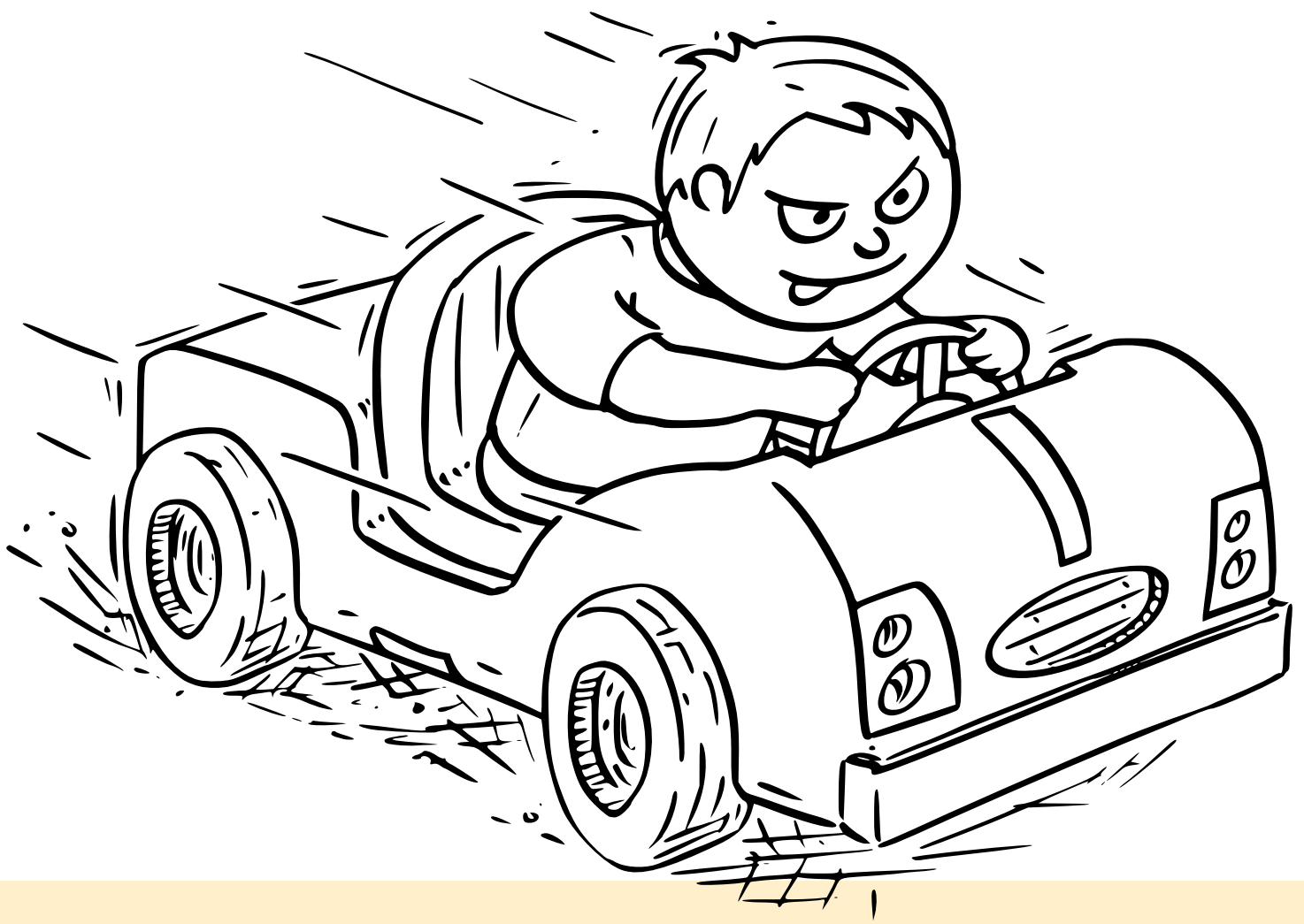


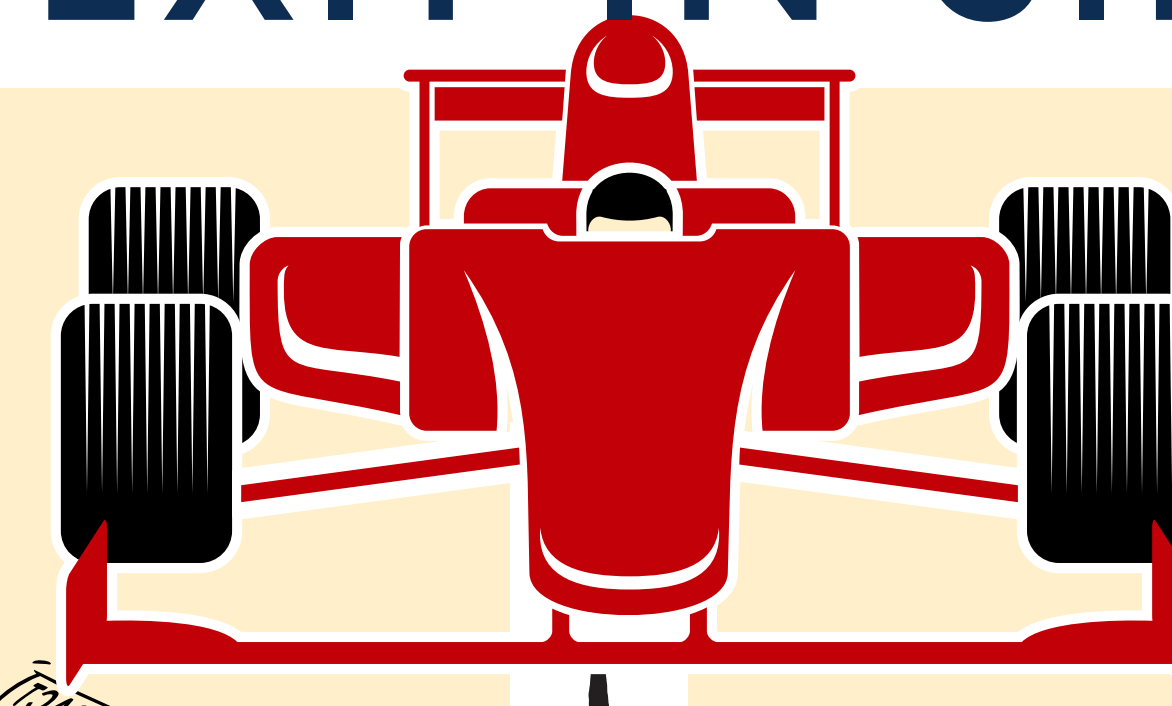
NAVIGATING M&A:

ESSENTIAL STEPS FOR STARTUPS PREPARING FOR A MID CYCLE EXIT IN SINGAPORE



1 UNDERSTAND YOUR DOCUMENTS

Study the **key documents**, like **shareholders agreement**, **safe/convertible notes**, or **other financial agreements**. For example, do **drag along provisions** exist that could facilitate the exit?



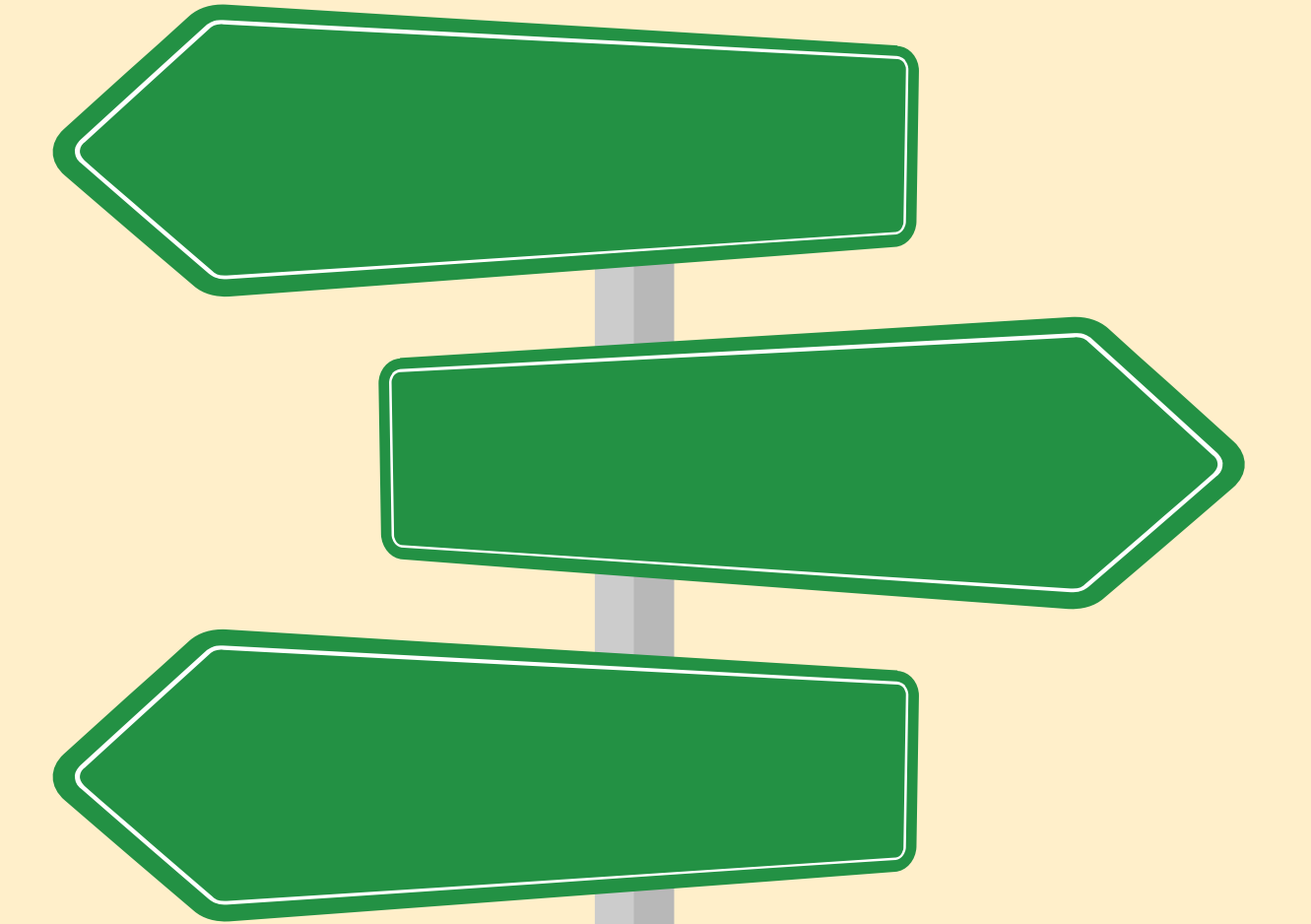
MODE OF ACQUISITION 2

Determine the best **mode of acquisition** and secure this through the **term sheet**. This could be an **asset sale**, **share sale**, or an **acqui-hire**.



3 TRANSACTION PATHWAY

Secure **approvals** from **shareholders/ lenders** and the **board**. This is usually a **reserved matter**, or requires **specific approvals** under the **Companies Act**.



ASSET ACQUISITION

- Key Document:** Establish the terms of the asset acquisition through a detailed **Business Transfer Agreement (BTA)** or **Asset Transfer Agreement (ATA)**.
- Distribution of Proceeds:** The company will receive **cash/alternative cash consideration** upon the transfer of assets. **Payout the proceeds** to shareholders/investors accordingly.
- Winding Up:** After the distribution, proceed with **winding up** the company if necessary.

OR

SHARE SALE

- Key Document:** Establish the terms of the share sale through a detailed **share purchase agreement (SPA)** or **share swap agreement**. For **SAFE holders**, they may opt to convert or get paid back.
- Cosec Matters:** Lodge the **share transfers** and **board changes** with ACRA, with help from your **company secretary**.
- Distributions of Proceeds:** Proceeds will typically be paid / transferred directly to the shareholder/ investor.

OR

ACQUI-HIRE

- Key Document:** Other than the acquisition agreement, the **employment agreement** with the founders will play a key role.
- Share Swap.** In these deals, it is common for existing investors / shareholders to **receive shares in the acquirer**. It will be important to understand the terms of the **acquirer's shareholders agreement and constitution**, and to do basic diligence on the acquirer.