

THE TRENDLINES GROUP LTD.

(Incorporated in Israel)

(Company Registration No. 513970947)

**Execution of Term Sheet for the Establishment of a Venture Capital Fund and
a China Joint Venture**

The board of directors ("**Board**") of The Trendlines Group Ltd. (the "**Company**" and together with its subsidiaries and associated companies, the "**Group**") is pleased to announce the execution by the Company of a non-binding Summary of Principal Terms (the "**Term Sheet**") with Shoushan Wealth Holdings Co. Ltd ("**Shoushan**"), a Chinese company specialized in private equity investment, boutique investment banking, private placement fund management and other financial services, which sets forth the principal terms to be included in definitive agreements to be entered into in connection with the formation and operation of the Fund (as defined below) and related entities (the "**Definitive Agreements**").

The outlines of the Term Sheet are as follows:

- The Company and Shoushan will establish a venture capital fund which will invest in portfolio companies in the field of medical technologies (the "**Fund**").
- It is contemplated that the general partner of the Fund (the "**General Partner**") will be held 51% by the Company and 49% by Shoushan.
- The Fund will make equity and equity-related investments in Israeli, Israeli-related, Singaporean and other Asian-related companies with innovative medical technologies with an emphasis on companies which are planning to launch commercialization and marketing activities with respect to their products and services and whose business model considers entry into the Chinese market.
- It is intended that the Fund will invest primarily (approximately 40%) in selected portfolio companies of the Company (unless a greater percentage is approved by the Fund's Investment Committee, with the affirmative vote of at least one member of the Investment Committee appointed by Shoushan).
- The Fund will seek to raise US\$ 30 million (but may commence operations with a minimum raised amount of US\$ 5 million), of which the General Partner will contribute 2% of the raised amount.
- In addition, the Company and Shoushan will also establish a joint venture entity under the laws of the People's Republic of China (the "**JV**") to assist the portfolio companies in which the Fund will invest, with their manufacturing, commercialization and other activities in China in respect of their products / services and to facilitate their penetration and entry into the China market. It is contemplated that the JV will also be held 51% by the Company and 49% by Shoushan.
- Shoushan shall secure that following execution of the Term Sheet, an aggregate amount of US\$1.5 million shall be deposited in an escrow account, and the Company shall secure by such time the deposit of US\$0.5 million into the escrow account. Such escrow amounts may be used to cover the capital amount to be contributed by the General Partner upon the initial closing of the Fund, and the

balance will be returned to the respective party(ies).

The aforesaid is an outline of the principal terms and conditions of the Term Sheet which will form the basis for the Definitive Agreement(s) to be negotiated between the parties within a period of 120 days following execution of the Term Sheet or such other date as may mutually be agreed by the parties. In the event that the Definitive Agreement(s) shall not be signed by such target date, the aforesaid escrow amounts shall be returned to the Company and Shoushan respectively. The Definitive Agreement(s) (if signed) might include changes and/or additions to the terms outlined herein.

The Company's aforesaid investment in the Fund is not expected to have any material impact on the earnings per share and net tangible asset per share of the Group for the financial year ending 31 December 2016.

Interest of Directors and Substantial Shareholders

None of the Company's Directors, substantial shareholders and/or any of their respective associates has any interest, direct or indirect (other than through their shareholdings in the Company), in the above transaction.

The Company will make further announcements if and when there are any material updates to the Term Sheet including, *inter alia*, the execution of any Definitive Agreement(s) and/or the establishment of the Fund and JV.

BY ORDER OF THE BOARD THE TRENDLINES GROUP LTD.

Yosef Ron,
Joint Company Secretary

16 December 2016

*The Trendlines Group Ltd. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 November 2015. 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 verified the contents of this announcement.

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

Issuer/Manager THE TRENDLINES GROUP LTD.

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Submitted By (Co./Ind. Name) Yosef Ron

Designation Joint Company Secretary
