

THE TRENDLINES GROUP LTD.

(Incorporated in Israel)

(Company Registration No. 513970947)

Trendlines Incubators Israel Sells its holdings in MitrAssist Medical Ltd.

The board of directors (the "**Board**") of The Trendlines Group Ltd. (the "**Company**" or "**Trendlines**" and together with its subsidiaries and associated companies, the "**Group**") wishes to announce the execution of a definitive share purchase agreement (the "**Agreement**") for the proposed sale of the entire holdings of its wholly owned subsidiary, Trendlines Incubators Israel Ltd. (the "**Seller**"), in MitrAssist Medical Ltd., an Israeli private company ("**MitrAssist**"), to a third party, Wai Tech (Hong Kong) Holding Limited (the "**Purchaser**" and the "**Sale Transaction**", respectively). The Seller currently holds 328,156 ordinary shares in the share capital of MitrAssist ("**MitrAssist Shares**") or approximately 6% of the share capital in MitrAssist, and options to purchase 45,637 MitrAssist Shares (the "**Purchased Securities**").

The Purchaser is an existing shareholder of MitrAssist holding, to the Group's knowledge, approximately 61% of the share capital in MitrAssist.

The cash consideration to the Seller for its entire holdings in MitrAssist shall be US\$1.15 million (the "**Gross Price**") and is based on arm's length negotiations between the unrelated parties to the Agreement, after taking into consideration the Rationale (as defined and elaborated below). An amount of approximately US\$572,000 out of the Gross Price shall be released to the Seller mainly to satisfy the repayment of a loan¹ previously received by the Seller from the Israel Innovation Authority (formerly, the Office of Chief Scientist (the "**OCS**")) under an old OCS directive which is no longer in effect, and in respect of which the OCS received a security interest in 217,568 MitrAssist Shares (the "**Security Interest Shares**") owned by Seller. All the Security Interest Shares will be transferred to the Purchaser upon the removal of OCS security interest. The remainder of the Gross Price shall be held in escrow and paid to the Seller following and subject to the closing of a certain contemplated transaction of MitrAssist which will involve the restructuring of MitrAssist into a Cayman entity and a financing round for an investment in such Cayman entity (the "**MitrAssist Corporate Transaction**"), provided that such MitrAssist Corporate Transaction shall be consummated by no later than 15 December, 2017. Hence, assuming the consummation of the MitrAssist Corporate Transaction and subject thereto, the Seller will receive pursuant to the Sale Transaction, net proceeds of approximately US\$578,000 which will result in an approximate gain of US\$650,000 (net gain after taxes of approximately US\$516,000) to the Group.

To the extent such MitrAssist Corporate Transaction is not consummated, Seller shall sell only the Security Interest Shares constituting repayment of the loan to the OCS, and the remaining Purchased Securities which are transferred to be held in trust by an independent trustee upon signing of the Agreement shall be returned to the Seller.

¹ As of 1 August 2017 the loan amount equals to approximately US\$503,000, and is subject to adjustment in respect of additional interest accrued up to the actual date of payment (the "**OCS Payment**").

The intended use of the net proceeds from the Sale Transaction is for continuing operations and investments of the Group.

MitrAssist has developed a minimally invasive approach to treating Mitral Regurgitation (MR), a disorder of the heart in which the mitral valve does not close properly when the heart pumps out blood. MitrAssist's proprietary implant is placed on top of the heart's own mitral valve and works in unison with it to enhance the valve's functionality.

As stated in the Company's Offer Document dated 26 November 2015, the book value of the Company's holdings in MitrAssist has been written off and is carried at zero as at 31 March 2017.

The Board is of the view that the Sale Transaction is in the best interests of the Group and its shareholders, *inter alia*, for the following reasons:

- (a) The Group currently holds a minority stake in MitrAssist without the ability to influence its operation and business strategy;
- (b) The Sale Transaction is considered an opportunity to receive a fair consideration with respect to holdings in a portfolio company of the Group which was previously written off; and
- (c) The Sale Transaction improves the overall cash flow position of the Group.

(collectively, the "**Rationale**")

Financial Effects

The financial effects of the Sale Transaction on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Sale Transaction, and are based on the assumption of receipt of the entire Gross Price.

The effect on the earnings per share as set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("**FY2016**") and on the assumption that the Sale Transaction had been completed on 1 January 2016:

	Before the Sale Transaction	After the Sale Transaction (assuming the consummation of the MitrAssist Corporate Transaction)
Net loss (US\$'000)	(6,578)	(6,062)
Number of shares ('000)	508,742	508,742
Loss per share (US\$)	(0.0129)	(0.0119)

Based on the latest audited consolidated financial statements of the Group for FY2016 and on the assumption that the Sale Transaction had been completed on 31 December 2016, the effect of the Sale Transaction on the Group's net tangible assets per share as at 31 December 2016 is not material.

Interest of Directors and Substantial Shareholders

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

Further Announcement

Trendlines will make further announcement(s) as and when there are any material updates to the Sale Transaction including, *inter alia*, the consummation of the MitrAssist Corporate Transaction.

BY ORDER OF THE BOARD

Yosef Ron
Joint Company Secretary

29 August 2017

*The Trendlines Group Ltd. ("**Trendlines**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 November 2015. The initial public offering of Trendlines was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").*

This announcement has been prepared by Trendlines 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.

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