Share Purchase Agreement

This Share Purchase Agreement is dated ……………… and entered into between the following Parties:

1. **………………………..,** (Citizenship Certificate no. ……………., ……………….), son of …………., of age …, resident of ………….. Metropolitan City/Municipality, Ward no. ……, ………., Nepal (“**Seller**”); and
2. **………………………..,** (Citizenship Certificate no. ……………., ……………….), son of …………., of age …, resident of ………….. Metropolitan City/Municipality, Ward no. ……, ………., Nepal (“**Buyer**”);
3. ………………………. Pvt. Ltd., a private limited company registered under the laws of Nepal at Office of Company Registrar with registration number …………….., having its registered address ………….. Metropolitan City/Municipality, Ward no. ……, ………., Nepal (“**Company**”).

The Seller and the Buyer are collectively referred to as “Parties” and each individually as a “Party”, as the context may require.

Whereas

1. Company is a company duly incorporated under the laws of Nepal, with the objective set out below;
2. The Seller is a shareholder of the Company and has subscribed shares in the Company , as set out in Annex 1, (“Sale Shares”); and
3. The Seller has agreed to sell to the Buyer, and the Buyer has agreed to buy the Sale Shares.

Now, therefore, the Parties hereby agree as follows:

# Definitions and Interpretation

## In this Agreement, unless the context requires otherwise, the following words and expressions shall have the following meanings:

Agreement: this share purchase agreement;

Board: the Board of Directors of the Company;

Completion: completion of the sale and purchase of the Sale Shares after the performance by the Parties of their respective obligations under clause 4 of this Agreement;

Completion Date: the date of completion as set out in clause 4.1 of this Agreement;

Completion Obligation: the respective completion obligations of the Buyer and the Seller as set out in clause 4 of this Agreement;

Confidential Information: all information and records wherever located (including accounts, business plans and financial forecasts, tax records, correspondence, designs, drawings, manuals, specifications, customer, sales and supplier information, technical or commercial expertise, software, formulae, processes, trade secrets, methods, knowledge and know-how) related to the sale and purchase of the Sale Shares and which (either in their entirety or in the precise configuration or assembly of their components) are not publicly available and in each case whether or not recorded;

DoI: Department of Industry of Nepal;

NPR: means the lawful currency of Nepal;

Purchase Price: the price for the purchase of Sale Shares as set out in clause 3.1 of this Agreement;

Security Interest: a mortgage, lien, pledge, charge (fixed or floating), assignment by way of security, hypothecation or other security interest (or an agreement or commitment to create any of them);

Share Sale Deed: deed of sale of Sale Shares in Nepali Language in the form set out in Schedule 1 of this Agreement;

Transaction: means the sale and purchase of Sale Shares pursuant to this Agreement.

Warranties: the warranties contained in clause 5 of this Agreement.

## In this Agreement, clause headings are for convenience and are not to be used in its interpretation.

# Sale and Purchase of the Sale Shares

## The Seller shall sell the Sale Shares and the Buyer shall purchase the Sale Shares together with all the rights that attach (or may attach in the future) in accordance with the terms and conditions of this Agreement.

## The Seller covenants with the Buyer that:

### the Seller shall do nothing that may impair its right or ability to dispose of the Sale Shares to the Buyer on the terms set out in this Agreement and shall not receive any dividends, distributions or returns of capital declared, paid or made by the Company;

### the Seller shall not receive any dividends, distributions or returns of capital declared, paid or made by the Company from the date of signing until the Completion Date;

### the Seller shall do everything possible to give the Buyer full and unrestricted legal and beneficial title to the Sale Shares; and

### the Sale Shares shall be sold and transferred free from any encumbrance or other Security Interests.

## Title to, beneficial ownership of, and any risk attaching to, the Sale Shares shall pass from the Seller to the Buyer on Completion Date along with all rights and benefits attached or accruing to them at Completion (including the right to receive any dividends, distributions or returns of capital declared, paid or made by the Company on or after Completion).

## Seller waives and releases (to the extent entitled to do so) any encumbrance created by the Articles of Association of the Company.

## Buyer shall pay to Company the remaining amount payable against the Sale Shares for them to be fully paid up and shall indemnify the Seller of any and all obligations in relation to the Sale Shares after the Transaction.

# Consideration

## The consideration for the Sale Shares shall be the Purchase Price of NPR ……………. (………………. Nepalese rupees only).

## The Seller is liable for all taxes due, if any, for capital gains or income in Nepal on the Purchase Price.

# Completion

## Completion shall take place on the Completion Date, when the respective Completion Obligations of the Parties as specified in this clause 4 are duly fulfilled by the respective Parties or their designated representatives.

## Obligation of the Seller:

### Seller shall deliver or cause to be delivered the Share Sale Deed executed by the Seller in favor of the Buyer and appear at the Office of the Company Registrar to verify the execution thereof;

### Seller shall deliver or cause to be delivered any other document or consent necessary to enable the Buyer to be registered as the holder of the Sale Shares;

### Seller should resign as a director of the Company; and

### Seller shall ensure that the shareholders of the Company hold a meeting at which the transfer of the Sale Shares shall be approved for registration in the Company’s shareholders’ register, approve resignation from director, change bank signatory, and provide the minutes of the meeting, signed by majority of the directors, to the Buyer, and

### Seller shall cause the handover of all corporate documents and assets of the Company in his possession or control to the Buyer and other shareholders of the Company.

## Obligation of the Buyer:

### The Buyer shall pay to Seller the Purchase Price on Completion Date via cheque or by any other means as lawfully agreed to by the Seller and the Buyer.

### Buyer shall apply to Board for amendment in share register and request to update her name as a shareholder in the Company’s share register.

## Obligation of the Company:

### Company shall complete all required procedures to approve the Transaction and conduct a meeting of Board to update the existing share register of the Company with the Buyer as the shareholder of the Company of the Sale Shares.

### Company shall file for certification of the updated share register at the Office of Company Registrar. within two days of the completion of the obligations of Seller and Buyer.

### Any approvals required by the Office of Company Registrar for the share transfer shall be procured by the Company.

# Warranties

## The Seller warrants to the Buyer that each of the Warranties set out in this clause 5.1 is true and accurate and not misleading at the date of this Agreement:

### the Seller is the true and beneficial owner of the Sale Shares;

### the Seller has the necessary power and authority to enter into and perform this Agreement which will constitute a valid and binding obligation on it in accordance with its terms;

### the Seller has no interest in or right over any asset owned by the Company and/or used in the business of the Company; and

### Sale Shares constitute the allotted share capital of the Company.

## The Buyer warrants to the Seller that each of the Warranties set out in this clause 5.2 is true and accurate and not misleading at the date of this Agreement:

### the Buyer has the necessary power and authority to enter into and perform this Agreement which will constitute a valid and binding obligation on it in accordance with its terms; and

### the Buyer agrees and warrants that the Buyer has undertaken its own due diligence of the Company, and entered into this Agreement based on its due diligence, accepting all risks associated with the Company; and that there are no other warranties or representation made to the Buyer by the Seller or the Company other than clause 5.1 of this Agreement.

## Company warrants to the Seller and Buyer that each of the Warranties set out in this clause 5.3 are true and accurate and not misleading at the date of this Agreement:

### Seller is the true and beneficial owner of the Sale Shares.

### It shall approve the Transaction and bear all cost required to certify the share register updated in accordance with the Transaction from the Office of Company Registrar.

### It shall not transfer the Sale Shares or any of the shares subscribed by the Seller to any other person other than the Buyer without prior written consent of the Seller.

### It shall not issue further shares to its shareholders before Completion Date.

# Confidentiality

## The Buyer and the Seller undertake to each other that they will not at any time hereafter use or divulge or communicate to any person other than to officers or employees of the Company whose province it is to know the same; and any Confidential Information concerning the business, accounts, finance or contractual arrangements or other dealings, transactions or affairs of the Company which may come to their knowledge and they shall use all reasonable endeavors to prevent the publication or disclosure of any Confidential Information concerning such matters. This undertaking shall cease to apply to any information which comes into the public domain other than as a result of a breach of this clause 6.

# Indemnity

## The Seller shall indemnify the Buyer against and shall pay to the Buyer a sum equal to the liabilities suffered or incurred by the Company or the Buyer in connection with:

### any claims or liabilities arising from the incorrectness or breach of the Warranties or breach of this Agreement on Seller’s part;

### any claims or liabilities arising in respect of or in consequence of any event caused by Seller’s actions on or before Completion which has not been reflected in the accounts of the Company;

### any claims or liabilities arising as a result of acts or actions that are negligent or willful misconduct in the operation of the Company by the Seller that are not carried out with the approval of the Buyer;

### any reasonable costs, fees or expenses (including reasonable legal fees) incurred by the Company or the Buyer in connection to such claims or liabilities.

# Notices

## Any notice shall be hand delivered or sent by post or by courier in English language with a copy by email at the address or email address as set below (or at such other address as one Party shall notify to the other Party for this purpose, but without prejudice to the effectiveness of any notice already given in accordance with this clause). Any notice shall have been deemed to have been served (if delivered by hand) at the time of delivery and, if sent by post upon the expiration of 48 hours after posting.

## (a) **To Seller**

### Attn: …………..

### Address: ………………

### Email: ………………….

## (b) **To** **Buyer**

## Attn: ………………..

### Address: …………………..

### Email: ………………….

# Entire Agreement

## This Agreement constitutes the entire agreement between the Parties and supersedes and extinguishes all previous discussions, correspondence, negotiations, drafts, agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating subject matter of this Agreement.

# Further Assurance

## The Seller shall promptly execute and deliver such documents, perform such acts and do such things as the Buyer may reasonably request from time to time for the purpose of giving full effect to this Agreement and the transactions contemplated herein.

# Severance

## Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this Agreement. If any provision or part-provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted.

# Third Party Rights

## No one other than a party to this Agreement, their successors and permitted assignees, shall have any right to enforce any of its terms.

# Governing Law and Dispute Resolution

## This Agreement and any dispute or claim arising out of or in connection with it (whether contractual or non-contractual in nature, including for breach of any official requirement) shall be governed by and construed in accordance with the laws of Nepal. Any disputes shall be settled by the competent courts of Nepal.

### This Agreement has been entered into on the date stated at the beginning of the Agreement in three (3) original copies.

*Signing Page Follows*

**Signing Page**

|  |  |  |
| --- | --- | --- |
| **SELLER**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  M/s ……………………….  Citizenship Certificate no.:  Permanent Address: |  | **BUYER**  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  M/s ……………………….  Citizenship Certificate no.:  Permanent Address: |
| WITNESSES: |  |  |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: …………….  Citizenship Certificate no.: *………* |  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: ……………………….  Citizenship Certificate no.: ………… |

**Annex-1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.N. | No. of Shares | Share No. | Share Value per unit (NPR) | Total Share Price (NPR) |
|  |  |  |  |  |