

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

- (A) **PROPOSED ACQUISITION OF 60% OF THE HEALTHCARE GROUP**
- (B) **PROPOSED SUBSCRIPTION OF 4,055,555,556 NEW ORDINARY SHARES IN THE CAPITAL OF NEWCO AT AN ISSUE PRICE OF S\$0.0018 PER SHARE**
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(A) **PROPOSED ACQUISITION OF 60% OF THE HEALTHCARE GROUP**

1. INTRODUCTION

- 1.1 The board of directors (“**Directors**” or the “**Board**”) of QT Vascular Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had, on 25 May 2021, entered into a conditional sale and purchase agreement (“**SPA**”) in relation to the proposed acquisition by the Company of 60% of the entire issued and paid-up share capital of Asia Dental Group Pte. Ltd. (“**Target Company**”) (“**Sale Shares**”) from Dr. Gian Siong Lin Jimmy (“**Vendor**”), which in turn will hold the Healthcare Group (as defined below in paragraph 2.1) (“**Proposed Acquisition**”).
- 1.2 Upon completion of the Proposed Acquisition, the Company will own 60% of the issued and paid-up share capital of the Target Company and the Vendor will hold 40% of the issued and paid-up share capital of the Target Company (“**Proposed JV**”).
- 1.3 In connection with the Proposed Acquisition, the Board wishes to announce that subject to the approval of the shareholders of the Company (“**Shareholders**”), the Company intends to diversify into the new business of provision of dental services and general medical services (“**Proposed Diversification**”). The Company is a medical devices company specialising in the minimally invasive treatment of vascular diseases. The Proposed Diversification represents a diversification of the existing business scope and change in risk profile of the Group. As such, the Company intends to seek Shareholders’ approval for the Proposed Diversification.
- 1.4 Pursuant to the SPA, the Proposed Acquisition is subject to the fulfilment of certain conditions precedent, including the Company implementing a scheme of arrangement (“**Scheme**”) under the Companies Act of Singapore to effect the incorporation of a new 100% holding company (“**NewCo**”) of the Company so that the existing Shareholders will hold equivalent shares in the NewCo and the listing status of the Company will be transferred from the Company to NewCo. Further information on the Proposed Acquisition, Proposed Diversification and Proposed Subscription (as defined in paragraph 6.2 below) (collectively, “**Proposed Transactions**”) will be provided in a scheme document to be issued by the Company in due course to all Shareholders (“**Scheme Document**”). The Proposed Transactions are inter-conditional on one another. The Scheme will require, *inter alia*, the approval of a majority in number of the Shareholders representing at least three-fourths in value of the shares in the share capital of the Company (“**Shares**”) held by the Shareholders present and voting either in person or by proxy at the meeting of the Shareholders to be convened pursuant to the order of the High Court of the Republic of Singapore to approve the Scheme (“**Scheme Meeting**”).

2. INFORMATION ON THE HEALTHCARE GROUP AND THE VENDOR

Shareholders should note that information relating to the Vendor and the Healthcare Group in this announcement was provided by the Vendor. In respect of such information, the Company and the

Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Company is only limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 Information on the Healthcare Group

Pursuant to the SPA, as a condition precedent to the completion of the Proposed Acquisition, a corporate restructuring shall be carried out (“**Restructuring**”). Following which, it is anticipated that the Company will acquire 60% shareholding interest in the Target Company which in turn, will be the holding company of five (5) Singapore incorporated companies.

The Healthcare Group (as defined in this paragraph) is involved in the provision of (i) dental services, (ii) general medical services, and (iii) operations management and consultancy services to certain Government entities (“**Healthcare Business**”) and was established more than 35 years ago. The Healthcare Group currently operates three (3) clinic premises in Singapore at, namely, (i) 435 Orchard Road, #15-02/03, Wisma Atria, Singapore 238877; (ii) 100 Tras Street #11-01, 100 AM, Singapore 079027; and (iii) 38 Haig Road, Singapore 438741, with a work force of 28 clinicians (including dentists) and 40 staff members (the “**Healthcare Group**”).

Based on the preliminary draft valuation to be issued by Vallaris Deal Advisory Pte Ltd (“**Valuer**”) which is commissioned by the Company, the indicative value of 60% equity stake of the Healthcare Group based primarily on the market approach ranges between S\$5.5 million to S\$7.2 million as at 31 December 2020. This desktop valuation was based on the management accounts of the Healthcare Group. The final valuation report (“**Valuation Report**”) will be issued by the Valuer based on audited financial statements and disclosed in the Scheme Document.

Based on the management accounts of the Healthcare Group, the unaudited pro forma combined net asset value and net tangible assets of 60% of the Healthcare Group as at 31 December 2020 is approximately S\$2.1 million and the 60% unaudited pro forma combined net profits before tax for the financial year ended 31 December 2020 is approximately S\$0.6 million.

2.2 Information on the Vendor

The Vendor, Dr. Gian Siong Lin Jimmy, is a practising dentist in Singapore, having graduated from the National University of Singapore in 1996 and has a wealth of over 20 years of experience in private practice.

As at the date of this announcement, the Vendor does not hold (directly or indirectly) any Shares and is not related to and has no connection (including business relationships) with the Group, the Directors or controlling Shareholders of the Company, or their respective associates.

3. **CONSIDERATION AND EARN-OUT AMOUNT**

3.1 Consideration

The aggregate consideration for the Proposed Acquisition is up to S\$7,650,000 (“**Consideration**”), which is agreed upon after arm’s length negotiations between the Vendor and the Company on a “willing buyer willing seller” basis, and taking into account the value of the Healthcare Group with reference to an assumed average annual unaudited pro forma combined EBITDA of S\$1,500,000 for the financial years ended 31 December 2019 and 31 December 2020 (“**Historical EBITDA**”). The Company will conduct necessary due diligence in relation to the Historical EBITDA as set out as a condition precedent to the Proposed Acquisition.

3.2 Satisfaction of Consideration

The Consideration shall comprise the following:

- (a) S\$3,000,000 in cash to be paid by the Company to the Vendor on completion of the Proposed Acquisition;
- (b) S\$500,000 to be satisfied by the allotment and issuance to the Vendor on completion of the Proposed Acquisition of NewCo shares at S\$0.0018 per share ("**Consideration Shares**"); and
- (c) an earn-out amount of up to S\$4,150,000, to be made subject to and in accordance with paragraph 3.3 below ("**Earn-Out Amount**").

3.3 Earn-Out Amount

- (a) The Company shall pay to the Vendor:
 - (i) S\$1,383,333.33 in cash on the first anniversary of the completion date of the Proposed Acquisition;
 - (ii) S\$1,383,333.33 in cash on the second anniversary of the completion date of the Proposed Acquisition; and
 - (iii) up to S\$1,383,333.34 in cash ("**Third Tranche Earn-Out Amount**") in cash within five (5) business days after determination by the Target Company's auditor of the aggregate audited EBITDA of the Group for the three (3) full completed financial years immediately following completion of the Proposed Acquisition, namely the financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 ("**Aggregate EBITDA**"), provided that such Aggregate EBITDA is equal to or exceeds S\$3,600,000 (which is agreed upon taking into account the Historical EBITDA) ("**Aggregate EBITDA Threshold**").

In the event that the Aggregate EBITDA is less than the Aggregate EBITDA Threshold (the difference between the Aggregate EBITDA and the Aggregate EBITDA Threshold being referred to as the "**Shortfall Amount**"), the Third Tranche Earn-Out Amount payable by the Company to the Vendor shall be reduced by the Shortfall Amount. For the avoidance of doubt, in the event the Shortfall Amount exceeds the Third Tranche Earn-Out Amount, the Company shall not be required to pay the Third Tranche Earn-Out Amount, and the Vendor shall not be required to top up or otherwise pay any amount to the Company as a result of the foregoing.

- (b) As security for the Company's obligations in respect of the Earn-Out Amount, the Company shall provide to the Vendor on completion of the Proposed Acquisition a copy of a duly executed deed of assignment ("**Deed of Assignment**") executed by the Company in favour of the Vendor in relation to the assignment of all distributions and dividends arising over all shares in the Target Company owned or to be acquired by the Company in the event that the Company fails to pay any part of the Earn-Out Amount if and when due.
- (c) If the proceeds from the Deed of Assignment are insufficient to fulfill any sum outstanding in respect of the Earn-Out Amount or if the Target Company does not have distributable profits to declare dividends pursuant to the Deed of Assignment, the Company undertakes to the Vendor (at the Vendor's option) to satisfy such outstanding sum by the allotment and issuance to the

Vendor of new shares in the share capital of NewCo within three (3) months from the date on which the outstanding sum becomes payable under the Deed of Assignment (or such other time period as may be mutually agreed between the Vendor and the Company) at an issue price to be mutually agreed by the Vendor and the Company.

3.4 Consideration Shares

The Consideration Shares, when allotted and issued, shall be free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing Shares as at the completion date of the Proposed Acquisition and be entitled to any dividends, rights, allotments or other distributions save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Consideration Shares.

The Consideration Shares will represent approximately 12.4% of the total number of issued Shares as at the date of this announcement and approximately 4.23% of the enlarged total number of issued NewCo shares (excluding treasury shares and subsidiary holdings) immediately after the Proposed Acquisition and the Proposed Subscription (as defined below), assuming no new Shares (other than the Consideration Shares and Subscription Shares) are issued by the Company between the date of this announcement and the date of completion of the Proposed Acquisition (both dates inclusive) (“**Enlarged Share Capital**”).

3.5 Funding

The cash portion of the Consideration pursuant to Paragraph 3.2(a) above will be funded entirely by funds raised from the Proposed Subscription (as defined below).

4. **CONDITIONS PRECEDENT TO THE PROPOSED ACQUISITION**

Completion of the Proposed Acquisition is conditional upon:

- (a) the Restructuring having been completed and all necessary approvals (including consents of financing banks of the Healthcare Group) for the Restructuring having been obtained and such approvals being in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and (ii) if such conditions are required to be fulfilled on or before completion of the Proposed Acquisition, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of completion of the Proposed Acquisition;
- (b) completion of (i) the Proposed Subscription (as defined below) (including implementation of the Scheme) and (ii) transfer of the listing status of the Company to NewCo;
- (c) completion of the subscription and sale of shares in TriReme Medical, LLC (“**TML**”) pursuant to the subscription and sale and purchase agreement dated 5 May 2021 between the Company, MDIE Pte. Ltd., Emerald Apex Pte. Ltd. and TML (“**TML Transaction**”);
- (d) the Company and its advisers having completed its due diligence investigations in respect of the Healthcare Group (which also include an independent valuation of the Healthcare Group conducted by a third party independent valuer) and the results being satisfactory to the Company in its discretion;

- (e) the Company being satisfied that the average annual unaudited¹ pro forma combined EBITDA value of the Healthcare Group for the financial years ended 31 December 2019 and 31 December 2020 is at least S\$1,500,000;
- (f) Vendor and its advisers having completed its due diligence investigations in respect of the Group, and the results being satisfactory to Vendor in his discretion;
- (g) the Company and the Vendor having entered into a supplemental deed of warranties and indemnities in relation to the Sale Shares and the Healthcare Group in form and substance agreed by the Company and the Vendor;
- (h) a service agreement in relation to the services to be provided by the Vendor to the Healthcare Group in form and substance agreed by the parties being entered into;
- (i) a shareholders' agreement in relation to the Target Company in form and substance agreed by the Company and the Vendor being entered into by the Vendor, the Company and the Target Company, which shall include, *inter alia*, (i) setting out that the Vendor will be responsible for the management and operational control of the Healthcare Group, (ii) reserved matters which shall require the approval of the Vendor to include amongst others, acquisition and/or disposal of any entity, business or investment whether or not such acquisition and/or disposal relates to the Healthcare Business, (iii) first right of refusal of the Target Company in respect of any acquisition and/or disposal by Newco or its affiliates of any entity, business or investment relating to the Healthcare Business, (iv) right of first refusal of Newco in relation to the transfer by the Vendor of his shares in any of Alliance Management Group Pte. Ltd. or Orthodontic & Implant Centre Pte. Ltd.², and (v) the tag-along right of the Vendor and the drag-along right of the Company in the event of a sale by the Company of its shares in the Target Company;
- (j) all necessary approvals (including (i) approval in-principle from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing of and quotation for the Consideration Shares on the Catalist of the SGX-ST, (ii) approval from Shareholders of the Company for the Proposed Diversification and (iii) approval from SGX-ST and Shareholders of the Company for the transfer of listing status from the Company to NewCo) for the transactions contemplated in the SPA having been obtained and such approvals being in full force and effect as of completion of the Proposed Acquisition; and
- (k) the transactions contemplated under the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and any other relevant jurisdictions.

Completion of the Proposed Acquisition shall occur on a date falling five (5) business days after all the conditions precedent are satisfied or waived in accordance with the SPA (or such other date as may be agreed in writing between the Vendor and the Company).

In the event that any of the conditions precedent under the SPA is not fulfilled or waived by the Company or the Vendor having its benefit on or before 30 November 2021 or such other date as Company and

¹ The unaudited proforma combined financials will be prepared using the audited financial statements of the five (5) Singapore incorporated companies.

² These companies are under-performing dental clinics that are not part of the Healthcare Group.

Vendor may mutually agree in writing, the SPA (other than the surviving provisions) shall lapse and cease to have further effect.

5. CHAPTER 10 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SGX-ST (THE “CATALIST RULES”)

- 5.1 Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2020 (“FY2020”) and the unaudited pro forma combined management accounts of the Healthcare Group for the year ended 31 December 2020, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable ⁽¹⁾
(b)	Net profits attributable to the assets acquired, compared with the Group’s net losses	(5.68)% ⁽²⁾
(c)	Aggregate value of the consideration given, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	56.93% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition compared with the number of equity securities previously in issue	12.40% ⁽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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable ⁽⁵⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) The Group’s audited net loss before tax for FY2020 was US\$7.58 million. The unaudited pro forma combined net profit before tax for FY2020 attributable to the Proposed Acquisition, based on the management accounts of the Healthcare Group, was approximately US\$430,000 computed based on an exchange rate of 1US\$:1S\$ of 1.3279.
- (3) Computed based on the sum of the Consideration of S\$7,650,000 (including the maximum earn-out amount of S\$4,150,000) and the market capitalisation of the Company of approximately S\$13.4 million, which was determined by multiplying the number of shares in issue of the Company of 2,239,453,174 shares by the weighted average price of such shares transacted on 24 May 2021 (being the market day preceding the date of the SPA) of S\$0.006 per share.
- (4) Derived by comparing the 277,777,778 Consideration Shares to be issued and allotted upon completion of the Proposed Acquisition against the existing paid-up and issued Shares of the Company.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

- 5.2 As the relative figures computed based on Rule 1006 of the Catalist Rules involve negative figures and according to Paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Proposed Acquisition falls within Paragraph 4.4(b) of Practice Note 10A. Based on the above figures and the foregoing, the Proposed

Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Catalist Rules and is not subject to Shareholders' approval under Rule 1014(2) of the Catalist Rules.

- 5.3 Notwithstanding the foregoing, for good governance and in conjunction with the Proposed Diversification, the Company will be convening the Scheme Meeting to obtain the approval of Shareholders for, *inter alia*, the Proposed Acquisition in due course.

(B) PROPOSED SUBSCRIPTION OF 4,055,555,556 NEW ORDINARY SHARES IN THE CAPITAL OF NEWCO AT AN ISSUE PRICE OF S\$0.0018 PER SHARE

6. OVERVIEW OF PROPOSED SUBSCRIPTION

- 6.1 The Board further wishes to announce that on 25 May 2021, the Company had entered into a subscription agreement (“**Subscription Agreement**”) with the Investors (as defined below).
- 6.2 Pursuant to the Subscription Agreement, the Investors (as defined herein) have agreed to subscribe for an aggregate of 4,055,555,556 new shares in the capital of NewCo (“**Subscription Shares**”) at an issue price of S\$0.0018 (“**Issue Price**”) for each Subscription Share amounting to an aggregate cash consideration of S\$7,300,000 (“**Subscription Amount**”), subject to and upon the terms and conditions of the Subscription Agreement (“**Proposed Subscription**”).
- 6.3 The Proposed Subscription will be undertaken pursuant to the exemption under Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore (“**MAS**”) in connection with the issuance of the Subscription Shares.
- 6.4 The Subscription Shares will not be issued pursuant to the general mandate approved by the Company’s Shareholders at the annual general meeting of the Company held on 30 April 2021 and will be subject to Shareholders’ approval at the Scheme Meeting pursuant to Catalist Rules 803, 806(2) and 811(3) given that the issuance of the Subscription Shares shall cause a transfer of controlling interest to each of the Investors whose aggregate shareholding shall constitute more than 50% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) and the Enlarged Share Capital of the Company and that the discount of the issue price to the applicable volume weighted average price of the Company exceeds 10% (please refer to paragraph 7.2 below for details).

7. DETAILS OF THE PROPOSED SUBSCRIPTION

7.1 Investors and Subscription Shares

Pursuant to the Subscription Agreement, the following persons (“**Investors**”) will subscribe for, and NewCo will allot and issue to them, the Subscription Shares at the Issue Price in the numbers and for the Subscription Amount set out below.

Shareholders should note that information relating to the Investors in this announcement was provided by the Investors. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Company is only limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

Name of Investor	Number of Subscription Shares	Percentage shareholding of the Enlarged Share Capital of the Company/Newco (after the Proposed Transactions)	Subscription Amount (\$)
Tan Gim Chua Thomas	1,666,666,667	25.36%	3,000,000
Quek Chin Thean	1,277,777,778	19.44%	2,300,000
Chong Leong Fah Derrick	1,111,111,111	16.90%	2,000,000
Total	4,055,555,556	61.70%	7,300,000

Mr Thomas Tan works in the healthcare industry. Mr Quek Chin Thean works in the commodities industry. Mr Derrick Chong works in the general insurance industry.

The Investors are private investors who were referred to the Company by its legal advisors, Rajah & Tann Singapore LLP and are subscribing for the Subscription Shares for investment purposes. The Company did not appoint any placement agent for purposes of the Proposed Subscription, and no commission or introduction fees is payable by the Company.

As at the date of this announcement, the Investors do not hold, directly or indirectly, any shares in the Company. The Investors (i) are not related to each other; (ii) have no existing connection (including business relationships) with the Company, the Directors and substantial Shareholders; and (iii) are not persons to whom the Company is prohibited from issuing Shares to, as set out under Rule 812 of the Catalist Rules.

The Investors have confirmed that there is no agreement or undertaking (whether formal or informal) amongst the Investors or between any of the Investors or with any existing shareholder of the Company to acquire Shares to obtain or consolidate majority control of the Company, and each Investor is not a party acting in concert with another Investor or with any existing shareholder of the Company as defined in the Singapore Code on Takeovers and Mergers.

The Subscription Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the then existing issued ordinary shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Proposed Subscription.

The Subscription Shares represent approximately 181.10% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of this announcement and approximately 61.70% of the Enlarged Share Capital of the Company/NewCo following the completion of the Proposed Transactions, assuming there are no changes to the number of Shares (excluding treasury shares and subsidiary holdings) of the Company before the completion of the Proposed Subscription.

7.2 Issue Price

The Issue Price represents a discount of approximately 64.0% to the volume weighted average price of S\$0.005 for trades done on the shares of the Company on the SGX-ST for the full market day on 25 May 2021, being the market day on which the Subscription Agreement was executed.

The Issue Price was arrived at following arm's length negotiations between the Company and the Investors after taking into consideration the Company's net tangible liabilities of US\$710,000 as at 31 December 2020 and that the Proposed Subscription will also provide the Company with the financial resources to expand into Healthcare Business and strengthen its working capital position.

7.3 Conditions Precedent

Completion of the Proposed Subscription is conditional upon:

- (a) each of the Company and the Investors having undertaken and having completed its due diligence investigations in respect of the other parties, including but not limited to the affairs, operations, businesses, assets, liabilities (including tax liabilities), contracts, financial condition, accounts, results, prospects and the legal, accounting, financial and tax affairs of the other parties, and the results of such due diligence investigation being satisfactory to each party in its discretion;
- (b) implementation of the Scheme;
- (c) completion of the Proposed Acquisition;
- (d) the Group entering into a deed of trust in favour of Shareholders of the Company as at a record date to be determined prior to completion of the Proposed Subscription in respect of contingent proceeds (if any) ("**Proceeds**") that may be received by: (i) the Company and its subsidiaries, TML, TriReme Medical (Singapore) Pte. Ltd. and Quattro Vascular Pte. Ltd. under the asset purchase and option agreement dated 24 May 2018 from Teleflex Life Sciences Unlimited Company and Teleflex Incorporated in the event certain milestones are met and/or Teleflex Life Sciences Unlimited Company and Teleflex Incorporated exercise the option to acquire Chocolate Heart™; and (ii) the Company and TML under the asset purchase agreement dated 27 August 2020 ("**GV APA**") from G Vascular Private Limited and Genesis MedTech International Private Limited in the event requisite approvals of the United States Food and Drug Administration are obtained and sales are made from Chocolate Touch® as well as any disposal of Chocolate Touch®, PROVIDED THAT the Company assumes, and agrees to promptly pay, any and all liabilities, costs (including legal costs), settlement amounts and damages whatsoever asserted against or paid by TML (for its own benefit or the benefit of its officers, directors, employees and agents) associated with (aa) any third party claim arising in any way out of any action or inaction of TML or its officer, directors, employees and agents prior to the date of completion of the SPA ("**Effective Date**"), (bb) Chocolate technology, Chocolate Heart™ and/or Chocolate Touch® prior to the Effective Date, or (cc) any and all agreements entered into by TML prior to the Effective Date, including, without limitation the 3 April 2011 development and license agreement with Innora GMBH (collectively, "**Liabilities**"). As to any Proceeds that the Company may directly receive under the GV APA, (x) the Company will use such proceeds to immediately satisfy all amounts owed to TML on account of Liabilities borne by TML as provided below; and thereafter (y) the Company will hold in escrow 30% of such Proceeds for so long as any future Liabilities are anticipated in connection with any actual or threatened third party claim or action. In the event that the Company fails to pay any Liabilities within seven (7) days of notice thereof and there are then insufficient Proceeds held by TML to pay same, TML may advance such amounts and then withhold and retain from the Proceeds an amount equivalent to such advanced amounts, plus a late fee of 1% per month

(compounded monthly) until paid. TML is authorized to reserve or apply any Proceeds held by it from time to time to create reasonable reserves for or pay Liabilities or pay amounts previously advanced by TML to pay Liabilities (including the late fee accrual thereon);

- (e) completion of the TML Transaction;
- (f) all necessary approvals (including from the SGX-ST and Shareholders of the Company to the transactions contemplated herein) and approval in-principle for the listing of and quotation for the Subscription Shares on the Catalist of the SGX-ST (“**Listing Approval**”), the Proposed Diversification and the transfer of listing status from the Company to NewCo having been obtained and such approvals being in full force and effect, and where such approval is subject to conditions, (i) such conditions being reasonably acceptable to the parties and (ii) if such conditions are required to be fulfilled on or before completion of the Proposed Subscription, such conditions having been fulfilled on or before such date, and such approvals remaining in full force and effect as of completion of the Proposed Subscription;
- (g) the allotment, issue and subscription of the Subscription Shares and all the transactions contemplated by this Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of this Agreement by any legislative, executive or regulatory body or authority (including, without limitation, the SGX-ST) in Singapore, which is applicable to either party, including but not limited to the provisions of the Catalist Rules or the SFA; and
- (h) the representations, warranties and undertakings by each party remaining true and correct in all material respects as if made on the completion date of the Proposed Subscription, with reference to the then existing facts and circumstances, and each of them having performed all of its obligations hereunder to be performed on or before completion of the Proposed Subscription.

If any of the conditions is not satisfied on or before 30 November 2021 or such later date as the Company and the Investors may agree in writing, the Proposed Subscription will not proceed.

7.4 Moratorium

The Investors shall not sell, transfer or otherwise dispose of the Subscription Shares or any interest thereof, or attempt or propose to do any of the foregoing (“**Restrictions**”) for a period of six (6) months commencing from the date of NewCo’s admission to the Catalist of the SGX-ST (“**Listing Date**”) (both dates inclusive) (“**First Lock-up Period**”) and the period commencing on the day immediately following the expiry of the First Lock-up Period until the date falling 12 months commencing from the Listing Date (both dates inclusive) (“**Second Lock-up Period**”). The Restrictions shall apply to all the Subscription Shares for the First Lock-up Period and to 50.0% of the Subscription Shares for the Second Lock-up Period.

8. **RATIONALE FOR THE PROPOSED TRANSACTIONS AND USE OF PROCEEDS FROM THE PROPOSED SUBSCRIPTION**

8.1 Rationale for the Proposed Transactions

The Company intends to diversify the Group’s core business to include, *inter alia*, the Healthcare Business. In furtherance of the Proposed Diversification, the Company has been in discussions with various third parties to explore a collaboration through joint ventures with potential business partners, so as to leverage on the expertise and resources of the business partner(s) for such joint venture company to assist it in undertaking the Healthcare Business more effectively and efficiently.

The Company's entry into the SPA represents the crystallisation of the aforementioned discussions and will allow the Company to leverage the expertise of the Vendor. In addition, the Company can tap on the extended business network of the Investors to facilitate further strategic partnerships and commercial opportunities to support and strengthen the Company's investments and ventures in the Healthcare Business. In addition to the Proposed JV, the Investors had separately expressed interest in investing in the Company in support of the potential business growth pursuant to the diversification into the Healthcare Business. The management is of the view that the Proposed Subscription will help align the interests of the Investors with that of the Company.

The Consideration represents an approximately 6.3% to 39.1% premium to the preliminary draft valuation range and 266% premium to the unaudited pro forma combined net asset value and net tangible assets of 60% of the Healthcare Group as at 31 December 2020. Notwithstanding the estimated premium based on the unaudited pro forma combined net asset value and net tangible assets of the Healthcare Group as well as the preliminary draft valuation (which was used solely as a reference point by the Board for comparison purposes), the Board also took into consideration the factors detailed in paragraph 3.1 above and the future prospects of the Healthcare Group in arriving at the Consideration for the Proposed Acquisition.

The Directors are of the view that the Proposed Subscription is beneficial to the Group as it will allow the Group to strengthen its financial position, improve the Group's cash flow and increase working capital available to the Group.

8.2 Use of Proceeds from the Proposed Subscription

The Proposed Subscription will allow the Company to strengthen its financial position by raising net cash proceeds of approximately S\$6.8 million (after deducting estimates expenses of approximately S\$500,000) ("**Net Proceeds**"), which is intended to be utilised by the Company in the following manner:

Proposed use of Net Proceeds	% of Net Proceeds
(a) Partially finance the Proposed Acquisition	44.1%
(b) General working capital	55.9%

The reason for the allocation of the majority of the net proceeds for working capital purposes is to:

- (a) strengthen the financial position of the Company after taking into account the negative working capital position of the Group of approximately US\$1.1 million as at 31 December 2020; and
- (b) fund the set-up, working capital and other operational expenses of the Healthcare Business.

Pending the utilisation of the Net Proceeds for such purposes, such proceeds may be placed in deposits with banks or financial institutions or invested in short-term money markets or debt instruments or for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Subscription as and when such proceeds are materially disbursed and provide a status report of the use of proceeds from the Proposed Subscription in the Company's annual report and unaudited results announcements. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

9. DIRECTORS' CONFIRMATION

The Directors are of the opinion that, as at the date of this announcement after taking into consideration:

- (a) the Group's present bank facilities³, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the foregoing, the purpose of the Proposed Subscription is to raise funds to partially finance the Proposed Acquisition and general working capital purposes as disclosed in paragraph 8 of this announcement; and
- (b) the Group's present bank facilities³ and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

10. ACCESSION OF NEWCO TO SPA AND SUBSCRIPTION AGREEMENT

The Company shall procure NewCo to accede and ratify the provisions of the SPA and the Subscription Agreement immediately upon implementation of the Scheme, whereupon the parties thereto agree that NewCo shall be substituted in place of the Company as a party to the SPA and the Subscription Agreement. Thereafter, the SPA and the Subscription Agreement shall be construed and treated in all respects as if NewCo was named therein instead of the Company. Pending such accession and ratification, the Company shall be liable for all obligations of NewCo referred to in the SPA and the Subscription Agreement.

11. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial information relating to the Healthcare Group used for illustrating the financial effects of the Proposed Transactions as set out under this paragraph was provided by the Vendor.

The *pro forma* financial effects of the Proposed Transactions on the net tangible assets ("NTA") or net tangible loss ("NTL") per Share and loss per Share ("LPS") are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the enlarged Group following completion of the Proposed Transactions.

The financial effects of the Proposed Transactions are prepared based on the audited consolidated financial statements of the Group for FY2020 and the unaudited *pro forma* combined management accounts of the Healthcare Group for FY2020.

³ The Group currently does not have any bank facilities and only has a loan from a third party and financing commitments from third party lenders.

11.1 Share Capital

	Before the issuance of the Subscription Shares and the Consideration Shares	After the issuance of the Subscription Shares and the Consideration Shares
Number of Shares	2,239,453,174	6,572,786,508

11.2 Financial Effects of the Proposed Transactions on the Group's NTA/(NTL)

The financial effects of the Proposed Transactions on the NTL per share of the Group as at 31 December 2020 (based on the audited consolidated financial statements of the Group for FY2020), assuming completion of the Proposed Transactions had taken place on 31 December 2020, are as follows:

	NTA/(NTL) as at 31 December 2020 US\$'000	Number of issued and paid-up Shares '000	NTA/(NTL) per Share US\$
Before the Proposed Transactions	(710)	2,239,453	(0.0003)
After the Proposed Transactions	4,104	6,572,787	0.0006

11.3 Financial Effects of the Proposed Transactions on the Group's Losses and LPS

The financial effects of the Proposed Transactions on the LPS of the Group (based on the audited consolidated financial statements of the Group for FY2020), assuming completion of the Proposed Transactions had taken place on 1 January 2020, are as follows:

FY2020	Net Loss of the Group US\$'000	Weighted average number of Shares (excluding treasury shares) '000	Net LPS US\$
Before the Proposed Transactions	(7,577)	2,239,453	(0.0034)
After the Proposed Transactions	(7,184)	6,572,787	(0.0011)

12. **ADDITIONAL LISTING APPLICATION**

The Company will apply to the SGX-ST through its sponsor, PrimePartners Corporate Finance Pte. Ltd. for, *inter alia*, the dealing in, listing of and quotation for the Consideration Shares and the Subscription Shares on the Catalist of the SGX-ST. The Company will make the necessary announcements upon the receipt of the approval in-principle of the listing and quotation of the Consideration Shares and the Subscription Shares from the SGX-ST.

13. INTEREST OF THE DIRECTORS

As at the date of this announcement, there are no substantial or controlling shareholders of the Company. Save as disclosed below, none of the Directors, other than in their respective capacity as Directors or Shareholders of the Company, has any interest, direct or indirect, in the Proposed Transactions.

	Before Proposed Transactions		After Proposed Transactions	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾
Directors				
Eitan Konstantino	9,189,562	0.41%	9,189,562	0.14%
Amir Belson	3,168,948	0.14%	3,168,948	0.05%
Sho Kian Hin	_(3)	_(4)	_(3)	_(4)

Notes:

- (1) Based on the Company's issued and paid-up share capital of 2,239,453,174 Shares before the Proposed Transactions.
- (2) Based on the Company's Enlarged Share Capital of 6,572,786,508 Shares after the Proposed Transactions.
- (3) Less than 1,000 Shares
- (4) Less than 0.01%

14. SERVICE CONTRACTS

The Investors will be appointing director(s) to NewCo on completion of the Proposed Transactions. Save for the foregoing, no other person is proposed to be appointed as a Director of the Company in connection with the Proposed Transactions.

15. FINANCIAL ADVISER

The Company has appointed PrimePartners Corporate Finance Pte. Ltd. as the financial adviser in relation to the Proposed Acquisition.

16. FURTHER INFORMATION

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Transactions.

17. SCHEME DOCUMENT AND DOCUMENTS FOR INSPECTION

The Scheme Document containing information on the Proposed Transactions and enclosing the notice of Scheme Meeting to seek Shareholders' approval for the Proposed Transactions will be despatched by the Company to Shareholders in due course.

A copy each of the aforesaid SPA and Subscription Agreement is available for inspection at the Company's registered office at 18 Boon Lay Way, #10-140(D) TradeHub 21, Singapore 609966 for a period of three (3) months from the date of this announcement. A copy of the Valuation Report will be similarly made available for inspection for up to three (3) months from the date of issuance of the Scheme Document.

18. CAUTION IN TRADING

Shareholders and potential investors of the Company should note that the Proposed Transactions are subject to the fulfilment of certain conditions precedent and are advised to exercise caution in trading their Shares in the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Transactions will be completed. The Company will make the necessary announcements as and when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

19. 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 Transactions, the Company and its subsidiaries as at the date hereof, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in the 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, through reasonable enquiries, that such information is accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board
QT VASCULAR LTD.

Eitan Konstantino
Chief Executive Officer
25 May 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.
