

# A VIEW FROM ASIA

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Legal Briefings

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“Asian buyers have refocused on European, Middle Eastern and Asian targets, while multinationals wary of China tariffs are shifting to Southeast and North Asia. It's a swift and practical response to the search for growth.”

## **JAPAN INC'S OVERSEAS SHOPPING BOOM**

In a record year, Japanese outbound M&A more than doubled year on year, with deals worth US\$179 billion announced in the first nine months of 2018 compared to just US\$69 billion in the whole of 2017.

This increase includes two global top-ten deals:

- Sprint-T-Mobile merger
- Takeda's offer for Shire

## **M&A DEAL HIGHLIGHTS IN ASIA IN 2018**

- Bharti's acquisition of Indus Towers
- GIC-led consortium's investment in Ant Financial
- Walmart's acquisition of Flipkart Internet
- Wanhua Chemical's acquisition of Yantai Wanhua Chemical Company

*"Asia M&A thrived in 2018. Despite being in the eye of the geopolitical storm, China M&A prevailed, with outbound deals rebounding after a quieter year in 2017. Japan M&A recorded its strongest year since 1980, up 140% year on year, while Korea and the Southeast Asia nations shrugged off local political concerns to finish strongly."*

Geopolitical tensions are unlikely to hold back Asian dealmakers for long in 2019 either.

The region's stock of truly global companies has exploded in recent years, and both old and new are hungry for growth. Japan and Korea's long-established conglomerates have been joined by new giants from China and Southeast Asia, and all are playing hard, both home and away.

Asia is no longer simply a target for disruption by Western companies and markets - it boasts effective global disruptors of its own. Alipay is accepted in Beverly Hills, while Didi, Grab and Go-Jek have taken on Uber across Asia.

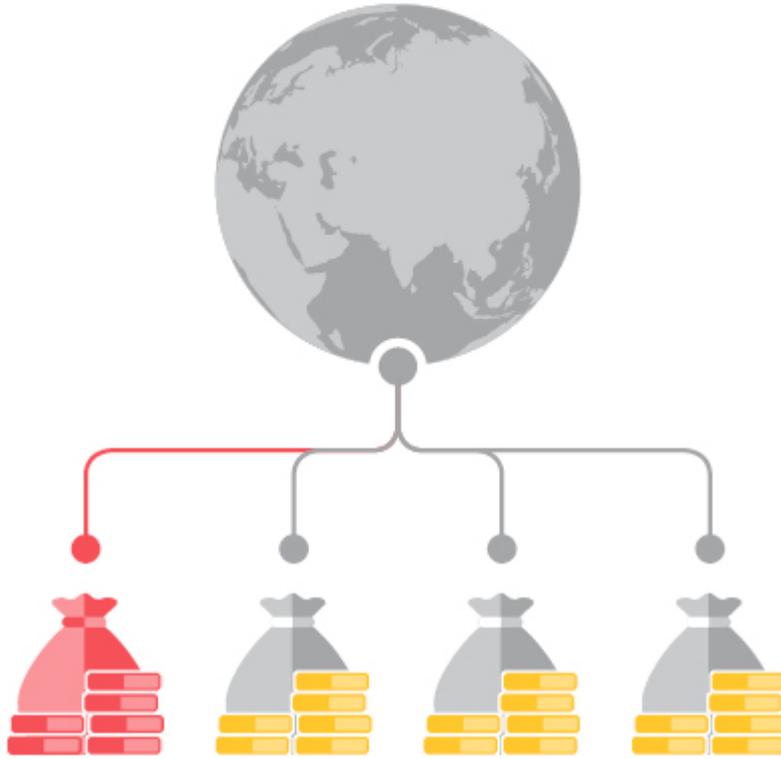
Financing is unlikely to be a problem in the coming year. Asian corporates remain less highly leveraged than their Western counterparts, while bank lending is stable.

Private equity is burgeoning across Asia, with newly powerful home-grown funds, sovereign wealth funds, asset management companies and securities companies jostling with Western industry icons at the deal table.

TMT was the top deal sector this year and will remain the star of this disruption economy in 2019. We also expect strong activity in financial services, industrials, infrastructure and real estate. 2019 will demand a focus on deal mechanics. Asia's dealmakers will need to be nimble yet cautious. Deals will take longer to close, given the unpredictable political slant to foreign investment, national security and anti-trust reviews.

Concerted activity by financial buyers, if it emerges, could create more complex deal-making processes. Domestic and international shareholder activism is also on the rise in Asia markets, demanding extra caution by boards.

## | Financial buyers poised to take off



**A QUARTER OF THE WORLD'S PRIVATE EQUITY FUNDS** ARE NOW FOCUSED ON ASIA.

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**359,000,000,000**

THE PE SECTOR IS HOLDING **US\$359 BILLION** IN ASIA-FOCUSED DRY POWDER.

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## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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