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

PROPOSED ISSUE OF 8% CONVERTIBLE BONDS DUE IN 2017 IN THE AGGREGATE PRINCIPAL AMOUNT OF US$12,000,000 (THE "PROPOSED BONDS ISSUE")

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1. INTRODUCTION

The Board of Directors (the "**Board**") of the Company wishes to announce that the Company had on 30 June 2015 entered into a convertible bond subscription agreement (the "**Agreement**") with ICH Gemini Asia Growth Fund Pte Ltd ("**ICH Gemini**"), Toe Teow Heng ("**TTH**"), Toe Teow Teck ("**TTT**") and Kuah Ann Thia ("**Kuah**") (ICH Gemini, TTH, TTT and Kuah are each, a "**Purchaser**" and collectively, the "**Purchasers**"), pursuant to which the Company has agreed to issue and the Purchasers have agreed to subscribe for 8% convertible bonds due in 2017 in the aggregate principal amount of US$12,000,000 (the "**Bonds**") in the proportion set out in paragraph 3.1 below. The Company, together with its subsidiaries, is collectively referred to herein as the "**Group**".

2. PURPOSE OF THE PROPOSED BONDS ISSUE

The Group has an unaudited net cash balance of US$9.7 million as at 31 March 2015. The Company is proposing to undertake the Proposed 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.

3. SALIENT TERMS OF THE PROPOSED BONDS ISSUE

3.1. Closing

Pursuant to the terms of the Agreement, the Company has agreed to issue, and the Purchasers has agreed to subscribe for, the Bonds, on a date to be agreed between the Purchasers and the Company which shall fall within seven (7) Business Days from the date on which all the conditions precedent as set out in paragraph 3.2 of this announcement are satisfied (the "**Closing Date**"), in the proportions set out below:

Purchaser	**Principal amount of the Bonds subscribed (US$)**	**Number of Bonds subscribed**
ICH Gemini	7,000,000	70
TTH	2,000,000	20
TTT	1,000,000	10
Kuah	2,000,000	20

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

3.2. Conditions Precedent

The obligation of the Purchasers to subscribe and pay for the 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 Purchasers (at their sole discretion);

(c) the Purchasers 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; and

(d) the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Conversion Shares (as defined below) on the SGX-ST and all other consents, approvals and authorizations having been obtained by the Company and the same continuing to be in full force and effect.

3.3. Interest

The Bonds bear interest from the Closing Date at the rate of 8.0% per annum, due and payable every six (6) months in arrears from the date falling six (6) months from the Closing Date.

3.4. Maturity Date

The maturity date of the Bonds is the second anniversary of the Closing Date (the "**Maturity Date**").

3.5. Redemption

3.5.1 The Bonds may be redeemed (in its entirety or in parts in denominations of US$100,000), at the option of the Purchaser thereof, in accordance to the terms of the Agreement:

(a) at any time from the Maturity Date; or

(b) in the event of a material breach of the warranties, undertakings and conditions set out in the Agreement.

The redemption amount pursuant to paragraph 3.5.1 of this announcement shall be the principal amount of the Bonds sought to be redeemed plus simple interest chargeable on such principal amount at a rate of 8.0% per annum (to be compounded annually), and deducting all interest paid by the Company to the relevant Purchaser from the Closing Date to the date of redemption of the Bonds. The Company shall on redemption date pay to the Purchaser any accrued and unpaid interest which is due and owing by the Company to the Purchase under the Agreement in respect of the principal amount of the Bonds sought to be redeemed.

3.5.2 In the event that the Company enters into definitive agreements for a Qualifying Exit Event (as defined in paragraph 3.7) but elects not to consummate such Qualifying Exit Event for any reason whatsoever, the Purchaser shall have the right to require the Company to redeem the Bonds (in denominations of US$100,000) in accordance to the

terms of the Agreement. The redemption amount pursuant to paragraph 3.5.1 of this announcement shall be the principal amount of the Bonds sought to be redeemed plus simple interest chargeable on such principal amount at a rate of 25.0% per annum (to be compounded annually) and deducting all interest paid by the Company to the relevant Purchaser from the Closing Date to the date of redemption of the Bonds. The Company shall on redemption date pay to the Purchaser any accrued and unpaid interest which is due and owing by the Company to the Purchaser under the Agreement in respect of the principal amount of the Bonds sought to be redeemed.

3.5.3 In the event that the Purchaser exercises its right to redeem the Bonds in accordance with paragraphs 3.5.1 and 3.5.2 of this announcement, and the Company fails to redeem the Bonds by such Bond Redemption Date (being the seventh business day immediately following the expiry of Notice Period i.e. written notice of not less than 15 days given by the Purchaser to the Company for the redemption in accordance with paragraphs 3.5.1 and 3.5.2 of this announcement as the case may be), the Purchaser shall give to the Company a notice requiring the Company to redeem the Bonds within seven (7) days of such notice ("**Cure Period**"). In the event that the Company fails to redeem the Bonds by the expiry of such Cure Period, the Purchaser shall, by providing the Company with seven (7) days prior written notice, have the right to require the Company to convert the Bonds at a conversion price which shall be 50.0% of the Fixed Conversion Price.

For the avoidance of doubt, to the extent that the observance of any provision in paragraph 3.5.3 of this announcement by the Company will result in it being in infringement of the Catalist Rules, the Companies Act, the SFA or any other applicable legislation and subsidiary legislation, the provision will be construed and interpreted in a manner as to ensure that the Company is not in infringement and/or where necessary, approval of the shareholders of the Company would be sought prior to the issuance of the Conversion Shares.

3.6. Conversion

At any time from the Closing Date, the Bonds may be converted (in its entirety or in parts in denominations of US$100,000) based on currency exchange rate of S$1.38 to US$1.00, at the option of the Purchaser thereof, into ordinary shares in the capital of the Company ("**Shares**") at a fixed conversion price of S$0.192 ("**Fixed Conversion Price**"). The Fixed Conversion Price represents a premium of 8.47% to the weighted average price for trades done on the SGX-ST on 30 June 2015, being the full market day on which the Agreement was signed, of S$0.177.

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 all 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. Purchaser's Options on a Qualifying Exit Event

3.7.1 A "**Qualifying Exit Event**" shall mean any of the following events, provided that such event involves a transaction size of equal to or more than S$100,000,000 and occurs prior to the Maturity Date:

(a) the sale of the Company and/or all or any of the Subsidiaries; or

(b) the sale of a major asset or business of the Group.

3.7.2 In the event of a Qualifying Exit Event, each of the Purchasers shall (in addition to any other rights of the Purchasers under the Agreement) have the further right to:

(a) redeem the Bonds (whether in its entirety or in parts in denominations of US$100,000) in accordance with the formula as set out in paragraph 3.7.3 of this announcement and conditions specified in the Agreement; and/or

(b) convert the Bonds (whether in its entirety or in parts in denominations of US$100,000) into Shares in accordance based on the Fixed Conversion Price as set out in paragraph 3.6 of this announcement or the formula as set out in paragraph 3.7.5(ii) of this announcement, and conditions specified in the Agreement.

3.7.3 On an election of a Purchaser to redeem the Bonds in the event of an occurrence of a Qualifying Exit Event, the Company shall within three (3) Business Days from the completion of such Qualifying Exit Event transaction, pay to such Purchaser in cash, an amount determined by adding:

(i) the amount derived as follows:

$$\frac{P}{(1-DR)}$$

where:

P is 100.0% (or, in the event of an election by such Purchaser to redeem the Bonds in parts in denominations of US$100,000, such per cent of the Bonds notified by such Purchaser for redemption) of the principal amount of the Bonds; and

DR is the applicable discount rate which is based on the time frame of the Qualifying Exit Event ("**Discount Rate**"); and

(ii) any accrued and unpaid interest which is due and owing by the Company to such Purchaser under the Agreement in respect of the principal amount of the Bonds sought to be redeemed.

3.7.4 On an election of such Purchaser to convert the Bonds in the event of an occurrence of a Qualifying Exit Event, save for a situation where the Qualifying Exit Event involves an offer made pursuant to the Singapore Code on Take-overs and Mergers ("**Takeover Code**"), the Bonds will be converted at the Fixed Conversion Price.

3.7.5 In the event that the Qualifying Exit Event involves an offer made pursuant to the Takeover Code, such Purchaser shall be entitled to convert the Bonds in accordance with:

(i) the Fixed Conversion Price, or

(ii) the following discounted conversion formula to determine the number of Shares to be issued by the Company to such Purchaser pursuant to such a conversion:

$$\frac{P}{(1-DR) \times OP}$$

where:

P is 100.0% (or, in the event of an election by such Purchaser to convert the Bonds in parts in denominations of US$100,000, such per cent of the Bonds notified by such Purchaser for conversion) of the principal amount of the Bonds;

DR is the applicable Discount Rate; and

OP the offer price per Share,

whichever has the smaller denominator. The Company shall on the conversion date pay to such Purchaser any accrued and unpaid interest which is due and owing by the Company to the Bondholder under the Agreement in respect of the principal amount of the Bonds sought to be converted.

To the extent that any issue of Shares pursuant to a conversion of the Bonds following a takeover of the Company will require approval from its shareholders pursuant to a general meeting, the parties hereto agree that the Company shall convene an extraordinary general meeting to seek such approval and the performance of any such obligations shall be deferred until such approval is obtained.

3.8. Board Seat

The Purchasers shall collectively be entitled to appoint up to one (1) nominee director on the board of the Company provided that (i) such Purchasers shall ensure that such nominee satisfies any directorship requirements under the Catalist Rules, the Code of Corporate Governance 2012 and the applicable law; and (ii) such nominee 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, such Purchasers shall have to nominate another candidate for the Nominating Committee's consideration.

4. INFORMATION ON THE PURCHASERS

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

4.2. <u>ICH Gemini</u>

ICH Gemini is a company incorporated in Singapore with its registered address at 9 Temasek Boulevard, #38-02, Suntec Tower Two, Singapore 038989. ICH Gemini is a private equity fund and is managed by ICH Gemini Pte. Ltd., a Registered Fund Management Company with the Monetary Authority of Singapore. ICH Gemini Pte. Ltd. holds a value-centric investment policy and specialises in investing in public and private equities. The key investors of ICH Gemini are unrelated family offices and high net worth individuals. As of the date of this announcement, ICH Gemini does not own any shares in the Company.

ICH Gemini's subscription of the Bonds is for investment purposes only, and they have no intention of influencing management of, or exercising control over, the Company. Accordingly, ICH Gemini is not intending to acquire additional shares in the Company 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. TTT

TTT is an individual investor based in Singapore, and the major shareholder and director of ICH Group Ltd. As of the date of this announcement, TTT does not own any shares in the Company.

TTT's subscription of the Bonds is for investment purposes only, and he has no intention of influencing management of, or exercising control over, the Company. Accordingly, TTT is not intending to acquire additional shares in the Company 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. TTH

TTH is an individual investor based in Singapore, the director and shareholder of ICH Gemini. As of the date of this announcement, TTH does not own any shares in the Company.

TTH's subscription of the Bonds is for investment purposes only, and he has no intention of influencing management of, or exercising control over, the Company. Accordingly, TTH is not intending to acquire additional shares in the Company 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. Kuah

Kuah is an individual investor based in Singapore. As of the date of this announcement, Kuah owns 1,500,000 Shares.

Kuah's subscription of the Bonds is for investment purposes only, and he has no intention of influencing management of, or exercising control over, the Company. Accordingly, Kuah is not intending to acquire additional shares in the Company 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. None of the Purchasers 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. MANDATE FOR THE PROPOSED BONDS ISSUE

5.1. The Bonds and the Shares to be issued upon conversion of the Bonds (the "**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, the "**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 (the "**Mandate**").

5.2. As at the date of grant of the Mandate, the Company had an issued and paid up share capital of 766,306,009 Shares. As at the date of this Announcement, no Shares or Instruments were issued under the Mandate prior to the Proposed Bond Issue. As such, the total number of Shares that may be issued under the Mandate is 766,306,009 Shares, of which the maximum number of Shares to be issued other than on a *pro-rata* basis is 383,153,004 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$12,000,000 and a currency exchange rate of S$1.38 to US$1.00, the maximum number of Conversion Shares that will be issued on a full conversion of the Bonds at the Fixed Conversion Price will be 86,250,000 ("**Full Conversion**"). This represents approximately 11.25% of the Company's issued share capital as at the date of this announcement and 10.11% of the Company's enlarged share capital assuming Full Conversion.

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

Purchaser	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)
ICH Gemini	-	50,312,500	6.57%	5.90%
TTH	-	14,375,000	1.88%	1.69%
TTT	-	7,187,500	0.94%	0.84%
Kuah	1,500,000	14,375,000	2.07%	1.86%

Notes:
(1) Based on existing issued share capital of 766,306,009 Shares of the Company.
(2) Based on enlarged issued share capital of 852,556,009 Shares of the Company.

6. USE OF PROCEEDS FROM THE PROPOSED BONDS ISSUE

6.1. After deducting expenses of approximately US$0.1 million incurred by the Company in connection with the issuance of the Bonds, the net proceeds from the Bonds (the "**Net Proceeds**") will be approximately US$11.9 million. The Net Proceeds from the issue of the Bonds is intended to be mainly used for research and development purposes amounting to US$9 million and the remaining US$2.9 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 unaudited working capital position of the Group of US$13.8 million as at 31 March 2015.

6.3. Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds will be placed as deposits with financial institutions.

The Company will make periodic announcements as to the use of the Net Proceeds as and when they are materially disbursed, and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also 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 any 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 PROPOSED BONDS ISSUE

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

7.2. As at the date of this Announcement, the issue and paid up share capital of the Company is approximately US$133,410,000 comprising 766,306,009 Shares. Upon completion of the issue and assuming the full conversion of the Bonds into Shares, the Company's enlarged issued and paid-up share capital will be approximately US$145,410,000 comprising 852,556,009 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 issuance of the Bonds 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$0.053.

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 Proposed Bonds Issue will be 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 Proposed 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 Proposed Bonds Issue (other than arising from their shareholdings, direct or indirect, 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 of this announcement.

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 Proposed 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 Proposed 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
1 July 2015

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