**Asset Purchase Agreement**

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This document is an Asset Purchase Agreement (the “Agreement”) and is effective [DATE],

**BETWEEN: [YOUR COMPANY NAME]** (the "Seller"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

[YOUR COMPLETE ADDRESS]

**AND: [COMPANY NAME]** (the "Purchaser"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

[COMPLETE ADDRESS]

WHEREAS [COMPANY NAME] is the registered and beneficial owner of [NUMBER] common shares in the capital of the Purchaser, said shares representing [PERCENTAGE %] of the issued and outstanding shares of the capital of the Purchaser;

WHEREAS the Seller has purchased on [EFFECTIVE DATE], from [COMPANY NAME] all of the latter’s assets (the “Assets”) used in connection with the operation of a manufacturing of adjustable [SPECIFY] enterprise at [FULL ADDRESS], in the city of [NAME OF THE CITY], Province of [COUNTRY], better known under the corporate name and style of [COMPANY NAME] (hereinafter referred to as the “Enterprise”);

WHEREAS the Seller has agreed to sell and the Purchaser has agreed to purchase all of the Assets in consideration of a purchase price representing the fair market value of the Assets payable by (i) the assumption by the Purchaser of certain liabilities of the Seller and (ii) the issuance of Class B shares in the capital of the Purchaser on the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained the parties hereto hereby agree as follows:

1. **PURCHASE AND SALE**

The Seller hereby sells, conveys and transfers and the Purchaser hereby purchases the Assets for the purchase price set forth in Article [NUMBER] hereof.

1. **PURCHASE PRICE**

Subject to the terms and conditions set forth in this Agreement, the purchase price payable to the Seller for the Assets (the “Purchase Price”) shall be an amount equal to their fair market value as listed in Annexure A hereto.

1. **PAYMENT OF PURCHASE PRICE**

The Purchase Price is paid and satisfied (i) by the assumption by the Purchaser of those liabilities of the Seller listed in Annexure B hereto (the “Liabilities”) and (ii) by the issuance to the Seller of [NUMBER] Class B shares in the capital of the Purchaser (the “Payment Shares”), as fully paid, having an aggregate redemption value equal to the excess of the Purchase Price over the Liabilities.

1. **INCOME TAX ELECTIONS**

The Purchaser shall make all tax elections that the Seller may reasonably require. In particular, the Seller and the Purchaser shall, where applicable execute and file joint elections pursuant to subsection [SPECIFY] of the Income Tax Act ([COUNTRY]) and article [NUMBER] of the Taxation Act ([COUNTRY]) (collectively, the “Act”) in prescribed form and within the prescribed time. Such elections shall be prepared by the accounting firm of [COMPANY NAME]. These joint elections shall provide the elected amount *in re*spect of a particular Asset to be the lesser of the fair market value and cost amount of that particular Asset.

1. **PRICE ADJUSTMENT CLAUSE**

It is the intention of the parties that the aggregate Redemption Value (as defined in the rights, restrictions, terms and conditions attaching to the Class B Shares) of the Payment Shares issued to the Seller by the Purchaser pursuant to [SPECIFY] hereof shall be equal to the aggregate fair market value of the Assets (less the principal amount of the Liabilities) and the parties expressly acknowledge and agree to the adjustment mechanisms applicable to the Redemption Price set forth in the terms attaching to the Class B Shares as if expressly incorporated herein.

1. **SELLER’S REPRESENTATIONS AND WARRANTIES**
   1. The Seller hereby represents and warrants to the Purchaser that:
      1. the Seller is the owner of the Assets free of all hypothecs, liens, charges, security interests, adverse claims, pledges and other encumbrances whatsoever;
      2. this Agreement is a valid and binding obligation of the Seller;
      3. no person, firm or company, other than under this Agreement, has any agreement or option or right capable of becoming an agreement or option for the purchase from the Seller of any of the Assets; and
      4. the Seller is not a non-resident of [COUNTRY] for purposes of the Income Tax Act ([COUNTRY]) (the “Act”).
2. **PURCHASER’S REPRESENTATIONS AND WARRANTIES**
   1. The Purchaser hereby represents, warrants and covenants to the Seller that:
      1. the Purchaser is duly incorporated and subsisting under the [YOUR COUNTRY LAW] of [COUNTRY] an unlimited company;
      2. this Agreement has been duly authorised by all necessary corporate action and is a valid and binding obligation of the Purchaser;
      3. the Payment Shares to be issued to the Seller pursuant hereto have been duly authorised and validly issued and are registered in the books of the Purchaser in the name of the Seller;
      4. the issuance to the Seller of the Payment Shares does not result in a breach of any term or provision of, or constitute a default under any indenture, agreement, instrument, licence or permit to which the Purchaser is a party or by which it is bound or any unanimous shareholder agreement;
      5. the Purchaser is not a “non-[COUNTRY]” as defined in the Investment [COUNTRY] Act ([COUNTRY]) and the Regulations thereunder; and
      6. the Purchaser is a taxable [COUNTRY] company within the meaning of the Act.
3. **SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS**

The representations, warranties and covenants of the Seller and the Purchaser contained in this Agreement shall survive the completion of the transaction contemplated by this Agreement and, notwithstanding such completion, shall continue in full force and effect for the benefit of the Purchaser and the Seller as the case may be.

1. **GENERAL**
   1. The transaction contemplated by this Agreement will be completed as of the time and date first written above at the offices of the Seller or at such time and place as may be agreed to by the Seller and the Purchaser.
   2. The Seller and the Purchaser acknowledge that the Seller is transferring a business or part of a business that was established or acquired by the Seller and that the Purchaser is acquiring hereunder ownership, possession or use of all or substantially all of the property that is reasonably necessary for the Purchaser to carry on the Enterprise as one business. The Seller and the Purchaser agree to make the respective joint elections in the prescribed form pursuant to Section [SPECIFY] of the [YOUR COUNTRY] Excise Tax [ACT/LAW/RULE] and Section [SPECIFY] of the Act Respecting the [COUNTRY] Sales Tax (the “[TAX NUMBER] Act”) such that no goods and services tax (“[TAX NUMBER]”) and no COUNTRY] Sales Tax (“[TAX NUMBER]”) is payable by the Purchaser *in re*spect of the purchase of the Assets. The Purchaser shall file such elections within the time prescribed by the [YOUR COUNTRY] Excise Tax [ACT/LAW/RULE] and the [TAX NUMBER] Act.
   3. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns, as applicable.
   4. This Agreement is not transferable without the prior written consent of the other party.
   5. This Agreement shall be construed and interpreted according to the [YOUR COUNTRY LAW] of the Province of [COUNTRY] and the national [YOUR COUNTRY LAW] of [COUNTRY] applicable therein.
   6. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation hereof.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

# SELLER PURCHASER

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

**ANNEXURE A**

**FAIR MARKET VALUE**

FMV [AMOUNT]

Transferred Assets [AMOUNT]

Accounts receivable [AMOUNT]

Inventory [AMOUNT]

Prepaid expenses [AMOUNT]

Fixed assets: [AMOUNT]

Land [AMOUNT]

Buildings [AMOUNT]

Furniture & fixtures [AMOUNT]

Manufacturing equipment [AMOUNT]

Goodwill [AMOUNT]

**ANNEXURE B**

**LIABILITIES**

FMV [AMOUNT]

Bank indeptedness [AMOUNT]

Accounts payable and accrued liabilities [AMOUNT]

Due to related parties [AMOUNT]

Long-term debt [AMOUNT]