

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

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**SUBSCRIPTION AND SALE OF SHARES IN TRIREME MEDICAL, LLC**

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*I. Introduction*

QT Vascular Ltd. (“**Company**”, and together with its subsidiaries, “**Group**”) has on 5 May 2021 entered into a subscription and sale and purchase agreement (“**SPA**”) with MDIE Pte. Ltd. (“**MDIE**”), Emerald Apex Pte. Ltd. (“**Investor**”) and a wholly-owned subsidiary of the Company, TriReme Medical, LLC (“**TML**”) in relation to:

- (a) the sale of 139,999 shares in TML (“**Sale Shares**”) held by the Company to MDIE for US\$166,158 (“**Sale**”); and
- (b) the subscription by the Investor of 50,000 new shares in TML (“**Subscription Shares**”) for US\$59,342 (“**Subscription**”),

(collectively, the “**Transactions**”).

The Sale Shares and the Subscription Shares represent a disposal of approximately 50.0% of the enlarged share capital of TML comprising 380,000 shares immediately after completion of the Transactions (“**Completion**”).

*II. Parties*

TML is a wholly-owned subsidiary of the Company incorporated in the United States of America and is engaged in the business of developing, manufacturing and distribution of medical devices.

MDIE is a Singapore incorporated investment company wholly-owned by Mr. Tanhum Feld, who is a 2.1% shareholder of the Company (collectively, “**Shareholders**”).

The Investor is a third-party Singapore incorporated investment company focused on medical technology and wholly-owned by Mr. Wiesner Steven Paul, and is not directly or indirectly related to any of the Company’s Directors, substantial Shareholders or their respective associates.

*III. Salient Terms*

Pursuant to the SPA, the aggregate consideration for the Sale is US\$166,158 (the “**Sale Consideration**”). The Sale Consideration is payable by MDIE and on Completion, will be partially set off against an outstanding loan of US\$1,000,000 owing by the Company to MDIE, with the balance amount to be secured over the remaining 50.0% shares held by the Company in TML (“**Share Charge**”). The Share Charge shall be granted by the Company in favour of MDIE within 30 calendar days following Completion.

The aggregate consideration for the Subscription is US\$59,342 (the “**Subscription Amount**”) and is payable in cash by the Investor to TML on Completion.

The Sale Consideration and Subscription Amount (the “**Total Consideration**”) were negotiated at arm's length amongst the parties and arrived at on a willing buyer-willing seller basis, taking into account the preliminary draft

valuation below and the net asset value of TML after excluding the Chocolate Heart™ intangible asset (which is to be transferred from TML to the Company prior to the Completion under the terms of the SPA).

Based on the preliminary draft valuation to be issued by Cushman & Wakefield VHS Pte Ltd (the “**Valuer**”) which is commissioned by the Company, the indicative value of 100% equity interest in the capital of TML based primarily on the cost approach with reference made to the market approach is between US\$9.6 million to US\$10.7 million as at 31 December 2020.

With reference to the Valuer’s preliminary draft valuation and based on the Company’s assessment, after excluding the Chocolate Heart™ intangible asset (which is to be transferred from TML to the Company prior to the Completion under the terms of the SPA), the indicative market value of TML is approximately US\$451,000 as at 31 December 2020.

The final valuation report (the “**Valuation Report**”) will be issued by the Valuer and disclosed in the circular to Shareholders in respect of the extraordinary general meeting (“**EGM**”) to be convened in due course to obtain the approval of Shareholders for the Transactions.

Completion of the Sale and the Subscription are inter-conditional upon each other.

Completion of the Transactions is conditional on, *inter alia*, the following conditions precedent being fulfilled or (where applicable) waived:

- (a) the Transactions 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;
- (b) the Transactions being approved by the Shareholders at the EGM to be convened;
- (c) the entry of the assignment and assumption agreement by the Company and TML in relation to the transfer of the rights and obligations in respect of Chocolate Heart™ from TML to the Company; and
- (d) all approvals and consents for the Transactions being obtained, and not withdrawn or amended, on or before the date of Completion.

In the event that the conditions precedent are not fulfilled or (where applicable) waived within three months from the date of the SPA, or such other date mutually agreed by TML, the Company, MDIE and the Investor in writing, the SPA shall lapse and cease to have further effect.

Upon Completion, the Company will continue to hold 190,001 shares in TML, comprising 1 share more than 50.0% of the enlarged share capital of TML. Accordingly, the Company has on 5 May 2021 further entered into a shareholders’ agreement and an amended and restated limited liability company agreement of TML (collectively, “**Shareholders’ Agreements**”) with MDIE and the Investor to regulate the parties’ relationship as shareholders of TML, which are effective from the date of Completion.

The salient terms of the Shareholders’ Agreements include, *inter alia*:

- (a) the management of the business of TML shall be undertaken by Momi Mimon Brosh (General Manager of the Company’s Singapore operations), Ms Gim Moey Ong and Ms Gina La (“**Management Team**”);
- (b) each of (i) the Company, (ii) MDIE and the Investor and (iii) the CEO member of the Management Team has the right to appoint one director to the board of TML;
- (c) the shareholders of TML have pre-emption rights to share issuances in TML;

- (d) any shareholder of TML has drag-along rights in respect of TML's shares should it wish to sell 33% of the total number of issued shares in TML, subject to certain conditions being met;
- (e) the shareholders of TML will have veto rights over certain non-operational matters including the appointment and remuneration of key management of TML; and
- (f) TML will pay the Company all proceeds that may be received by it associated with Chocolate Heart™ and Chocolate Touch®, provided that the Company pays TML all liabilities of TML associated with, *inter alia*, Chocolate technology, Chocolate Heart™ and Chocolate Touch® prior to the date of Completion. The details relating to earmarking of and distribution of these proceeds to the Shareholders of the Company will be elaborated in the circular.

#### *IV. Rationale of the Transactions and intended use of proceeds from the Subscription*

The Directors are of the view that the Sale and Subscription are in the best interest of the Company and its Shareholders, as the Sale will reduce the current indebtedness of the Group, and the Subscription will alleviate the Group's operating costs going forward in view that TML is a loss-making subsidiary and will provide additional financial resources for the operating expenses of TML.

The deficit of approximately US\$565,500 of the Total Consideration of US\$225,500 over the 50.0% of TML's book value (after excluding the Chocolate Heart™ intangible asset) as at 31 December 2020 of approximately US\$791,000 was based on (i) the estimated market value of TML without Chocolate Heart™ of US\$451,000 and (ii) that TML is loss making and most of TML's book value is made up of previously capitalised share reserves. It should also be noted that net tangible assets of 50% of TML being disposed of as at 31 December 2020 was approximately US\$87,000.

TML expects to receive approximately US\$50,342 in cash following the Subscription ("**Net Proceeds**"), comprising the cash proceeds from the Subscription Amount after deducting estimated costs and expenses of US\$9,000. TML intends to use the Net Proceeds for general working capital purposes.

#### *V. Cash Company*

Subsequent to Completion, the Board does not consider the Group to be a cash company as the Group's assets will not comprise wholly or substantially of cash or short-dated securities. The Group will continue to have majority control over, and operate, TML where it provides transitional services such as human resources, billing support and assistance in the clinical trial for Chocolate Touch® to G Vascular Private Limited ("**G Vascular**") following the Chocolate Touch® transaction completed in August 2020 and expects to provide such service to at least Q1 2022 or until such time G Vascular successfully achieves the premarket approval from the United States Food and Drug Administration in relation to the drug coated peripheral product.

Post Completion, the Group continues to own its intangible assets, namely Chocolate Heart™ as well as the long-term investment in Sano V Pte Ltd.

The Group is in active negotiations with third parties in relation to fund-raising exercises and/or potential corporate activities involving entering into new business opportunities to generate new sources of revenue; all of these efforts are undertaken with a view to ensure continued sustainable operations for the Group in the long run.

The Company will update its shareholders as and when it enters into definitive agreements in relation to its proposed corporate actions.

## VI. Relative Figures

The relative figures for the Transactions as computed pursuant to Rule 1006 and Rule 1007(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (“Catalist Rules”) and the audited consolidated financial statements of the Group for the financial year ended 31 December 2020 are as follows:

<u>Rule</u>	<u>Bases</u>	<u>Relative Figures (%)</u>
1006(a)	<i>The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.</i>	104.9% <sup>(2)</sup>
1006(b)	<i>The net profits<sup>(1)</sup> attributable to the assets acquired or disposed of, compared with the Group's consolidated net profits.</i>	39.5% <sup>(3)</sup>
1006(c)	<i>The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.</i>	3.85 <sup>(4)</sup>
1006(d)	<i>The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.</i>	Not applicable as the Company is not making an acquisition
1006(e)	<i>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.</i>	Not applicable as the Company is not a mineral, oil or gas company

### Notes:

- (1) Under Rule 1002(3)(b) of the Catalist Rules, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) The audited net asset value of the Group as at 31 December 2020 was US\$754,000. The net asset value of the Transactions as at 31 December 2020 was computed based on 50.0% of TML's net asset value (adjusted to exclude Chocolate Heart™ intangible assets) as at 31 December 2020 which is approximately US\$791,000.
- (3) The Group's audited net loss before tax for the period from 1 January 2020 to 31 December 2020 (“FY2020”) was US\$7.58 million. The audited net loss for FY2020 attributable to the Transactions was computed based on 50.0% of TML's net loss before income tax which is approximately US\$3 million for FY2020.
- (4) Based on the Total Consideration of US\$225,500 and the amount relating to the Share Charge, and the Company's market capitalisation of approximately S\$15.68 million (amounting to US\$11.73 million based on an exchange rate of US\$1:S\$1.3368). The Company's market capitalisation is determined by multiplying the number of shares in issue of 2,239,453,174 by the closing price of S\$0.007 per share on 4 May 2021, being the market day prior to the signing of the SPA and Shareholders' Agreements.

As the relative figures computed based on Rule 1006 involve negative figures, Rule 1007 provides that Chapter 10 of the Catalist Rules may still be applicable to the Transactions in accordance with the applicable circumstances of Practice Note 10A of the Catalist Rules (“**Practice Note 10A**”). According to Paragraph 4.6 of Practice Note 10A, the Transactions do not fall within all the situations in Paragraphs 4.3 and 4.4 of Practice Note 10A. As such, the Transactions constitute a “major transaction” under Rule 1014 of the Catalist Rules which must be made conditional upon approval by Shareholders in a general meeting.

The Transactions also constitute a disposal of a principal subsidiary under Rule 805(2)(b) of the Catalist Rules as the Sale Shares and the Subscription Shares represent approximately 50.0% of the enlarged share capital of TML with the Sale and the Subscription being inter-conditional. Accordingly, the Company will be convening the EGM to obtain the approval of Shareholders for the Transactions in due course.

## VII. Financial Effects

The pro forma financial effects of the Transactions on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Group after Completion.

### (a) Share Capital

As the Transactions do not involve the issue of any new shares of the Company, there is no impact on the existing issued share capital of the Company.

### (b) Net Tangible Liabilities (“NTL”)

The financial effects of the 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 had taken place on 31 December 2020, are as follows:

	<u>Before Completion</u>	<u>After Completion</u>
<i>NTL attributable to the Shareholders (US\$ '000)</i>	710	571
<i>Number of issued shares ('000)</i>	2,239,453	2,239,453
<i>NTL per Share (US cents)</i>	0.0003	0.0003

### (c) Loss Per Share (“LPS”)

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

	<u>Before Completion</u>	<u>After Completion</u>
<i>Loss attributable to the Shareholders (US\$ '000)</i>	7,577	4,581
<i>Weighted average number of shares ('000)</i>	2,239,453	2,239,453
<i>LPS (US cents)</i>	0.0034	0.0020

## VIII. Interests of Directors and Controlling Shareholders

None of the Directors or controlling Shareholders of the Company has an interest, direct or indirect, in the Transactions, other than through their respective shareholding interests, direct or indirect, in the Company.

## IX. Service Contracts

No person is proposed to be appointed as a Director of the Company in connection with the Transactions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## X. Circular and Documents for Inspection

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

A copy each of the aforesaid SPA and Shareholders' Agreements 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 circular.

*XI. 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 Transactions 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 this announcement in its proper form and context.

*XII. Caution in Trading*

Shareholders and potential investors of the Company should note that the 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 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.

By Order of the Board of Directors  
**QT VASCULAR LTD.**

Eitan Konstantino  
Chief Executive Officer  
5 May 2021

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*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.*