

Cross-Border Acquisition of Malaysian Target by Japanese Investor

We acted as Malaysian legal counsel in a multi-jurisdictional legal due diligence exercise for a Japanese Company specifically in connection with the acquisition of 100% of the issued and paid-up share capital of a Malaysian Target Company using a wholly owned special purpose vehicle incorporated in Singapore.

Our Scope

- As part of the legal due diligence, we focused on the regulatory and licensing aspects, analysing the Malaysian Target Company's business activities and the applicability of key licences and approvals, including CIDB registration requirements, cybersecurity-related licences under the Cyber Security Act 2024, licences under the Communications and Multimedia Act 1998 and business premise and signboard licences. We also assessed foreign equity thresholds, post-acquisition regulatory restrictions, and additional licences that may become applicable following foreign ownership, including the WRT (Wholesale, Retail and Trade) licence.

Impact on the client

- By mapping each Malaysian business activity against applicable foreign equity limits and licensing conditions, we enabled the client to determine which activities could be maintained or required restructuring post-acquisition, taking into account the related technical, operational, and paid-up capital requirements, reducing the risk of inadvertent regulatory breaches after completion.
- Certain licences and regulatory approvals that were not required while the Malaysian Target Company was majority or wholly Malaysian-owned would become applicable following the change to foreign ownership. Flagging these ownership-triggered requirements was critical in ensuring that post-completion operations would not be disrupted by unanticipated licensing obligations.
- Our direct and local engagement with relevant regulatory authorities helped overcome language and procedural barriers, provided practical regulatory insight beyond written guidelines, and reduced uncertainty in post-acquisition compliance planning, demonstrating the value of on-the-ground Malaysian legal counsel in a cross-border transaction.

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