

Acquisition of Manufacturing Business Unit and Factory Assets

We acted for a Malaysian joint venture company on a legal due diligence exercise in connection with the proposed acquisition of a factory and assets of a specific manufacturing business unit from a related company.

The engagement focused on regulatory, licensing, and operational compliance, alongside structuring the transfer of assets and ongoing business arrangements to enable the business to continue operating as a going concern following completion.

Our Scope

- Conducting regulatory and licensing due diligence in relation to the operation of manufacturing machinery, including licences and fitness certificates required under applicable laws such as the Occupational Safety and Health Act 1994 and the Industrial Coordination Act 1975
- Identifying compliance risks, ongoing obligations, and potential penalties associated with failure to obtain or maintain required licences
- Advising on mechanisms for the transfer of industrial equipment and the novation or assignment of ongoing commercial contracts, with a view to ensuring business continuity without the assumption of the seller's liabilities or claims
- Advising on employment and industrial relations considerations, including the implications of a collective agreement and potential succession of employment-related obligations in a going concern acquisition
- Proposing transaction conditions, including corporate authorisations, cancellation and reapplication of licences, factory registration, and applications for machinery fitness certificates
- Undertaking a detailed review of asset-specific regulatory requirements, beyond title verification, for assets such as cranes, lifting machinery, and goods hoists
- Segregating assets attributable to the relevant business unit from other non-related operations within the group
- Coordinating closely with the seller and the client to finalise asset and contract transfer lists
- Managing regulatory and labour law considerations arising from the presence of unionised employees

Impact on the client

The due diligence allowed the client to:

- understand whether the manufacturing operations could continue lawfully and safely post-acquisition
- identify regulatory and licensing steps required to avoid operational disruptions or enforcement action
- structure the transaction to preserve continuity of supply and production while limiting exposure to historical liabilities
- make informed decisions on conditions, timelines, and feasibility of acquiring the business unit as a going concern

Key Contact

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