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The Legal Risks That Local Chinese Companies Face When Being Acquired by Foreign Multinational Companies and the Measure

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Abstract: With the comprehensive and in-depth development of reform and opening up in the last century, as well as since China's accession to the WTO in 2001, foreign multinational companies have aimed at China, accelerated the pace of entering our market. A large number of mergers and acquisitions of Chinese enterprises have penetrated into many industrial fields in China. International mergers and acquisitions have become one of the important ways for multinational companies to enter our market, and many enterprises in China have encountered or will encounter mergers and acquisitions by multinational companies. Due to the lack of specific and detailed laws and regulations in China, the lack of a systematic regulatory mechanism for foreign companies merging with Chinese companies, and the significant differences and gamesmanship between Chinese and foreign merger and acquisition laws, local Chinese companies are exposed to huge risks in the process of being merged by foreign companies. This paper uses legal analysis to explore the legal risks faced by Chinese enterprises in international M&A. It proposes ways to deal with the risks by improving M&A laws and anti-monopoly laws, creating a national brand protection system and actively implementing anti-malicious takeover measures.

Keywords: M&A, anti-monopoly laws, national brand

1. Introduction

With the general trend of economic globalization and the great progress of our economy in the international arena, cross-border trade is no longer unfamiliar to our enterprises. Good cross-border M&A can make both parties mutually beneficial, but China's laws are not perfect in cross-border M&A, which makes China's local enterprises face huge risks when they are acquired by foreign multinational companies. Many scholars have analyzed the legal issues involved in cross-border M&A business, but few of China's local enterprises have proposed more initiatives on the risks they face when they are acquired by foreign multinational companies. At present, some scholars have studied in depth about the main legal issues of MNCs in international M&A, the legal environment of foreign multinational companies merging with local companies in China and the legal risks faced by China's local companies when being merged by foreign multinational companies, and point out that China's relevant M&A laws are not perfect [1-3]. This paper adopts the legal norm analysis

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method to explore the legal risks that may be involved in the process of China's local enterprises being acquired by foreign multinational companies and the ways to cope with them.

2. Literature Review

As the world's largest developing country, China is actively adapting to the trend of global economic integration, especially since 2001, when Chinese companies have significantly accelerated their pace of integration into the world economy due to China's accession to the WTO. A review of the history of overseas M&A by Chinese companies reveals that most of them have ignored the huge risks involved in being acquired by overseas companies, resulting in failed M&A [1]. Since the turn of the century, the trend towards economic globalisation has become more pronounced and the integration of the world market system, mainly driven by multinational companies, has accelerated. The explosion of overseas M&A by Chinese companies is inextricably linked to the economic environment and policy direction at home and abroad [2]. In a global economic climate of uncertainty, Chinese companies have seized the opportunity to dominate the global M&A market, with a significant increase in M&A activity [3]. However, the legal risks faced by Chinese companies in the process of overseas M&A, both in the host country and in China, are becoming increasingly apparent. There is a growing need for Chinese companies to establish a preventive mechanism to deal with the legal risks arising from overseas M&A [4]. So far, many scholars have studied the legal risks and measures faced by Chinese companies being acquired by overseas companies, mostly focusing on the differences between domestic and international M&A laws - for example, asymmetries in the information available to both parties due to differences in M&A laws, differences in the legal provisions referred to in M&A contracts, loopholes in international M&A rules, loopholes in Chinese anti-monopoly laws, and how to supplement relevant laws and regulations. and how relevant laws and regulations are supplemented [4]. Some scholars have studied the recent changes in the Chinese market in the international market and have proposed better measures to protect national brands.

3. Legal Risks of M&A and Their Issues

3.1. Institutional-level Risks and Their Problems of M&A

The M&A Regulations represent an important step forward in the development of China's regulation of the acquisition of Chinese companies by foreign investors. The provisions of the M&A Regulations have significant implications for foreign private equity investors entering the Chinese market and for Chinese companies seeking access to overseas capital.

There are eight main features of the M&A Regulations [4]. The first is indicates that the government is paying more attention to cross-border M&A transactions. The second is M&A transactions that are restricted businesses on the negative list re-quire approval from the Ministry of Commerce or the relevant local authorities, otherwise they only need to be filed with the Ministry of Commerce. The third is registration with the State Administration of Business Administration is re-quired. The fourth is that imposes restrictions on return investments by Chinese nationals. The fifth is requiring approval from the CSRC for IPOs involving offshore special purpose companies holding Chinese assets. The sixth is allowing the use of shares in foreign companies to acquire Chinese companies (equity swap). The seventh is foreign acquisition of control of Chinese companies involved in major industries, which may affect national security or which own well-known Chinese brands, requires approval from the Central Ministry of Commerce. The eighth is to confirm the Ministry of Commerce as the primary regulator for anti-monopoly matters related to mergers and acquisitions. The international M&A review regime also provides for a number of monitoring provisions in relation to acquisitions by multinational enterprises. International M&A review refers

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to the investigation and legal determination of the legality of a foreign investor's acquisition of a domestic economic entity by the host country in accordance with its own laws.

The sum of the legal regimes governing the conduct of international M&A review is the international M&A re-view system. The first is the market access review, in which the host country examines whether foreign capital is allowed to enter the industry involved in an international M&A and whether the control acquired by foreign capital is beyond the legal scope. The purpose of market access review is to protect the industrial security of the host country, and is generally proactive. The second is the anti-monopoly review. In other words, the host country's anti-monopoly authority examines whether inter-national mergers and acquisitions may cause monopolies in the domestic market of the relevant industry, and the purpose of this review is to protect the normal order of market competition in the host country. The host country's antitrust authority can either conduct the review on its own initiative or at the request of the relevant interested parties. Finally, there is the fairness review, which aims to prevent the host country's merged party from being disadvantaged in international mergers and acquisitions.

Manifestations of M&A laws and their regulatory risks and adverse effects includes the inadequate national security review system in China. China's laws currently provide for a national security review system, but they are only mentioned initially or superficially in individual articles of law, which is both thin and outdated compared to developed countries such as the United States, Japan and Canada. China's market access review system is not perfect. Although China has strictly man-aged the access of foreign capital, it has mainly focused on the adoption of the Three Capital Enterprises Law such as *The Sino-Foreign Joint Ventures Law* and *The China International Law*.

The law on foreign investment in China has been strictly regulated, but the law on the regulation of market access for cross-border M&A investment is rarely involved. With the further development of China's market economy and the deepening of its openness to the outside world, more and more international M&As are taking place in China. Many multinational companies have entered China's foreign-funded industries by way of share acquisition and indirect control. Many multinational companies have entered China's industries where foreign investment is prohibited, and some of China's "intermediate industries" have also become areas for foreign mergers and acquisitions.

However, there is no law that authorizes any administrative organ to define whether the "intermediate industries" are foreign-invested industries or restricted industries where foreign investment is restricted or prohibited. Meanwhile, there is a lack of legal evaluation of the relevant international flaws in China’s Anti-Monopoly Law [5]. The principle of reasonableness and the principle of violation are considered to be the basic principles of anti-monopoly law. This is the result of the re-search of the anti-monopoly law in China. The principle of reasonableness and the principle of per violation are not the basic principles of anti-monopoly law. It is a technique for balancing and coordinating the judicial application of the basic principles of antitrust law. The purpose of anti-monopoly legislation is to improve social welfare and safeguard the public interest. The policy and legislative purpose of anti-monopoly law determine the basic principles of anti-monopoly law in China: the principle of overall social efficiency and the principle of public interest. The principles of anti-monopoly law are the principle of overall social efficiency and the principle of equal opportunities.

As long as foreign investors acquire Chinese enterprises, they should be subject to a separate national security review, regardless of whether the foreign acquisition will result in a monopoly. However, on the other hand, the monopoly caused by foreign M&A is itself an act that endangers China's economic security. The Anti-Monopoly Law of China, while taking on the role of protecting the order of competition in the market, has also incompetently taken up the important task of protecting the economic security of the country. The criteria for exemption from anti-monopoly

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review are too principled and difficult to operate before the relevant supporting legislation is in place. The legal penalties for illegal concentration of operators are too low.

The fairness review of international mergers and acquisitions can protect the entity rights of Chinese enterprises and prevent multinational companies from taking advantage of their strong economic power to ac-quire Chinese enterprises cheaply. At present, China does not have any provisions on fairness review, nor does it have any relevant legal practice, but mainly relies on the self-help of Chinese enterprises. The content of the fairness review system includes the subject of the review, the object of the review, the initiation procedure of the review, and the relief measures taken after the review. In other words, the administrative authorities have the right to review. If the foreign merger and acquisition of state-owned enterprises takes place, the review should be conducted by the state-owned assets management agency. The objective of the review is to protect the fair status of the merged party in China, so the objects of the review are international mergers and acquisitions that occur in China's new and infant industries, those that occur in state-owned enterprises or those that have significant social and economic impact on China. In the process of initiating the review, the fairness review is essentially a reflection of the level of service provided by the Chinese government and is usually conducted "on application". For instance, the M&A recipient applies to the relevant review authority, which in turn reviews it, the review is then conducted by the reviewing authority.

The other point is the post-review measures. If a review reveals that a multinational company has committed a malicious merger, the government will provide anti-M&A remedies to the company upon application to enhance the ability of the merged party to protect itself. From the national point of view, some international mergers and acquisitions may endanger the national economic security of the host country or monopolize the market. They may also bring about other social impacts including the balanced development of the industrial structure and the social responsibility of enterprises. Therefore, in addition to national security review and anti-monopoly review, it is necessary to accept applications from Chinese enterprises to conduct a fairness review of international mergers and acquisitions.

Risks also arise from the inadequacy of the relevant legal provisions. The risk of inadequate laws is manifested by the fact that the M&A host country has not yet developed a set of legal regulations on foreign M&A investment activities and investors' M&A activities lack legal protection. The imperfection of China's anti-monopoly law has led to many national brands being acquired by foreign investors, losing their innovative power and allowing foreign companies to form monopolies, which has a significant negative impact on the development of China's market economy.

The risk of unfair enforcement is that discrimination is practiced in the enforcement of foreign investment in mergers and acquisitions. This legal risk can arise for Chinese companies due to political or (and) cultural bias. The risk of conflict of laws arises from several situations such as conflict between the laws of the host country and international law or international practice, conflict of laws between the host country and the investor's home country, and investment activities between the two countries that are contrary to the laws of a third country. Due to the significant differences between China and the host country in terms of intellectual property rights, labor laws and environmental standards, ignoring these differences can lead to unexpected losses for companies. These three forms of legal risk can relate to the entry risk of cross-border investments, the risk of differences in accounting standards between countries, the risk of environmental protection, the risk of intellectual property rights, labor protection and the risk of safe production. Meanwhile, all these legal risks can increase the investment risk of the M&A firm.

A considerable part of enterprises to deal with the legal risk of the basic work is still relatively weak, not fully aware of the importance of strengthening the legal system of enterprises to prevent business risks. The legal system of enterprises is not consciously, not active. Some enterprises do not have a strong awareness of preventing legal risks. Mainly in some major investment decisions, major

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business activities or enterprise restructuring work and other preliminary work lack of legal experts to participate. Although some units have set up legal affairs institutions, but their main functions are still limited to post-event remediation, mainly to deal with corporate legal disputes, the legal work of the enterprise institutions do not play the role of due foresight.

Some enterprises do not have enough awareness of operating in accordance with the law. Otherwise, they do not consciously operate in violation of the law due to indifference to the law. They may think that they can ignore the law as long as it is for the benefit of the company, or they have the fluke mentality of exploiting the legal loopholes and intentionally playing the "rubbish".

3.2. Legal Risks in the Acquisition Process

First of all, the enterprises themselves have a weak legal awareness, and do not know enough about the legal environment. Meanwhile, they do not consider legal factors in their business decisions. Besides, they are exploited by legal loopholes, resulting in the management losing its dominant power after being acquired by foreign enterprises, being maliciously suppressed by foreign enterprises, losing their scientific and technological innovation, making foreign substitutes form a monopoly trend at home, and losing competitiveness in the international market. For example, Nanfu batteries were successively acquired by Gillette and Procter & Gamble in the United States.

Risks arises from the violation of laws and regulations in the operation of enterprises. For example, certain enterprises violate safety regulations, imitate well-known brands or disclose false information, which may lead to the termination of acquisitions by foreign enterprises or even the acquired Chinese enterprises will face the need to pay significant compensation. In contrast, the proportion of legal risks arising from the enterprises themselves is higher, mainly due to the gap between the management's ability to govern the enterprise in accordance with the law and changes in the legal environment.

During the operational phase, foreign acquirers are exposed to legal risks from environmental protection, intellectual property rights, labor organizations, corporate governance and corporate social responsibility. For example, the discharge of sewage and waste gas has to comply with local environmental laws. The governance of the company has to comply with local company or securities laws, and local laws have to be followed in terms of intellectual property rights, contract management, accounting standards, taxation, social security, etc. Due to the lack of experience in this area, Chinese enterprises often underestimate the legal risks after M&A, which leads to disputes on labor and intellectual property rights after M&A.

4. The Analysis of the Problems

4.1. Differences Between Chinese and Foreign Merger and Acquisition Review Systems

Corporate mergers and acquisitions involve both domestic and international law. The former includes home. The former includes the legal provisions of home and host countries on investment restrictions, competition order, stock market acquisitions. The latter includes the provisions of bilateral agreements, multilateral agreements, regional legal provisions and international. The latter includes the provisions of bilateral agreements, multilateral agreements, regional laws and international practices. The latter includes the provisions of bilateral agreements, multilateral agreements, regional legal provisions and international practices. This is indicative of the complex legal environment faced by companies in overseas M&A [6].

Firstly, national security review and anti-monopoly review for foreign-owned mergers and acquisitions of domestic enterprises assess the impact of business activities from two completely different perspectives. National security review of foreign mergers and acquisitions of domestic enterprises is part of the maintenance of national economic sovereignty and an important part of the

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government's administrative functions. In a certain sense, the nature of national security review is more of an administrative review. The anti-monopoly review of foreign M&A of domestic enterprises is more concerned with the impact of the M&A on the state of competition and the competition pattern of the relevant market.

Secondly, the two review bodies are different. In China, for example, the Chinese Antimonopoly Law clearly stipulates that the competent body for antitrust review of foreign-invested mergers and acquisitions of domestic enterprises is the antimonopoly enforcement agency of the State Council. In contrast, Article 31 of China's anti-monopoly law stipulates that where foreign investors acquire domestic enterprises or otherwise participate in the concentration of operators and national security is involved, in addition to the review of the concentration of operators in accordance with the provisions of this law, a national security review shall also be conducted in accordance with the relevant state regulations.

Thirdly, the contents of the two reviews are different. The anti-monopoly review of foreign-invested mergers and acquisitions is relatively single in content, i.e. it mainly examines whether the merger has or may have the effect of excluding or restricting competition. The issue of international coordination of overseas M&A can also affect the success or failure of a company's overseas M&A. The OECD believes that governments are placing increasing emphasis on strengthening negotiations and consultations, and developing and improving legal regimes to coordinate cross-border M&A. The OECD believes that governments are placing increasing emphasis on strengthening negotiations and consultations and developing and improving legal regimes to coordinate cross-border M&A. In terms of effectiveness, international legal harmonization can facilitate the adjustment of economic policies between countries and promote cross-border M&A in terms of both breadth and depth. Secondly, international legal harmonization is also conducive to regulating the conduct of enterprises involved in cross-border M&A and strengthening the enforcement and implementation of national laws.

It is also conducive to regulating the conduct of enterprises involved in cross-border M&A and strengthening cooperation between national law enforcement, judicial and civil arbitration bodies. It also enhances the authority of the law and discourages illegal competition. Therefore, the Chinese government should pay active attention to bilateral and multilateral cooperation at the international level [7].

4.2. Lack of Awareness of the Protection of Intellectual Property Rights of National Enterprises

Lack of awareness of the protection of intellectual property rights of national enterprises has led to a decline in the influence of products or malicious cultural suppression of some national enterprises after they have been easily acquired by foreign enterprises. A very serious problem can be seen in the case of the acquisition of Nanfu by a foreign company. The Chinese battery industry was almost monopolized by foreign companies during the years when Nanfu was acquired. The lack of attention or even suppression of newly acquired Chinese companies by foreign companies would have caused Chinese national brands to gradually lose their technological innovation. Meanwhile, the loss of technological innovation would have meant the loss of core competitiveness, which would not only have caused the fall of that Chinese brand, but even affected the development of the Chinese market economy. From this, the importance of protecting the Chinese national brand can be seen.

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5. Suggestion

5.1. Improving the Legal System for Anti-M&A Review of Enterprises and Strengthening the Protection of National Enterprises and Their Brands

In response to the shortcomings of the current national security review system, and on the basis of *the Notice of the General Office of the State Council on the Establishment of a Security Review System for Foreign Investors' Mergers and Acquisitions of Domestic Enterprises*, and drawing on the practices of relevant countries, the Draft for Public Comments further improves the review factors and procedures for national security review. Meanwhile, it clarifies the measures that can be taken to eliminate potential national security risks. It also provides that no administrative reconsideration or administrative litigation may be instituted in relation to a national security review decision. Although this is only a draft and it is still unknown as to how the finalized statute law will be specified, it shows the importance that China attaches to the national security review system for foreign in-vestment and the design of the national security review system is finally on the agenda.

The second point is the establishment of a special review body. The establishment of a special review body is conducive to providing targeted protection for the development of national brand enterprises. The establishment of a special review authority is conducive to providing targeted protection for the development of national brand enterprises. There are two ways. The first is to set up a unified foreign M&A review authority to conduct a comprehensive review of foreign M&A of Chinese enterprises, including market access review, fairness review, national security review and national brand protection review, in order to guarantee the quality of foreign M&A and safeguard the legal interests of Chinese national enterprises.

The second is to establish a separate review body or give an administrative body the corresponding review power to review foreign-invested mergers and acquisitions of national brands. Clarifying the legal definition of 'national brands'. The legal definition of "national brands" is directly related to the effectiveness of national brand protection and the efficiency of international M&A.

Besides, China should pay attention to the efficiency of international mergers and acquisitions. International mergers and acquisitions are one of the most important ways for foreign investors to enter China's economic market. they are becoming more and more important. While affirming the necessity of national brand protection, the national brand protection system should not be abused to the extent that it the efficiency of the introduction of foreign investment should not be com-promised. It is also conducive to encouraging legitimate international mergers and acquisitions. Therefore, this needs to be clarified by law. Moreover, it is necessary to establish a reasonable national brand evaluation system. A reasonable national brand valuation system will help to assess the value of national brands as accurately as possible and avoid the loss of national assets during international M&A [3]. Therefore, it is necessary to adopt a law that stipulates the content of the national brand appraisal system including appraisal subjects, appraisal objects, appraisal standards, appraisal procedures, appraisal reviews. A reasonable national brand appraisal system will provide an institutional guarantee for the accuracy of the review conclusions of the review authority.

5.2. Strengthening Market Supervision and Treat Foreign Investment Rationally

If necessary, foreign capital should be managed differently from domestic capital. Market access should be regulated, but more importantly, post-access regulation should be carried out, and it should be understood that market access regulation and market monopoly regulation are different. The monitoring of monopolies should also focus on the business conduct of foreign enterprises, rather than on pre-entry, as only a very small number of investments actually require antitrust review.

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Based on an inertial mindset, Chinese enterprises generally lack legal aware-ness, whether they are operating domestically or investing abroad. Many enterprises engaged in cross-border enterprises do not have professional legal teams to formulate legal risk prevention mechanisms, and neglect the management of contracts and other legal acts in the process of M&A and operation, resulting in many irreparable losses. This has led to many irreparable losses. In overseas M&A, the form and terms of the contract are in fact a form of risk design. The design of the contract form and terms is in fact a risk control mechanism, as the ultimate sharing of risks must be implemented through contractual arrangements. The process and out-come of the acquisition must be negotiated and expressed in the contract [8].

5.3. Improving Corporate Anti-takeover Response Strategies

There is a lack of independent and professional overseas Most of the overseas M&A evaluations are done by enterprises themselves or led by them. Most of the overseas M&A evaluations are done by the enterprises themselves or led by them, which is There is a certain degree of unreasonableness in this regard. This is due to the lack of professional evaluation skills, the lack of long-term observation habits and the lack of access to long-term and stable information. In addition, the company's own subjective factors may invariably creep into the evaluation process, leading to results in the direction of the company's expectations rather than those of the third party. The results are not based on objective third-party evidence. As a result, domestic companies lack professional guidance in the process of overseas M&A, and most of them make their own judgments and are blind and flawed in the M&A assessment process, which leads to deviations from the target assessment [9].

Due to the different accounting standards in different countries, the it is difficult for the acquirer to understand the potential performance of the target business situation. It is therefore important for the acquirer to understand the accounting standards in the country where the target company is located and conduct a review of the target company's operating performance, financial position, motivation to accurately predict the post-acquisition. The profitability of the target company must be accurately predicted. Based on a scientific assessment of the value of the target based on a scientific assessment of the value of the target business and a cost-benefit analysis Determining an acceptable price for both parties to the transaction [10].

In short, cross-border M&A is a complex transaction involving a variety of eco-nomic, legal, political and cultural factors across borders. For Chinese enterprises wishing to go global, they must establish a clear M&A strategy, conduct a comprehensive investigation and assessment of themselves and the target company, establish a modern enterprise system, regulate corporate behavior, and take precautionary measures to deal with various legal risks at the root.

In order to reduce the legal risks of overseas M&A, China's legislature should amend the basic laws in a timely manner, or formulate corresponding individual laws to supplement them. At the same time, the Anti-Monopoly Law, the Securities Law and the Overseas Investment Insurance Law should be improved to comprehensively regulate overseas mergers and acquisitions, enhance the operability and practicality of the laws, and effectively regulate overseas mergers and acquisitions. In particular, the laws enacted should be effectively coordinated with the bilateral investment protection agreements that China has already signed, so that the laws and regulations are in line with international rules [6].

For multinational companies to implement malicious mergers and acquisitions of Chinese enterprises, Chinese enterprises should take corresponding anti-M&A measures to increase the cost of mergers and acquisitions. Meanwhile, they should increase the difficulty of acquiring control of the mergers and acquisitions, the common international anti-M&A measures are below.

The first measure is share buyback. This means that the target company can reduce the share of outstanding shares that the MNC can purchase by buying back its own shares, making it more difficult

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for the MNC to ac-quire. It is important to note that when implementing share buybacks. The amount of shares bought back should be appropriately controlled to prevent too many shares from being held in stock, causing difficulties in the circulation of corporate funds. The second measure is Pac-man, in which the M&A party purchases the outstanding shares of the M&A party when the difference in strength between the M&A party and the international M&A party is not significant, thus turning passive into active and resisting the malicious merger of the international M&A party. The third measure is White Knight. If the international M&A party's bid is not high, in order to resist the M&A party's malicious takeover the M&A party can look for domestic or international M&A parties to obtain better M&A terms. The fourth measure is Poi-son Pill. When the threat of malicious M&A is obvious, the M&A party can increase its own debt to a certain extent to reduce the target company's. The fifth measure is Scorched Earth Policy. Scorched Earth Policy, in which the M&A party can sell its good assets to prevent the international M&A party's intentions from being realized, and in which the M&A party can acquire a large number of assets that will only be effective in the long term, reducing the short-term yield of the assets. The sixth measure is Shark Repellents, in which the target company places some barriers to M&A in its articles of association, such as restrictions on the election of the company's board of directors. The seventh measure is Dual Class Recapitalization whereby the target company may divide its shares into several classes based on voting rights, with managers holding a sufficient amount of senior shares with high voting rights, so that even if the international M&A party acquires a large number of voting rights, it will not be able to take over the target company.

6. Conclusion

This paper focuses on the legal risk issues faced by Chinese local companies when they are acquired by foreign companies and how China should respond to these issues. Due to the fact that China's laws on mergers and acquisitions are not yet perfect, Chinese companies are not familiar with international M&A business and have little awareness of legal risks, resulting in many local Chinese brands being acquired by foreign companies, which form monopolies in China. Moreover, some foreign companies do not pay attention to the newly acquired Chinese brands and even suppress them, making Chinese national brands gradually lose their technological innovation, which means that they lose their core competitiveness, which will not only cause the fall of the Chinese brand, but also affect the development of the Chinese market economy. This is due to the fact that China's legal and regulatory system for mergers and acquisitions is not perfect, a comprehensive and complete system for the protection of national brands has not yet been formed and Chinese companies do not pay attention to the legal risks involved in M&A activities. The legal risks and countermeasures of Chinese local enterprises in the process of acquisition by foreign multinational companies are worthy of deep consideration and discussion. It is hoped that more business law scholars and enterprises can pay attention to such is-sues and form a more in-depth and complete protection mechanism for Chinese national enterprises, so that Chinese enterprises can avoid risks when being acquired by foreign companies and achieve mutual benefits for both sides of the merger and acquisition.

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