

ZA-CPsp02

Shares subscription agreement

Date: [date]

Between

Shareholder 1: [name]

Shareholder 2: [name]

Shareholder 3: [name]

Shareholder 4: [name]

and

Company Name: [Company name]

and

Subscriber Name: [Subscriber name]

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Signed by [\[personal name\]](#), the Subscriber

Schedule 3: Pension arrangements

[.....
.....].

"Net Profit" must be considered very carefully, as it is the base lines for calculation of a shortfall. The important point is to make the calculation the same for pre and post sale of shares, so that figures are truly comparable. Of course, you may not

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If the same accountants conduct the audits, that should present no problem. If the subscriber is likely to appoint new accountants, he would be wise to obtain a written statement from the shareholders' accountants setting out the method of calculation, so that he can instruct new accountants to use the same methodology. It may also be necessary further

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Provision has been made for the proposition that one or more people may hold shares as trustees. The subscriber should make certain that any such person is a disinterested trustee. It could be that a major shareholder has placed some of the shares in a family trust and he remains a trustee, or that some other person is a trustee. Either way, the subscriber should insist that such person himself either gives full warranties or guarantees the same on behalf of his trustee(s).

.....,

2. Interpretation

There are a number of provisions, each of which has application at one of more points later in the document. We suggest you do

3. Agreement for subscription

This is the basic deal. Edit only to reflect the precise terms

4. Calculation of minimum Net Profit

The template document provides for the possibility of a "claw back" from the shareholders of some part of the purchase price in the event of the company failing to produce expected profits. Clearly, this provision is inappropriate if the subscriber is buying only a small minority interest. However, if the interest bought is material, or a loan is attached, or the company depends on particular future

“ ”. (.....)
.....
.....

In that way, before he can sue you, the buyer has to prove not merely that the warranty is breached, but that you knew it was wrong
.....
.....
..... :

“Where any warranty refers to the knowledge, information or belief of the seller, he undertakes that it has made
..... ”. , ,
..... !

Suppose the seller warrants:

“Neither the seller nor any of its shareholders has any interest, directly or indirectly, in any ”

The reply to this warranty above could also be that
.....

Now, finally, let us suppose the warranty had not been in the draft agreement at all. This is what would have happened: I sell to you. My dear old mum steps in and makes the peace between me and my brother and in five minutes I am in there
..... ,
.....
.....
..... , ..
.....

You may find aspects of my illustration to be immoral. That may be. But I assure you that the World is full of pleasant people
..... ,
..... , ..

Warranties - seller’s tactics

The “task” of the seller is essentially to provide full and truthful information and to avoid being tripped up in the process. The task of the buyer is to ask for the warranties,
.....

.....
“.....”

As a seller, you have a number of
..... :

- You be the one to produce the draft agreement and remove the “.....” ;
- When you receive the draft agreement, you must seek the ;
- in your draft disclosure letter, which will be sent to the buyer with your amendments, ;
- Consider the breadth of each warranty. It may be appropriate to give a , ;
- Even where you “answer” the warranty in some way, there is still a strong case for qualifying absolute warranties, “.....” “.....” ;
- At all costs avoid the easy way out of leaving the warranties as they are. It is odds on that your buyer, who,

Warranties - buyer’s response

If you want a fair and satisfactory outcome, use warranties. The weight of advantage is firmly with the seller. He has the
..... ,

However, if your warranties are all “absolute” in matters where it is unreasonable to expect the seller to be able to give such an adamant response, it will be he, not you, who walks away from the deal.
..... “.....”,

Set out the warranties according to the transaction. Do not include warranties which are irrelevant, such as warranties about spare parts when the business is an

