



LETTER OF INTENT

This Letter of Intent (“LoI”) is entered into by and between:

[name]

[company registration number]

[address]

(hereinafter referred to as “Party A”)

and

[name]

[company registration number]

[address]

(hereinafter referred to as “Party B”)

(hereinafter referred to individually as “Party” and collectively as “Parties”)

1. BACKGROUND

1.1 The LoI summarizes the Parties’ understanding regarding the contemplated formation of a jointly owned company (“Company”) to design, manufacture, market and sell [products] (“Products”) worldwide.

1.2 The purpose of the LoI is to establish a basis for future discussions regarding a definitive agreement after the formation of the Company (“Definitive Agreement”). The LoI does not create any binding obligation, expressed or implied, on the Parties, except as set forth in Articles 3 through 8 hereof.

2. KEY TERMS

2.1 The Parties shall form a [form of company] located in [city and country] with the sole purpose of designing, manufacturing, marketing and selling Products worldwide. Party A shall own [number]% and Party B [number] % of the share capital of the Company.



- 2.2 The initial registered and paid-in share capital of the Company shall be [amount and currency], of which Party A will contribute [number]% and Party B [number] % in cash or in kind. The Parties' contributions in kind shall consist of Party A's [description of assets] and Party B's [description of assets]. The Parties shall not be required to make any further capital contributions to the Company.
- 2.3 Party A shall contribute its [description of expertise] and Party B shall contribute its [description of expertise] to the Company. The Parties shall dedicate such time and efforts to the formation and operation of the Company as is reasonably necessary to secure a solid platform for growth.
- 2.4 The Company shall have a board of directors responsible for the overall and strategic management of the Company. The board of directors shall consist of [number] directors. Party A shall nominate [number] directors, and Party B shall nominate [number] directors. The general meeting of the Company shall elect the directors nominated by the Parties and [number] additional directors. The chairman of the board of directors shall be elected by and among the directors.
- 2.5 The Company shall have a general manager responsible for the day-to-day management of the Company. The general manager shall be appointed by the board of directors of the Company.
- 2.6 All decisions of the general meeting of the Company shall be taken by a simple majority vote unless applicable law requires a special majority vote. All decisions of the board of directors of the Company shall be taken by a simple majority vote with the chairman having a casting vote in case of an equality of votes.
- 2.7 A valid decision of the general meeting or of the board of directors of the Company requires the presence of more than [number]% of the share capital or of the directors of the Company. The Parties commit to attending all general meetings and all meetings of the board of directors unless prevented by special circumstances.
- 2.8 The Parties, and persons or companies having a decisive influence on a Party's financial and operational decisions, shall be prohibited from competing with the Company as long as they, directly or indirectly, own their shares in the Company and for a period of [number] years thereafter.
- 2.9 The Parties shall have a mutual right of first refusal on any sale or other transfer of shares in the Company. The price of the shares subject to a right of first refusal shall be equal to the price offered by a third party in good faith or, in the absence of a third party offer, the market value of the shares as determined by an independent auditor.



2.10 If a Party wishes to sell all of its shares in the Company pursuant to a good faith third party offer, the other Party shall, upon request, be required to sell all of its shares in the Company to such third party on the same terms and conditions. If a Party wishes to sell all of its shares in the Company to a third party, the other Party shall be entitled to sell all of its shares in the Company to such third party on the same terms and conditions.

3. DEFINITIVE AGREEMENT

3.1 Promptly after execution of the LoI, the Parties shall enter into good faith negotiations for a Definitive Agreement containing such terms and conditions as are customary for the formation of a jointly owned Company of the contemplated nature, including, without limitation, a business plan for the Company for the first 3 (three) years of its operation.

4. EXCLUSIVITY

4.1 Until the date of termination of the LoI, the Parties shall not enter into discussions with any third party regarding a cooperation to design, manufacture, market and sell Products.

5. CONFIDENTIALITY

5.1 Except as required by law, each Party agrees that it shall not disclose any Confidential Information to any third party except its advisors who are bound by a duty of confidentiality and that it shall not use any Confidential Information other than in connection with its evaluation of the contemplated formation of the Company.

5.2 For purposes of Article 5.1 hereof, "Confidential Information" means any information about the other Party provided hereunder, the contemplated formation of the Company, and the LoI except information which: (i) is generally available to or known by the public other than as a result of improper disclosure by a Party, or (ii) is obtained by a Party from a source other than the other Party, provided that such source was not bound by a duty of confidentiality to the other Party with respect to such information.



6. COSTS AND EXPENSES

6.1 Except as may be set forth in any Definitive Agreement, each Party shall bear its own costs and expenses incurred in pursuing or consummating a Definitive Agreement and the formation of the Company, including, but not limited to, legal and other professional fees.

7. TERM AND TERMINATION

7.1 The LoI shall enter into force when it has been signed by both Parties and shall terminate on the earlier of: (i) the date of execution of any Definitive Agreement, and (ii) [date] unless the Parties agree to extend the date. The Parties shall have no claim against each other as a result of termination of the LoI for any reason.

8. MISCELLANEOUS

8.1 The LoI contains the entire understanding of the Parties with respect to the contemplated formation of the Company. The LoI may not be amended except in writing signed by both Parties.

8.2 Any disputes arising out of or in connection with the LoI which cannot be settled amicably shall be resolved by a court of competent jurisdiction in accordance with the laws of [country] excluding conflict of law principles.

8.3 The provisions of Articles 5.1, 5.2, 6.1, 7.1, last sentence, 8.2 and 8.3 hereof shall survive termination of the LoI for any reason.

For and on behalf of

For and on behalf of

Party A

Party B

Name:

Name

Title:

Title:

Date:

Date: