**CONVERTIBLE AGREEMENT REGARDING EQUITY (CARE)**

**Explanatory Note**

This Convertible Agreement Regarding Equity ("**CARE"**) assumes that an investor is making a cash investment in a Singapore incorporated private company in the form of a convertible note before a larger anticipated fundraising.

Like the Y-Combinator Safe, this CARE is to convert on a subsequent fundraising, and upon conversion the investor receives shares in the company by reference to terms agreed for that subsequent fundraising. The investor may also receive cash upon occurrence of certain events.

The CARE has certain flexible features and allows the investor and company to customize such features, which are further explained through the explanatory notes in this model document.

Typically, this type of instrument is used in seed / early-stage (pre-Series A) financing rounds, although it may also be useful for other financing rounds too. If necessary, advice from an accountant should be sought to confirm whether this CARE qualifies as debt or equity.

TABLE OF CONTENTS

**Contents** **Page**

[1. Rates / Caps / Dates / Amounts 4](#_Toc110599230)

[2. Events 5](#_Toc110599231)

[3. Termination 7](#_Toc110599232)

[4. MFN Amendment 7](#_Toc110599233)

[5. Information Rights 8](#_Toc110599234)

[6. Representations, Warranties and Undertakings 8](#_Toc110599235)

[7. Miscellaneous 9](#_Toc110599236)

[8. Interpretation 15](#_Toc110599237)

**This Convertible Agreement Regarding Equity ("CARE")[[1]](#footnote-1)** is made on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_20[●]:

**BETWEEN**:

**(1)** **[●]**, [(Company Registration Number: **[●]), a company incorporated under the laws of [●] whose registered office is at [●]] / [of [●]]** (the "**Investor**"); and

**(2)** **[●]** (Company Registration Number: [●]), a company incorporated under the laws of Singapore whose registered office is at [●] (the "**Company**"),

(collectively, the "**Parties**" and each, a "**Party**").

**WHEREAS:**

**(A)** The Company is a private company limited by shares.

**(B)** In consideration of the payment by the Investor of S$[●] (the "**Consideration**") on the date of this CARE,the Company hereby issues to the Investor the right to certain Shares, on the terms and subject to the conditions set forth in this CARE.

**(C)** This CARE is one of the forms available at the SAL website and the Company and the Investor agree that neither one has modified the form, except to fill in the blanks in Clause 1 and the bracketed items and to pick one of the options in Clause 7.13.1 of this CARE.

# Rates / Caps / Dates / Amounts

## The Discount Rate is **[**●**]**[[2]](#footnote-2)%.

## The Valuation Cap is S$**[**●**]****[[3]](#footnote-3)**.

## The Maturity Date is **[**●**]3**.

## The Minimum Equity Raise is S$**[**●**]**2.

## The Multiple is **[**●**]**[[4]](#footnote-4).

## The full Consideration shall be paid by the Investor to the Company on or about the date of this CARE.

# Events

## **Equity Financing**.[[5]](#footnote-5)

### If there is an Equity Financing before the termination of this CARE in accordance with Clause 3, on the initial closing of such Equity Financing, this CARE will automatically convert into such number of CARE Preference Shares equal to: (i) the Consideration divided by the Discount Price; or (ii) the Consideration divided by the CARE Price, whichever is greater.

### The automatic conversion of this CARE into the CARE Preference Shares is conditional on[[6]](#footnote-6) the Investor's execution and delivery to the Company of all transaction documents related to the Equity Financing, provided that such documents are the same or substantially the same as the documents to be entered into with the subscribers of the Standard Preference Shares, with appropriate variations for the CARE Preference Shares if applicable.[[7]](#footnote-7)

## **Liquidity Event**[[8]](#footnote-8)

### If there is a Liquidity Event before the termination of this CARE in accordance with Clause 3, subject to Clauses 2.2.2 and 2.2.3, the Investor will automatically be entitled to receive a portion of the Event Proceeds equal to the greater of:

#### the Consideration *multiplied by* the Multiple (the "**Cash-Out Amount**"); or

#### the amount payable on the number of Ordinary Shares equal to the Consideration divided by the Liquidity Price (the "**Conversion Amount**"),

#### in each case, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Liquidity Event.

### Subject to Clause 2.2.3, if the holders of the Shares are given a choice as to the form and amount of the Event Proceeds to be received in a Liquidity Event, the Investor will be given the same choice, provided that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor's failure to satisfy any requirement or limitation generally applicable to the holders of the Shares or under any Applicable Law.

### If the Liquidity Event is an Initial Coin Offering, the Investor will always have the option to receive the amount of the Event Proceeds it is entitled to receive pursuant to Clause 2.2.1 in the form of either (i) cash or (ii) other form being offered to the holders of the Shares.

## **Dissolution Event**[[9]](#footnote-9)

### If there is a Dissolution Event before this CARE terminates in accordance with Clause 3, the Investor will automatically be entitled to receive a portion of the Event Proceeds equal to the Consideration, due and payable to the Investor immediately prior to the consummation of the Dissolution Event. This Clause 2.3 is subject to Applicable Law.

## **Liquidation Priority**

### In any Liquidity Event or Dissolution Event, the Investor's rights to receive the Cash-Out Amount or Consideration (as the case may be) is:

#### junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Shares);

#### on par with payments in respect of other CARE Documents and/or Preference Shares, and if the applicable Event Proceeds are insufficient to permit full payments to the Investor under this CARE and the other investors in the Company under the other CARE Documents and/or the holders of Preference Shares, the applicable Event Proceeds will be distributed pro rata to the Investor and such other investors and/or holders of Preference Shares in proportion to the full payments that would otherwise be due; and

#### senior to payments in respect of any Ordinary Shares.

### In any Liquidity Event or Dissolution Event, the Investor's rights to receive the Conversion Amount is:

#### on par with payments in respect of Ordinary Shares and other CARE Documents and/or Preference Shares who are also receiving Conversion Amounts or Event Proceeds on a similar as-converted to Ordinary Shares basis; and

#### junior to payments described in Clauses 2.4.1(i) and 2.4.1(ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or Consideration or similar liquidation preferences).

## **Maturity Conversion**[[10]](#footnote-10)

## Unless this CARE terminates pursuant to Clause 3 before the Maturity Date, the Investor may at any time on or after the Maturity Date elect to require the Company to automatically issue to the Investor such number of Ordinary Shares equal to the Consideration divided by the CARE Price upon the Investor giving the Company at least seven (7) days' notice in writing of such election.

# Termination[[11]](#footnote-11)

## This CARE will automatically terminate (without relieving either the Company or the Investor of any obligations arising from a prior breach of or non-compliance with this CARE) upon either:

## the issuance of any Shares to the Investor pursuant to Clause 2.1, Clause 2.2 (where applicable) or Clause 2.5; or

## the payment, or setting aside for payment, of amounts due the Investor pursuant to Clause 2.2 (where applicable) or Clause 2.3.

# MFN Amendment[[12]](#footnote-12)

The Company represents and warrants to the Investor that copies of all CARE Documents entered into on or prior to the date hereof have been provided to the Investor. If the Company issues or amends any other CARE Document prior to termination of this CARE, the Company will promptly provide the Investor with written notice thereof, together with a copy of all documentation relating to such CARE Document and, upon written request of the Investor, any additional information related to such CARE Document as may be reasonably requested by the Investor. In the event the Investor determines that the terms of such CARE Document are preferable to the terms of this CARE, the Investor will notify the Company in writing. Promptly after receipt of such written notice from the Investor, the Company agrees to amend and restate this CARE to reflect the same terms and conditions of the subsequent CARE Document.

# Information Rights

The Company shall provide the Investor with such information relating to the business and financial condition, properties, operations and prospects of the Company and its investments as such Investor may from time to time reasonably request, and upon the Investor giving the Company at least 30 days' notice in writing requesting for such information, unless the Company deems in good faith that such information is a trade secret or highly confidential. The Investor agrees that it shall not use such information provided other than for the purposes of evaluating its investment in the Company pursuant to this CARE.

# Representations, Warranties and Undertakings

## Each Party hereby represents and warrants to the other that:

### as at the date of this CARE, it has full power and authority to execute and deliver this CARE, and to consummate the transactions contemplated hereby and that, once executed, this CARE and all such other agreements and obligations entered into and undertaken in connection with the transactions contemplated hereby constitute its valid and legally binding obligations, enforceable against it in accordance with their respective terms and the execution and delivery of, and the performance by it of its obligations under, this CARE shall not:

#### result in a breach of (if applicable) its constitutive document(s) and do not infringe, or constitute a default under, any instrument, contract, document or agreement to which it is a party; and/or

#### result in a breach of any Applicable Law or any order, judgment or decree of any Governmental Authority to which it is a party or by which it or its assets are bound, whether in Singapore or elsewhere;

### (if applicable) it is a corporation duly organised or incorporated, validly existing and in good standing under the laws of the country, state or province (as the case may be) of its incorporation and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted; and

### no consent, authorisation, licence, permit, registration or approval of, or exemption or other action by, any Governmental Authority is required in connection with the execution, delivery and performance by it of this CARE.

## The Company represents, warrants and undertakes to the Investor that:

### the Shares to be issued pursuant to this CARE will on issue be duly authorised, properly allotted and issued as fully paid free of any and all Encumbrances and no person shall have any rights of pre-emption over such Shares;

### the Consideration shall be utilised in the manner as provided in the business plan and/or budget provided to the Investor by the Company on or around the date of this CARE;[[13]](#footnote-13)

### none of the Company, its subsidiaries (if any) or any officer or director of the Company or its subsidiaries (if any) is at present engaged whether as claimant, defendant or otherwise in any legal action, proceeding or arbitration which is either in progress or is threatened or, so far as the Company are aware, is pending;

### there has not been, any agreement or arrangement (legally enforceable or not) between, on the one hand, the Company and, on the other hand: (i) any of its affiliates, (ii) any shareholder, director or manager of the Company, or any of their affiliates, or (iii) any person connected with any of them (including immediate family members)**[[14]](#footnote-14)**; and

### except with the prior written consent of the Investor, it shall not:

#### redeem or repurchase any Shares, return any capital to its shareholders, or redeem or repurchase any debt securities; or

#### issue any Preference Shares, any options, rights or warrants to acquire Preference Shares or any security convertible into or exercisable or exchangeable for any Preference Shares, other than pursuant to an Equity Fundraising.

# Miscellaneous

## **Confidentiality**

### Each Party undertakes to keep confidential and at all times not disclose publicly or to any third party without the prior written consent of the other Parties the existence and subject matter of this CARE and all other agreements entered into pursuant to this CARE, the substance of any negotiations between the Parties relating to this CARE (and any such other agreements) and any other information received or obtained as a result of entering into this CARE (and any such other agreements), unless and to the extent that:

#### the disclosure or use is required by Applicable Law, any Governmental Authority or recognised securities exchange on which the shares of any Party are listed;

#### the disclosure or use is required for the purpose of any judicial proceedings arising out of any of this CARE or any other agreement entered into under or pursuant to this CARE;

#### the disclosure is made to the directors, officers, employees, professional advisers, consultants, bankers, related corporations or affiliates of any Party (collectively, the "**Representatives**"), in each case for the purpose of this CARE or for a purpose connected or related to the operation of this CARE;

#### the disclosure is made by an Investor to any affiliate, partner, member, investor or shareholder in compliance with its investor reporting obligations or in line with its internal compliance polices;

#### the disclosure is made to any lender of the Company and/or to any shareholder of the Company;

#### the information is or becomes publicly available (other than by breach of this CARE);

#### the Party whose information is to be disclosed or used has given prior written approval to the disclosure or use; or

#### the information is independently developed by the recipient or is lawfully in its possession prior to the disclosure to it of the information,

### provided that (i) prior to disclosure of any information pursuant to Clause 7.1.1(i), the Party concerned shall, to the extent permitted by Applicable Law, promptly notify the other Party or Parties (as the case may be) of such requirement; and (ii) in relation to any disclosure under Clauses 7.1.1(iii), 7.1.1(iv) and 7.1.1(v), the recipient of any information agrees to comply with the provisions of this Clause 7.1 in respect of such information as if it were a party to this CARE.

### The obligations contained in this Clause 7.1 shall endure, even after the termination of this CARE, without limit in point of time except and until any confidential information enters the public domain as set out above.

## **Amendments and Waivers**

### Any provision of this CARE may be amended, waived or modified by written consent of the Company and either:

#### the Investor; or

#### the majority-in-interest of all then-outstanding CARE Documents with the same "Discount Rate", "Valuation Cap", "Maturity Date", "Minimum Equity Raise" and "Multiple" as this CARE (and CARE Documents lacking one or more of such terms will be considered to be the same with respect to such term(s)),

### provided that with respect to Clause 7.2.1(ii): (i) the Consideration may not be amended, waived or modified in this manner; (ii) the consent of the Investor and each holder of such CARE Documents must be solicited (even if not obtained); and (iii) such amendment, waiver or modification treats all such holders in the same manner. "**Majority-in-interest**" refers to the holders of the applicable group of CARE Documents whose CARE Documents have a total Consideration greater than fifty per cent. (50%) of the total Consideration of all of such applicable group of CARE Documents.

### No failure on the part of any Party to exercise and no delay on the part of any Party in exercising any right hereunder will operate as a release or waiver thereof, nor will any single or partial exercise of any right under this CARE preclude any other or further exercise of it.

## **Notices**

## Any notice, communication and/or information to be given in connection with this CARE (each, a "**Notice**"):

### must be in writing in English;

### must be addressed to the Party to whom it is to be given ("**Addressee**") at the address or e-mail address listed on the Party's signature page or to any other address or e-mail address as notified by such Party for the purposes of this Clause;

### must be either:

#### delivered by hand or sent by internationally recognised courier to the Addressee; or

#### sent by e-mail to the Addressee's e-mail address; and

### if sent according to Clause 7.3.3, shall be deemed to have been received:

#### if delivered by hand, at the time of delivery;

#### if delivered by internationally recognised courier, at the time of delivery; or

#### if sent by e-mail, the earlier of:

##### when the sender receives an automated message confirming delivery; or

##### two (2) hours after the time at which the e-mail is sent (as recorded on the device on which the e-mail was sent (unless the sender receives an automated message that the e-mail has not been delivered during that time),

## except that if a Notice is deemed received on a day which is not a Business Day or is deemed received after 6.00 p.m. (Addressee's time) on a Business Day, it shall be deemed to have been received at 9:00 a.m. (Addressee's time) on the following Business Day.

## **Investor Rights**

## Except as provided in this Clause 7.4, the Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of any Shares for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise until Shares have been issued to the Investor upon the terms described herein. However, if the Company pays a dividend on outstanding Ordinary Shares (that is not payable in Ordinary Shares) while this CARE is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

## **Assignment**

## No Party shall (nor shall it purport to) assign, transfer, charge or otherwise deal with all or any of its rights under this CARE nor grant, declare or dispose of any right or interest in it without the prior written consent of the other Party *provided, however*, that this CARE and/or the rights contained herein may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer, director or trustee of the Investor, or any venture capital fund or investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, the Investor.

## **Severance**

## If any provision of this CARE or part thereof is rendered void, illegal or unenforceable by any Applicable Law to which it is subject, it shall be rendered void, illegal or unenforceable to that extent and it shall in no way affect or prejudice the enforceability of the remainder of such provision or the other provisions of this CARE.

## **Rights of Third Parties**

## Except as expressly provided herein, a person who is not party to this CARE has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore.

## **Remedies**

## No remedy conferred by any of the provisions of this CARE is intended to be exclusive of any other remedy which is otherwise available under Applicable Law, in equity or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing under Applicable Law, in equity or otherwise. The election of any one or more of such remedies by any of the Parties shall not constitute a waiver by such Party of the right to pursue any other available remedies.

## **Costs[[15]](#footnote-15)**

### The Company shall reimburse the reasonable and documented legal, accounting and due diligence fees and expenses of the Investor incurred in the negotiation of and entry into this CARE, up to a maximum aggregate amount of S$[●].

### With respect to all other costs, fees and expenses, the Parties shall bear their own costs and disbursements incurred in the negotiation and preparation of this CARE and of matters incidental to this CARE.

## **Whole Agreement**

### This CARE contains the whole agreement between the Parties relating to the subject matter of this CARE at the date of this CARE to the exclusion of any terms implied by Applicable Law which may be excluded by contract and supersedes any previous written or oral agreement between the Parties in relation to the matters dealt with in this CARE.

### So far as is permitted by Applicable Law and except in the case of fraud, each Party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this CARE shall be for breach of the terms of this CARE to the exclusion of all other rights and remedies (including those in tort or arising under Applicable Law).

### The Investor acknowledges and agrees that in entering into this CARE, it has not relied upon and is not relying on any statement, representation, warranty or undertaking not expressly incorporated into this CARE.

## **Counterparts**

## This CARE may be executed by the Parties hereto in separate counterparts, each and all of which when so executed and delivered to the Parties by facsimile, or by electronic mail in "portable document format" (.pdf) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by a combination of such means, shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the Parties hereto. Any Party may enter into this CARE by signing any such counterpart transmitted electronically, or by facsimile, or other electronic signatures (such as DocuSign or AdobeSign), by any of the Parties to any other Party and each receiving Party may rely on the receipt of such document so executed and delivered as if the original had been received. The Parties agree that signatures executed by way of electronic means (such as DocuSign or AdobeSign) shall be recognised and construed as secure electronic signatures to the fullest extent under applicable law, and that the Parties accordingly shall deem such signatures to be original signatures for all purposes.

## **Governing Law**

## This CARE and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of Singapore.

## **Dispute Resolution**

### In the event of any dispute arising out of or in connection with this CARE, including any question regarding its existence, validity or termination (the "**Dispute**").

### **[OPTION 1: COURT]**

## [**the Parties irrevocably agree that the courts of Singapore are to have exclusive jurisdiction to settle any such Dispute.][[16]](#footnote-16)**

## **[OPTION 2: ARBITRATION]**

**[the Dispute shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre[[17]](#footnote-17) in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this Clause. This arbitration agreement shall be governed by Singapore law. The seat of the arbitration shall be Singapore. The Tribunal shall consist of one arbitrator. The language of the arbitration shall be English. The award shall be final and binding on the Parties. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets.]**

The Parties hereto also agree that prior to the commencement of **[arbitration]/[litigation]** proceedings, a Party hereto (the "**Requesting Party**") may provide (but is not obliged to provide) written notice to the other Party hereto (the "**Receiving Party**") requesting to refer the Dispute to mediation in Singapore at the Singapore Mediation Centre ("**SMC**")(the "**Mediation Proposal**") in accordance with SMC’s Mediation Procedure for the time being in force.[[18]](#footnote-18) If the Receiving Party agrees to the Mediation Proposal, it shall provide its written confirmation to the Requesting Party (the "**Confirmation**") within 14 days of receipt of the Mediation Proposal. The Mediation Proposal and the Confirmation shall together constitute the Parties’ agreement to mediate at SMC(the "**Agreement to Mediate**"). For the avoidance of doubt, if no Confirmation is provided to the Requesting Party within 14 days of the Receiving Party’s receipt of the Mediation Proposal, the Receiving Party shall be deemed to have rejected the Mediation Proposal. Mediation shall be commenced by the submission by either of the Parties of the Request for Mediation to SMC. Unless otherwise agreed by the Parties hereto, the mediation shall be conducted by one mediator appointed by SMC, the mediation will take place in Singapore in the English language, and the Parties hereto shall be bound by any settlement agreement reached. If neither Party submits a Request for Mediation to SMCwithin 14 days of the Receiving Party’s receipt of the Confirmation or if the Parties hereto are unable to resolve the Dispute through mediation within **[30 days]** of the submission of the Request for Mediation to SMC, the Parties’ Agreement to Mediate will lapse unless otherwise agreed.

## **[Process Agent]**

## **[The Investor irrevocably appoints [●] (the "Process Agent") with its address at [●] as its agent to receive, for it and on its behalf, service of process in Singapore in any legal action or proceedings arising out of or in connection with this CARE. Items served at this address must be marked for the personal attention of [●]. Such service shall be deemed completed on delivery to the Process Agent (whether or not it is forwarded to and received by the Investor). If for any reason the Process Agent ceases to be able to act as such or no longer has an address in Singapore, the Investor irrevocably agrees to appoint a substitute Process Agent acceptable to the Company, and to deliver to the Company a copy of the new Process Agent's written acceptance of that appointment, within thirty days.][[19]](#footnote-19)**

# Interpretation

In this CARE, unless the context requires otherwise:

## **Definitions**

"**Addressee**" shall have the meaning ascribed to it in Clause 7.3.2;

"**Agreement to Mediate**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Applicable Law**" means, in relation to a person, all laws, by-laws, rules, regulations, binding notifications, orders, ordinances, protocols, codes, decrees, directions or judgments of any Governmental Authority in force from time to time and to which such person is subject;

"**Business Day**" shall mean a day on which banks are open for business in Singapore (excluding Saturdays, Sundays or public holidays);[[20]](#footnote-20)

"**CARE Documents**" means an instrument containing a future right to Shares, including but not limited to, any instrument that is substantially similar in form and content to this CARE, purchased by investors for the purpose of funding the Company's business operations;

"**CARE** **Preference Shares**" means the Preference Shares to be issued to the Investor on the occurrence of the Equity Financing, having identical rights, privileges, preferences and restrictions as the Standard Preference Shares, other than with respect to: (i) the per share liquidation preference and the conversion price for purposes of price-based anti-dilution protection, which will equal the Discount Price; and (ii) the basis for any dividend rights, which will be based on the Discount Price;

"**CARE Price**" means the price per share equal to the Valuation Cap divided by the Company Capitalisation;

"**Change of Control**" means:

1. a transaction or series of related transactions in which a person or group of affiliated persons would become the holder, directly or indirectly, of more than fifty per cent. (50%) of the voting rights attributable to the shares the Company or such other surviving or resulting entity (other than such persons holding, directly or indirectly, of more than fifty per cent. (50%) of the voting rights attributable to the shares of the Company as at the date of this CARE);
2. any reorganisation, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting rights attributable to the shares of the Company or such other surviving or resulting entity; or
3. a sale, lease, transfer, exclusive licence or other disposition of all or substantially all of the assets of the Company;

For the purposes of this definition, "**affiliated person**" (including its correlative meanings, "**affiliated persons**") means with respect to any specified person, any other person who, directly or indirectly, controls, is controlled by, or is under common control with such person and "**control**" (including its correlative meanings, "**controlled by**", "**controls**" and "**under common control with**") means, with respect to a body corporate, the right to exercise, directly or indirectly, more than fifty per cent. (50%) of the voting rights attributable to the shares of the controlled body corporate and, with respect to any person other than a body corporate, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person;

"**Company Capitalisation**" is calculated as of immediately prior to the Equity Financing and (without double-counting):

1. includes all Shares issued and outstanding;
2. includes this CARE and any other convertible securities issued by the Company, including but not limited to: (a) other CARE Documents; (b) convertible promissory notes and other convertible debt instruments; and (c) convertible securities that have the right to convert into Shares;
3. includes all issued and outstanding Options; and
4. includes the Unissued Option Pool;

"**Confirmation**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Discount Price**" means the lowest price per share of the Standard Preference Shares subscribed for in the Equity Financing multiplied by the Discount Rate;

"**Dissolution Event**" means:

1. a voluntary termination of operations;
2. a general assignment for the benefit of the Company's creditors; or
3. any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary;

"**Dividend Amount**" means, with respect to any date on which the Company pays a dividend on its outstanding Ordinary Shares, the amount of such dividend that is paid per Ordinary Share multiplied by (x) the Consideration divided by (y) Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price);

"**Dispute**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Encumbrance**" means any mortgage, charge, security interest, lien, pledge, assignment by way of security, equity, claim, right of pre-emption, option, covenant, restriction, reservation, lease, trust, order, decree, judgment, title defect (including retention of title claim), conflicting claim of ownership or any other encumbrance of any nature whatsoever (whether or not perfected other than liens arising by operation of law);

"**Equity Financing**" means a *bona fide* transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells Preference Shares[[21]](#footnote-21) at a fixed valuation (including a pre-money or post-money valuation) and, if a Minimum Equity Raise is included in Clause 1.4, in respect of which the Company raises not less than the Minimum Equity Raise;

"**Event Proceeds**" means cash and other assets (including without limitation share consideration or Tokens) that are proceeds from a Liquidity Event or a Dissolution Event, as applicable, and legally available for distribution;

"**Governmental Authority**" means any national, supranational or supervisory or other government, governmental (whether trade, administrative, statutory or regulatory) body, agency, commission or authority or any court, tribunal, arbitral or judicial body, including any Tax Authority and any governmental department;

"**Initial Coin Offering**" means any sale, issuance, sponsorship, creation or distribution of any Tokens, including through a pre-sale, initial coin offering, token distribution event or crowdfunding, or through the issuance of any instrument convertible into or exchangeable for Tokens: (i) which are securities or other forms of capital market products pursuant to the relevant Applicable Law; (ii) which are sold, issued, created or distributed by the Company to raise capital; or (iii) pursuant to which the holder of such Token has economic rights and/or ownership interest in the Company;

"**Initial Public Offering**" means the closing of a firmly underwritten public offering of Ordinary Shares for the purpose of and in connection with the admission of the Company to the Official List of the Singapore Exchange Securities Trading Limited or any other recognised securities exchange and the listing of the Ordinary Shares on such securities exchange;

"**Liquidity Event**" means a Change of Control, an Initial Public Offering or an Initial Coin Offering;

"**Liquidity Price**" means the price per share equal to the fair market value of the Ordinary Shares at the time of the Liquidity Event, as determined by reference to the purchase price payable in connection with such Liquidity Event, multiplied by the Discount Rate;

"**Mediation Proposal**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Notice**" shall have the meaning ascribed to it in Clause 7.3;

"**Options**" includes options, restricted share awards, warrants or similar securities, vested or unvested, over any Shares;

"**Ordinary Shares**" means the ordinary shares in the capital of the Company;

"**Preference Shares**" means the preference shares in the share capital of the Company;

"**Receiving Party**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Requesting Party**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Singapore Dollar(s)**" and the sign "**S$**" mean the lawful currency of Singapore;

"**Shares**" means issued shares in the capital of the Company, including the Ordinary Shares and the Preference Shares (if any);

"**SMC**" shall have the meaning ascribed to it in Clause 7.13.1;

"**Standard Preference Shares**" means the Preference Shares issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing;

"**Tax**" or "**Taxation**" means all forms of taxation, duties, rates, levies, contributions, withholdings, deductions, liabilities to account, charges and imposts whether imposed in Singapore or elsewhere in the world;

"**Tax Authority**" means any governmental, state, federal, provincial, local governmental or municipal authority, body or official whether of Singapore or elsewhere in the world, which is competent to impose or collect Tax;

"**Tokens**" means any digital tokens, cryptocurrency or other blockchain-based assets; and

"**Unissued Option Pool**" means all Shares that are reserved, available for future grant and not subject to any outstanding Options under any share incentive or similar plan of the Company.

## **Clauses, etc.**

## References to this CARE include any Recitals to it and references to Clauses are to the clauses of this CARE.

## **Headings**

## The headings used in this CARE are for convenience only and shall not affect the interpretation of this CARE.

## **Including**

## Unless a contrary indication appears, a reference in this CARE to "**including**" shall not be construed restrictively but shall mean "**including without prejudice to the generality of the foregoing**" and "**including, but without limitation**".

## **Interpretation Act**

## The Interpretation Act1965 of Singapore, shall apply to this CARE in the same way as it applies to an enactment.

## **Subsidiary Legislation**

## References to a statute or statutory provision include any subsidiary or subordinate legislation made from time to time under that statute or statutory provision.

## **Modification etc. of Statutes**

## References to a statute or statutory provision include that statute or statutory provision as from time to time modified, re-enacted or consolidated (whether before or after the date hereof), so far as such modification, re-enactment or consolidation applies or is capable of applying to any transaction entered into prior to the date of this CARE and (so far as liability thereunder may exist or can arise) shall also include any past statute or statutory provision (as from time to time modified, re-enacted or consolidated) which such statute or provision has directly or indirectly replaced.

## **Others**

### References to "**this CARE**" includes all amendments, additions, and variations thereto agreed between the Parties.

### References to "day", "month" or "year" is a reference to a day, month or year respectively in the Gregorian calendar, unless "Business Days" is specified.

### References to a person include any company, limited liability partnership, partnership, business trust or unincorporated association (whether or not having separate legal personality).

### References to those of the Parties that are individuals include their respective legal personal representatives.

### References to "**writing**" or "**written**" include any non-transitory form of visible reproduction of words.

### Reference to "**issued Shares**" of any class or Shares of any class "in issue" shall exclude any Shares of that class held as Treasury Shares from time to time, unless stated otherwise.

### Reference to the "**holders**" of a class of Shares shall exclude the Company holding Shares of that class as Treasury Shares from time to time, unless stated otherwise.

### References to one gender include all genders and references to the singular include the plural and vice versa.

### References to a person connected with or to another person shall be interpreted within the meaning of "connected person" as defined in Section 2 of the Securities and Futures Act 2001 of Singapore.

### Any thing or obligation to be done under this CARE which is required or falls to be done on a stipulated day, shall be done on the next succeeding Business Day, if the day upon which that thing or obligation is required or falls to be done falls on a day which is not a Business Day.

Acknowledged and Agreed to by:

**The Investor**

Address:

E-mail:

Signed by **[*insert name of director*]**

for and on behalf of **[*insert name of the Investor*]**

………………………..

Director

Name:

in the presence of:

...............................

Witness

Name:

Address:

**The Company**

Address:

E-mail:

Signed by **[*insert name of director*]**

for and on behalf of **[*insert name of the Company*]**

………………………..

Director

Name:

in the presence of:

...............................

Witness

Name:

Address:

1. Drafting Note: This model CARE provides for an investor to make a cash investment in a company and receive equity at a later date in such company upon the occurrence of certain events or after a certain cut-off date. This model CARE has been set up such that the Company and the Investor have to agree only certain variables set out in Clause 1. If necessary, advice from an accountant should be sought to confirm whether this CARE qualifies as debt or equity. [↑](#footnote-ref-1)
2. Drafting Note: The Discount Rate inserted here should be the difference between 100% less the applicable discount. For example, if the discount to be provided is 5%, insert 95% here. If no discount is being offered, insert 100%. The purpose of the Discount Rate feature is that if the Company raises a subsequent equity financing, the Company will automatically issue CARE Preference Shares to the Investor at a discounted rate compared to the Standard Preference Shares issued in such equity financing. This feature can be combined with "Minimum Equity Raise" in which case, the conversion of this CARE into CARE Preference Shares will only be triggered if the Company raises a certain equity amount. This provides flexibility to the Company and the Investor regarding what level of equity issuance should trigger an automatic conversion. The Parties can opt to not include a Minimum Equity Raise threshold and include "N/A" or "NIL" instead for "Minimum Equity Raise" in Clause 1.4. [↑](#footnote-ref-2)
3. Drafting Note: This is an optional feature and provides for the option that if an Equity Financing, Liquidity Event or Dissolution Event has not occurred by the Maturity Date, the Investor has the option to convert the CARE to Shares based on the Valuation Cap. The Parties can opt to include "N/A" or "NIL" instead for "Valuation Cap" and "Maturity Date". [↑](#footnote-ref-3)
4. Drafting Note: If there is a Liquidity Event (i.e. Change of Control, Initial Public Offering or Initial Coin Offering), the Investor has the option to either receive its initial cash investment times a multiple or (in relation to a Change of Control or Initial Public Offering only) convert the CARE to Shares based on fair market value of the Shares at the time of the relevant Liquidity Event with discount applied. [↑](#footnote-ref-4)
5. Drafting Note: If the Company raises any equity financing, the Company must issue CARE Preference Shares to the Investor at a discounted rate compared to the price paid for the Standard Preference Shares issued in such equity financing. The CARE Preference Shares issued to the Investor will have the same rights, privileges, preferences and obligations as the Standard Preference Shares except that the liquidation preference, conversion price and dividend will be based on the Discount Price or the CARE Price. This should be amended if it is contemplated that the Company may issue Ordinary Shares instead of Preference Shares as part of its future Equity Financing. See Explanatory Note 2 for further details and features. [↑](#footnote-ref-5)
6. Drafting Note: More conditions may be included (if required). [↑](#footnote-ref-6)
7. Drafting Note: The documentation may be set out specifically (if required). [↑](#footnote-ref-7)
8. Drafting Note: See Drafting Note 4 for further details and features. [↑](#footnote-ref-8)
9. Drafting Note: If the Company is out of business or dissolves, any money that the Company has to distribute would be distributed to CARE holders before any money is allocated to holders of Shares. [↑](#footnote-ref-9)
10. Drafting Note: If an Equity Financing, Liquidity Event or Dissolution Event has not occurred by the Maturity Date, the Investor has the option to convert the CARE to Shares based on Valuation Cap. This is an optional feature and the Parties can opt to include "N/A" or "NIL" instead for "Valuation Cap" and "Maturity Date". [↑](#footnote-ref-10)
11. Drafting Note: This CARE will automatically terminate and expire when a CARE holder receives CARE Preference Shares or cash in an Equity Financing, Liquidity Event or Dissolution Event, whichever occurs first. [↑](#footnote-ref-11)
12. Drafting Note: This provision gives a CARE holder the option to require the Company to amend this CARE if the Company subsequently enters into other CAREs with more favorable terms compared to this CARE. If this provision is included in the CARE, the Company should monitor any subsequent CARE Documents it enters into to consider whether such subsequent CAREs trigger this provision. [↑](#footnote-ref-12)
13. Drafting Note: This CARE assumes that the Company will share some form of business plan and/or budget with the Investor which will set out the purpose for which the amount invested by the Investor will be used by the Company. [↑](#footnote-ref-13)
14. Drafting Note: Where applicable the Founders’ Agreement, Founders’ Employment Agreement / Services Agreement and/or Deed of IP Assignment should be carved out. [↑](#footnote-ref-14)
15. Drafting Note: To be updated to reflect the commercial agreement between the parties. [↑](#footnote-ref-15)
16. Drafting Note: Parties may also want to consider the Singapore International Commercial Court as a dispute forum and its website may be accessed at: <https://www.sicc.gov.sg/>. [↑](#footnote-ref-16)
17. Drafting Note: The Singapore International Arbitration Centre's website may be accessed at: <http://www.siac.org.sg/>. [↑](#footnote-ref-17)
18. Drafting Note: The Singapore Mediation Centre's website may be accessed at: <http://www.mediation.com.sg/>. The Singapore International Mediation Centre is another designated mediation service provider in Singapore, and its website may be accessed at: <http://simc.com.sg/>. [↑](#footnote-ref-18)
19. Drafting Note: To be included where the chosen dispute resolution mechanism is court proceedings and the Investor is not domiciled in Singapore. [↑](#footnote-ref-19)
20. Drafting Note: Consider whether any other jurisdictions should be included here depending on the location of the Parties. [↑](#footnote-ref-20)
21. Drafting Note: To be amended if it is contemplated that the Company may issue Ordinary Shares instead of Preference Shares as part of its future Equity Financing. [↑](#footnote-ref-21)