inc., a corporation incorporated in Minnesota (USA), together with its affiliate, Covidien AG, a company incorporated in Switzerland
<i>“Option Expiration Date”</i>	:	Has the same meaning as ascribed to it in Section 2.4 of this Circular
<i>“Option Trigger”</i>	:	Has the same meaning as ascribed to it in Section 2.4 of this Circular
<i>“PAD”</i>	:	Peripheral artery disease
<i>“Peripheral” or “Periphery”</i>	:	Means the treatment, prevention, diagnosis or management of diseases in the peripheral vasculature, including any treatment consistent with the FDA cleared indications of Chocolate® PTA, globally (outside of US) approved indications and including arteriovenous fistula and arteriovenous graft applications, but specifically excluding the treatment, prevention, diagnosis, or management of diseases in the coronary vasculature system.
<i>“PMDA”</i>	:	Pharmaceuticals and Medical Device Agency of Japan
<i>“PMDA Expert Panel Notice”</i>	:	The <i>Senmon Kyogi</i> , an official notification from the PMDA indicating that an Uncoated Peripheral Product will be subject to a review by an expert panel or an advisory committee of outside experts with the intent of providing independent advice on the regulatory submission
<i>“PTCA”</i>	:	Percutaneous transluminal coronary angioplasty
<i>“PTA”</i>	:	Percutaneous transluminal angioplasty
<i>“Potential Transaction”</i>	:	The proposed disposal of the Sale Assets
<i>“QTV 2013 Share Plan”</i>	:	The share option plan adopted by the Board following the completion of steps 1 to 7 of the Restructuring Exercise
<i>“QTV Restricted Share Plan”</i>	:	QT Vascular Restricted Share Plan 2015
<i>“Quattro Vascular”</i>	:	Quattro Vascular Pte. Ltd., the Company’s wholly-owned subsidiary
<i>“Repayment Agreements”</i>	:	The repayment agreements dated 22 March 2017 entered into between the Company and, various third parties and employees of the Company to settle certain short term loans and trade payables with the issuance of the Company’s shares
<i>“Restructuring Exercise”</i>	:	Collectively, steps 1 to 10 of the section entitled “Restructuring Exercise and Additional Capitalisation” of the Company’s offer document dated 16 April 2014

DEFINITIONS

<i>“Sale Assets”</i>	:	Has the same meaning as ascribed to it in Section 2.2 of this Circular
<i>“Securities Accounts”</i>	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
<i>“Sellers”</i>	:	QT Vascular, TriReme US, Quattro Vascular and TriReme SG
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	The registered holders of Shares except that where the registered holder is CDP, the term <i>“Shareholders”</i> in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
<i>“Shares”</i>	:	Ordinary shares in the issued share capital of the Company
<i>“Substantial Shareholder”</i>	:	A person who has an interest or interests in voting Shares in the Company representing not less than 5.0% of all the voting Shares
<i>“Three Share Plans”</i>	:	Collectively, the 2005 Stock Plan, the 2010 Equity Incentive Plan and the QTV 2013 Share Plan
<i>“TriReme SG”</i>	:	TriReme Medical (Singapore) Pte. Ltd., the Company’s wholly-owned subsidiary
<i>“TriReme US”</i>	:	TriReme Medical, LLC, the Company’s wholly-owned subsidiary, a Delaware limited liability company and its predecessor TriReme Medical, Inc., a Delaware corporation
<i>“Uncoated Peripheral Products”</i>	:	Non-drug coated Chocolate® PTA Balloon Catheter products for use in the Periphery
<i>“United States” or “US”</i>	:	The United States of America
<i>“S\$” and “Singapore cents”</i>	:	Singapore dollars and cents respectively
<i>“US\$” and “US cents”</i>	:	United States dollars and cents respectively
<i>“%”</i>	:	Percentage and per centum

The terms *“Depository”*, *“Depository Agent”* and *“Depository Register”* shall have the meanings as ascribed to it in Section 81SF Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural where the context admits and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender where the context admits and *vice versa*. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

The terms *“subsidiary”*, *“wholly-owned subsidiary”* and *“related corporation”* shall have the meanings as ascribed to it in Sections 5, 5B and 6 of the Act.

DEFINITIONS

Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified or re-enacted. Any word defined under the Act, the Catalist Rules or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Act, the Catalist Rules or any such statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any references to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders.

Exchange Rates

Unless otherwise stated, the exchange rate between US\$ and S\$ was US\$1 to S\$1.4066 as at the Latest Practicable Date. This exchange rate should not be construed as a representation that the US\$ amounts could have been, or could be, converted into Singapore dollars at the rate stated, or at all, and *vice versa*.

LETTER TO SHAREHOLDERS

QT VASCULAR LTD

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

Board of Directors:

Eitan Konstantino (*Chief Executive Officer*)
Mark Allen Wan (*Non-Independent Non-Executive Director*)
Gregory David Casciaro (*Independent Director*)
Sho Kian Hin (*Independent Director*)
Amir Belson (*Independent Director*)
Gary Ng Sin Tong (*Executive Director*)

Registered Office:

3A International Business Park
#09-10/11/12 ICON @ IBP Tower B
Singapore 609935

18 May 2017

To: The Shareholders of QT Vascular Ltd.

Dear Sir/Madam,

THE POTENTIAL TRANSACTION INVOLVING THE DISPOSAL OF CERTAIN ASSETS OF THE GROUP RELATING TO UNCOATED PERIPHERAL PRODUCTS

1. INTRODUCTION

On 2 February 2017, the Company announced that it had entered into a distribution agreement with Medtronic for the worldwide distribution of its Chocolate® PTA catheter for a period of five years and automatically renewable for two additional one-year periods.

On 12 May 2017, the Company further announced, amongst others, that the Group had entered into the Agreement with Medtronic and one of its affiliates, for which Medtronic has been granted the option to purchase the Sale Assets.

The purpose of this Circular is to provide Shareholders with information relating to the Agreement and the Potential Transaction, including the rationale for and benefits thereof to the Group, and to seek their approval for the same at the forthcoming EGM, notice of which is set out on pages 17 and 18 of this Circular.

2. THE POTENTIAL TRANSACTION

2.1 Information on the Purchaser

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.

LETTER TO SHAREHOLDERS

2.2 Information on the Sale Assets

Pursuant to the Agreement, Medtronic, *via* its affiliate, has the option to acquire the following assets ("**Sale Assets**"), which comprise the following Uncoated Peripheral Products and their licence intellectual property for worldwide design, engineering, manufacturing, use, marketing, sale and distribution for use in the treatment, prevention, diagnosis or management of diseases in the peripheral vasculature and excluding coronary and drug coated products:

Product Name	Description
Chocolate® PTA Balloon Catheter	Chocolate® PTA is a unique PTA balloon that is currently approved for the treatment of PAD. It is designed to provide atraumatic dilation in the treatment of blocked arteries. Its unique nitinol constraining structure design creates uniform "pillows" that make contact with the vessels and "valleys" that allow for plaque modification and are designed to relieve stress upon inflation. The constraining structure reduces the shear stress placed on the vessel during inflation, ensures uniform balloon expansion and prevents distortion and over-stretching of the vessel.

Chocolate® PTA Balloon Catheter contributed 37.92% and 35.56% to the Group's revenue and gross profit, respectively based on the Group's latest audited financial statements for FY2016.

The NAV and NTA of the Sale Assets as recorded in the Group's audited financial statements as at 31 December 2016, was US\$1.30 million and US\$0.99 million respectively.

2.3 Consideration and Terms of Payment

Under the Agreement, upon exercise of the option by Medtronic and on 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 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 closing of the Potential Transaction and (iii) payment for any prepaid inventory amount at the point of closing of the Potential Transaction.

The Consideration was negotiated on an arm's length basis, after taking into account the value of the Sale Assets.

The Consideration represents an excess of US\$26.70 million over the audited net asset value of the Sale Assets as at 31 December 2016 of US\$1.30 million, and the amount of gain on disposal from the Potential Transaction is estimated to be US\$26.70 million.

The Company intends to utilize the net proceeds from the Potential Transaction of approximately US\$25.25 million (after deducting estimated expenses relating to the Potential Transaction of approximately US\$1.50 million and the US\$1.25 million loan with Medtronic) for the further development of Chocolate Heart™, deployment in clinical trials of Chocolate Touch® in the US, pay down existing debts and liabilities, as well as for general working capital purposes.

2.4 Salient Terms of the Option

2.4.1 Exercise

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

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

LETTER TO SHAREHOLDERS

- (b) the date of receipt by the Sellers of the PMDA Expert Panel Notice or PMDA Regulatory Approval for the Uncoated Peripheral Products; 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**”).

If an Option Trigger occurs and Medtronic does not provide notice to the Sellers of its exercise of such option prior to its expiry date, Medtronic’s right to exercise the option with respect to such Option Trigger shall terminate but Medtronic shall continue to have the right to exercise the option if and when one of the other Option Triggers occurs.

Medtronic will further be entitled to exercise its option in the event that, following the expiry date of an Option Trigger (other than the final Option Trigger), Sellers receive a written offer signed by a third party (whether or not binding) for any change of control transaction (including any new third party becoming the beneficial owner of 50% or more of the outstanding securities issued by the Company), provided that if Medtronic does not exercise its option within 90 days of Sellers’ notice of any change in control transaction, the Company will be entitled to terminate the Agreement within 90 days by paying Medtronic a one-time cash payment of US\$7,500,000. If Sellers do not exercise such right by the Call Option Buyback Date, the Agreement will remain in effect until the expiry date of the final Option Trigger.

2.4.2 Option Period

The option is for a period of 5 years after the Loan Closing Date.

2.4.3 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 EGM for the Potential Transaction;
- (d) compliance by the Sellers of the terms of the Agreement;
- (e) the Sale Assets being free from all encumbrances; and
- (f) entry into variation agreements by the Group with 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 Agreement (“**IP Assignments**”).

The percentage of royalties to be paid under the existing agreements with the Inventors by the Company remain unchanged. The IP Assignments with the Inventors are made to obtain consent and conform with the terms in the licensing agreement with Medtronic, as further elaborated in Section 2.4.4(a) below.

The Audit Committee, having evaluated the terms of the IP Assignments with the Inventors, is of the opinion that the IP Assignments 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.

LETTER TO SHAREHOLDERS

2.4.4 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 Agreement, which includes the following agreements:

- (a) a licence agreement to grant certain intellectual property rights in connection with the Sale Assets to Medtronic, which licence is granted on an exclusive, irrevocable, worldwide, sublicensable, perpetual and royalty free basis, save for the payment of sales based royalties by Medtronic to the Inventors in accordance with the existing assignments of intellectual property owned by the Inventors to the Group as varied by the variation agreements mentioned in Section 2.4.3(f) of this Circular;
- (b) a transition services agreement to provide Medtronic with certain functional support and transitional services on an agreed cost plus basis in connection with the Sale Assets, commencing from Closing and for an initial term of two (2) years, and thereafter automatically renewed for one additional period of one (1) year, unless at least sixty (60) days' notice of earlier termination is given by Medtronic;
- (c) a product manufacturing and supply agreement to manufacture and supply Chocolate® PTA Balloon Catheter products for use in the Periphery on an agreed pricing to Medtronic until such time that it has established its own manufacturing capabilities, commencing from Closing and for an initial term of two (2) years, and thereafter automatically renewed for one additional period of one (1) year, unless at least sixty (60) days' notice of earlier termination is given by Medtronic; and
- (d) a quality agreement to regulate the quality of Chocolate® PTA Balloon Catheter products and components supplied to Medtronic for so long as such products and components are being supplied.

(collectively, the “**Business Agreements**”)

2.4.5 Loan Agreement

Concurrent with the Agreement, the Company has also entered into a loan and security agreement with Medtronic whereby Medtronic will 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 disbursement of the loan under the loan and security agreement is subject to Shareholders' approval being obtained in respect of the Potential Transaction.

The loan will be applied by the Company for working capital purposes (including costs and expenses associated with the Agreement) and is secured by certain non-IP related Sale Assets.

2.5 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™, which includes further studies and clinical trials. Although CE Mark has been obtained for Chocolate Heart™, the Group has yet to commence the sale of Chocolate Heart™ as further development is required to support the commercialization of this product.

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.

LETTER TO SHAREHOLDERS

2.6 Rationale for the Potential Transaction

The area of peripheral arterial disease remains very much under-treated. While stents are used to treat some of these patients, there is a growing preference for therapies such as drug-coated balloons and atherectomy that do not involve placing a permanent implant. As such, the rapid adoption of drug-coated balloons continues. Sales of drug-coated balloons are estimated to have surpassed US\$300 million in 2016 in the US market¹ and the global market will surpass \$1 billion in sales by 2020².

The Company is well positioned to benefit from the increased adoption of drug-coated balloons. Chocolate Touch® has received full FDA clearance to conduct pivotal trials in the US. Barring unforeseen circumstances, upon FDA's approval for sale in the US, Chocolate Touch® would be the 4th such device to be approved in the US. The final results of Chocolate Touch®'s first-in-human trials are similar to the best-in-class devices.

The proposed sale of the Uncoated Peripheral Products under the 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 IDE approval from the FDA and its coronary portfolio with both drug coated and non-drug coated products.

The 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 proposed 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®.

2.7 Relative Figures under Rule 1006 of the Catalist Rules

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Potential Transaction and based on the latest audited financial statements of the Group for FY2016 are as follows:

Rule 1006	Base	Relative Figure
(a)	The net asset value of the Sale Assets to be disposed of, compared with the Group's net liability.	(12.76) % ¹
(b)	The net loss attributable to the Sale Assets to be disposed of, compared with the Group's net loss.	8.51% ²
(c)	The aggregate value of the consideration received, compared with the Company'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 Company 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 proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁵

¹ Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Analyst report on Biomedical Devices and Services industry, 23 January 2017

² Jason Mills & Cecilia Furlong, Canaccord Genuity Inc. Analyst report on Spectranetics flash update report, 24 January 2017

LETTER TO SHAREHOLDERS

Notes:

- (1) Computed based on the net asset value of the Sale Assets of US\$1.30 million as at 31 December 2016 and the net liabilities of the Group of US\$10.20 million as at 31 December 2016.
- (2) Computed based on the net loss attributable to the Sale Assets of US\$1.02 million and net loss of the Group of US\$11.98 million.
- (3) Computed based on the Consideration for the Potential Transaction being US\$28.0 million (S\$39.2 million) and the Company's market capitalisation of approximately S\$40.8 million (US\$29.1 million), which is computed based on the volume weighted average price of S\$0.0311 on 9 May 2017 (being the last full market day preceding the date of the Agreement) and the Company's issued share capital of 1,310,858,710 ordinary shares). The aforementioned financial effects are computed using the exchange rate of US\$1 to S\$1.40.
- (4) Not applicable to a disposal of assets.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

Having regard to the above, the Potential Transaction constitutes a "Major Transaction" under Chapter 10 of the Catalist Rules as the relative figures under Rules 1006(c) exceeds 50%. Accordingly, the Potential Transaction is subject to Shareholders' approval at the EGM.

2.8 Financial Effects of the Potential Transaction

The financial effects of the Potential Transaction on the Group as set out below are **for illustrative purposes only** and do not reflect the actual financial performance or position of the Group after the Potential Transaction.

The following financial effects of the Potential Transaction are computed based on the latest audited consolidated financial statements of the Group for FY2016 and the following bases and assumptions:

- (a) the financial effects on the NAV and NTA per Share is computed based on the assumption that the Potential Transaction and the issuance of an aggregate of 272,852,360 Shares between 1 January 2017 and up to the Latest Practicable Date pursuant to the exercise of options under the Three Share Plans and 2014 QTV ESOS, vesting of share awards under the QTV Restricted Share Plan, Bond Repayment and Share Issuance Deeds and Repayment Agreements ("**Additional Share Issuance**") were completed on 31 December 2016; and
- (b) the financial effect on the LPS/EPS is computed based on the assumption that the Potential Transaction and the Additional Share Issuance were completed on 1 January 2016.

NAV per Share

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

NTA per Share

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

LETTER TO SHAREHOLDERS

(LPS)/EPS

	Before Potential Transaction	After Potential Transaction
(Loss)/Profit attributable to equity holders of the Company (US\$'000)	(11,978)	13,331
Weighted average number of issued Shares	1,208,305	1,208,305
(LPS)/EPS (US cents)	(0.01)	0.01

3. SERVICE AGREEMENT

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

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders of the Company in the Shares based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(⁽¹⁾)	No. of Shares	%(⁽¹⁾)	No. of Shares	%(⁽¹⁾)
Directors						
Dr Eitan Konstantino	23,711,785	1.81	-	-	23,711,785	1.81
Mark Allen Wan ⁽²⁾	-	-	157,284,444	12.00	157,284,444	12.00
Gregory David Casciaro	960,642	0.07	-	-	960,642	0.07
Sho Kian Hin	1,150,146	0.09	-	-	1,150,146	0.09
Amir Belson	2,350,434	0.18	-	-	2,350,434	0.18
Ng Sin Tong Gary	1,669,971	0.13	-	-	1,669,971	0.13
Substantial Shareholders (other than Directors)						
Three Arch Partners ⁽³⁾	153,887,339	11.74	-	-	153,887,339	11.74
Three Arch Management ⁽⁴⁾	-	-	157,284,444	12.00	157,284,444	12.00
Luminor Pacific Fund 1 ⁽⁵⁾	102,120,176	7.79	-	-	102,120,176	7.79
Luminor Capital ⁽⁵⁾	-	-	102,120,176	7.79	102,120,176	7.79
BMSIF ⁽⁶⁾	66,596,116	5.08	-	-	66,596,116	5.08
EDB Investments ⁽⁶⁾	-	-	66,596,116	5.08	66,596,116	5.08
Bio*One Capital ⁽⁶⁾	-	-	66,596,116	5.08	66,596,116	5.08
EDBI ⁽⁶⁾	-	-	66,596,116	5.08	66,596,116	5.08
EDB ⁽⁶⁾	-	-	66,596,116	5.08	66,596,116	5.08

Notes:

- (1) The percentages in the table are calculated based on 1,310,858,710 Shares as at the Latest Practicable Date.
- (2) Mark Allen Wan is a managing member of Three Arch Management, the general partner of Three Arch Partners and Three Arch Associates and is deemed to have share voting and dispositive power over the shares held by Three Arch Partners and Three Arch Associates. Accordingly, Mark Allen Wan is deemed interested in 153,887,339 Shares held by Three Arch Partners and 3,397,105 Shares held by Three Arch Associates.
- (3) 3,457,000 shares are held in the name of UOB Kay Hian Pte Ltd and 150,430,339 shares are held in the name of Citibank Nominees Singapore Pte Ltd.

LETTER TO SHAREHOLDERS

- (4) Three Arch Management is the general partner of Three Arch Partners and Three Arch Associates. Accordingly, Three Arch Management is deemed interested in 153,887,339 Shares held Three Arch Partners and 3,397,105 Shares held by Three Arch Associates.
- (5) Luminor Capital is the investment manager of Luminor Pacific Fund 1. Accordingly, Luminor Capital is deemed interested in the 102,120,176 Shares held by Luminor Pacific Fund 1.
- (6) BMSIF is a wholly-owned subsidiary of EDB Investments. Bio*One Capital is the fund manager of BMSIF and is wholly-owned by EDBI. EDB Investments and EDBI are in turn wholly-owned by EDB. Accordingly, EDB Investments, Bio*One Capital, EDBI and EDB are deemed interested in 66,596,116 Shares held by BMSIF.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE POTENTIAL TRANSACTION

Save as disclosed, none of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Potential Transaction, other than through their respective shareholdings in the Company.

6. DIRECTORS' RECOMMENDATION

The Directors, having considered, *inter alia*, the terms, rationale and benefits of the Potential Transaction, are of the opinion that the Potential Transaction is in the best interests of the Company and recommend that Shareholders vote in favour of the ordinary resolution in relation to the Potential Transaction as set out in the Notice of EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 17 and 18 of this Circular, will be held at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 on 2 June 2017 at 8.00 a.m., for the purpose of considering and, if thought fit, passing, with or without any modification, the ordinary resolution in respect of the Potential Transaction as set out in the Notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Registered Office of the Company at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935, not later than 48 hours before the time appointed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Potential Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information contained in this Circular has been extracted from published or otherwise

LETTER TO SHAREHOLDERS

publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of the Company at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the Constitution of the Company;
- (ii) the annual report of the Company for FY2016; and
- (iii) the Agreement.

Yours faithfully

For and behalf of the Board of Directors of
QT Vascular Ltd.

Eitan Konstantino
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

QT VASCULAR LTD

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of QT Vascular Ltd. (the “**Company**”) will be held at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 on 2 June 2017 at 8.00 a.m. for the purpose of considering and, if thought fit, passing by poll, with or without any modifications, the following ordinary resolution:

All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the Circular to the shareholders of the Company dated 18 May 2017.

ORDINARY RESOLUTION: THE POTENTIAL TRANSACTION INVOLVING THE DISPOSAL OF CERTAIN ASSETS OF THE GROUP RELATING TO THE UNCOATED PERIPHERAL PRODUCTS

That:

- (a) approval be and is hereby given for the Potential Transaction involving the disposal of the Uncoated Peripheral Products and their licence intellectual property for worldwide design, engineering, manufacturing, use, marketing, sale and distribution for use in the treatment, prevention, diagnosis or management of diseases in the peripheral vasculature and excluding coronary and drug coated products in accordance with the terms and subject to the conditions of the Agreement; and
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and to do all acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider necessary or expedient for the purposes of or in connection with and/or to give effect to this resolution.

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary
18 May 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified)

“Relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company. An instrument appointing a proxy must be deposited at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the EGM or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

QT VASCULAR LTD

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

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For SRS investors who have used their SRS monies to buy QT Vascular Ltd. shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We, _____ (Name), (NRIC/Passport No.) _____

of _____ (Address)

being a member(s) of **QT VASCULAR LTD.** (the “**Company**”) hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

or failing whom the Chairman of the Extraordinary General Meeting (the “**Meeting**”) as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 on 2 June 2017 at 8.00 a.m.. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	ORDINARY RESOLUTION	Number of votes For*	Number of votes Against*
1	THE POTENTIAL TRANSACTION INVOLVING THE DISPOSAL OF CERTAIN ASSETS OF THE GROUP RELATING TO THE UNCOATED PERIPHERAL PRODUCTS		

* If you wish to exercise all your votes “**For**” or “**Against**” the above resolution, please tick “√” within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of May 2017

Total Number of Shares held (see Note 1)	
CDP Register	
Member’s Register	
TOTAL	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



PROXY FORM

Notes to Proxy Form

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2.
 - (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. An instrument appointing a proxy must be deposited at 3A International Business Park, #09-10/11/12 ICON @ IBP Tower B, Singapore 609935 not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.