



Investing in targets overseas

22 March, 2017



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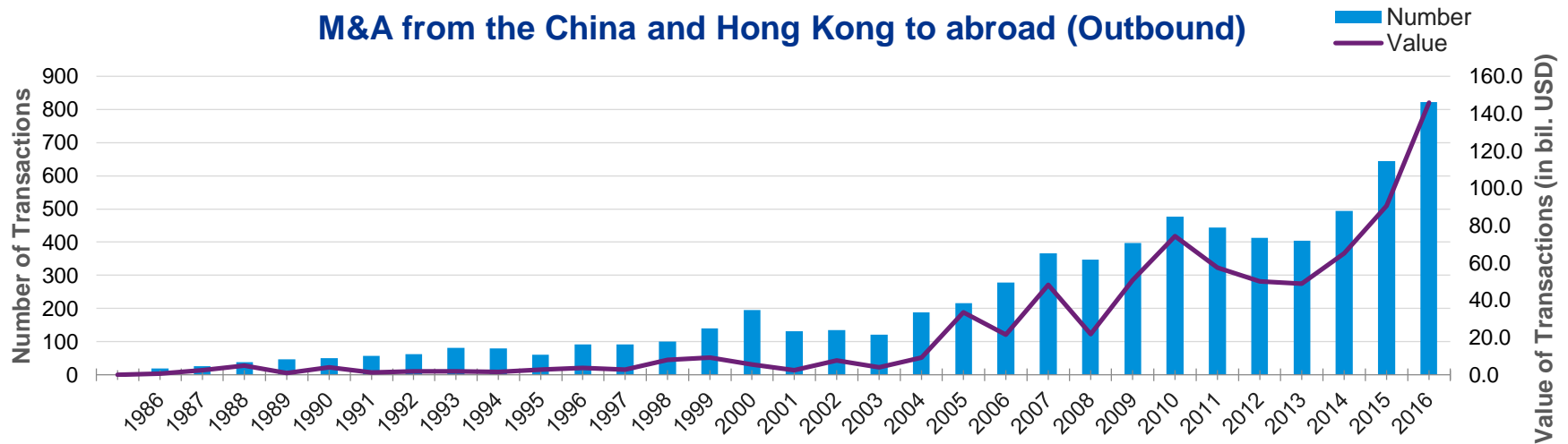


Introduction to Cross-border M&A



***Key Drivers of cross-border M&A activities, include but not limited to:**

- Participation in higher growth markets
- Access to new market opportunities, technology and resources
- Geographical diversification



Source: Institute for Mergers, Acquisitions & Alliances (imaa)

Reasons for pursuing M&A overseas



*Key Consideration

What motivates a company to merge with or acquire an overseas target?

Market Extension

- Access to international opportunities in the future

Reduce the exposure to negative impact of domestic market

- Diversify sources of revenue and reduce financial risks

Revenue synergy by acquiring complementary products

- Operational synergy by acquiring expertise or cheaper labour
- Cost synergy by increasing supply-chain pricing power

Access to technology, brands or trademarks

- Tax planning or political reason

Great strategic value is created from pursuing business targets in alignment with the acquirer's strategic rationale

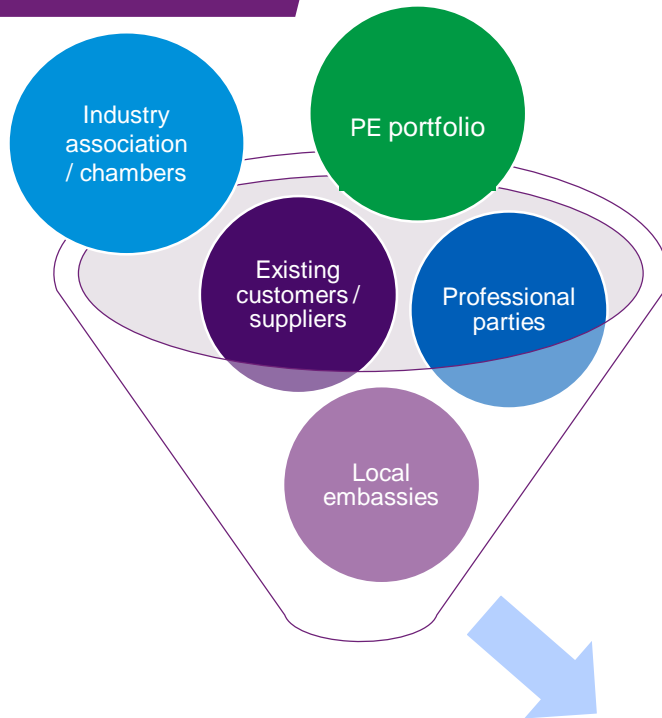
Where to identify potential targets overseas



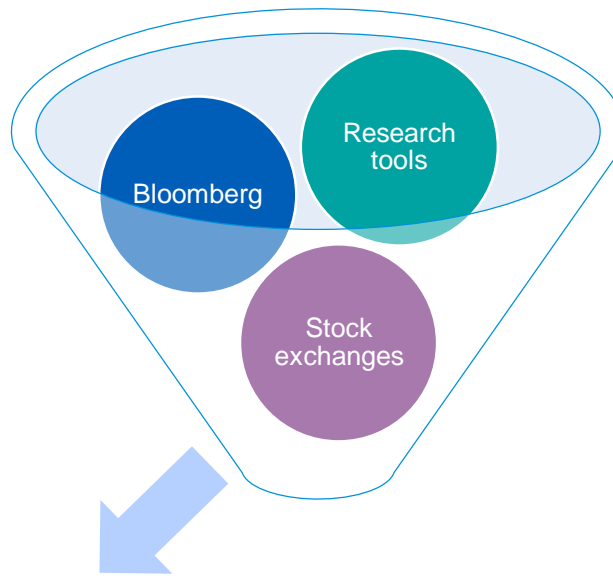
*Key consideration

Through what channels could we identify potential investment targets?

Private companies



Listed companies



Potential targets

Criteria to consider in identifying targets



*Key consideration

Which overseas companies are qualified as acquisition targets?



Strategic criteria

- Geography / Political
- Type of business activity
- Market position
- Difficulty in implementing and capturing synergy
- Ownership of intangible assets
- Management & Expertise



Operational criteria

- Range of production
- Number and structure of employees
- Company size
- Labour Union



Financial criteria

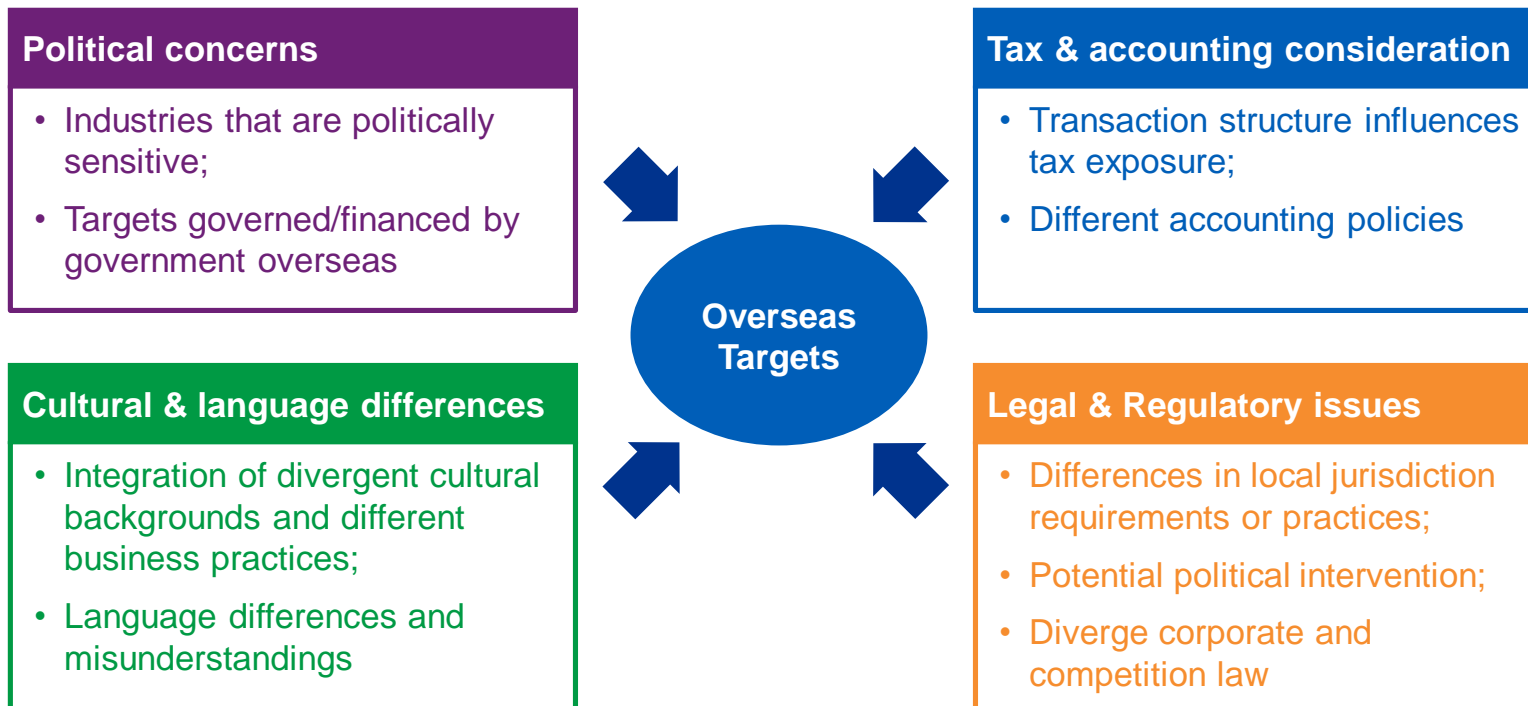
- Company profitability
- Indebtedness and liquidity
- Uncertainty and risk
- Tax regime

Challenges in acquiring targets overseas



*Key consideration

Range of challenges upon completion in acquiring international targets?



** Due diligence on foreign businesses are required to gain comprehensive understanding on regulatory requirements, foreign tax considerations, and any global accounting differences*



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