



SHAREHOLDER'S AGREEMENT



PURPOSE OF A SHAREHOLDER'S AGREEMENT

Identify shareholders

- limit who may become a shareholder
- restrict issuance/transfer of shares

Govern management
of the company

- obtain shareholder's approval on key decisions
- plan for succession of the company

Dispute resolution

- incorporate other types of dispute resolutions such as mediation or arbitration
- include exit strategies

EXAMPLES OF COMMON PROVISIONS

Restrict
issuance/transfer of
shares

- compulsory buy-out of deceased shareholder's share
- pre-emptive rights: provides existing shareholders the first dips to acquire shares to be potentially transferred

Govern management
of the company

- requiring 75%/100% Shareholder's approval on certain decisions
- e.g: capital injection, significant capital expenditure

Exit strategies

- tag-along rights: providing minority shareholders with the same rights as the majority shareholder selling his shares
- drag-along rights: Majority shareholder disposing of shares can force minority shareholder to join in the sale of their shares

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NEED ASSISTANCE?

CHAT WITH US:



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