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## Technical Due Diligence to Manage Risk Prior to Acquisition in Malaysia

SGS enabled a reputable automotive dealer in the Middle East to make well-founded decisions prior to the acquisition of a Malaysian automotive brake pad manufacturing company by providing Technical Due Diligence.



A reputable automotive dealer in the Middle East selected SGS to carry out Technical Due Diligence to provide the dealer with all the relevant information prior to the acquisition of the number one Malaysian automotive brake pad manufacturing company and its subsidiary in Guangzhou, China.

As any failure could jeopardize the client's expansion plans, it was essential for them to understand and minimize potential risks before taking over of the two factories. The **Technical Due Diligence** conducted by SGS in the initial project phase verified the feasibility of the acquisition and addressed the two main concerns for potential risks to the client: cost overruns due to frequent machinery breakdown and potential legal difficulties arising from asbestos-related disease in the facilities.

The technical advisor team of SGS verified, inspected and assessed both factories and reported on safety and functional conditions of the complete list of machinery and tool assets. SGS conducted value assessment of the machinery using prevailing market price methods. The team also evaluated the condition of the buildings and the power consumption of electrical equipment, and reviewed the environmental and safety measures such as the fire-fighting system. Finally, SGS conducted mineral dust emission tests to confirm the absence of asbestos in the factories.

Thanks to a good reputation in the European market, SGS was selected for this challenging task and our project finance technical advisors delivered a detailed overview on the status quo of the brake pad manufacturing company, thus satisfying the client and proving our expertise also to the Asian market. The SGS team consisted of a Quality Assurance, Quality Control (QA/QC) Engineer, an Operations Engineer, an Electrical Engineer and a QA/QC Manager.

SGS's global experience and thorough understanding of potential technical and environmental risks that the client is exposed to resulted in a complete success and subsequently enabled the client to make well-founded decision for proceeding with the acquisition.

### About SGS Project Finance Services

SGS, the world's leading inspection, verification, testing, and certification company, is the preferred international partner for those involved in the energy, infrastructure, trading and commodities fields. SGS **Project Finance Services** cover all risk management solutions such as Feasibility Studies, Due Diligences, Technical Surveys and Project Monitoring Services to deliver the reliable technical information that is needed by banks, sponsors and equity investors to manage risks effectively.

For more information, please contact:

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