

Masterclass Series

2iB PARTNERS

Expanding your Business Universe

Preparing your company for a liquidity event

Strategy, Structuring & documentation

**We build Super Firms of
the Future through
CoAggregation®**

www.2ibpartners.com

Message from the Director:

2iB Partners continues to build its reputation and broaden international networks with MNCs, strategic buyers, listed companies, funds and networks in US, UK, China, India, Phillipines, who have taken a strategic interest in the Southeast Asian market. We also understand that there are a significant number of small and medium enterprises (SMEs) in the region that are looking to scale up and regionalize in SEA or gain market access into China.

With regards to these 2 different channels of companies, we have the appropriate networks and expertise to assist them with their expansion plans whether through joint ventures, inorganic growth or general business consultancy. We see ourselves in a strategic position to assist these stakeholders in their internationalization and growth plans in or out of the region through Singapore. We also have a growing deal flow in the region and see a growing appetite for M&A deals in the region.



Dylan Tan
Director

Macroeconomic Outlook (Southeast Asia)

ASEAN is the 6th largest economy and GDP growth from 2016 has been approximately 5.3% annually. It also has the 3rd largest population of 600 million with a relatively young population about half of which are under 30 years of age. This makes it a prime destination for relocation of labour intensive industries. ASEAN governments' commitment to investing in infrastructure also suggests long term investment opportunities which attracts and encourages Foreign Direct Investment (FDIs).

From a macroeconomic perspective, the ASEAN story is generally positive and is one of the fastest growing regions with projected 4.9% GDP growth this year compared to projected global growth of 3.5%. Fast growing Myanmar is also projected for a growth of 7.5% next year, though for this country, regulations may slow the advancement of certain sectors. The ASEAN growth is projected to outperform that of global growth rate for the foreseeable future with relative political stability and increased connectivity in terms of both investment and trade.

Global trade has also re-emerged and as a result, Asia, that is the most export dependent has benefited substantially. Indicators suggest that domestic demand is also improving post slow down. This could suggest investment opportunities in the medium to long term.

According to data, 10% of FDI into ASEAN in 2016 is from China and this is poised to increase due to One Belt One Road (OBOR) activities which will greatly enhance connectivity. Japan is also a great contributor of FDIs into ASEAN and is actively pushing outbound capital and M&A deals. 19% of M&A deals in ASEAN is inbound from China with the US coming in 2nd. The number one sector is undoubtedly manufacturing with services slowly gaining popularity. Opportunities of new technologies and digital innovation has been reiterated at the ASEAN Plus Three (China, Japan and Korea) summit in Manila.

The ASEAN Economic Community (AEC) blueprint which aims for tax collaboration by 2025 and reduction in trade transaction cost by 2020 also point to significant improvements in opportunities.

Singapore

As of the time of this article (November 2017), although exports have improved, it is a very long hike. Singapore is still sitting on period of very weak labour haul. Wage growth is very low and job creation has been negative. The opinion is that the economy still needs to go through a slow transition period with no quick fix.

However, Singapore continues to rank no. 1 in most areas of doing business and its conduct. Many investments continue to be routed through Singapore in view of its political stability, financial and accounting transparency as well as lifestyle quality.

Malaysia

GDP growth has come down to 5-5.5%. However, the negatives mainly come from government policies being completely focused onto supporting household sector and maintaining consumption growth. The repercussions of this is that savings rate is down, current account surplus moved from 14% of GDP to 1.6% in 5 years. That being said, for the first time, metrics have improved slightly, external debt coverage stabilizing, liquidity conditions have improved, non-oil exports have increased.

As a whole, Malaysia is in a better place than 5 years ago, this is largely attributable to change in balance of payments and growth of non-oil and non-gas trade surplus. The general elections are due in 2018. However, despite a viable political alternative, the foreign investment policy is not expected to vary widely.

Indonesia

2010-2012 saw growth at 6.5-7% and now this is at 5%. One positive point is that the Jokowi administration has focused on structural reforms on improving the ease of doing business. World Bank released report and Indonesia jumped up 19 spots in ease of doing business. There is a focus on long term development from a structural perspective rather than short term gains which has historically lead to currency runs. This can be seen as a positive development but the inclination towards populist measures and lack of transparency remain,

Therefore, major look out will be the elections which are due in 2019. The Indonesia story is one that we remain highly cautious yet optimistic.

Thailand

Thailand is in a state of stagnation. GDP is largely driven by external sector (tourism) and government spending. – there has been a big gain in Chinese tourists.

Private investment and investor confidence is weak. Outbound investment by Thai companies particularly in Mekong region has been greater than investment within the country. This could point and infer certain dynamics in the country.

Economy is at 3-4 % growth with not much inflation, large current account surplus, lots of money and overvalued currency.

Phillipines

The Phillipines have had long history of obstacles and continuously subject to crisis. They have faced periods of very weak growth and highly volatile currency markets. However, during, 2008-2009, the Business process outsourcing (BPO) industry took off. Similar to India in 2003, it came as positive surprise with regards to internal GDP growth. The boom had a tremendous impact in growth. What this also means is that the government now has finances to invest in infrastructure. In addition, private investment is also growing.

The Phillipines has had a tendency of very strong business cycle fluctuations. Credit is also growing very rapidly which is cause for concern. A good sign would be tax reforms which will give the government the finances to invest in infrastructure.

Therefore, overall, the medium to long term looks positive but would suggest caution in the short term.

- Data from FocusEconomics and World Economic Outlook.

What is a Liquidity Event?

First and foremost, a liquidity event is an exit strategy for investors to convert their equity into cash and occurs when any of the following typical change of control events takes place:

1. merger
2. acquisition
3. sale purchase – part or whole, shares or assets
4. leveraged recapitalization – debt to finance purchase of equity
5. ESOP
6. IPO of a company

What is a Liquidity Event?

This masterclass/transcript presumes that the reasons for a liquidity event have been strategically thought through – vis-à-vis the seller i.e., personal, financial and external reasons; and investment for future returns vis-à-vis the buyer. Therefore, concepts are addressed and not the process and deal flow. In view of specific requests within the masterclass, two diagrams on deal flow and due diligence have been provided.

A liquidity event can be an exit strategy for investors or founders to convert illiquid assets to liquid assets. In other words, equity or asset into cash and occurs when any of the following typical change of control events takes place:

1. merger
2. acquisition
3. sale purchase – part or whole, shares or assets
4. leveraged recapitalization – debt to finance purchase of equity
5. ESOP
6. IPO of a company

The occurrence of liquidation, dissolution or winding up of a company may also be included as a liquidity event.

Most of business owners' personal wealth is usually tied up in the company. As an owner looks to diversify, a liquidity event becomes a critical step in the wealth management planning process.

Many strategy and processes in liquidity events are similar to a merger or acquisition process.

Sample Liquidity Event Clause in a Share Purchase Agreement:

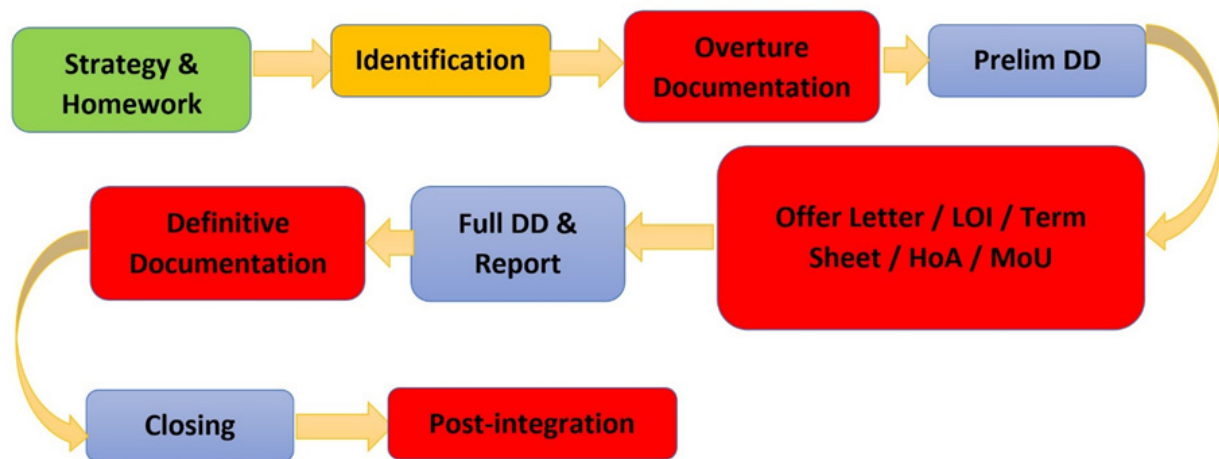
Upon the occurrence of a Liquidity Event (as hereinafter defined), the Borrower shall prepay the outstanding Principal Amount of all Notes in accordance with the redemption prices (the “**Mandatory Redemption Prices**”) set forth below (expressed as a percentage of the outstanding Principal Amount being prepaid), together with Interest accrued and unpaid on the outstanding Principal Amount of the Notes so prepaid through the date of such prepayment and reasonable out-of-pocket costs and expenses (including reasonable fees, charges and disbursements of counsel), if any, associated with such prepayment. If a Liquidity Event shall occur during any Loan Year set forth below, the Mandatory Redemption Price shall be determined based upon the percentage indicated below for such Loan Year multiplied by the Principal Amount which is being prepaid. For the purposes hereof, “**Liquidity Event**” means (i) the occurrence of a Change of Control, or (ii) the liquidation, dissolution or winding up of Parent or Borrower or of one or more of Parent’s Subsidiaries that, individually or in the aggregate, constitute a material part of the business, operations or assets of the Credit Parties and all of their respective Subsidiaries, taken as a whole.

Loan Year	Mandatory Redemption Price
1	103%
2	102%
Thereafter	100%

Liquidity Event Preparation

- Notes and contracts
- Valuation
- IP Portfolio
- Finance
- DD & audit
- Corporate and contractual compliance
- Statutory and regulatory compliance
- In-house and external counsel

The deal process that is usually followed is:



While preparing for liquidity event, determine the buyer – strategic (good for business continuity) vs. financial (good for exits). Determine the team that will be involved in the transaction as well as the effect of laws and business in cases of cross-border related events. Apart from conducting an internal due diligence and legal audit which would help in sanitization and preparation to receive investment, the following steps may be considered while preparing for a liquidity event:

1. Notes & Contracts: Liquidity events are usually triggered by contracts between parties. The documents providing for the liquidity event could be convertible notes, instruments for future equity, share purchase or stock acquisition agreements, shareholders and share subscription agreements, NDA (reputation and risk), funding and investments agreements should be reviewed. Liquidity events can be anticipated or prepared for. Any action needs to be sanitized before occurrence of the liquidity event. Also, key employment contracts. Good leavers and bad leavers. Confidentiality is important to be maintained while preserving transparency within a team.

2. Valuation: Obtain company valuation (intrinsic and relative), of shares or assets, around liquidity event for negotiation. Price-to-earnings (P/E) ratio, price/earnings to growth (PEGs) ratio and price-to-sales (P/S) ratio may be used for valuation multiples. Liquidity valuations are based not pre- or post-money, but pre- or post- liquid calculations.

As regards buyer: Value on EBITDA vs Net Profit. WB would take valuation based on EBIT as he does not believe DA is a continuing loss. In fact, he would even add non-recurring expenses such as personal and non-core expenses, back to profit for calculating valuation. EBITDA is good for determining the value, or as a market comparable, a buyer places on a company but not for calculating price of purchase, or as the lawyers like to put it, consideration. For price, it is better to take net profit as it removes questioning line by line accounting. For each dollar of expense removed, can you get a multiple in value? If yes, it is a good price. Working capital – can you make it more efficient, is it lowest WC or a reasonable WC (Regarding seller: is it good to inform buyer)? Can you capitalize on R&D, does buyer have R&D? How would buyer manage B/S and P&L? These can be covered in a good financial DD.

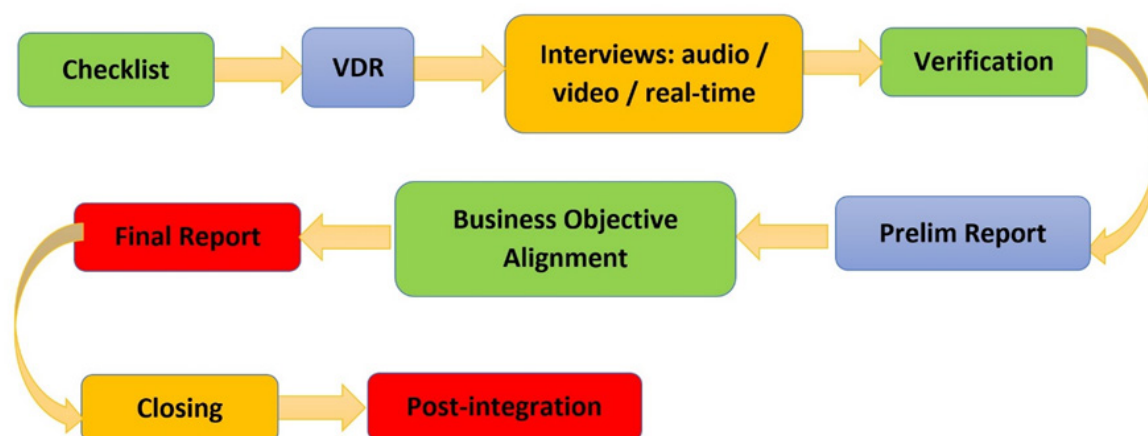
3. IP Portfolio: Identify and register all IP of the company, obtain licenses, review licensed products. Knowhow and knowledge, database (form over content) are IP. IP audit and valuation should be conducted.

4. Finance: Appointment or change in financial management to prepare for liquidity event. Exchanges in

different countries will have different requirements for financial managers. Financial managers of the seller and buyer can prepare the asset to be converted. An area for financial DD is quality of earnings – growth margins / higher sales or cutting costs / accounting change (inventory valuation). Conduct an audit to analyze revenue recognition and depreciation and amortization policy. The intention of the seller should be to keep costs low before liquidity event.

5. DD & Audit: DD can cover Hard DD such as finance, legal, technical, mechanical, economic, environmental, fiscal, marketing, asset, IP, IT, tax, operational, regulatory, market, inventory, AR, real property; and Soft DD such as HR/HC, key employees, customer, vendor, cultural and management. SDD should be considered pre-deal for large companies. Exchanges in different countries will have different requirement for audits (disclosures in DD / RnW). DD can also cover operating metrics – KPIs, trends and benchmarking and management ideals vs. actual performance. On SDD, post liquidity event will need to cover right people, right place. Check to see if employees can fit in after liquidity event or new personnel or training needed.

The DD process that is usually followed is:



6. Corporate & Contractual Compliance: Updation and review of minute books, confidentiality or non-solicitation or non-compete contracts, book of contracts, corporate records – approvals, accounting records, ESOP, third party consents, IP pre-approvals (licensing, assignment), personnel agreements.

7. Statutory & Regulatory Compliance: Updation of approvals and licences, company law authority reporting, employment law compliance and tax compliance.

8. In-house & external counsel: In-house counsel will assist in controlling cost and preparing documentation as well as avoiding pitfalls. They have the benefit of interacting in real time with other departments within the company such as management, finance, accounts, HR, BD, PR and technology. External counsel provides varied experience and objective perspectives without the fear of retribution or backlash.

Others:

Experience, social media, market positioning, branding (supplier vs. solutions provider. Who gets higher multiples?), lack of buyers if failed liquidity event.

Liquidity Event Structuring

- Types of entity involved
- Cash receipts or pay-outs
- Escrow consideration
- Type of equity
- Value of equity
- Local laws
- Effects on employment
- Tax matters

The following issues should be considered before the liquidity event:

1. Types of entity involved – company, trust, JVs, group of investors, syndication, sole proprietorships, funds, consortium, S-corp/C-corp, LLC, pte/pvt

Regulation in cross-border related events including taxation. Far as regulations are concerned, foreign direct investment regulations play a role in control over the target as well as limits on the amount of investment. Some countries place a valuation method over others and these will have to be adhered to. Compliance and recognition of an entity within the books of the target regarding the transactions would vary depending upon the type of entity. If a branch office of an acquirer is involved, there would be other considerations. Payment capability by seller should also be considered.

2. Cash Receipts & Pay-outs: Bullet or term payments. In full or instalments. Earn out provisions. Shares or assets.

If the liquidity event amount is low or the target's financial statements readily manageable, it could mean a bullet payment of a cash transaction. However, if the valuation is high, the pay-out may be partly in shares or partly in cash. The cash to be paid out will be based on performance and milestones achieved by the target over a period of time. This tends to keep the founder in place for an extended period and limits risk for the investor. If payment is made over a given period and liabilities emerge, the cash consideration could be affected as indemnities would kick in. A public company divestment or sale would result in a direct cash transaction with direct market price without valuation asymmetry.

3. Escrow consideration / Bank guarantees

One of the biggest considerations for the target is completing the transaction in a minimum time frame. An acquirer may make an offer out of belief that the transaction would pay for itself, and the question of whether the acquirer pays on time or has the capability to pay is relevant. Post-transaction, it would be difficult for the target to roll-back. Setting up an escrow or obtaining bank guarantees would be a way to offset the risk to the target. However, this may meet with resistance as no party would like to tie up their funds over a period of time where it can be put to other use. Many acquirers would also leverage the same funds by committing to different projects at the same time.

Proof of payment. Escrow / bank guarantees / transaction liability insurance.

4. Type of equity – Voting provisions, restrictions in transfers, convertibility.

Some liquidity events involve ordinary share transactions and some preference share transactions or a combination of both. The transactions may also be in the nature of bonds, convertible instruments or ESOP. These shares may carry different voting rights. Some are compulsorily convertible at a given period and some indefinitely – meaning over an extended period of time. Some countries may have restrictions on different classes of shares and shares carrying different voting rights. Targets may convert shares into one class before triggering a liquidity event. The manner of shareholding in private companies would be governed by documents such as shareholders or subscription agreement.

5. Value of equity – Volume weighted average if listed company, market comparables

Valuations of shares may vary. Some of the methods are: Asset pricing (intrinsic value) – which are based on the real value of the assets; market value basis (yield basis or earning capacity) – where the effective rate of return on investment in terms of a percentage is taken into consideration; fair value basis – the mean of intrinsic value and yield value; return on capital – where predetermined or expected rates of return are applied; price-earnings ratio – the ratio of the market price of the share to earning per equity share; DCF – discounted

cash flow where discounting of the profits (dividends, earnings or cash flows) of the shares in the future and a final value on such disposal. In the case of listed companies, some use a fixed period volume weighted average of the existing share price and add a premium to it to make a public offer or tender or use market comparables. Goodwill is a factor that needs to be factored in while calculating the cost of equity. Much consideration may be swept under the goodwill valuation.

6. Local laws - governing payment and transfer

Foreign direct investment or FDI regulations play a role in contracts for sale and purchase of shares involving different countries. It also addresses control over the target and limits on the amount of investment. Some regulations stipulate the valuation methods used. Compliance with registration of new owner and the type of entity would vary. For instance, some jurisdictions do not recognize trusts and only its trustees. While some countries may permit compensation for projected loss, others do not. Different countries also have different treatments on law and tax involving future equity, restrictions on different classes of shares and shares carrying different voting rights.

7. Effects on employment – local and international in cases of cross-border related events

What if employee wants liquidity? Acquisitions on occurrence of liquidity events must take into consideration the effect on employment within the target. Right people in right positions and compensation (compensation tied to sales, EBITDA growth as incentivization). Benefits given to employees and effect on P&L – whether industry standard or over-paid. Liability and indemnification should be in place before liquidity event. Post-acquisition may result in less than desirable effects on the economics and hence post-valuation of the company itself. In addition, effects on employment may hinder the liquidity event especially when trade unions are involved. Many governments take special care to see the labor market is not affected and this in turn affects the liquidity event. Effect of ESOPs should also be considered.

8. Tax matters – in cases of cross-border related events

Tax structuring of entities, such as trust, S-corp. During the sale of shares, taxation may be a driving factor for the type of shareholder who may be a trust, a listed company or as in the US, a C-Corp or an S-Corp. Similarly, purchase may be made by a similar entity. In some cases, a joint venture may attract different tax considerations. Further, consideration should be given to where tax paid in a country can be offset or credit claimed, double taxation in the company and in the hands of the recipient and particularly in double taxation avoidance agreements and treatment of tax in the home country. Buyers may demand clean up or sanitization before purchase. Estate and wealth planning such as transfer to individual or trust, different jurisdictions, for sellers is also important while tax planning.

LegalEase - *Considerations*

- Representations & Warranties
- Covenants
- Special rights
- Indemnifications, liabilities and remedies
- Set-offs
- Other contracts - Loi, ioi, overture documentation
- Governing law
- Dispute resolution

At the liquidity event itself, the following legal issues should be considered:

1. Representations and warranties in contract containing the liquidity events that could make or break a deal

Disclosure. Sometimes overlooked as standard clauses, a target is willing to give any and all representations and warranties that an acquirer is looking for. But this could be quite dangerous as the sale and purchase agreement will invariably contain indemnity clauses and this will affect the deal. In a sale and purchase agreement, certain specific representations and warranties are covered within the substantive part of the agreement itself and many so-called standard clauses are covered as an annexure, schedule or attachment to the main agreement. The standard clauses are mostly the sum total of the experiences of professionals and standard templates that have evolved over time. Involvement of local lawyers is required. Misrepresentations could have serious legal repercussions.

2. Covenants (to do or not to do something) and obligations. On pre-closing, closing and post-closing

As with all financial transactions, a buyer would seek to protect his money and delay payment until all conditions are satisfied and a seller would agree to do anything to receive the pay-out at the earliest. Incapacity to pay, failure to fulfil conditions, non-receipt of corporate and statutory approvals are some of the factors where the deals fall through. Post-sale, many negative covenants such as non-disclosure, non-compete, non-solicit and non-circumvention would continue to operate and can operate against the seller/target and affect the future operations of the target.

3. Special rights - options, transfer, approvals, put-call, drag-tag along, lock-ins/lock-ups, share-asset price ceilings, collars

Liquidity events call for perusal and scrutiny of past and future contracts for sale and purchase, subscription and shareholders agreements. Many corporate, statutory and regulatory approvals are required. The constitution or articles of the target may also contain special rights of existing shareholders. In some occasions, agreements between shareholders may be privy and enforceable between shareholders and not involve the company. In these circumstances, the company will not be liable for the contract inter se shareholders unless these rights are enshrined within the constitution documents.

4. Indemnification, liabilities and remedies – Who bears the consequences

Liabilities and indemnification vis-à-vis the seller are called for misrepresentations and failure to comply with conditions of transfer. Similarly, the buyer can also be liable by forfeiting his deposit at the time of signing a contract as well as be liable for indemnification for non-payment / non-fulfilment of conditions of the contract. Some important considerations are transfer of liabilities (depending upon structure or entity) and assignability of agreements. Legal liabilities should be monitored during and after the liquidity event.

Consider the psychology and reputation of individuals in enforcing of private contracts. Will they merely break the contract and walk off?

5. Set offs – Do cash pay-outs or equity issuance create set-offs on price and valuation?

If projections are not met or if conditions fail during the course of a transaction that does not involve a bullet payment, this will affect the cash pay-out as well as issuance of equity. Some events for set-offs in terms of cash and time may be mitigated by force majeure clauses. Even in bullet payments, if negative covenants are violated, the seller can still be dragged into litigation and set-offs may not mitigate the risk.

6. Other contracts – relating to or effecting the liquidity event

The occurrence of liquidity events affects many other factors in the target. LoI or lol (indication of intent) can involve exclusivity and fix purchase price. This can be binding or non-binding. Investors will seek blanket clauses covering their investment in the present and near future and will look out for other contracts entered into by the target that affect the valuation of the company or its shares. The other contracts would include existing shareholders agreement, deeds of adherence, options agreements, voting agreements, warrants, management agreements, key employee agreements, debt instruments and agreements, share subscription agreements, constitution documents – where the company is bound to do or not do certain acts. Documents such as warrants may also contain provisions for protection when public acquisitions take place. Normally, a due diligence covers these issues. Negligence of a proper due diligence affects the investor greatly rather than the target.

7. Governing law – cross-border transactions

Some countries provide specifically for the place where the cause of action arises and thus bring the parties within that jurisdiction. Some countries may completely ignore the governing law and protect its citizens, individuals and corporates. The governing law also matters as contracts are interpreted differently, whether under civil law or commonwealth law or general law by different countries. There have been instances where the governing law is of a jurisdiction different from the nationalities of both parties.

8. Dispute resolution – Arbitration, mediation or local courts

Alternate dispute resolutions such as mediation, arbitration and conciliation may mitigate consequences when heads of the respective parties meet, but these may be exercises in futility. Where the parties are from different countries, treaties between the countries where the parties reside will dictate whether a judicial order passed can be enforced against the penalized party. Many parties settle for international arbitration which can be slightly more expeditious than established court systems. This is because arbitration takes only a particular matter into consideration whereas the courts have to handle all matters relating to its jurisdiction. Consider voluntary effect on mediation.

Listed company - *Considerations*

- ILDD
- Management appointment or change
- External
- Regulatory
- Insider trading and market abuse
- Valuation
- PR
- In-house teams and external advisors

Apart from all the above points and considerations, liquidity events require exceptional care in case of IPO and listed companies.

Go-kart to F1

1. **ILDD:** Internal Quarterly Due Diligence or legal risk management by in-house counsel or project manager to ensure the process is clearly defined with relevant reporting requirements built in. The Internal DD sanitizes outstanding issues, manages deadlines, prepares for transactions, quantify and limit risks and liabilities, offers opportunities to right wrongs, prepares early for liquidity events.
 2. **Management Appointment or Change:** The ILDD report can speedily comply with reporting requirements on appointment or change to exchanges and regulatory authorities and prepares new management for liquidity events. Appointment or change in finance, law, tax and operations professionals with listed company experience on the board can bring about stock options. Reporting requirements will be required. Applies more so in cross-border cases and exchanges.
 3. **Regulatory:** Depending upon the extent of shares traded or assets purchased, laws of different countries will need to be adhered to. This not only covers compliance related to trading, but anti-trust (anti-monopoly), employment, local authorities and tax. [Paradise Papers case study]
 4. **Insider Trading & Market Abuse:** Disclosure is the key component. The general rule should be to disclose unless specifically required not to. All transactions affecting share price including sale and purchase of stock or assets need to be disclosed. The subject matter and timing of disclosure will require the involvement of certified adviser or notified agent or sponsor or the exchange itself.
- Many companies decide to dive in first and solve the problems on the go; or application of the words of Rear Admiral Grace Murray Hopper, a U.S. Naval officer and an early computer programmer in 1986 – it is easier to ask for forgiveness than permission. While quick fix non-legal solutions may result in fast action and short-term benefits, it is a highly expensive and disastrous decision and will result in penalties, fines or even jail by law. This shotgun approach may work well for small companies which can wind up fast, but large and listed companies have much deeper roots to uproot. It is always advisable to be over- and self-regulated.
5. **Valuation:** If more than one country is involved in any of the liquidity events, the valuation itself and corresponding taxation, will undergo change depending upon that country's laws.
 6. **Sponsors – Singapore, Certified Advisers – EU:** These are required agencies that are required to be involved in listed company liquidity events. Their roles and duties can include DD on the company and its management, oversee activities, suitability and competence of other professionals in substantial acquisition or RTOs.
 7. **External Advisors:** External service providers such as investment bankers, lawyers, brokers, underwriters, lead managers, auditors, depositories, sponsors / certified advisers need to be involved. They can not only assist largely in dealing with exiting shareholders and bringing information to the public and exchange, but may be required to advise on the appropriate and correct way in disclosing to exchanges and regulatory authorities.
 8. **In-house Teams & External Advisors:** This section takes compliance to the next level. In-house management and counsel coordinates with all internal and external advisors for compliances and more importantly in coordinating with different law firms, PR agencies, investment bankers, underwriters, certified advisers and other legal authorities as there will be international elements in the liquidity events apart from controlling costs and preparing documentation.

A new approach to M&A - the CoAggregation®

- Model evolved by 2iB Partners that combines M&A with organic growth.
- Obvious outcomes are traditional business transformation, innovation, market access, digitization, cost efficiencies re-investment (CER), vertical and lateral expansion.
- **For SMEs**, CoAggregation® enables companies in a given sector / industry to scale up and internationalize as well as innovate and future-proof against disruption.
- **For MNCs**, *Reverse CoAggregation®* envisages the restructuring of an organization into highly efficient, functional and decentralized business units that are highly focused on their core competencies.
- Creation of a semi-decentralized system that is not laden with bureaucratic inefficiencies but combines the best of scale and nimbleness.
- Infusing of right and relevant technology.
- Maximization of shareholder value.

CoAggregation®

M&A is a tricky process. In this, the shortest distance between 2 points is through many points.

CoAggregation® is collaborative M&A with organic growth; a co-ownership between complementary businesses with skin in the game for its participants. Its aim is help companies scale up and internationalize and then to build super firms for the future. The super firm is an all-inclusive entity that makes disruptors out of being potential disrruptees. The CoAggregation® addresses exit issues, moral hazards, cost efficiency, innovation and legacy.

The CoAggregation® is a new process that we have devised. It provides for ease of conducting deals that are otherwise obstructed by – ego, valuation issues, information asymmetry, human capital redundancy and of course, legal. CoAggregation is built on the 4 pillars of collaboration, consolidation, CER and cooperative functions. It combines the best practices of joint ventures and strategic alliances, cooperative functions, conglomeration and M&As. fosters innovation through collaboration between countries and complementary companies. It also brings in diplomatic skills, EQ, empathy, motivational theory applications, human due diligence, change and relationship management and cultural integrations.

Boot camps. Who says incubators and accelerators are for startups only? WYSIWY-D-G (don't get). CoAggregation® brings in business owners, leaders, founders and decision makers of companies to a boot camp where integration takes place first and negotiations next. It reverses normal M&As to build collaboration and hence organic growth amongst companies / businesses. Its objective is to build business and have money follow it rather than to financially reengineer companies for quick exits.

If you would like to find out more, have a chat with us at info@2ibpartners.com



“CoAggregations are like courtships
- the best part of the relationship”

Run-up of the year

This year has been an exciting one for us at 2iB Partners. We formed part of a repertoire of experts hailing from MNCs, conglomerates, mainstream banks, advisory firms and funds with substantial AUM to speak at a conference addressing a room with 100 billion dollars worth of network.

We have also further consolidated networks of strategic buyers, funds, sell side companies and deal brokers into a streamlined deal flow network. On a small scale, we have also kicked off our masterclasses and workshops in a bid to educate companies on the potholes of M&A, build our reputation and also deal flow.

2iB Partners believe in forming the right partnerships and forming the right ecosystem to achieve the right positive outcome. As such, we are also in talks with parties for key partnerships. This ecosystem will further boost our reach and ability to deliver results in the most effective manner.

Stay tuned to our updates and enjoy the pictures!



Speaking at the Southeast Asia Merger & Acquisition and Corporate Investment Conference, 2017. With our China partners, celebrating a successful event





Very thankful to our friends from Addiction Advertising!

“Thoroughly enjoyed the class. Mr. Yang Yen Thaw was engaging and thorough on the subject. Lively class and got to know good contacts.”

*- Joyce Kingsley
Director of SI Samy Trading Co. Pte Ltd*

“Interesting, Informative and professional presentation”

*-Rebecca Kool
Group General Counsel, OMH Ltd*





A commentary on the panel discussion on Accelerating Innovation: Partnerships & Regulations on the topic "Fintech in Healthcare". The panelists are Yang Yen Thaw, Managing Director of 2iB Partners, Astrid S. Tuminez, Regional Director, Corporate, External, and Legal Affairs at Microsoft Southeast Asia, Wayne Chia from Asia P3 Hub and Azmul Haque, Managing Director of Collyer Law.

Meet the team



Yang Yen Thaw

Managing Director

Yang Yen Thaw brings with him a rich experience in terms of his legal training and management experience. A lawyer by training for over 24 years, he is an innovative thinker and brings with him a valuable network of tech experts and outsourcing service providers. He loves collaborations and has co-founded the idea of CoAggregation.

He has listed company and private equity experience and served as an Executive Director and General Counsel to a listed UK plc. His management experience comes from being a Partner in one of the largest Singapore law firms representing an international law firm as well as head of its corporate technology practice, Head of South Asia Practice in a unique China-Singapore joint law venture, Partner in a PE/VC focused law firm. Prior to all these, founded his own law firm which he ran for 12 years. In 2000, he devised and implemented YLRM – Yang Legal Risk Management, an internal legal compliance program for companies that in the present era is being implemented by digitization by the industry.

Yen Thaw has assisted international SMEs in difficult environments in a wide range of businesses covering investments, technology, infrastructure; marketing; hospitality – hotel and tourism, healthcare; media and entertainment to consumer oriented products. He has also worked on international M&As, RTOs and roll-up combinations in countries including Australia, China, France, India, Japan, New Zealand, UK, USA and most South East Asian countries. He studies cultures and technology with a passion. He has delivered key note speeches and has been panel moderator on investment and doing cross-border business in China, Taiwan, Singapore, Malaysia, Thailand and India on behalf of various organizations such as the Indian Embassy in China, the Singapore Business Federation (SBF), UK private wealth organization etc.



Richard Eu

Advisor

Richard Eu was appointed to the board as Chairman of Eu Yan Sang International (“EYSI”) board on 1st of October 2017. He leads the board in providing governance oversight, deliberating the Group’s strategic choices and providing independent counsel and advice to the Group Chief Executive Officer (“CEO”). Richard joined the business in 1989 and was appointed Group CEO of EYSI in 2002. He has been instrumental in transforming it into one of Asia’s largest Traditional Chinese Medicine (“TCM”) groups today. EYSI was listed on SGX from 2000 to 2016.

EYSI is a company that specializes in traditional Chinese medicine since 1879. It currently runs more than 300 retail outlets in Hong Kong, Macau, China, Malaysia, Singapore, and Australia, plus two factories in Hong Kong and Malaysia. The group also operates over 30 TCM clinics in Malaysia, Singapore and Hong Kong.

Richard was named the Ernst & Young Entrepreneur of the Year 2011 (Singapore) and represented Singapore at the Ernst & Young World Entrepreneur of The Year 2012 award in Monte Carlo, Monaco. He was also recognized as the CEO of the year by the Singapore Corporate Awards 2010, for SGX-listed companies with a market capitalization of under S\$300 million. In 2016, he was lauded as the Brand Leader of the Year by InfluentialBrands. Richard holds a Bachelor of Law degree from the London University, UK and has worked in merchant banking, investment management, stock broking, computer distribution, and venture capital.

He actively participates in community projects and non-profit organizations. He serves as Chairman of the National Museum of Singapore and Singapore University of Social Sciences and is on the board of Thye Hua Kwan Moral Charities Limited. He also sits on the boards of other companies.



Dylan Tan

Chief Operating Officer

Dylan Tan is a CoAggregator and a young achiever. At an early stage in life, he has experienced intensive exposure from startup to listing of a holding company incorporated in UK on Nasdaq in Stockholm and managing subsidiaries that covers Singapore, New Zealand, Australia, United States, Thailand, France and the United Kingdom. Apart from his mainstream finance skills, this wide range of experience in sales, strategy, marketing, public relations, legal, corporate secretarial, compliance and governance for a company from its inception to listing and beyond gives him a unique perspective of co-creating the CoAggregation model and aggregating companies under it.

His work involved overseeing global operations from Singapore and participation in acquisitions of several companies in various industries and sectors. He was a director in a hybrid private equity outfit where he wore several hats. He was part of this pioneer founding team that set up a UK plc that was listed on a European Nasdaq and helped in growing the listed company from 4 subsidiaries pre-IPO to 17 companies post-IPO. He was the main contact point for interfacing and liaising with the founders / owners of these international subsidiaries. He has been deeply involved with capital raising, IPOs and Mergers & Acquisitions, RTOs within the SME sector in cross-border jurisdictions. His experience. Dylan used to head up the Advisory department which includes deal sourcing, end to end deal negotiation and due-diligence.

Dylan has held directorial positions in SPVs of the European Nasdaq listed company. He has also successfully built up networks with HNIs, highly powered executives and businesses alike.

Our Partners & Professionals



Denise Morris Kipnis, MSOD

Denise is a senior organization development professional specializing in transformational change and inclusion. She has led numerous change projects across various sectors and industries. Denise has served as both an internal and external resources in pursuit of organizational effectiveness. During the past 10 years, her projects have included implementing strategy initiatives, organization design, program development, culture and climate assessment and change, assessing and developing organization change capabilities, and managing diversity and inclusion, among others.

Her core competencies lie in uncovering gaps between strategic intention, culture, and system design; enrolling all levels of the organization in problem solving; and facilitating team and cross-department collaboration.

Denise has a Master of Science in Organization Development from Pepperdine University, a Bachelor of Arts in English from Stanford University, and project management certification from the U.C. Berkeley Extension. She is certified by the Center for Creative Leadership to conduct its assessments. She is a member of the Organization Development Network and is a former board member of its Pacific Northwest regional chapter. Denise is a member of the Organization Development Network of Singapore and the Asia Organization Development Network and served on its 2012 conference planning committee. She is also an Adjunct Lecturer for Rutgers Business School Asia Pacific's Mini-MBA™ program, delivering half-day workshops on managing change, systems thinking, and diversity and inclusion.



Joy-Paul Tharakan

Joy-Paul Tharakan has more than 22 years of sales leadership and general management experience in the enterprise software & cloud services industry. He held the post of, among others, Managing Director, Asia (incl. Japan, Greater China and South East Asia), Microsoft (Business Solutions Division). His experience includes working for large matrix driven organizations, mid-sized businesses and entrepreneurial startups. His core customer community includes Business and IT decision makers across a diverse set of vertical industries

The contents of his work experience includes leading & achieving aggressive revenue goals, executive sponsorship of complex solutions, business planning, cross BU collaboration, P&L management and leading a mix of culturally diverse teams of country managers, sales and professional services teams. Within the various sales leadership roles, he has led a combination of direct & channel sales teams as well partnered closely with ISVs, consulting firms & Tier 1 & 2 SIs in the Enterprise & Mid-Market segments.

His past business portfolios includes start-up businesses with a few million dollars in revenue to company divisions with revenue goals in excess of 700 million USD



Pierian Service

PIERIAN is a leading global business services company, providing a range of services and solutions. It's core expertise is in providing managed services for Finance and Accounting, HR & Payroll, and associated business support processes. They deliver significant operational efficiency whilst reducing the total cost of ownership by optimising business processes and systems. Pierian is fully conversant across a range of ERP/Finance & Accounting platforms. They also create bespoke solutions to suit specific requirements as well as setting up and transferring process and systems to clients.

Clients include some of the best-known global brands as well as start ups. Pierian helps them work smarter and achieve accelerated growth through process transformation, digital technology enablement, and creation and management of value-generating business services. They particularly address critical challenges in risk management, compliance, and regulatory and corporate governance.

Having commenced operations in 2003, Pierian has a strong team of over 350 skilled professionals serving clients in India, USA, APAC, South Africa, Middle East and UK. Pierian also has strong partnerships in India, US, South Africa, Middle East, and UK.



Alloy Networks through Titanium OU

Alloy Networks is a division of Titanium OÜ, a company headquartered in Estonia. Titanium is a multi-disciplinary company with interests in Technology.

The team behind Alloy Networks has almost 30 years of experience in the business and technology space. We have domain expertise in multiple industries, allowing us to approach your hosting and application requirements from the perspective of the business owner.

They specialize in providing custom hosting and mail packages targeted at the security conscious enterprise. They also provide hosted contact center solutions. They have domain and technical expertise in hosting a variety of applications and stacks, including Groupware, Mail, Project Management, Software Support, Remote Control, LAMP, LEMP. Apart from custom solutions and applications that our customers require from time to time.

They are tech nerds with a business background. So their solutions are tailored towards business processes, and not only towards technical requirements.

They also provide services related to data storage applications, productivity applications, commerce applications, core/enterprise applications and niche applications.

They pride themselves in being a boutique hosting company, with an eye on detail. They do not provide commodity servers or services, which are better served by other hosting companies. They will go that extra mile to customize a hosting solution to fit client needs. They use extensive automation tools that allows them to keep their services highly available and secure. Apart from private clouds, They host some extremely high traffic e-commerce sites, and work with their clients as partners rather than service providers.

List of Services

- **Ad-hoc Entrenchment (AHE) of partners & professionals**
 - Management
 - Human Resource
 - Business process outsourcing/re-engineering
 - Change Management
 - Tech
 - Digitization
 - Marketing & Public relations
 - Corporate Finance
 - Legal
 - M&A (Including cross-border)
- **Facilitating trade-sales/exits**
- **Matching buyer (acquirer) to seller (acquiree) and vice versa**
- **Facilitating investment into companies**
- **Matching investor with investee**
- **Preparing companies for liquidity event**
- **Market access & internationalization (Strategy & Implementation)**
- **Business Strategy**
- **Regulatory strategy**
- **Masterclasses & workshops on M&A**

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