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

PROPOSED ISSUE OF 8% CONVERTIBLE BONDS DUE IN 2017/2018 IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO US$13.14 MILLION ("BONDS ISSUE")

1. INTRODUCTION

The Board of Directors ("**Board**") of the Company wishes to announce that the convertible bond subscription agreement with ICH Gemini Asia Growth Fund Pte Ltd, Toe Teow Heng, Toe Teow Teck and Kuah Ann Thia dated 30 June 2015 has been formally terminated due to non-satisfaction of certain conditions in the aforementioned convertible bond subscription agreement.

In its place, the Company had today entered into a new convertible bond subscription agreement ("**Agreement**") with 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 (each an "**Investor**" and collectively "**Investors**"), pursuant to which the Company has agreed to issue and the Investors have agreed to subscribe for 8% convertible bonds due in 2017/2018 in the aggregate principal amount of up to US$13.14 million ("**Bonds**") in the proportion set out in paragraph 3.2 below.

The Company, together with its subsidiaries, is collectively referred to herein as the "**Group**".

2. PURPOSE

As at 31 March 2015, the Company and its subsidiaries (collectively "**Group**") have a net cash balance of US$9.7 million.

The Company is proposing to undertake the Bonds Issue to raise additional funding to strengthen the financial position of the Group and allow it to focus more resources on developing its Drug Coated Chocolate® platform further.

The Bonds proceeds may also be applied, where deemed necessary by the Company, towards payment of litigation costs and expenses incurred by the Group in connection with the ongoing litigation by AngioScore, Inc. ("**Angioscore**") as previously announced by the Company, provided that no Bonds proceeds shall be utilised for the payment of any final damages (if) awarded to Angioscore by a court of final judgement.

3. SALIENT TERMS

3.1. Tranches

The Bonds will be issued at 100.0% of the principal amount in three (3) tranches as follows:

(a) the first tranche of US$5.475 million falling within three (3) business days from the date on which the first tranche conditions precedent stated in Section 3.3 below are satisfied;

(b) the second tranche of US$5.475 million falling within three (3) business days from the date on which the second tranche condition precedents also stated in Section 3.3 are satisfied (provided that the second tranche shall not apply in the event completion of the first tranche does not take place); and

(c) at the sole option of each of the Investors, the third tranche of US$2.19 million falling within three (3) business days from the date of written notice by the Investors to the Company to subscribe for the same, provided that such notice shall be given no later than three (3) calendar months from the date of completion of the second tranche.

The Bonds will be issued in registered form, will not be listed and are non-transferrable.

3.2. Proportions

The Bonds Issue is made to the Investors in the following proportions:

Investor		Amount of Bonds
The Ephraim Heller Separate Property Trust	:	First Tranche: US$125,000 Second Tranche: US$125,000 Third Tranche: US$50,000
Toe Teow Heng	:	First Tranche: US$1,500,000 Second Tranche: US$1,500,000 Third Tranche: US$600,000
Kuah Ann Thia	:	First Tranche: US$1,500,000 Second Tranche: US$1,500,000 Third Tranche: US$600,000
Tanhum Feld	:	First Tranche: US$1,000,000 Second Tranche: US$1,000,000 Third Tranche: US$400,000
Malcolm Koo Chin Wei	:	First Tranche: US$150,000 Second Tranche: US$150,000 Third Tranche: US$60,000
Ho Kin Yan	:	First Tranche: US$250,000 Second Tranche: US$250,000 Third Tranche: US$100,000
Gary McCord	:	First Tranche: US$175,000 Second Tranche: US$175,000 Third Tranche: US$70,000
Tan Chin Hwee	:	First Tranche: US$350,000 Second Tranche: US$350,000 Third Tranche: US$140,000
Kenneth B. Landis	:	First Tranche: US$175,000 Second Tranche: US$175,000 Third Tranche: US$70,000
Peter J. Younger	:	First Tranche: US$250,000 Second Tranche: US$250,000 Third Tranche: US$100,000

3.3. Conditions Precedent

The obligation of the Investors to subscribe and pay for the first tranche Bonds is subject to the following conditions precedent:

(a) at the closing date (i) all the representations and warranties of the Company set forth in the Agreement shall be accurate and correct and not misleading in all respects at, and as

if made on, the closing date; (ii) the Company shall have performed all of its undertakings or obligations under the Agreement required to be performed by it on or before the closing date;

(b) the results of the due diligence exercise being to the satisfaction of the Investors (at their sole discretion);

(c) the Investors being reasonably satisfied that, on the closing date, there is no material adverse change occurring in the prospects, results of operations or financial conditions of the Company, or the Group taken as a whole;

(d) the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of new ordinary shares in the capital of the Company ("**Shares**") on the SGX-ST arising from any conversion of the Bonds and all other consents, approvals and authorizations having been obtained by the Company and the same continuing to be in full force and effect; and

(e) the execution of security documents on terms agreed between the Investors and the Company in respect of specified patents of the Group, to secure the obligations of the Company under the Bonds. For the avoidance of doubt, in the event of any enforcement of such security, the Investors will only be entitled to recover the amounts owing to them under the Bonds and not any excess thereof.

The obligation of the Investors to subscribe and pay for the second tranche Bonds is subject to the following conditions precedent:

(i) the Company having appointed a reputable investment bank and issued an offering memorandum in relation to the subject matter of a Qualifying Exit Event (as defined below) to potentially interested parties by no later than the date falling three (3) months from the date of the Agreement; and

(ii) commitment by the Company that there will be no material changes to the key personnel of the Group.

3.4. Maturity Date

The maturity date of the Bonds is the business day immediately following expiry of eighteen (18) calendar months from each closing date, which is extendable by another six (6) calendar months if agreed in writing by all the Investors ("**Maturity Date**").

3.5. Interest

The Bonds bear interest from the closing date of each tranche at the rate of 8.0% per annum, due and payable every six (6) months in arrears. Interest will cease to be payable on the Bonds in the event they are converted into Shares.

3.6. Conversion

At any time from the closing date, the Bonds may be converted (in its entirety or in part), at the option of the holder thereof, into Shares at a fixed conversion price of S$0.128 ("**Fixed Conversion Price**"). The Fixed Conversion Price represents a premium of 7.56% to the weighted average price for trades done on the SGX-ST on 24 July 2015, being the full market day on which the Agreement was signed, of S$0.119.

The Fixed Conversion Price will be adjusted in accordance with the terms and conditions of the Agreement if the Company varies its share capital.

The Conversion Shares, when issued, will be valid, fully-paid, free from any mortgage, charge , pledge , lien, option, restriction, right of first refusal, right of pre-emption, third party right, or

interest, other encumbrance or security interest of any kind or any type of agreement or arrangement having similar effect and shall rank *pari passu* in all respects with other Shares then in issue, except (for the avoidance of doubt) for any dividends, rights, allotments or other distributions, the record date for which is before the relevant conversion date of the Bonds.

3.7. Payment on Maturity

On Maturity Date, and irrespective of whether the Investors have converted their Bonds into Shares, the Company will pay to each Investor an amount equivalent to the principal amount of the Bonds subscribed by such Investor. Such amount will not be payable by the Company where the Investor has already received or is entitled to receive the payments in a Qualifying Exit Event.

3.8. Qualifying Exit Event

A "**Qualifying Exit Event**" shall mean any of the following events, provided that cumulatively such events involve an aggregate transaction size of equal to or more than S$75,000,000 ("**S$75m QEE Threshold**") and occur prior to the Maturity Date:

(a) entry by the Company into legally binding agreements for the sale of the Company and/or all or any of the Subsidiaries; or

(b) entry by the Company into legally binding agreements for the sale of a major asset or business of the Group.

In the event of completion of a Qualifying Exit Event, the Company receiving full proceeds on completion of such Qualifying Exit Event and the S$75m QEE Threshold having been crossed, the Company will pay to each Investor an amount equivalent to two (2) times of the principal amount of the Bonds subscribed by such Investor. This is irrespective of whether the Investors have converted their Bonds into Shares prior thereto.

3.9. Board Seats

The Investors shall collectively be entitled to appoint up to two (2) nominee directors ("Investors' Directors") on the board of the Company provided that (i) such Investors shall ensure that such nominees satisfy any directorship requirements under the Catalist Rules, the Code of Corporate Governance 2012 and the applicable law; (ii) such nominees shall be subject to the approval of the nominating committee of the board of the Company ("Nominating Committee") and that if such approval not be given for any nominee, such Investors shall have to nominate another candidate for the Nominating Committee's consideration; and (iii) such nominees shall be subject to election by the Company's shareholders in accordance with the requirements of the Company's Memorandum and Articles of Association and all applicable laws and regulations (including the Companies Act (Cap. 50 of Singapore) and the Catalist Rules). In the event of any substitution or replacement of an Investors' Director, the requirements and procedure set out in the Agreement shall apply to such substitute or replacement Investors' Director. The Investors agree that Toe Teow Heng and Gary Ng Sin Tong (currently the Company's Director of Strategy & Capital Markets) shall be their choice of Investors' Directors.

4. INFORMATION ON THE INVESTORS

4.1. No placement agent has been appointed for the Bonds Issue. The Investors are introduced by the Company's Director of Strategy & Capital Markets, Mr Gary Ng. No commission or other payment was made by the Company to Mr Gary Ng for introducing the Investors for the Bonds Issue.

4.2. <u>The Ephraim Heller Separate Property Trust</u>

The Ephraim Heller Separate Property Trust is a trust based in California, the United States of America ("**USA**") with its registered address at 3465 N. Pines Way, Suite 104, PMB 218, Wilson, WY 83014, USA. The Ephraim Heller Separate Property Trust is a revocable living trust managed

by Mr Ephraim Heller who is the current CEO of SynAgile Corporation and was the founding CEO of Angioscore. The beneficiaries of the trust is Mr Ephraim Heller and Ms Kira Heller. As of the date hereof, the Ephraim Heller Separate Property Trust owns 0.13% of shares in the Company.

The Ephraim Heller Separate Property Trust is subscribing for the Bonds for pure investment purposes. It does not intend to acquire additional Shares such that its shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.3. Toe Teow Heng

Toe Teow Heng is an individual investor based in Singapore and is the CEO of ICH Group Ltd. As at the date hereof, he does not own any shares in the Company.

Toe Teow Heng is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.4. Kuah Ann Thia

Kuah Ann Thia is an individual investor based in Singapore and is the Managing Director of KT&T group of companies. As at the date hereof, he does not own any shares in the Company.

Kuah Ann Thia is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.5. Tanhum Feld

Tanhum Feld is an individual investor based in Israel and is the co-inventor of Chocolate®, one of the Group's key products. As at the date of hereof, he owns 1.45% of the shares in the Company.

Tanhum Feld is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.6. Malcolm Koo Chin Wei

Malcolm Koo Chin Wei is an individual investor based in Singapore and is the Managing Director, Head of Institutional Sales at CIMB Securities (Singapore) Pte Ltd. As at the date hereof, he does not own any shares in the Company.

Malcolm Koo Chin Wei is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.7. Ho Kin Yan

Ho Kin Yan is an individual investor based in Singapore. As at the date hereof, she does not own any shares in the Company.

Ho Kin Yan is subscribing for the Bonds for pure investment purposes. She does not intend to acquire additional Shares such that her shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.8. Gary McCord

Gary McCord is an individual investor based in USA and is the Vice President of Western Area US Sales of the Company's subsidiary, TriReme Medical, LLC. As at the date hereof, he owns 0.02% of the shares in the Company.

Gary McCord is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.9. Tan Chin Hwee

Tan Chin Hwee is an individual investor based in Singapore and founding partner in Asia for Apollo Global Management. As at the date of hereof, he owns 0.83% of the shares in the Company.

Tan Chin Hwee is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.10. Kenneth B. Landis

Kenneth B. Landis is an individual investor based in USA and owner of Landex Corp LLC. As at the date hereof, he does not own any shares in the Company.

Kenneth B. Landis is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.11. Peter J. Younger

Peter J. Younger is an individual investor based in USA and CEO of Novarii Investments LLC. As at the date hereof, he does not own any shares in the Company.

Peter J. Younger is subscribing for the Bonds for pure investment purposes. He does not intend to acquire additional Shares such that his shareholding in the Company upon conversion of the Bonds will reach 15% or more of the enlarged issued and paid-up share capital of the Company.

4.12. None of the Investors is a person in the categories set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

5. SHARE MANDATE

5.1. The Bonds and the Shares to be issued upon conversion of the Bonds ("**Conversion Shares**") will be issued pursuant to the general mandate given to the Directors by the shareholders of the Company by way of an ordinary resolution at the annual general meeting of the Company held on 30 April 2015, which authorised the Directors to allot and issue Shares and/or options, warrants, debentures or other instruments convertible into Shares (collectively "**Instruments**") not exceeding 100% of the total number of issued Shares (excluding treasury Shares), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to the Mandate (as defined below) does not exceed 50% of the total number of issued Shares (excluding treasury Shares) or such other limit as may be prescribed by the Catalist Rules as at the date of the Mandate ("**Mandate**").

5.2. As at the date of the Mandate, the Company had an issued and paid up share capital of 766,306,009 Shares and 104,401,030 options which were outstanding and/or subsisting. As at the date hereof, no Shares or Instruments were issued under the Mandate prior to the Bonds Issue. As such, the total number of Shares that may be issued under the Mandate is 870,707,039

Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 435,353,519 Shares.

5.3. Assuming that no adjustments will be made to the Fixed Conversion Price, based on the principal amount of the Bonds of US$13.14 million and a currency exchange rate of S$1.38 to US$1.00, the number of Conversion Shares that will be issued on a full conversion of the Bonds at the Fixed Conversion Price will be 141,665,625 ("**Full Conversion**"). This represents approximately 18.34% of the Company's issued share capital as at the date of this announcement and 15.50% of the Company's enlarged share capital assuming Full Conversion.

5.4. Assuming Full Conversion, the shareholding interests of the respective Investors will be as follows:

Investor	**Number of Shares held as at the date of this announcement**	**Maximum number of Conversion Shares that may be issued**	**As a percentage of the issued share capital of the Company as at the date of this announcement (1)**	**As a percentage of the enlarged issued share capital of the Company (2)**
The Ephraim Heller Separate Property Trust	1,029,024	3,234,375	0.55%	0.47%
Toe Teow Heng	-	38,812,500	5.03%	4.25%
Kuah Ann Thia	-	38,812,500	5.03%	4.25%
Tanhum Feld	11,174,336	25,875,000	4.80%	4.05%
Malcolm Koo Chin Wei	-	3,881,250	0.50%	0.42%
Ho Kin Yan	-	6,468,750	0.84%	0.71%
Gary McCord	163,950	4,528,125	0.61%	0.51%
Tan Chin Wee	6,413,665	9,056,250	2.00%	1.69%
Kenneth B. Landis	-	4,528,125	0.59%	0.50%
Peter J. Younger	-	6,468,750	0.84%	0.71%

Notes:

(1) Based on existing issued share capital of 772,270,777 Shares of the Company
(2) Based on enlarged issued share capital of 913,936,402 Shares of the Company

6. USE OF PROCEEDS

6.1. After deducting expenses of approximately US$0.10 million incurred by the Company in connection with the issuance of the Bonds, the net proceeds from the Bonds will be approximately US$13.04 million. The net proceeds are intended to be mainly used for research and development purposes amounting to US$7.85 million and the remaining US$5.19 million for general working capital purposes.

6.2. The reason for the allocation of use of the net proceeds as working capital purposes and research and development is to strengthen its financial position and to continue the development of the Company's Drug Coated Chocolate® platform, taking into account the working capital position of the Group of US$13.8 million as at 31 March 2015.

6.3. The net proceeds may also be applied, where deemed necessary by the Company, towards payment of litigation costs and expenses incurred by the Group in connection with the ongoing litigation by AngioScore, provided that no net proceeds shall be utilised for the payment of any final damages (if) awarded to AngioScore by a court of final judgement.

6.4. Pending the deployment of the net proceeds for the purposes mentioned above, they will be placed as deposits with financial institutions.

6.5. The Company will make announcements as to the use of the net proceeds as and when they are materially disbursed, and provide a status report on the use of the net proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where there is a material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation. Where the net proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the proceeds for working capital.

7. FINANCIAL EFFECTS OF THE BONDS ISSUE

7.1. The financial effects of the Bonds Issue and conversion are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the same.

7.2. As at the date hereof, the issue and paid up share capital of the Company is approximately US$133,675,000 comprising 772,270,777 Shares. Upon completion of the Bonds Issue and assuming full conversion of the Bonds into Shares, the Company's enlarged issued and paid-up share capital will be approximately US$146,815,000 comprising 913,936,402 Shares.

7.3. Based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 ("**FY2014**"), for illustrative purposes, the financial effects of the Bonds Issue on the Group are set out as follows:

(a) The net asset value per Share of the Group as at 31 December 2014, assuming the Bonds Issue had been effected on 31 December 2014 and further assuming that full conversion of the Bonds into Shares, would have increased from US$0.04 to US$0.05 per share; and

(b) The loss per Share of the Group for FY2014, assuming that the Bond issue had effected on 1 January 2014 and further assuming the full conversion of the Bond into Shares would have decreased from US$0.061 to US$0.049.

8. ADDITIONAL LISTING APPLICATION

8.1. The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd., will be making an application on behalf of the Company to the SGX-ST for the listing of and quotation for the Conversion Shares on Catalist of the SGX-ST.

8.2. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

8.3. The Bonds Issue is undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

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 above, the Company is proposing to undertake the Bonds Issue to raise additional funding to strengthen the Group's financial position and allow it to focus more resources on developing its Drug Coated Chocolate® platform further.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, and to the best of the Directors' knowledge, none of the substantial shareholders of the Company, have an interest, direct or indirect, in the Bonds Issue (other than arising from their shareholdings in the Company, if any).

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 80 Robinson Road, #02-00 Singapore 068898, for a period of three (3) months from the date hereof.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Bonds Issue and the Group, and the Directors 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 has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Bonds Issue will be completed as it is subjected to the fulfilment of terms and conditions set out in the Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisors.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
24 July 2015

*The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 29 April 2014. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assumes 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.