

DEBT REPAYMENT VIA SHARE ISSUE

1. INTRODUCTION

The Board of Directors ("**Board**") of QT Vascular Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company and each of MDIE Pte. Ltd. ("**MDIE**"), Emerald Apex Pte. Ltd. ("**Emerald Apex**") and Eitan Konstantino ("**Mr. Konstantino**") (collectively "**Creditors**" and each a "**Creditor**") have today entered into debt repayment and share issue agreements (collectively "**Agreements**") for the repayment of an aggregate amount of US\$1,001,841 by way of issue and allotment of an aggregate of 261,432,816 new ordinary shares in the capital of the Company ("**Shares**").

As of the date hereof, an aggregate outstanding amount of US\$1,473,183 is due, outstanding and payable by the Company to the Creditors.

The Creditors had expressed their concerns and reservations arising from the unexpected requisitions by Mission Well Limited and Tansri Saridju Benue ("**Requisitioning Shareholders**") for extraordinary general meetings ("**EGMs**") of the Company on 6 December 2021 and 15 December 2021 to appoint new directors of the Company ("**Proposed Directors**") and remove the incumbent directors of the Company.

In addition, the Creditors noted the Company's announcement on 3 December 2021 which highlighted, amongst others:

- (a) the time and effort required for the Company's transformation exercise due to the current financial position of the Company;
- (b) the unclear intentions of the Requisitioning Shareholders in relation to the Company;
- (c) the nominating committee has concurred with the Sponsor's recommendation that the efficacy of the Proposed Directors cannot be determined at the moment and can only be monitored once the Company's direction is known and on a continuous basis; and
- (d) the present multiple principal commitments and directorships of the Proposed Directors.

In light of the above, the Creditors have expressed their reservations as to (a) the ability of the Proposed Directors to devote sufficient time and effort to the Company's transformation exercise, notwithstanding the confirmation provided; (b) the uncertain direction and plans which the Proposed Directors have for transforming the Company, which have not been publicly clarified as at the date hereof; and (c) whether the Company's interest would be better served if the existing plan for the Proposed Transactions, for which good progress has been made in obtaining regulatory approvals from SGX-RegCo and MAS, is continued as opposed to there being no injection of any commitment or funds by the Requisitioning Shareholders into the Company and relying on the Company's limited existing resources and to pursue the uncertain plans which the Requisitioning Shareholders and Proposed Directors have in store for the Company.

The Creditors had therefore engaged the Company in discussions on repayment of their outstanding debts, with a view to protecting their interest and ensuring recovery, taking into account the aforementioned reasons and the current financial position of the Company.

Even though the resolutions to appoint the Proposed Directors nominated by the Requisitioning Shareholders have been voted down at the EGM of the Company on 6 December 2021, the Creditors have expressed their continued concerns and reservations, in view of the pending EGM on 15 December 2021 to remove the incumbent directors and the attempt by the Requisitioning Shareholders to convene another EGM without providing any additional information to appoint the same Proposed Directors whose appointment had already been voted down at the EGM on 6 December 2021 shortly after the conclusion of the same.

2. SALIENT TERMS

Under the terms of the Agreements, the Company and the Creditors have agreed as follows:

- (a) The Company shall allot and issue, and the Creditors shall accept, in lieu of cash repayment, an aggregate 217,860,681 new Shares at an issue price of S\$0.0063 per new Share ("**Issue Price**") as full and final settlement of an aggregate of US\$1,001,841 (approximately S\$1,372,522)¹ ("**Repayment Amount**") which is due and outstanding to the Creditors; and
- (b) In consideration of the Creditors agreeing to:
 - (i) accepting Shares in lieu of cash repayment at the request of the Company, which will help the Company conserve its cash resources; and
 - (ii) the Creditors agreeing to a moratorium period of six (6) months not to transfer, dispose nor deal in any way in its interests in respect of any new Shares allotted and issued under this Agreement, provided that such moratorium restriction shall automatically terminate in any of the following events:
 - (1) the incumbent directors ceasing to form a majority of the Board;
 - (2) any person nominated by the Requisitioning Shareholders is appointed onto the Board; or
 - (3) there is any change to the key management personnel of the Company,

the Company shall pay an aggregate additional amount of US\$200,368 (equivalent to 20 per cent (%) of the Repayment Amount) ("**Additional Amount**"), also to be satisfied by way of the Company allotting and issuing an aggregate of 43,572,135 new Shares to the Creditors at the Issue Price.
- (c) Outstanding amounts of US\$333,842 and US\$137,500 (in each case excluding interest, if any) remains payable on demand to each of MDIE and Mr. Konstantino, respectively.
- (d) The Company shall promptly apply to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the new Shares on the SGX-ST Catalist Board ("**Listing Approval**"), and complete the allotment and issue of new Shares upon receipt of the Listing Approval.
- (e) In the event the completion of the issue of new Shares ("**Completion**") does not take place within three (3) weeks from the date hereof (or such later date as may be agreed between the respective Creditors and the Company), the Agreements shall lapse.

¹ Based on an aggregate rate of US\$1.00 : S\$1.37

3. ISSUE PRICE

The Issue Price represents a discount of approximately 10% to the volume weighted average price of S\$0.007 for trades done on the Shares on the Catalist Board of SGX-ST for the full market day on 3 December 2021 (after which trading in the Shares have been halted pending the release of announcements), and was arrived at following arm's length negotiations between the Company and the Creditors.

4. DETAILS ON THE NEW SHARES

The new Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company at the Company's annual general meeting ("**2020 AGM**") held on 30 April 2021 for the issue of Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2020 AGM, of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) ("**Share Issue Mandate**").

As at the date of the Share Issue Mandate, the Company had an issued and paid-up share capital of 2,239,453,174 Shares and as the date of this announcement, 28,853,184 have been issued from the exercise of share options which was outstanding and/or subsisting as at the date of the Share Issue Mandate. Therefore, the total number of Shares that may be issued under the Share Issue Mandate as at the date of this announcement is 2,268,306,358 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 1,134,153,179 Shares.

Accordingly, the allotment and issuance of the 261,432,816 new Shares falls within the limits of the Share Issue Mandate.

Pursuant to the allotment and issuance of the 261,432,816 new Shares, the Company's issued and paid-up share capital will increase from 2,268,306,358 Shares ("**Existing Share Capital**") to 2,529,739,174 Shares ("**Enlarged Share Capital**"). The new Shares represents 11.53% of the Existing Share Capital and approximately 10.33% of the Enlarged Share Capital.

The new Shares will be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and ranks in all respect *pari passu* with the then existing issued Shares at the time of the issue except that the new Shares will not rank for any dividends, rights, allotment or other distributions at the record date which falls on or before the date of issue of the new Shares.

5. ADDITIONAL LISTING APPLICATION

The new Shares will be issued to the Creditors and will not be issued to any of the persons listed in Rule 812(1)(a) to (d) of the Catalist Rules and will be in compliance with Rule 812.

The Company will be making an application to the SGX-ST for the listing and quotation of the new Shares on the SGX-ST Catalist through its continuing sponsor, PrimePartners Corporate Finance Pte. Ltd.. The Company will make the necessary announcement upon receipt of the Listing Approval.

6. CREDITORS

MDIE is a company incorporated in Singapore and is engaged in the business of management consultancy services. It holds 139,999 shares representing approximately 36.8% of the total issued and paid-up shares in the capital of the Company's subsidiary, TriReme Medical, LLC. Its directors are Weisner Steven Paul and Tanhum Feld and the sole shareholder is Tanhum Feld. The amounts owing to MDIE of US\$833,842 relates to a long outstanding bridging loan,

which is secured over the Company's 50% plus 1 share in TriReme Medical, LLC, that is due for repayment on 31 December 2021.

Emerald Apex is a company incorporated in Singapore and is engaged in the business of research and experimental development of medical technologies. It holds 50,000 shares representing approximately 13.2% of the total issued and paid-up shares in the capital of the Company's subsidiary, TriReme Medical, LLC. Its director and sole shareholder is Weisner Steven Paul. The amounts owing to Emerald Apex relates to an outstanding short-term loan of US\$201,841 that will be due in April 2022.

Mr. Konstantino was previously the executive director and chief executive officer of the Company, and had ceased his services with the Company on 30 November 2021. The amounts owing to Mr. Konstantino relates to his unpaid remuneration by the Company.

The new Shares will be allotted and issued to the Creditors as follows:

<u>Creditor</u>	<u>Repayment Amount (US\$)</u>	<u>No. of new Shares in consideration of Repayment Amount</u>	<u>Additional Amount (US\$)</u>	<u>No. of new Shares in consideration of Additional Amount⁽¹⁾</u>	<u>Aggregate No. of new Shares</u>
MDIE Pte. Ltd.	500,000	108,730,158	100,000	21,746,031	130,476,189
Emerald Apex Pte. Ltd.	201,841	43,892,428	40,368	8,778,485	52,670,913
Eitan Konstantino	300,000	65,238,095	60,000	13,047,619	78,285,714
TOTAL	1,001,841	217,860,681	200,368	43,572,135	261,432,816

Note:

(1) Details of the Additional Amounts are as set out in paragraph 2 of this announcement.

Following Completion, MDIE will become a substantial Shareholder of the Company, holding 7.02% of the Enlarged Share Capital.

To the best knowledge and belief of the Board and save as disclosed in this announcement, the Creditors are (i) not related to each other (ii) are not associates of and do not have any connection (including business relationship) with the directors of the Company and its substantial shareholders (iv) are not acting in concert with any party or are not acting in accordance with the instructions of any party.

7. RATIONALE

The Company has entered into the Agreements with the Creditors to settle the amounts due and payable to the Creditors, as the Creditors have expressed their discomfort, further details of which have been set out in paragraph 1 above, and may otherwise resort to other recovery actions which may be detrimental to the Company especially given the Company's current financial position. The issue of new Shares with a moratorium of six (6) months from the date on which the new Shares are issued in satisfaction of debt repayment further helps conserve the Company's valuable cash resources, and further aligns the interests of the Creditors with shareholders of the Company.

8. FINANCIAL EFFECTS

Assumptions

The pro forma financial effects of the debt repayment and issue of the new Shares to the Creditors on the Group presented below are strictly for illustrative purposes only and do not reflect the actual financial effects or future financial performance and condition of the Company and/or the Group following Completion.

The pro forma financial effects of the issue of new Shares are calculated based on the latest audited financial statements of the Group for the financial year ended 31 December 2020 and the following assumptions:

- (a) that Completion had taken place on 31 December 2020 for purposes of the financial effect on the net asset value ("NAV") per Share;
- (b) that Completion had taken place on 1 January 2020 for purposes of the financial effect on the loss per Share ("LPS"); and
- (c) that a total of 33,034,858 Shares issued during the period from 1 January 2021 to 8 December 2021 had all been issued on 1 January 2020.

NAV per Share

	<u>Before Completion</u>	<u>After Completion</u>
NAV (US\$'000)	754	1,756
Number of Shares ('000)	2,268,306	2,529,739
NAV per Share (US cents)	0.0003	0.0007

LPS

	<u>Before Completion</u>	<u>After Completion</u>
Loss after tax attributable to shareholders (US\$'000)	(7,577)	(7,577)
Weighted average number of Shares (excluding treasury Shares) ('000)	2,268,306	2,529,739
LPS (US cents)	(0.003)	(0.003)

9. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that after taking into consideration the Group's present loan commitment facilities, and notwithstanding the negative working capital in the most recently announced unaudited financial results as at 30 September 2021, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the aforementioned, the Board considers the settlement of Repayment Amount and the payment of the Additional Amount in the form of equity to be in the best interest of the Group as it will, *inter alia*, ease the cash flow position of the Group, strengthen the Group's financial position through capitalisation of loans and is in the long-term interest of the Group, as further elaborated in paragraph 7 above.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors of the Company has any interest, direct or indirect, in the Agreements (other than their direct or indirect shareholdings in the Company). As at the date of this announcement, the Company does not have any controlling shareholder.

11. **DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Agreements will be made available during normal business hours at the registered office of the Company for a period of three months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Sho Kian Hin
Independent Director
8 December 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.