



Template seed shareholders' agreement

User notes

This is a simple shareholders' agreement intended to be implemented by a start-up at the time it closes a seed investment round in Southeast Asia.

This agreement deals with the management of the start-up and the relationship between the founders, any other existing shareholders and the investors (e.g. rights to appoint directors, matters requiring the approval of any investor-appointed directors, the provision of financial information, confidentiality provisions, etc). This shareholders' agreement includes certain items which are generally replicated in the constitution of the company (e.g. board appointment rights, pre-emptive rights, co-sale and drag-along rights). Updating the constitution should be a relatively simple task as the relevant provisions can be copied from the shareholders' agreement with minimal changes in most cases.

This agreement is not intended for use by services companies where shareholders work in the business and the focus is on returning regular income to those shareholders based on their contribution to the business - i.e. companies where the shareholders work in the business like partners in a professional services firm. Special provisions usually need to be included in those shareholders' agreements e.g. regarding remuneration, sharing of profits, and linking shareholding to active involvement in the business.

This agreement does not contain a mechanism to force the resolution of a major dispute between shareholders, for example by requiring the business to be sold and the company wound up. These types of provisions can be problematic in tech start-ups, as it can be very difficult to value or sell the business in the early stages. Also, it is often not in founders' interests to give this right to a disgruntled shareholder, and we usually advise against giving such a right to incoming investors as it provides a forced liquidity option. However, while we think this is generally the best approach for this type of company, be aware the downside is that if shareholders cannot resolve a dispute between themselves

commercially, it may fester and the company may become dysfunctional and/or deadlocked.

applicable law

This document is intended for use by companies domiciled in Southeast Asia. Because the laws in each Southeast Asian country are different, you should have the document reviewed by a local lawyer. We have suggested (as a placeholder) that the document be subject to Singapore law as this is the most common domicile of tech companies raising capital in Southeast Asia, and Singapore is well respected as a legal jurisdiction.

using this template

The **User Notes** and the statements in the footer below (all marked in red) are included to assist in the preparation of this document. They are for reference only – you should delete all user notes and the statements in the footer from the final form of your document.

The use of *[square brackets]* around black text means that:

- ▲ the requested details need to be inserted
- ▲ there are different options for you to consider within a clause
- ▲ the whole clause is optional and you need to consider whether to include it, based on the company's circumstances and the user notes.

Before finalising your document, check for all square brackets to ensure you have considered the relevant option and ensure that all square brackets have been deleted. Also, if you delete any clauses or schedules, remember to cross reference check the document.

SHAREHOLDERS' AGREEMENT

DATE

PARTIES

- 1 The persons whose names and addresses are set out in part 1 of Schedule 1 (together the **Investors** and each an **Investor**)
- 2 The persons whose names and addresses are set out in part 2 of Schedule 1 (together the **Founders** and each a **Founder**)

[User note: Use the following if there are existing shareholders in the Company other than the Founders.]

- 3 *[The persons whose names and addresses are set out in part 3 of schedule 1 (together the Existing Shareholders)]*
- 4 **[INSERT NAME OF COMPANY]** (company number *[insert]*), a company incorporated in *[insert]* whose registered office is at *[insert]* (**Company**)

AGREEMENT

- ▲ Each of *[the Existing Shareholders]*, the Investors and the Founders are the shareholders of the Company.
- ▲ The parties wish to record arrangements for the governance and business of the Company on the terms of this Agreement.

[User note: Use the following signature block for each party that is a company.]

SIGNED for and on behalf of **[INSERT**)
NAME OF COMPANY] by:)

Signature of authorised signatory

Print full name of authorised
signatory

[User note: Use the following signature block for each party that is an individual.]

SIGNED by **[INSERT]**:

)

)

Signature

TERMS OF THIS AGREEMENT

1 INTERPRETATION

1.1 **Definitions:** In this Agreement the following words have the following meanings:

Definition	Meaning
Agreement	this agreement, including the Schedules.
Board	the Directors from time to time acting as a board of directors.
Business	<i>[insert description of the business of the Company, e.g. the development, commercialisation and sale of [insert a description of the Company's products]], and any other activities specified in the Business Plan.</i>
Business Day	Monday to Friday, other than any public holiday that occurs in <i>[Singapore]</i> .
Business Plan	a budget and business plan for the Company approved by the Board in accordance with clause 5.
Companies Act	<i>[the Companies Act Cap. 50 of Singapore]</i> .
Constitution	the constitution of the Company (as amended from time to time).
Deed of Accession	a deed of accession to be entered into by each person becoming a shareholder of the Company in accordance with clause 7.1c or 8.5, in the form attached as Schedule 2.
Director	a director of the Company.
ESOP	an employee share or option plan, or similar adopted by the Company.
<i>[Investor Director]</i>	<i>the Director appointed under clause 4.1b.]</i>
Securities	any Share and any security that may be converted into Shares or that gives the holder of the security the right to have Shares issued to it (including options and warrants).
Shareholder	a shareholder of the Company.
Shares	ordinary shares in the Company and any other shares in the Company carrying Voting Rights.

Subsidiary a body corporate is a subsidiary of another body corporate if that other body corporate is a holding company of it, and

- a it has power to appoint or remove all, or a majority, of that other body corporate's directors without any other person's consent;
- b it controls more than half of the voting rights in that other body corporate; or
- c it holds more than half of that other body corporate's issued share capital, excluding any part of the share capital that carries no right to participate beyond a specified amount in a distribution of profits or capital,

and a holding company is considered a holding company whether it directly or through another body corporate of which it is also a holding company, holds another body corporate.

Voting Rights rights to vote at a meeting of shareholders of the Company (other than rights to vote only on the appointment of an administrator, on a resolution for the winding up of the Company, or on similar financial distress events).

1.2 Interpretation:

- a a reference to:
 - i a **clause** or a **Schedule** is to a clause in or a schedule to this Agreement;
 - ii a **paragraph** is a reference to a paragraph of a schedule to this Agreement;
 - iii a **person** includes a body corporate, an association of persons (whether corporate or not), a trust, governmental or other regulatory body, authority or entity, in each case whether or not having a separate legal personality;
 - iv **including** and similar words do not imply any limitation;
 - v a **statute** includes references to that statute as amended or replaced from time to time;
 - vi a **party** is a reference to a party to this Agreement, and includes that party's permitted assigns; and
 - vii **\$** or **dollars** are to [*Singapore*] currency;
- b the **headings** in this Agreement are for convenience only and have no legal effect; and

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- c the **singular** includes the plural and vice versa.

2 TERM

2.1 **Term:** This Agreement commences on the date that it is signed by all parties and will continue in force until terminated under clause 2.2.

2.2 **Termination:** This Agreement must terminate when:

- a parties holding [90]% of the Voting Rights agree in writing that it will be terminated, in which case it must terminate on the agreed date;
- b a single Shareholder holds Shares carrying 100% of the Voting Rights;
- c an order is made, or a resolution is passed, to appoint a liquidator to the Company; or
- d the Shares are listed.

2.3 **Exiting Shareholder:** A party ceases to be bound by, and to be a party to, this Agreement if, having complied with clause 8, it ceases to hold any Securities (except that clauses 9 and 11.2 will continue to apply).

3 CONDUCT OF THE PARTIES

The Shareholders must exercise all voting rights and other powers of control available to them in relation to the Company, in their capacity as Shareholders and through their appointed Directors, to give effect to this Agreement (as far as they are able by the exercise of such rights and powers).

4 BOARD OF DIRECTORS

4.1 **Board size and composition:**

[User note:

▲ *There is an expectation that investors who hold a significant shareholding will, at least in the early stages of a company's development, have a right to appoint a director. Generally at the seed round stage, you would not expect to have more than one investor director.*

▲ *If an investor or any other shareholders holding a specified minimum shareholding are to be granted the right to appoint a director, you need to give careful thought as to how the board appointments will play out and who will be in*

control of the company. Generally this should be the Founders at the seed stage.

▲ **The right to appoint an Investor Director is often given to the lead investor on the round who will own the largest % of shares. Alternatively the appointment rights could be given to a majority of the Investors.**

▲ **It may be that in addition to, or as an alternative to, the right to appoint an Investor Director, an investor or indeed other shareholders holding a specified minimum shareholding will be granted board observer rights.]**

- a The maximum number of Directors will be *[insert number]*.
- b *[Name of investor appointing a Director]* has, while it *[holds at least [insert]% of the Shares, the right:*
 - i *to appoint and maintain in office such person as [name of Investor] may from time to time nominate as a Director of the Company (and as a member of each and any committee of the Board) and to remove any Director so appointed and, upon his or her removal whether by [name of Investor] or otherwise, to appoint another Director in his or her place (Investor Director); [and] [or]*
 - ii *to appoint a representative to attend as an observer at each and any meeting of the Board and of each and any committee of the Board who will be entitled to speak at any such meetings but will not be entitled to vote.*

[Insert] will be deemed to be the first Director appointed pursuant to this clause 4.1b.]
- c At the date of this Agreement, the Board comprises:
 - [Insert name of Founder];*
 - [Insert name of Founder]; and*
 - [Investor Director].*
- d The Shareholders may appoint additional Directors by ordinary resolution up to the maximum stated in clause 4.1a.
- e The Board will appoint one of the Directors to act as chairman of the Board on the following basis:
 - i he or she will hold office for 12 months;
 - ii each chairman will, at the expiry of his or her term, be eligible for re-appointment and will be deemed to have been removed from that office unless he or she has been re-appointed before the end of that term; and

- iii at meetings of the Board, the chairman will vote in his or her capacity as a Director only and will not have a separate casting vote.
- f Each Director may appoint an alternate Director to act on his or her behalf in his or her absence.

[User note: Delete clause 4.2 below if there is no Investor Director.]

- 4.2 **[Quorum to include the Investor Director:** A quorum for a meeting of the Board will be a majority of Directors, including the Investor Director. If a quorum is not present within half an hour of the scheduled time of a meeting, the meeting will automatically be adjourned to the same day, location and time on the following week. If that day is not a Business Day, the meeting will be held on the next Business Day. The Directors present at an adjourned meeting will constitute a quorum for that meeting. None of the matters set out in clause 6.1 will be voted on at any adjourned meeting without the prior written approval of the Investor Director.]

- 4.3 **Board meetings:** The Board will meet [every 2 months] or as otherwise agreed by the Board. Board meetings may take place in person or by audio or audio and visual communication as permitted by the Company's Constitution. Subject to clause 6 or where expressly provided in this Agreement, decisions will be by majority vote. The Company must, at least five Business Days before each Board meeting provide each Director with an agenda, all relevant Board papers for that meeting and any other information requested by the Board.

[User note: Clause 4.4 below relates to directors' fees. Generally, founder directors of early stage companies are not paid a directors' fee. Check the company's constitution or articles of association (as applicable) to ensure that the board has the right to set directors' remuneration.]

- 4.4 **[No Directors' fees:** Directors will not receive fees for attending Board meetings. Directors who are also executives of the Company will not receive additional remuneration for Board duties.]

OR

[Directors' fees: All non-executive Directors will be paid Board fees of \$[insert amount] per month but otherwise attendance at Board meetings will not be remunerated.]

- 4.5 **Director expenses:** Despite clause 4.4, each Director will be entitled to have expenses reasonably and properly incurred in attending meetings of the Directors and otherwise in relation to the discharge of duties reimbursed by the Company.

5 BUSINESS PLAN, REPORTING, FINANCIAL STATEMENTS

- 5.1 **Business Plan:** Where a Business Plan has been adopted, the Company must operate, and the Business must be materially conducted, in accordance with the Business Plan, unless otherwise approved by the Board.

- 5.2 **Adoption of annual Business Plan:** At least 30 days prior to the end of each financial year, the Company must (unless otherwise approved by the Board) prepare a budget and business plan for the following financial year which must be approved by the Board [*and the Investor Director (acting reasonably)*] before it takes effect. If a new business plan and budget is not approved, the last approved Business Plan (if any) will continue in force.
- 5.3 **Regular Reporting:** The Company must provide the following reports to the Directors within ten Business Days following the end of each month:
- a monthly balance sheet, profit and loss statements and cashflow statements, including performance against budget and a rolling 12 month forward cashflow forecast;
 - b a management report including details of performance against the Business Plan; and
 - c other information reasonably requested by the Board.
- 5.4 **Financial statements:** Within 60 Business Days from the end of each financial year, the Company must ensure that financial statements for that year are prepared in accordance with accounting principles, standards and practices generally accepted in [*Singapore*] and provided to the Directors.

6 PROTECTIVE PROVISIONS

[User note:

- ▲ **Clause 6.1 below lists specific matters that must be approved by the investor appointed director. If the company does not have a director appointed by investors, delete clauses 6.1 and 6.2. Another approach could be to retain this short list, but specify that these matters require the approval of, say, 75% of shareholders.**
- ▲ **The provisions set out here are permissive and form a relatively short list. You may wish to include additional restrictions.**
- ▲ **This list does not include the approval of further share issues because, while this is an approval right a significant shareholder may like to have, from the company's perspective it is generally better not to restrict the freedom of the board to raise capital.]**

- 6.1 **[Matters requiring special approval:** The approval of the Investor Director is required for:
- a any transaction or arrangement in which the Company acquires or disposes of assets, rights or interests, or incurs obligations or liabilities, not specifically identified in the Business Plan, the value of which is greater than \$[insert amount];
 - b the borrowing of any money or any change to the Company's borrowing facilities of greater than \$[insert], the provision of any guarantee, indemnity or other contingent

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commitment or the grant of any security over the business or assets of the Company, other than in the ordinary course of the Company's business (including security interests arising by operation of law);

- c *any transactions with a related party of the Company or any Director or shareholder of the Company, other than on arms' length terms and in the ordinary course of the Company's business;*
- d *the cessation of any material business operation of the Company or any material change in the principal activity of the Business; or*
- e *any change to the Constitution (if applicable) of the Company which materially affects the Investors' rights or which changes the composition of the Board.]*

[User note: Delete clause 6.2 (Subsidiaries) below if clause 6.1 (Matters requiring special approval) has been deleted.]

- 6.2 **[Subsidiaries:** Clause 6.1 will apply to each Subsidiary of the Company as if references to that Company were references to that Subsidiary, and the parties must take all actions to ensure that the Subsidiaries of the Company comply with this requirement.]

7 ISSUE OF SECURITIES

- 7.1 **Pre-emptive rights:** The Board may issue additional Securities of any class (including redeemable Shares) at any time, to any person and in the numbers the Board thinks fit, subject to the rights of pre-emption on issue set out in Schedule 3, except that such pre-emptive rights will not apply:

- a to the issue of Securities pursuant to any ESOP;
- b to the issue of Securities for nil consideration under any pro rata bonus issue, consolidation or subdivision of any Securities or any reduction or cancellation of the Company's share capital (or any similar reorganisation of the capital of the Company) which affects all Shareholders equally; or
- c on the conversion of any option, warrant or other convertible Security.

- 7.2 **Deed of Accession:** No issue of Shares by the Company to a third party will be valid unless and until the third party enters into a Deed of Accession and agrees to become bound by the terms of this Agreement. Each of the Shareholders agrees that from the date of issue of the Shares to the third party this Agreement will be read as if that third party was a party to it, having all the rights and obligation of a party under this Agreement.

8 TRANSFER OF SECURITIES

- 8.1 **Pre-emptive rights:** Subject to clause 8.2, no Shareholder may sell, transfer or otherwise dispose of the legal or beneficial ownership of, or mortgage or otherwise charge any of its Shares unless the rights of pre-emption set out in Schedule 4 have been exhausted.
- 8.2 **Requirement to refuse registration:** The Board must refuse the registration of a transfer of any Share if clause 8.1 has not been complied with.
- 8.3 **Exempt transfers:** The restrictions in clause 8.1 do not apply to any Shares transferred:
- a where the Seller has exercised a Drag-Along Option (as defined in paragraph 1 of Schedule 5); or
 - b by a Remaining Shareholder on the exercise of a Co-Sale Option (as defined in paragraph 3 of Schedule 5).
- 8.4 **Drag-Along and Co-Sale:** If one or more Shareholder wishes, in one transaction or a series of linked transactions, to transfer Shares in the Company carrying 50% or more of the Voting Rights to any other person then Schedule 5 applies.
- 8.5 **Deed of Accession required:** No sale, transfer or other disposition of any Shares by a Shareholder will be valid unless and until the proposed transferee enters into a Deed of Accession and agrees to become bound by the terms of this Agreement. Each of the Shareholders agrees that from the later of the date of the Deed of Accession and the date of the sale, transfer or other disposition of any Shares to the proposed transferee this Agreement will be read as if that proposed transferee was a party to it, having all the rights and obligations of a party under this Agreement.

9 NON-COMPETITION

[User note: This clause 9 states that no shareholder can compete with the company while he or she is a shareholder or for 12 months after he or she stops being a shareholder. In practice, this can prevent a founder or employee shareholder from working in the industry he or she knows best after he or she ceases to be employed by the company (because he or she is likely to still hold shares in the company). This is an area that needs careful thought as to whether the restraint is appropriate to the company (and the continuing shareholders) as well as to the leaving shareholder (if the leaving shareholder needs to retain the ability to work).]

Each Shareholder agrees and undertakes that, at any time during which it (or any entity over which it has a controlling interest) is a Shareholder, and for a further period of [12] months after

ceasing to be a Shareholder, it will not anywhere in [*Singapore or [insert names of any other countries in which the Company operates or expects to operate]*]:

- a directly or indirectly engage in, conduct, carry on or be involved or interested in any business the same as or similar to, or that is a material competitor of, the Business, provided that this does not prevent the parties from holding in aggregate not more than 5% of the issued share capital of any public company listed on the [*Singapore Stock Exchange's main board*] or any other stock exchange of similar or better standing; or
- b solicit or entice any of the officers, employees or contractors of the Company to terminate their position, employment or relationship with the Company otherwise than as a result of normal recruiting practices which are not targeted at any particular officer, employee or contractor; or
- c solicit or entice any of the customers or suppliers of the Company to terminate their relationship with the Company.

10 RECEIPT OF DOCUMENTS BY ELECTRONIC MEANS

Each Shareholder notifies the Company that:

- a it wishes to receive by electronic means all notices, statements, reports, accounts and other documents to be sent to Shareholders; and
- b the email address to send such documents to is the email address of that Shareholder listed in Schedule 6, or as otherwise notified to the Company from time to time in writing.

11 GENERAL

11.1 **Conflict with Constitution:** To the extent of any inconsistency or conflict, the provisions of this Agreement will prevail over the provisions of the Constitution. In order to give effect to this clause 11.1, if any such inconsistency or conflict is identified or becomes apparent then the parties must do all things and sign all documents, including where necessary making amendments to the Constitution, as may be necessary to remove the inconsistency or conflict.

11.2 **Confidentiality:** Each party must keep this Agreement, its terms and information it receives about the Company and its business in connection with this Agreement (**Confidential Information**) confidential, and must not use or disclose that Confidential Information without the prior written consent of the other parties except to the extent that:

- a disclosure is required by law;
- b the relevant information is already in the public domain;
- c it is reasonably required to obtain professional advice; or

d it is reasonably necessary in connection with any proposed:

- ▲ financing of that party;
- ▲ sale of that party's interest in the Company; or
- ▲ sale of all or part of the business of, or the shares in, that party,

and the party receiving the Confidential Information has entered into confidentiality undertakings substantially the same as those set out in this clause.

11.3 **Notices:** All notices and communications given under this Agreement must be in writing and will be delivered personally, sent by post, sent by email, to the address or email address set out in Schedule 6 (or at such other address as notified from time to time by the party changing its address).

11.4 **Time of service:** Any notice given under this Agreement will be deemed to be validly given:

- a in the case of delivery, when received;
- b in the case of posting, on the second day following the date of posting; or
- c if emailed, one hour after the email is sent unless a return mail is received by the sender within that one hour period stating that the addressee's email address is wrong or that the message cannot be delivered,

provided that any notice received after 5 pm on a Business Day or on any day that is not a Business Day will be deemed to have been received on the next Business Day.

11.5 **Entire agreement:** This Agreement contains all of the terms agreed between the parties relating to the matters dealt with in this Agreement and supersedes all prior discussions and agreements covering the subject matter of this Agreement.

11.6 **Further assurances:** The parties must each sign all further documents, pass all resolutions and do all further things as may be necessary or desirable to give effect to this Agreement.

11.7 **Amendments:** This Agreement may only be amended by agreement of the parties in writing.

11.8 **Waiver:** No exercise or failure to exercise or delay in exercising any right or remedy will constitute a waiver by that party of that or any other right or remedy available to it.

11.9 **No partnership:** Nothing contained in this Agreement will be deemed or construed to constitute any party to be a partner, agent or representative of any other party, or to create any trust or commercial partnership.

11.10 **No assignment:** No party may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties.

- 11.11 **Costs:** Except as otherwise provided in this Agreement, the parties will meet their own costs relating to the negotiation, preparation and implementation of this Agreement.
- 11.12 **Partial invalidity:** If any provision of this Agreement becomes invalid or unenforceable to any extent, the remainder of this Agreement and its application will not be affected and will remain enforceable to the greatest extent permitted by law.
- 11.13 **Signature:** This Agreement may be executed in two or more counterparts, each of which is deemed an original and all of which constitute the same Agreement. A party may enter into this Agreement by signing and sending (including by email) a counterpart copy to each other party.

12 GOVERNING LAW

This Agreement, and disputes or claims arising from or in connection with it, will be governed by, and interpreted in accordance with, the laws of [Singapore].

[User note: The clauses below provide that disputes that are not settled will be referred to the Singapore International Arbitration Centre (SIAC). SIAC is seen as a leading venue for the holding of commercial arbitration and is used by companies across Southeast Asia.]

13 [DISPUTE RESOLUTION:

- 13.1 **Dispute:** *If any dispute, controversy or claim (**Dispute**) arises out of or relating to this Agreement, or to the interpretation, breach, termination or validity of this Agreement, the parties to the Dispute (**Disputing Parties**) must use their best efforts to resolve the Dispute through consultation or mediation. The consultation or mediation between the Disputing Parties must begin as soon as practicable after one Disputing Party has delivered to the other Disputing Party or Parties a written notice setting out the matter of the Dispute (**Dispute Notice**).*
- 13.2 **Arbitration:** *If a Dispute is not settled under clause 13.1 within 30 days after the date of the relevant Dispute Notice, the Dispute must be referred to and resolved by arbitration in Singapore in accordance with the Rules of the Singapore International Arbitration Centre (**SIAC Rules** and **SIAC** respectively). The tribunal will consist of one arbitrator, to be appointed by the President of the SIAC. The language of the arbitration will be English.*
- 13.3 **SIAC Rules:** *The SIAC Rules are deemed to be incorporated by reference in this clause 13. However, to the extent that the SIAC Rules are in conflict with the provisions of this clause 13, the provisions of this clause 13 will prevail.]*

SCHEDULE 1**Part 1 – The Investors**

Name	Registered no. / Identification	Address
[insert]	[insert]	[insert]

Part 2 – The Founders

Name	Identification	Address
[insert]	[insert]	[insert]

[Part 3 – Existing Shareholders]

Name	Registered no. / Identification	Address
[insert]	[insert]	[insert]

SCHEDULE 2**Deed of Accession**

[Insert name, registered number (if applicable) and address of transferee or subscribing shareholder]
(New Shareholder) confirms that:

- 1 [i]f[he][she] has been given and has read a copy of the Shareholders' Agreement between [insert names of the parties to the Agreement] dated [insert date of Agreement] **(Shareholders' Agreement)**;
- 2 with effect from the date of transfer or issue of any shares in [insert Company name] to the New Shareholder, the New Shareholder agrees to be bound by all the terms of the Shareholders' Agreement as if the New Shareholder were a party to the Agreement; and
- 3 with effect from the date of this Deed, the Shareholders' Agreement will be read as if the New Shareholder was a party to the Shareholders' Agreement, having all the rights and obligations of a party under that agreement.

[User note: Use the following signature block if the New Shareholder is a company.]

SIGNED AS A DEED for and on)
 behalf of **[INSERT NAME OF**)
NEW SHAREHOLDER] by:)

 Signature

 Signature

 Print full name

 Print full name

 Print title

 Print title

[User note: Use the following signature block if the New Shareholder is an individual.]

SIGNED AS A DEED by **[INSERT**)
NAME OF NEW SHAREHOLDER])

[insert name of New Shareholder]

Signature of witness

Name of witness

Occupation of witness

Address of witness

SCHEDULE 3

Pre-emptive rights on issues of Securities

[User note: These pre-emptive rights apply in favour of all shareholders. If the rights are only to be given in favour of specific shareholders, this Schedule will need amending.]

1 PRE-EMPTIVE RIGHTS

Subject to paragraph 2, all Securities proposed to be issued by the Company must be offered for acquisition in the manner set out in this Schedule 3 to the existing Shareholders, except to the extent that the terms of any Securities already issued do not entitle the holders of those Securities to receive an offer.

2 COMPLIANCE WITH SECURITIES LEGISLATION

No Shareholder has the right to be offered or issued any Securities under paragraph 1 unless the Company is satisfied that the offer and issue of Securities to that Shareholder will be exempt from compliance with relevant securities legislation.

3 PRO RATA ENTITLEMENTS

All new Securities offered for acquisition (**New Securities**) must be offered to the existing Shareholders in proportion to the number of Securities held. Any fractional entitlements to New Securities must be disregarded.

4 OFFER NOTICE

The offer must be made by written notice, specifying:

- a the number, class and terms of the New Securities offered, including the number of New Securities to which the offeree is entitled;
- b the issue price and payment conditions; and
- c the date (being not less than 7 days nor more than 28 days after the date of the written notice) by which the offeree must give an acceptance notice in writing to the Company containing the details set out in paragraph 5.

5 ACCEPTANCE NOTICES

Each acceptance notice must state whether or not the offeree wishes to purchase:

- a the offeree's entitlement or some lesser number of New Securities; and
- b any New Securities offered to, but declined by, other offerees (**Declined New Securities**) and if so, what number.

6 SECURITIES NOT ACCEPTED

New Securities offered to Shareholders under paragraph 4 and not accepted will be used to satisfy requests for allocations under paragraph 5b. If there are insufficient Declined New Securities to satisfy those requests, the Declined New Securities must be divided among those Shareholders who request Declined New Securities, in proportion to their existing shareholdings in the Company, except that no Shareholder will be allocated more Declined New Securities than the number which that Shareholder has requested and New Securities remaining unallocated after that proportional division (or any subsequent division) will be used to satisfy the requests for Declined New Securities which remain unsatisfied, in proportion to the existing shareholdings of the relevant Shareholders.

7 RESIDUAL SHARES

New Securities remaining unallocated after compliance with paragraphs 1-6 may, at any time within 4 months of the date the New Securities are offered to Shareholders under paragraph 4, be disposed of by the Board in the manner it thinks most beneficial to the Company and may be offered to any person or persons the Board is prepared to register as a Shareholder provided that the consideration for and terms of the issue must not be more favourable than those offered to the Shareholders under paragraph 4.

SCHEDULE 4

Pre-emptive rights on transfer

1 TRANSFER NOTICE

A Shareholder proposing to sell or otherwise transfer any Shares (**Proposing Transferor**) must give written notice to the Board specifying the Shares to be sold and a price at which the Shares are for sale (**Transfer Notice**). The Transfer Notice constitutes an offer to sell the Proposing Transferor's Shares to the other Shareholders in accordance with this Schedule. It also constitutes an appointment of the Company as the Proposing Transferor's agent for the transfer of the shares under this Schedule. If a Transfer Notice includes several Shares it is not to operate as if it were a separate notice in respect of each Share and the Proposing Transferor is under no obligation to sell or transfer part only of the Shares specified in the Transfer Notice. No Transfer Notice may be revoked by a Proposing Transferor except with the consent of the Board.

2 CONTENTS OF TRANSFER NOTICE

A Transfer Notice must specify:

- a the number of Shares the Proposing Transferor intends to sell or transfer (**Sale Shares**); and
- b the proposed sale price and terms of sale including payment terms (**Proposed Sale Price**).

3 NOTICE

Within 5 Business Days of receipt of a Transfer Notice the Board must send to each other Shareholder (**Offeree**) a notice stating:

- a the number of Sale Shares which the Offeree is entitled to purchase, which will be in proportion to that Shareholder's existing shareholding;
- b the Proposed Sale Price; and
- c the date (being not less than 20 Business Days and not more than 30 Business Days after the date of receipt by the Company of the Transfer Notice) by which the Offeree must give an acceptance notice in writing containing the details set out in paragraph 4 below.

4 ACCEPTANCE NOTICES

Each acceptance notice must state whether or not the Offeree wishes to purchase:

- a the Offeree's entitlement on the terms specified in the Transfer Notice; and

- b any additional Sale Shares on the terms specified in the Transfer Notice which have been offered to, but declined by, other Offerees (**Declined Shares**) and if so, what number.

If the Offeree fails to give an acceptance notice by the required date, the Offeree will be deemed to have rejected the offer.

5 NOTICE TO PROPOSING TRANSFEROR

After receipt of acceptance notices from all Offerees or after the expiry of the date specified in the Board's notice given under paragraph 3c (whichever is the earlier), the Board must within 5 Business Days send to the Proposing Transferor copies of all acceptance notices received or notify the Proposing Transferor that no acceptance notices have been received.

6 SALE AND PURCHASE

If the acceptance notices received contain sufficient acceptances to enable the purchase of all of the Sale Shares, upon receipt of notice under paragraph 5 the Proposing Transferor must sell the Sale Shares to the accepting Offerees in accordance with paragraphs 7, 8 and 9. If the acceptance notices received do not contain sufficient acceptances to enable the purchase of all of the Sale Shares (or if no acceptance notices are received), the Proposing Transferor is not bound to sell any of the Sale Shares to the Offerees, and paragraph 11 will apply.

7 PURCHASERS

The purchasers of the Sale Shares will be determined as follows:

- a if all Offerees have accepted their entitlements then each Offeree must purchase the number of Sale Shares equivalent to that Offeree's entitlement; or
- b if not all Offerees accept their entitlement, but there are still sufficient acceptances to purchase all of the Sale Shares, each accepting Offeree will become bound to purchase that number of Shares equal to the Offeree's entitlement plus the number of any Declined Shares that the Offeree agreed to accept in the Offeree's acceptance notice. If there are insufficient Declined Shares to satisfy those requests, the Declined Shares must be divided among those Offerees who requested Declined Shares in proportion to their existing shareholdings in the Company as among each other (except no Shareholder will be allocated more Declined Shares than the number which that Shareholder has requested) and any Declined Shares remaining unallocated after that proportional division (or any subsequent division) must be used to satisfy the requests for Declined Shares which remain unsatisfied, in proportion to the existing shareholdings in the Company of the relevant Offerees or on any other basis the Board considers is fair and reasonable.

8 SETTLEMENT

Settlement of the sale and purchase of the Sale Shares must take place within 20 Business Days after the Proposing Transferor becomes bound to sell the Sale Shares under paragraph 6 (or on any other date agreed by the parties).

9 PAYMENT

On settlement:

- a each accepting Offeree must pay the price for the Shares purchased by them to the Proposing Transferor in immediately available, same day cleared funds without set-off or deduction; and
- b the Proposing Transferor must deliver to each Offeree a signed share transfer form and relevant share certificate (if any) for those Shares.

10 BOARD MAY EFFECT TRANSFER

If a Proposing Transferor defaults in transferring any Sale Shares in accordance with this Schedule, the Company may execute a transfer of the relevant Shares on behalf of the Proposing Transferor. Subject to deduction of any amount in respect of which the Company has a lien over the Shares, the Company must hold the purchase price in trust for the Proposing Transferor. The receipt of the Company will constitute a valid discharge of the purchase price and no question will be raised as to the title of any Offeree after entry of the name of the Offeree in the share register as the holder of the relevant Shares.

11 PROPOSING TRANSFEROR'S RIGHT TO SELL

If no acceptance notices are received, or if acceptance notices are received which do not contain acceptances for all of the Sale Shares, then subject to the Constitution and to clause 8.4 the Proposing Transferor may, within 60 Business Days of the date specified by the Board in its notice under paragraph 3c, sell or transfer all of the Sale Shares (but not part only) to a third party at a price which is not less than the Proposed Sale Price and otherwise on terms no more favourable to that third party than the terms offered to the Shareholders in the Proposing Transferor's Transfer Notice.

SCHEDULE 5

Co-sale and drag-along rights

1 50% SALE

If one or more Shareholders (**Seller**) wishes, in one transaction or a series of linked transactions, to transfer Shares in the Company carrying 50% or more of the Voting Rights (**Sale Shares**) to any other person (**Third Party**) then:

- a the Seller must give a notice to the Company and the other Shareholders of their intention, which must specify the terms of the proposed transfer including the price to be paid for the Shares (**Substantial Sale Notice**); and
- b if the Sale Shares constitute Shares in the Company carrying [75] % or more of the Voting Rights, the Seller has the option to require in the Substantial Sale Notice all of the other Shareholders (**Remaining Shareholders**) to transfer to the Third Party all of the Shares held by the Remaining Shareholders (**Drag-Along Shares**) in accordance with paragraph 2 (**Drag-Along Option**).

2 DRAG-ALONG ([75] % SALE)

If a Seller exercises the Drag-Along Option in a Substantial Sale Notice:

- a the Seller will be bound to cause the Drag-Along Shares to be purchased by the Third Party upon the sale of the Seller's Shares at the price per Share to be paid by the Third Party to the Seller in respect of the Seller's Shares and otherwise on the same terms applicable to that sale (**Drag-Along Price**);
- b each of the Remaining Shareholders will be bound to sell their Drag-Along Shares to the Third Party at the Drag-Along Price;
- c the Substantial Sale Notice constitutes the Seller as agent of each Remaining Shareholder with full power and authority to do all things necessary to transfer all of the Drag-Along Shares in accordance with this paragraph;
- d the Substantial Sale Notice, once given, is irrevocable but both the notice and all obligations arising from it will lapse if for any reason the Seller does not, prior to or simultaneously with the transfer of the Drag-Along Shares, transfer all of its Shares to the Third Party; and
- e completion of the sale of the Drag-Along Shares will take place on the date of completion of the sale of the Seller's Shares, unless in the case of the sale by any particular Remaining Shareholder, that Remaining Shareholder and the Seller agree otherwise.

3 CO-SALE (50% SALE)

If a Seller does not or (because the number of Shares being sold carry less than [75]% of the Voting Rights) cannot exercise its Drag-Along Option in a Substantial Sale Notice, each of the other Shareholders (**Remaining Shareholder**) will have the option (**Co-Sale Option**) to require the Seller to cause the Third Party or its nominee to purchase all of the Remaining Shareholder's Shares (**Co-Sale Shares**) on the following terms:

- a a Remaining Shareholder may only exercise the Co-Sale Option by giving written notice (**Co-Sale Notice**) to the Seller within 10 Business Days after the date on which the Substantial Sale Notice is given;
- b a Co-Sale Notice must be for all of the Remaining Shareholder's Shares (**Co-Sale Shares**) and, once given, is irrevocable but both the notice and all obligations arising from it will lapse if for any reason the sale of the Seller's Shares to the Third Party does not proceed;
- c upon the exercise of the Co-Sale Option in accordance with this paragraph:
 - i the Seller will be bound to take all reasonable steps to cause the Co-Sale Shares to be purchased by the Third Party for the price per Share to be paid by the Third Party to the Seller for its Shares and otherwise on terms no less favourable to those applicable to that sale (**Co-Sale Price**); and
 - ii the Remaining Shareholders will be bound to sell their Co-Sale Shares to the Third Party at the Co-Sale Price;
 - iii completion of the purchase by the Third Party of all of the Co-Sale Shares must take place on the date of completion of the sale of the Seller's Shares, which must be no later than 60 Business Days after the date of the Substantial Sale Notice (unless in the case of the sale by any particular Remaining Shareholder, that Remaining Shareholder and the Seller agree otherwise); and
 - iv if the Seller is unable to cause the Third Party to complete the purchase of all of the Co-Sale Shares in accordance with this paragraph by the date specified in paragraph 3ciii, then the Seller will not be entitled to sell, transfer or otherwise dispose of any of its Shares to the Third Party.

SCHEDULE 6**Details for Notices**

[INSERT NAME OF PARTY]	
Contact name	[insert]
Company	[insert]
Address	[insert]
Email address	[insert]

[INSERT NAME OF PARTY]	
Contact name	[insert]
Company	[insert]
Address	[insert]
Email address	[insert]

[INSERT NAME OF PARTY]	
Contact name	[insert]
Company	[insert]
Address	[insert]
Email address	[insert]