

PROCEDURE FOR EQUITY FINANCING

8th May 2020

To Whom it may concern,

I, Koh Huan Fong, the Chief Relationship Officer of Kimbo Corporate Pte Ltd (“kimbocorp”), a company incorporated in Singapore under UEN 201316594C, on behalf of the Company, hereby inform potential startup owners operating in Nascent Industries, the following procedures to enroll into the Singapore Startup Scene for the purpose of market expansion;

1. The company submits to the kimbocorp:
 - a. Business Plan;
 - i. This must be a detailed 15-25 page write-up, including forecasted financials, define market, market size and market growth;
 - ii. CV, passport and proof of address of key executive team;
 - iii. NDA and access to the technology to conduct due diligence.
2. Upon such submission, kimbocorp will commence due diligence at their own cost:
 - a. kimbocorp, through its representative will undertake market validation, technology verification and legal due diligence. The due diligence tends to be extensive in scope and is expected to take around 4-6 weeks. The cost of the due diligence, including the funding setup costs, will be borne by kimbocorp in the event that the submission is not accepted, and will be deducted from the Funded Amount in the event the submission is approved and accepted.
3. Upon satisfactory completion of the due diligence, kimbocorp will cause an investor to issue a termsheet;
 - a. The termsheet will vary from transaction to transaction. However, a typical transaction is as follows:
 - i. Seed or Pre-seed equity: Up to 7:3 the amount deposited, to a maximum of S\$500,000 for deep-tech startups in nascent industries;
 - ii. Cost of equity: Up to 35% of the company holding the patent or copyright to the technology;
 - iii. Investment period: Maximum of 12 months, or until the next funding raising round, whichever the earlier.

- b. Confirmation of an initial deposit in a corporate bank account:
 - i. Kimbocorp will require the company to deposit an initial amount in a corporate bank account, called the specified bank account, setup in Singapore for the purpose of transacting the equity;
 - ii. The corporate bank account will be registered in the name of a private limited (Pte Ltd) company in Singapore especially for this transaction;
 - iii. The Pte Ltd will own 100% of the company holding the patent and copyright to the technology;
 - iv. The incumbent owners of the technology will be enlisted as shareholders and directors of Pte Ltd to own the remaining 69% of the company.

- c. If the Termsheet is accepted by the company:
 - i. the company will place an amount into the specified bank account. For the purpose of illustration only, let it be assumed that the amount is S\$50,000;
 - ii. Confirmation of the amount will be done via a confirmation by a bank officer or a representative of kimboCorp;
 - iii. Kimbocorp will hold up to 35% of the company on a trustee agreement, conditional until the funds are deposited into the specified bank account.

- d. Once the company deposits the funds and shares are held in trust, depending on the amount initially deposited, funds up to S\$500,000 will be deposited into the specified Bank Account;
 - i. The company may then draw down all the monies in the Specified Amount subject always to the initial deposit being untouched. Meaning, the initial deposit must remain and be verified by kimboCorp as having remained, in the specified Bank Account throughout the investment period;
 - ii. The trustee agreement will automatically be rescinded and shares held in trust will be legally transferred;
 - iii. Given the ongoing obligations to progress the company, required throughout the life of the investment period, a representative of the kimboCorp will be appointed as a director. The representative in the company will be the central figure to attract other institutional investors to complete subsequent funding rounds and to keep the company on-track to fulfil milestones to qualify for subsequent funding rounds.
 - iv. The representative will also be a signatory to the specified bank account to allow this person to request information about any movements of funds in this specified bank account;

4. Process starts again for Series A, led by the representative of the company, kimboCorp will cause an investor to issue a termsheet;
 - a. The termsheet will vary from transaction to transaction. However, a typical transaction during Series is as follows:
 - i. Series A: Up to 1:1 the Amount deposited to a maximum of S\$4,000,000 for deep-tech startups in nascent industries.
 - ii. Cost of equity: Up to 49% of the company holding the patent or copyrights to the technology;

5. Process continues for Series B, led by the representative of the company, kimboCorp will cause an investor to issue a termsheet;
 - a. The termsheet will vary from transaction to transaction. However, a typical transaction during Series is as follows:
 - i. Series A: Up to 5:6 the Amount deposited to a maximum of S\$8,000,000 for deep-tech startups in nascent industries.
 - ii. Cost of equity: Up to 49% of the company holding the patent or copyrights to the technology;

Yours sincerely

Signed and Verified by

Name: Koh Huan Fong (Johnson)

Director, kimboCorp

Appendix: For illustration purposes

Stage	Deposit	Amount received	Amount Total
Pre-seed / Seed 7:3	50,000	116,667	166,667
Series A 1:1	500,000	500,000	1,000,000
Series B 6:5	5,000,000	1,000,000	6,000,000