

Due Diligence Process

The company conducts a comprehensive due diligence process. This process is designed to assess the viability, risks, and strategic fit of a potential investment or acquisition. It involves gathering and analyzing information across multiple dimensions, including legal, financial, operational, and commercial aspects. The goal is to ensure informed decision-making, mitigate risks, and align the transaction with corporate objectives. The following outlines key categories and the factors to consider in each area.

1. Overall Understanding

Understand the target company's structure, shareholders, products, markets, and strategic changes over the past decade. Assess core competencies and market reputation.

2. Deal Rationale

Identify the seller's motivation to sell, strategic fit for the buyer, and previous sale attempts. Clarify the buyer's role and value contribution.

3. Legal Matters

Verify share ownership, asset rights, legal compliance, and risks related to equity instruments and contracts.

4. Sales and Markets

Analyze market trends, customer segments, sales performance, and commercial terms of contracts.

5. Suppliers / Purchases

Review supply chain structure, procurement policies, supplier reliability, and contract terms.

6. Technology and Production

Review R&D efforts, production processes, Quality Safety Health and Environment (QSHE) process and policy, operational efficiency, and environmental compliance. Assess technology used and potential upgrades.

7. Debts and Liabilities

Understand financing arrangements, debt obligations, covenants, and contingent liabilities. Evaluate financial health and restructuring needs.

8. Accounting

Analyze accounting policies, financial reports, asset valuation, receivables, payables, and off-balance sheet items.

9. Financial Analysis and Forecasts

Review historical financials, cost structures, profitability, and future projections. Assess valuation methods and investment returns.

10. Tax

Evaluate tax compliance, audits, transfer pricing, and potential liabilities. Consider tax impacts of restructuring and cross-border operations.

11. Corporate Governance

Review shareholder structure, board composition, management contracts, and governance practices.

12. Human Resources and Culture

Understand organizational structure, employee policies, compensation, labor relations and issues, and cultural dynamics.

13. Information Technology

Assess IT infrastructure, applications, outsourced services, and business continuity plans.

14. Insurance

Review insurance coverage, claims history, and adequacy of policies for personnel and assets.

15. Transaction Issues

Identify constraints and approvals required for share or asset transfers, investment structure, and regulatory compliance.

16. Integration Planning

Plan post-acquisition integration, including services, funding, legal obligations, and employee transitions.