

Property Due Diligence for Acquisition of Manufacturing Facility and Business Assets

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

Our Scope

- We conducted property due diligence and asset due diligence on the factory and produced an actionable report that allowed the client to negotiate the terms of the purchase and plan a realistic timeline to minimize interruptions to its operations.
- The property due diligence focused on verifying the possibility of foreign ownership of an industrial property, any licenses under the Industrial Coordination Act 1975 that needs to be obtained, and advising on the transfer of industrial equipment and the novation of ongoing commercial contracts to our client without the assumption of the seller's liabilities or claims.
- We also verified through the only manual checking process available, whether or not the property was subject to ongoing acquisition under the Land Acquisition Act. Such an ongoing acquisition could amount to an immediate deal-breaker or a significant diminution of the purchase price for our client.

Impact on the client

- The verification that the property was not subject to ongoing acquisition under the Land Acquisition Act was important as any ongoing acquisition could amount to an immediate deal-breaker or a significant diminution of the purchase price for our client.
- The legal due diligence on the property allowed the client a more complete and holistic view of the terms and timelines to negotiate and plan out, which is important given that the property was to be acquired along with an ongoing business operated within it. This minimizes the risk of business interruptions and more certainty on the feasibility of the transaction.

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