**INDICATIVE TERM SHEET**

**MyBusiness**

(Company No: 123456ABC)

Date: [enter date]

This term sheet (the “**Term Sheet**”) summarizes the principal terms of the proposed preference share financing (the “**Investment**”) of **MyBusiness** and its subsidiaries and affiliates (the “**Company**”) by **Super Investor Fund** (the “**INVESTOR**”). This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation except as expressly provided for in the paragraph titled “Binding Nature of Term Sheet”.

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| 1 | ***Issuer*** | MyBusiness (“the Company”) |
| 2 | ***Promoters & Current Cap Table*** | The Promoters of the Company are as follows:AliceBob The current capitalisation table is as follows:[Insert Cap Table here] |
| 3 | ***Investor(s)*** | Super Investor Fund and/or its nominee. (the “INVESTOR”)[Address] |
| 4 | ***Investment Amount and Valuation***  | Investment of USD … (Dollars: [amount in words] only) at a Pre-money Valuation of USD… (Dollars: [amount in words] only) and Post Money Valuation of USD … (Dollars: [amount in words] only) |
| 5 | ***Securities to be issued*** | Series A Redeemable Convertible Preference Shares (“RCPS”) in the Company |
| 6 | ***Number of Shares***  | [State number of] RCPS at par value of USD1.00 [or other value] to be issued at an issue price of USD [state price] each.  |
| 7 | ***Closing Date*** | The closing is expected to be on or before [state the date] |
| 8 | ***Voting Rights*** | The holder of RCPS shall have the same voting rights as ordinary shares and shall carry the same number of votes equal to the number of ordinary shares on an as-converted basis. |
| 9 | ***Conversion*** | All RCPS is convertible at any time at the absolute discretion of the Investors. |
| 10 | ***Redemption Premium*** | The RCPS may be redeemed at the sole option of the holder thereof at any time after [state number of months, normally 36 to 60] months from the date of the 1st disbursement (or other earlier date as mutually agreed by the Investors and the Company). The redemption price shall be the subscription price of the RCPS plus a redemption premium of 10% [or other percentage] annually [if compounded, state as compounded].The redemption price shall be paid to the Investors based upon a mutually agreed repayment scheme which shall not adversely affect the on-going operations of the Company but the repayment scheme shall not extend beyond 2 years. The amount to be paid under the repayment scheme shall be the redemption price stated above if the repayment scheme is within one year from the date of the redemption. However, if the repayment scheme is between 1-2 years, then the redemption amount shall be adjusted accordingly to reflect the 10% IRR. If the Company defaults on any payment at any time, the redemption price shall be payable immediately.The repayment scheme must be agreed by both parties within 3 months from the issuance of the redemption notice by the Investors. In the event that the parties cannot agree within the stipulated 3 months, then the redemption price shall be payable immediately. It is agreed that the Investors and the Company shall act reasonable and negotiate in good faith to find an amicable solution for the repayment scheme. |
| 11 | ***Liquidation Preference*** | In the event of an involuntary liquidation, dissolution or winding up of the Company, the holder of RCPS will be entitled to receive the Investment Amount disbursed to the Company. Any surplus assets or fund available after the payment of the Preferential Amount shall be distributed as follows:(i) first: to the ordinary shareholders to the extent of the par value of the ordinary shares held by them; and(ii) then: the balance (if any) shall be distributed among the holder of the RCPS and the ordinary shares, pro-rata and on an as converted basis.A sale of all or substantially all of its assets will be deemed to be a liquidation or winding up for purposes of the Special Preference upon Liquidation. |
| 12 | ***Variation of Rights*** | No variation, modification, deletion of the rights attached to the RCPS shall be made without prior written consent of the holder thereof. |
| 13 | ***Fund Utilisation*** | Working capital and other operating expenditures as approved by the Company’s Board of Directors. |
| 14 | ***Drawdown Schedule***  | USD… within [state number] days upon signing of the Shareholders Agreement and fulfilment of all the Conditions Precedent. |
| 15 | ***Costs*** | Costs of any due diligence and legal documentation for Investor’s proposed investment in the Company shall be borne by each party or as agreed by both parties.   |
| 16 | ***Conditions Precedent*** | The proposed investment is conditional upon, but not limited to the following:- Internal approval procedures of the Investor and the Issuer- Due Diligence on the Historical Financials of the Issuer by the Investor- Due Diligence on Founders & the Company by the Investor- Signing of a Shareholders Agreement between all Investors and Promoters of the Company- Signing of a Subscription Agreement by the relevant parties- Preparation of documents for allotment of shares) for filing with [state the relevant authorities]- Amendments of the Memorandum and Articles of the Association [or Constitution] of the Company to reflect the Investors requirements |
| 17 | ***Undertakings*** | The Company shall provide an undertaking:- That all transactions between the Company and its affiliates and related companies to be on a transparent and arms length basis.- Any related party transaction between the Company and its Promoters must be approved by 90% of the Shareholders excluding the Promoters. The Promoters shall provide an undertaking:- To not be involved in any businesses that competes directly or indirectly with the Company without Investor’s express permission in writing, including for a period of 2 years after they leave the Company for whatsoever reason. |
| 18 | ***Rights of First Refusal/ Pre-emptive Rights*** | The holder of the Preference Shares shall be entitled to customary pre-emptive rights on transfer of securities and on new issuance of securities (other than for ESOP or conventional exclusion). In the event an Executive transfers his shares in violation of this Pre-emptive Right, the Investor shall have the right to put a pro-rata portion of their shares to such Executive. These pre-emptive rights shall terminate upon Qualified IPO. |
| 19 | ***Co-Sale Right and Drag Along Right*** | Co-Sale Rights. Executives shall also be subject to customary co-sale right of the holders of Preference Shares such that the Executives may not sell, transfer or exchange its shares or interest in the Company unless the holders of Preference Shares have an opportunity to participate in such sale, transfer or exchange on a pro-rata basis. Drag-Along Rights. If 90% of the company’s shareholders (the “Selling Shareholders”) wish to sell and/or transfer all but not part of their shares in the Company, the Selling Shareholders will have the right to compel the other remaining shareholder(s) of the Company to sell all of their shares in the Company to such persons nominated by the Selling Shareholders subject to the condition that the purchase consideration as may be offered to the remaining shareholders of the Company must be the same as that offered to the Selling Shareholders or not less favorable as that to be received by the Selling Shareholders.These Co-sale and Drag Along rights shall terminate upon Qualified IPO. |
| 20 | ***Board of******Directors***  | The Board will initially consist of three (3) members (“Initial Directors”), comprising two (2) Directors from the Company and one (1) Director representing the Investor.[Amend number of Directors accordingly]Quorum must include the nominee of the Investors (if the Investors exercise its right to nominate a director to the board of the Company). The Investors’ nominee director shall have the veto rights and affirmative votes in relation to the Reserved Matters. Voting in relation to all other matters which does not fall within the Reserved Matters shall be based on simple majority.The Investors and the Promoters will have the right to nominate and remove its nominee director without further Board approval. If the Investors elects not to nominate a director to the Board, the Investors shall have the right to appoint a representative and such representative shall be invited and allowed to be present and participate in all meetings at board, and management levels.The above right of appointment of nominee Director and the aforesaid representative by the Investors shall also be applicable to each subsidiary of the Company, if any. |
| 21 | ***Reserved Matters*** | Approval of 75% of the Company’s shareholders is required for the following items:Changes to capital structure, including issuance of any new equityAlteration of the Memorandum and Articles of Association of the CompanyWinding-up, consolidation, merger, restructuring, liquidation or dissolutionSale of all or substantially all of the Company’s assetsAppointment and change of auditorsChange in the business direction/strategy Incorporation of new subsidiaries/joint-venturesAnnual budget and quarterly amendmentsCapital expenditure above USD100,000 not previously itemized in the annual budget or the quarterly amendmentsNew loans and similar instrumentsIssuance of guarantees, bonds (financial instruments) and indemnities outside the ordinary course of businessEntering into contracts outside the ordinary course of businessDeclaration of any dividends or distributions.The grant of any loans by the Company other than in the ordinary and proper course of the BusinessRemuneration or allowance of any kind for directors orCommence or settle litigation outside the ordinary course of businessThe hiring, firing, determination or change of compensation of the senior management staff of the Company with remuneration in excess of USD 100,000 per annum[Adjust the requirements accordingly including the percentages] |
| 22 | ***Shareholder Percentage Post Investment*** |

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| --- | --- |
| Shareholder | Shareholding Percentage |
| Alice | [number] |
| Bob | [number] |
| Super VC Fund Sdn Bhd | [number] |
| TOTAL | 100% |
|  |  |

[Insert cap table post investment if there are more shareholders than the above] |
| 23 | ***Information Rights*** | Any information requested by Investor including but not limited to monthly and yearly management and financial reports as well as annual budgets and business plans. |
| 24 | ***Employee Agreements*** | NDA/Invention Assignment. Prior to the Preference Closing Date, the Company shall have caused each of its employees and any consultants to execute a nondisclosure and assignment of inventions agreement in a form reasonably acceptable to the Investor.Non-compete. Prior to the Preference Closing Date, the Company shall have all current employees and consultants, and, to the extent permitted by applicable law, former employees and consultants entered into a confidentiality and noncompetition agreement in a form reasonably acceptable to the Investor.Key Employees. Prior to the Preference Closing Date, all Executives and other key employees of the Company shall have entered into an employment agreement with the Company or a Group Company in a form reasonably acceptable to the Investor. Such employment agreements will provide, among other things, appropriate representations and warranties by each key employee, including warranties as to no conflicts with prior employers, term of commitment and a two-year post-employment non-competition and non-solicitation agreement. |
| 25 | ***Indemnification*** | The articles of association/constitution, bylaws and/or other charter documents of the Group Companies shall limit the liability and exposure to damages of (i) board directors; and (ii) nominee shareholders such as the Investor, to the broadest extent permitted by applicable law. |
| 26 | ***Representation and warranties*** | Customary representations and warranties to be given by the Company and the Promoters on all aspect of the Company including accounts, assets and liabilities, tax, corporate matters, general commercial matters, intellectual property rights, insurance, litigation, employment matters, accuracy of information, etc.The Company and the Promoters acknowledge that the Investors will enter into the Investment Agreements upon its reliance of the Representation and Warranties. |
| 27 | ***Reimbursement of Expenses*** | Expenses. At the Preference Closing Date, the Company will reimburse Investor for costs and expenses incurred in attending to the due diligence, syndication and documentation of the Investment (including legal costs) for an aggregate amount not exceeding USD50,000. |
| 28 | ***Exclusivity / Non-Solicitation***  | In consideration of the Investor’s commitment of substantial resources to perform and complete a due diligence review of the Company, each of the Executives [and Angels] agree that during the period between the acceptance of this Term Sheet and [**enter a date]**, he/she shall not enter into or continue discussions with any third party, either agent or principal, concerning a possible investment, public offering, merger, acquisition or other business arrangement without the consent of Investor. If for any reason the Investor decides not to proceed with this Investment, they will provide immediate written or verbal notice to management of the Company, and all terms, including the “exclusivity” outlined above, will terminate upon such notice. |
| 29 | ***Duration*** | Unless extended in writing signed by the parties, this Term Sheet will terminate on the earlier of (i) execution of legally binding documents for the Investment or (ii) [enter a date]. |
| 30 | ***Binding Nature of Term Sheet*** | Except for Paragraphs related to indemnities and confidentiality, the provisions of this Term Sheet shall constitute non-binding obligations of the parties. The parties expressly acknowledge that Paragraphs related to indemnities and confidentiality, constitute binding obligations of the parties. The parties further acknowledge that those Paragraphs shall be enforceable obligations of the parties that they shall not take any actions to circumvent its obligations set forth in those Paragraphs. |
| 31 | ***Governing Law and Dispute Resolution*** | This Term Sheet shall be governed by [state country] law.Any dispute, controversy or claim arising out of or relating to this Term Sheet, or the breach termination or validity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force and as may be amended by the rest of this Paragraph. The appointing authority shall be [state name of the arbitration centre] (the “**Centre**”). The place of arbitration shall be in [country] at the Centre. There shall be only one (1) arbitrator. The language to be used in the arbitral proceedings shall be English. |
| 32 | ***Confidentiality*** | The parties hereto recognize that the terms of this indicative term sheet and its existence are confidential. The Investors will treat all confidential information of Company in accordance with their customary business practices. |
| 33 | ***Expiration Date*** | If this summary of terms is not countersigned by the Company and received by the Investor by [**date]** at 17:00 p.m. [state country] Time, then it shall expire in its entirety, unless all parties agree in writing to extend. |
| 34 | ***Other Matters*** | This summary of terms supersedes all prior communications between the parties, no prior offer having been validly made by the Investor or accepted by the Company. |

SIGNED BY THE PARTIES HERETO THE DATE AND YEAR FIRST ABOVEWRITTEN:

For and on behalf of MyBusiness;

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Name: Alice

ID No: …

Designation: CEO

MyBusiness

Dated:

For and on behalf of Super Investor Fund

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Name: [Investor’s Director or Manager’s name]

ID No:

Designation:

Super Investor Fund

Dated:

Witnessed by:

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Name:

ID No: …

Designation:

[Name of organisation e.g. Legal firm]

Dated: