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## Table of Contents

Foreword	ix
Editors' Preface to the First Edition	xiii
Editors' Preface to the Fourth Edition	xv
List of Editors and Contributors	xix
CHAPTER 1	
International Acquisitions	1
§1.01 Major Legal Issues	2
§1.02 Due Diligence	3
§1.03 Terminology	3
CHAPTER 2	
Major Legal Issues	5
1. Argentina	
<i>Carlos Alfaro &amp; Sebastian Rodrigo, Alfaro-Abogados</i>	7
2. Australia	
<i>Michael Whalley, Gordon Williams &amp; Peter Capodistrias, Minter Ellison</i>	23
3. Austria	
<i>Peter Huber, CMS Reich-Rohrwig Hainz</i>	40
4. Belgium	
<i>Cedric Guyot &amp; Olivia de Patoul, CMS DeBacker</i>	59
5. Brazil	
<i>José Luis de Salles Freire, Tozzini, Freire, Teixeira e Silva Advogados</i>	74
6. Canada	
<i>Robert S. Vineberg, Davies Ward Phillips &amp; Vineberg LLP</i>	85

## Table of Contents

7.	Chile	
	<i>Sergio Orrego F., Urenda, Rencoret, Orrego y DörrAbogados</i>	102
8.	China	
	<i>Susan Ning &amp; Jianwen Huang, King &amp; Wood Mallesons</i>	124
9.	Costa Rica	
	<i>Pedro Muñoz, Sophia Murillo Lopez, Rocío Pérez, Ana Karina Jiménez, Carolina Flores, Carlos Ubico, Andrey Dorado, Carlos Camacho, Roy Herrera, Daniel Araya, José Francisco Vega, Carmen Castro, Eduardo Zuñiga, Vinicio Lerici, Alejandra Castro, Andrea Flores Fallas, Esteban Paniagua, Arias &amp; Muñoz</i>	143
10.	Denmark	
	<i>Jens Christian Hesse Rasmussen &amp; Anders Rubinstein, Bech-Bruun Law Firm</i>	160
11.	England and Wales	
	<i>Stuart Young, Wragge &amp; Co LLP</i>	173
12.	Finland	
	<i>Jan Örndahl, Castrén &amp; Snellman Attorneys Ltd.</i>	194
13.	France	
	<i>Jean-Luc Soulier &amp; Chems Idrissi, Soulier</i>	212
14.	Germany	
	<i>Ralf Kurney, CMS Hasche Sigle</i>	237
15.	Hong Kong	
	<i>Geraldine Johns-Putra &amp; Phoebe Roberts, Minter Ellison</i>	260
16.	India	
	<i>Satwinder Singh, Hitesh Sablok &amp; Piyush Bhawalpuria, Vaish Associates Advocates</i>	273
17.	Indonesia	
	<i>Anita Lubis, Lina Amran &amp; Richard Cornwallis, Makarim &amp; Taira S.</i>	295
18.	Ireland	
	<i>David O'Donnell &amp; Liam Brazil, Mason Hayes &amp; Curran</i>	313
19.	Israel	
	<i>Janet Pahima &amp; Nick Cannon, Herzog Fox &amp; Neeman</i>	328
20.	Italy	
	<i>Francesco Gianni - Gianni, Origoni, Grippo, Cappelli &amp; Partners</i>	355
21.	Japan	
	<i>Tsuneo Sato, City-Yuwa Partners</i>	374
22.	Malaysia	
	<i>Swee-Kee Ng &amp; Marhaini Nordin, Shearn Delamore &amp; Co.</i>	386

## Table of Contents

23.	Mexico	
	<i>Jorge A. León-Orantes B., Santamarina y Steta S. C.</i>	398
24.	The Netherlands	
	<i>Martika Jonk &amp; Jacqueline Feld, CMS Derks Star Busmann N.V.</i>	411
25.	Norway	
	<i>Jakob Villum, Advokatfirmaet Schjødt AS</i>	429
26.	Peru	
	<i>José Antonio Payet &amp; Susan Castillo, Payet Rey, Cauvi, Pérez, Mur</i>	442
27.	The Philippines	
	<i>Mia G. Gentugaya, Joanna Pauline C. Pimentel &amp; Vera Marie H. Bautista, SyCip Salazar Hernandez &amp; Gatmaitan</i>	451
28.	Poland	
	<i>Tomasz Kanski, Sołtysiński Kawecki &amp; Szlezak</i>	462
29.	Portugal	
	<i>Manuel Santos Vitor, PLMJ - Sociedade de Advogados, RL</i>	479
30.	Russia	
	<i>David Cranfield &amp; Kristina Kondruseva, CMS Russia</i>	504
31.	Scotland	
	<i>Scott Kerr, McClure Naismith</i>	523
32.	Singapore	
	<i>Gerald Singham &amp; Terence Yeo, Rodyk &amp; Davidson LLP</i>	529
33.	South Korea	
	<i>Yong Suk Oh &amp; Sun Hee Park, Bae, Kim &amp; Lee</i>	540
34.	Spain	
	<i>Coordinated by Raimundo Segura with the assistance of Cuatrecasas Gonçalves Pereira's Knowledge Management Centre</i>	555
35.	Sweden	
	<i>Åke J. Fors, in collaboration with Jamie Stanbury, Setterwalls</i>	571
36.	Switzerland	
	<i>Max Albers-Schönberg &amp; Daniel Jenny, CMS von Erlach Poncet</i>	586
37.	Taiwan	
	<i>Paiff Huang, Chun-yih Cheng &amp; Vera Chang, Formosa Transnational</i>	604
38.	Thailand	
	<i>Niwes Phancharoenworakul, Chantima Limpananda &amp; Christopher Kalis, Chandler and Thong-Ek Law Offices Limited</i>	617
39.	Turkey	
	<i>Kayra Üçer &amp; Mustafa Firat Akkan, Hergüner Bilgen Özeke</i>	632

## Table of Contents

40.	United States of America <i>David N. Kay OBE, Drinker Biddle &amp; Reath, LLP</i>	648
41.	European Union: <i>Societas Europaea</i> <i>Dirk Jannott, CMS Hasche Sigle, Düsseldorf</i>	666
42.	European Union: EU Merger Control <i>Evi Mattioli, CMS Derks Star Busmann, Brussels</i>	670
CHAPTER 3		
	Due Diligence	677
3.1	Warranties and Indemnities versus Due Diligence	678
3.2	The Risks of Due Diligence	679
3.3	Protection for the Seller and the Buyer	681
3.4	The Risks of Failing to Make Proper Enquiry	681
3.5	The Checklist	682
3.6	Shares versus Assets	683
3.7	Prospectus Due Diligence	683
3.8	Other Issues	683
3.9	Due Diligence Checklist	685
3.9.1	Incorporation and Constitution	685
3.9.2	Share Capital	686
3.9.3	Administration	687
3.9.4	Restrictions on Sale of Assets or Transfer of Shares	688
3.9.5	Restrictions under Public Law	688
3.9.6	Other Restrictions on Transfer	689
3.9.7	International Aspects	689
3.9.8	The Business	690
3.9.9	Intellectual Property	691
3.9.10	Environmental/Safety/Planning	693
3.9.11	Real Property	695
3.9.12	Other Assets	696
3.9.13	Insurance	697
3.9.14	Finances and Taxation	698
3.9.15	Personnel, Labour	700
3.9.16	Pensions and Superannuation	702
3.9.17	Litigation and Other Risks	703
3.9.18	Government/Regulatory	704
3.9.19	Other Matters	704
	Index	707

## Foreword

### Purpose

This fourth edition of *International Business Acquisitions* (the Handbook) is intended as an easily accessed desk reference for lawyers, business executives and others concerned with the acquisition of the securities or business assets of a company located outside their own national jurisdiction. It is also directly relevant to those representing the sellers in such transactions, as they must anticipate and prepare for the foreign buyer's requirements and concerns.

Despite occasional set-backs in the pace of mergers and acquisitions activity, the number and diversity of international acquisition transactions continues to increase, reflecting the need for every successful company to develop or acquire the resources to compete on an international scale. Many local business enterprises have discovered, often to their surprise and detriment, that this need to acquire or be acquired by foreign companies is no longer limited to large multinational groups. The World Trade Organisation, regional and bilateral trade agreements, instant worldwide communication, internationalisation of management, the spectacular growth of what were previously third-world economies, the reduction of language barriers and other factors have created a worldwide marketplace, where companies will compete primarily on the basis of economic efficiency. International acquisitions, to access foreign markets, to provide foreign production or marketing capacity, to obtain regulatory approvals, to acquire complementary product or service lines or simply to spread product, service or market risk and to reduce costs, have become the norm.

In addition, there has been an explosion in venture capital and private equity driven acquisitions, their aim generally being to identify and exploit underperforming assets or businesses (at the same time giving an outlet to companies wishing to divest themselves of such assets and businesses which are no longer central to their strategies, generally being described as 'non-core'). The high gearing (debt finance) of these acquisitions puts enormous pressure on management and investors to make assets and businesses perform quickly so as to realise value for investors through a subsequent trade sale or IPO (initial public offer), itself leading to further acquisition