

Analysis the Performance of Outbound Cross-border Mergers and Acquisitions: Evidence from Chinese Companies Listed on the Stock Exchange

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Abstract

Since 2008, many Chinese listed companies have continuously joined the wave of cross-border M&A. Outbound cross-border M&A account for an increase in the proportion of Chinese companies' foreign investment, in order to obtain the technology, resources or market development of target enterprises. This paper takes the listed companies that participated in and completed outbound cross-border M& from 2008 to 2015 as a sample, using accounting research method, using factor analysis to establish a comprehensive score model for enterprise performance evaluation, analyze the changes in the comprehensive performance of listed companies before and after the outbound cross-border mergers, and then compare the overall sample by group. According to the research conclusion, relevant recommendations were made to both the enterprise and the government.

Keywords

Outbound cross-border; Mergers and acquisitions; Comprehensive performance.

1. INTRODUCTION

Since the reform and opening up, a large number of Chinese enterprises have begun to rise rapidly and develop rapidly, outbound cross-border mergers have undoubtedly played a huge role. Through outbound cross-border mergers, they can directly help Chinese enterprises, enhance their profitability, enhance their core competitiveness, and finally realize resource integration and complete industrial upgrading. In general, outbound cross-border mergers by Chinese companies have become a major trend in the development of enterprises.

At present, corporate outbound cross-border mergers were increasing in China, but how to make outbound cross-border mergers successful, how to conduct a comprehensive and detailed financial analysis of the outbound cross-border mergers process has always been a difficult problem for the business community.

2. LITERATURE

Outbound CBM&A was different from the M&A of domestic enterprises. Outbound CBM&A involve companies, markets, and institutions in two or more countries (Xie, 2014; Jiang, 2008). In addition, the scale of CBM&A was constantly expanding, and the industrial structure was widely distributed. Private enterprises have become the backbone of M&A activities. In the last few years, the number of mergers and acquisitions of private enterprises accounts for more than 50% of the total.

Table 1. Total deal volume of Chinese companies' CBM&A

Year	State-owned enterprises (volume)	Private enterprises (volume)	Financial buyers (volume)	The proportion of POE (%)
2013	55	118	25	60%
2014	78	145	49	53%
2015	79	207	94	54%
2016	116	609	195	56%
2017	101	467	238	58%

Source: ThomsonReuters, ChinaVenture and PwC analysis

For the past 20 years, M&A was a popular strategy for Chinese companies. In the current economic development in China, mergers and acquisitions play an indelible role in corporate restructuring. China has increased its competitiveness in the world through economic reforms and encouraged foreign investors to invest in China. This has led to an increasing number of multinational mergers and acquisitions companies in recent years (Boating and Qian, 2008; UNCTAD, 2000).

Healy et al. (1992) used the accounting index as the measurement standard of the company's performance and measured the 50 largest mergers in the United States from 1979 to 1984. After examining the post-acquisition performance, it found that the performance of the merged company has significantly improved.

Cui et al. (2017) take the three major cross-border M&As activities of China TCL Group as an example, using factor analysis to analyze the impact of three M&As events on company performance in terms of financial performance; select 11 financial indicators; the conclusion shows that the company's TCL Group's comprehensive performance after the first merger has improved, the company's asset management capabilities, solvency and cost control capabilities have been greatly improved; the company's comprehensive performance after the second and third mergers and acquisitions showing a downward trend, the company's asset management capabilities, solvency, and profitability have fallen sharply.

Li et al. (2010) used the business performance method to analyze 10 Chinese A-share listed companies performance that had cross-border M&As in 2003; factor analysis was used to analyze 11 financial indicators separately; the conclusions show that the performance of most companies in the year of cross-border mergers and acquisitions has increased, and the performance of companies in the year after mergers and acquisitions, two years of mergers and acquisitions and three years after mergers and acquisitions showed a downward trend.

Xie (2014) applied factor analysis to 55 Chinese listed companies that had cross-border mergers and acquisitions from 2001 to 2010; factor analysis was used to analyze 12 financial indicators; according to the year before the merger, the year of merger and acquisition, one year after the merger, two years after the merger; the conclusion shows that the performance of listed companies in the year before the cross-border M&As was the highest; the performance of the company in the year before the M&As and the year of M&As showed a significant decline, and the company's performance in the year of M&As was the lowest; the company's performance improved after the M&As one year, but it was lower than the company performance the year before the M&As; the company's performance declined two years after the M&As, but higher than the company's performance in the year of M&As; although the

company's performance has not been significantly improved, it has not negatively affected the company's operating performance.

Li et al. (2008) used the business performance method to analyze 40 Chinese listed companies that were M&As in the Shanghai Stock Exchange and the Shenzhen Stock Exchange in 2003-2004; the 10 financial indicators were analyzed separately by factor analysis; the conclusions show that the performance of companies before M&As shows an upward trend, and the company's performance reaches the highest value in the year of M&As; the performance of the company after the merger has shown a downward trend; explain that mergers and acquisitions will improve the company's performance in the short term, but it has not improved the company's performance in the long run.

The accounting research technique was often used to perform mid to long-term inspections on mergers and acquisitions. It compares changes in business performance before and after M&As (Xie, 2014; Pan, 2009).

Most scholars use the factor analysis method in the comprehensive evaluation method (Zhou, 2018; Cui et al., 2017; Jiang, 2008; Qin, 2014; Li, 2010; Li, 2014; Xie, 2014; Pan, 2009; Zhang et al., 2015; Li et al., 2008). In determining the weight, the factor analysis method was used to analyze the comprehensive performance of the company's mergers and acquisitions (Feng and Wu, 2001).

3. POPULATION

This paper studies the performance of outbound cross-border mergers and acquisitions of Chinese A-share listed companies. The research scope was for listed companies that conduct and completed outbound cross-border mergers and acquisitions in the Shanghai Stock Exchange and the Shenzhen Stock Exchange from 2008 to 2015. Analyze the financial data of listed companies from 2007 to 2017. This paper examines the performance changes of the company's outbound cross-border mergers and acquisitions in the previous year, current year, and the next two years.

According to previous studies, many scholars use financial accounting indicators as a measure of company performance. There were many financial accounting indicators. Using single or few indicators to evaluate company performance was one-sided. This paper selects several indicators that can reflect the capabilities of the company in various aspects to evaluate the performance of Chinese outbound companies' cross-border mergers and acquisitions, focusing on the changes in the business performance and financial status of the company. In terms of indicators setting, this article refers to related performance research (Xie, 2014), and considers the financial performance of the company from several aspects such as profitability, operating capacity, solvency, and development ability. To ensure the comparability of financial data, this paper selects representative financial indicators in the form of ratios.

The sample information of this article mainly comes from the CS-MAR Database, the Wind Database, the BvD zephyr Database, the Shanghai Stock Exchange website and the Shenzhen Stock Exchange website. Also, mergers and acquisitions information was further verified by consulting mergers and acquisitions news and M&A announcements of relevant listed companies.

Table 2. Data Source

Angle	Financial indicators	Source
Profitability	Earnings per share	SHANGHAI STOCK EXCHANGE http://www.sse.com.cn SHENZHEN STOCK XCHANG http://www.szse.cn
	Return on total assets	
	Rate of return on common stockholders' equity	
Operating Capacity	Total assets turnover	
	Receivables turnover ratio	
	Inventory turnover ratio	
Solvency	Current ratio	
	Acid-test ratio	
	Debt asset ratio	
Development Ability	Operating profit growth	
	Net profit growth rate	
	Total assets growth rate	

3.1. Factor Analysis

The concept of factor analysis originated from the statistical work of Karl Pearson and Charles Spearman et al. on intelligence measurement in the early 20th century. Factor analysis was the generalization of principal component analysis, and it was also a multivariate statistical method that uses dimensionality reduction methods for statistical analysis.

$$\begin{cases} Z_1 = a_{11}f_1 + a_{12}f_2 + a_{13}f_3 + \dots + a_{1k}f_k + \varepsilon_1 \\ Z_2 = a_{21}f_1 + a_{22}f_2 + a_{23}f_3 + \dots + a_{2k}f_k + \varepsilon_2 \\ \dots \\ Z_n = a_{n1}f_1 + a_{n2}f_2 + a_{n3}f_3 + \dots + a_{nk}f_k + \varepsilon_n \end{cases}$$

The above formula was a mathematical model of factor analysis. There are n original variables, denoted as Z_1, Z_2, \dots, Z_n . According to the requirements of the factor analysis, it was assumed that some of these variables have been normalized. Assume that these n variables can be represented by a linear combination of k factors, denoted as f_1, f_2, \dots, f_k . Among them, Z is an n -dimensional variable vector, and each of its sub-components represents an index. f is a vector of factors, and each component represents a factor. Because they appear in the linear expression of each original variable, they were called common factors. a_{ij} is the factor load, which is the load of the i th original variable on the j th common factor. The larger the value, the stronger the relationship between the i th original variable and the j th common factor, and vice versa. ε is a special factor that indicates the part of the variable that cannot be explained by the factor. The mean value is 0.

Through calculations, instead of the original n -dimensional index, fewer k -dimensional indexes were used to calculate the k -factor scores. On this basis, the total evaluation function of the sample was constructed:

$$F = b_1f_1 + b_2f_2 + \dots + b_kf_k$$

In the above formula, b is the weight, which means the ratio of the variance contribution of the i th factor to the cumulative contribution of the k factors. F is the composite score of the sample, among them $F(-1)$ represent comprehensive performance of the year before the cross-border M&As, $F(0)$ represent comprehensive performance of the year of cross-border M&As, $F(+1)$ represent comprehensive performance after one year of cross-border M&As, $F(+2)$ represent comprehensive performance after two years of cross-border M&As.

4. DATA ANALYSIS

96 listed companies completed cross-border mergers and acquisitions from 2008 to 2015, and a total of 126 mergers and acquisitions occurred. According to the sample selection principle, the final number of cross-border M&A listed companies was 48, M&A event was 48.

Sample financial data from 48 companies, through SPSS24 software, factor analysis was used to analyze the 12 financial indicators in the year before the outbound cross-border mergers, and each main factors were obtained; can be calculated according to the scores of the factors and the contribution rate of the variance. The company's comprehensive performance calculate as:

$$F(-1) = (0.24083f_1 + 0.20897f_2 + 0.20364f_3 + 0.09363f_4 + 0.0869f_5) / 0.83404$$

$$F(0) = (0.24478f_1 + 0.18253f_2 + 0.17942f_3 + 0.13491f_4) / 0.74164$$

$$F(+1) = (0.23376f_1 + 0.17549f_2 + 0.17298f_3 + 0.11695f_4 + 0.10607f_5) / 0.80525$$

$$F(+2) = (0.27483f_1 + 0.17846f_2 + 0.14803f_3 + 0.10749f_4) / 0.70881$$

4.1. Comprehensive Performance Score

Table 3. T(-1)—T(+2) Comprehensive Score Table

Stock	F(-1)	F(0)	F(+1)	F(+2)
600177	0.719	0.515	0.263	-0.124
000826	-0.067	0.053	-0.007	0.421
600031	0.231	0.158	1.542	1.517
600337	-0.316	0.050	-0.054	0.334
600839	-0.368	0.210	-0.118	-0.003
000758	-0.350	-0.059	0.115	-0.225
000425	1.070	0.041	0.099	-0.302
002050	0.217	-0.239	-0.102	0.362
002073	0.022	-0.245	-0.478	-0.693
300049	-0.343	-0.679	-0.767	-0.859
600309	0.488	0.194	0.530	0.661
600588	-0.159	0.131	-0.078	0.413
601607	1.715	0.166	0.146	0.498
000528	0.100	-0.200	-0.276	-0.549
002081	0.871	0.060	0.509	0.512
002431	0.241	0.271	0.212	0.071

002502	-0.856	-1.026	-1.127	-0.970
300078	-0.830	-1.103	-0.917	-0.841
002281	0.137	-0.168	-0.188	0.342
002094	-0.193	-0.389	-0.082	0.859
002048	-0.012	0.204	0.445	0.129
002008	0.080	-0.007	0.208	0.206
000157	0.079	-0.234	-0.901	-1.216
002013	-0.219	-0.109	-0.180	-0.015
002241	0.393	0.063	-0.016	0.575
002520	-0.664	1.113	-0.490	-0.694
002531	-0.266	-0.181	0.200	-0.175
002611	-0.735	0.460	-0.170	0.121
300195	-0.623	-0.476	-0.183	-0.501
600458	-0.295	-0.079	0.896	-0.149
600682	0.248	0.843	0.430	0.548
600824	-0.096	-0.119	0.051	0.067
601799	-0.097	-0.108	0.195	0.116
000027	-0.068	-0.068	-0.531	-0.620
000415	0.465	0.607	0.661	-0.122
000811	-0.127	0.020	0.017	0.139
000869	0.090	-0.149	0.133	0.174
000887	0.333	-0.020	0.130	0.311
002004	-0.024	0.094	-0.223	-0.272
002085	0.453	0.262	0.236	0.208
002185	0.095	-0.396	-0.040	0.220
002249	-0.024	0.086	0.187	-0.235
300130	-0.514	-0.172	0.167	-0.325
300166	-0.317	0.024	-0.334	-0.613
300296	0.216	0.589	0.499	0.709
600480	-0.076	0.061	-0.013	0.511
600754	-0.213	0.132	-0.078	-0.174
601369	-0.412	-0.181	-0.514	-0.350

Table 3 was a comprehensive performance score table. Substituting each factor score into the comprehensive performance score function can yield a comprehensive score for every four years of 48 sample firms. The composite scores can be used for ranking. Among them, F(-1), F(0), F(1), and F(2) represent the comprehensive performance scores of the sample companies

in the year before the merger, the year of merger and acquisition, one year after the merger, and two years after the merger.

It can be seen from Table 3 that there were 4 listed companies whose performance continues to rise, 14 listed companies whose performance first declined and then increased, 17 listed companies whose performance has risen and then declined, 13 listed companies whose performance has continued to decline.

After the normalized data, the average value of the results obtained by factor analysis was zero and the variance was one. It was not possible to compare performance averages. This paper uses a positive rate to represent the comprehensive performance of the sample. The positive rate was the ratio of the number of listed companies with positive comprehensive scores to the total number of samples.

Table 4. T(-1)—T(+2) Comprehensive Performance Score Positive Rate

	F(-1)	F(0)	F(+1)	F(+2)
Positive Rate	0.438	0.521	0.479	0.521

Table 4 show that the positive rate of comprehensive performance scores in the years of outbound cross-border M&A and the two years after M&A increased rapidly, on the whole, the comprehensive performance of the year of mergers and acquisitions and two years after mergers and acquisitions have been improved.

Table 5. T(-1)—T(+2) Comprehensive Score Table Difference

Stock	F(0)-F(-1)	F(+1)-F(-1)	F(+1)-F(0)	F(+2)-F(+1)	F(+2)-F(-1)
600177	-0.203	-0.456	-0.253	-0.386	-0.842
000826	0.120	0.060	-0.060	0.428	0.489
600031	-0.073	1.311	1.384	-0.025	1.286
600337	0.366	0.262	-0.104	0.388	0.650
600839	0.578	0.250	-0.328	0.115	0.365
000758	0.291	0.466	0.175	-0.340	0.125
000425	-1.029	-0.971	0.058	-0.401	-1.372
002050	-0.453	-0.316	0.137	0.463	0.147
002073	-0.267	-0.500	-0.233	-0.215	-0.714
300049	-1.022	-0.425	-0.088	-0.092	-0.516
600309	0.294	0.042	0.336	0.131	0.173
600588	0.291	0.082	-0.209	0.491	0.573
601607	-1.549	-1.570	-0.020	0.353	-1.217
000528	-0.300	-0.377	-0.077	-0.273	-0.650
002081	-0.811	-0.362	0.449	0.003	-0.359
002431	0.030	-0.029	-0.059	-0.141	-0.170
002502	-0.172	-0.273	-0.101	0.157	-0.116

300078	-0.273	-0.087	0.186	0.076	-0.011
002281	-0.305	-0.325	-0.020	0.530	0.205
002094	-0.582	0.111	0.307	0.941	1.052
002048	0.215	0.456	0.241	-0.315	0.141
002008	-0.087	0.128	0.215	-0.002	0.126
000157	-0.313	-0.980	-0.667	-0.315	-1.295
002013	0.109	0.038	-0.071	0.166	0.204
002241	-0.330	-0.409	-0.079	0.592	0.182
002520	1.777	0.175	-1.603	-0.204	-0.029
002531	0.085	0.466	0.381	-0.375	0.091
002611	1.195	0.565	-0.630	0.291	0.856
300195	0.146	0.439	0.293	-0.318	0.121
600458	0.216	1.191	0.975	-1.046	0.145
600682	0.595	0.182	-0.413	0.119	0.300
600824	-0.023	0.147	0.170	0.017	0.164
601799	-0.205	0.292	0.303	-0.079	0.213
000027	0.000	-0.463	-0.463	-0.089	-0.552
000415	0.142	0.196	0.054	-0.782	-0.587
000811	0.147	0.144	-0.003	0.123	0.267
000869	-0.239	0.044	0.282	0.041	0.084
000887	-0.353	-0.203	0.150	0.182	-0.022
002004	0.118	-0.199	-0.317	-0.048	-0.247
002085	-0.192	-0.218	-0.026	-0.028	-0.246
002185	-0.491	-0.135	0.356	0.260	0.125
002249	0.110	0.211	0.101	-0.422	-0.212
300130	0.342	0.682	0.339	-0.492	0.190
300166	0.341	-0.017	-0.358	-0.279	-0.296
300296	0.373	0.282	-0.091	0.211	0.493
600480	0.137	0.063	-0.074	0.524	0.587
600754	0.344	0.135	-0.209	-0.096	0.039
601369	0.231	-0.103	-0.334	0.164	0.062

Table 5 was a comprehensive performance score difference table, value of the M&A performance difference to test the relative change in the performance of the sample after the merger.

Table 6. T(-1)—T(+2) Positive Rate of Comprehensive Performance Score Difference

	F(0)-F(-1)	F(+1)-F(-1)	F(+1)-F(0)	F(+2)-F(+1)	F(+2)-F(-1)
Positive Rate	0.521	0.563	0.438	0.500	0.604

As can be seen from Table 6, compared with the comprehensive performance before and after the merger, the positive rate was the ratio of the number of listed companies with positive comprehensive scores to the total number of samples. The positive rate of performance difference for the two years after the merger was only slightly increased relative to the positive rate of the performance difference in the one year after the merger; indicating that although cross-border M&A was unsuccessful, cross-border M&A has not had a negative impact on the comprehensive performance of the company.

4.2. Group Comparison Analysis

4.2.1 Performance Analysis of Different Firms

The nature of the enterprise was divided into state-owned enterprises and private enterprises, in the end, there were 15 state-owned enterprises and 33 private enterprises. Based on the composite score of the sample, calculate the mean of comprehensive performance scores of state-owned and private companies.

Table 7. T(-1)—T(+2) M&A Performance Mean of State-owned and Private Enterprises

Nature of firm	F(-1)	F(0)	F(+1)	F(+2)
State-owned enterprise	0.096	-0.022	-0.028	-0.059
Private enterprise	-0.044	0.010	0.013	0.023

As can be seen from Table 7, there was a big difference in the trend of outbound cross-border M&A performance between state-owned and private companies. The comprehensive performance of state-owned enterprises after mergers has shown a downward trend; the comprehensive performance of private enterprises after mergers shows a continuous upward trend, outbound cross-border mergers have a positive impact on the comprehensive performance of private enterprises.

4.2.2 Performance Analysis of Different Industries

According to the industry classification of listed companies by the China Securities Regulatory Commission, it can be divided into manufacturing and non-manufacturing; among them, there were 34 listed companies in the manufacturing industry, there were 14 listed companies in the non-manufacturing industry; research on the performance of manufacturing and non-manufacturing companies, respectively.

Table 8. T(-1)—T(+2) Manufacturing and Non-manufacturing M&A Performance Mean

Industry nature	F(-1)	F(0)	F(+1)	F(+2)
Manufacturing	-0.079	-0.077	-0.038	-0.029
Non-manufacturing	0.191	0.186	0.093	0.071

As can be seen from Table 8, there was a big difference in the trend of cross-border M&A performance between manufacturing and non-manufacturing companies. The comprehensive performance after two years of mergers and acquisitions was higher than the performance before mergers and acquisitions, indicating that the comprehensive performance of manufacturing companies has improved, but the improvement was not significant. The comprehensive performance of the two years after mergers and acquisitions was lower than the performance before mergers and acquisitions, indicating that cross-border mergers and acquisitions have a negative impact on the comprehensive performance of non-manufacturing enterprises.

4.2.3 PERFORMANCE ANALYSIS OF DIFFERENT M&As TYPES

There were three types of cross-border M&A, horizontal mergers, vertical mergers and mergers, respectively; among them, there were 32 horizontal mergers, 4 vertical mergers, and 12 mixed mergers. Based on the composite score of the sample, the mean of comprehensive performance scores of horizontal mergers, vertical mergers, and hybrid mergers can be calculated.

Table 9. T(-1)—T(+2) Horizontal, Vertical, and Mixed M&As Performance Mean

M&A types	F(-1)	F(0)	F(+1)	F(+2)
Horizontal	-0.022	0.057	0.067	0.073
Vertical	0.076	-0.008	-0.015	0.035
Mixed	0.033	-0.151	-0.173	-0.206

As can be seen from Table 9, the comprehensive performance of horizontal M&A companies after M&A shows a continuous upward trend, indicating that the comprehensive performance of outbound cross-border M&A for horizontal M&A companies has improved, but the improvement was not significant. The comprehensive performance of vertical M&A companies improved in the two years M&A, but lower than the performance before M&A, indicating that cross-border M&A has a negative impact on the comprehensive performance of vertical M&A companies. The comprehensive performance of mixed M&A companies the two years after M&A was lower than that before M&A, indicating that cross-border M&A had a negative impact on the comprehensive performance of M&A companies.

5. CONCLUSION

This paper studies the listed companies that conduct and completed outbound cross-border mergers and acquisitions in the Shanghai Stock Exchange and the Shenzhen Stock Exchange from 2008 to 2015. Analyze the financial data of 48 listed companies from 2007 to 2017. Use factor analysis was carried out for 12 financial indicators for the performance changes of the company's outbound cross-border mergers and acquisitions in the previous year, current year, and the next two years.

At first, descriptive statistics on financial indicators for each year to understand the characteristics of each financial indicator. Secondly, the raw data of each year is preprocessed to eliminate the impact of dimension difference on statistical results. Third, the Kaiser-Meyer-Olkin test and the Bartlett test were used to test whether the raw data can be factor analysis. Forth, compare the comprehensive performance scores obtained by factor analysis and compare the performance changes before and after mergers and acquisitions. Next, grouping

sample companies to analyze the performance of different nature of companies, industry nature and M&A types.

The factor analysis method was used to obtain the comprehensive performance scores of 48 enterprises in each year. According to the score, it can be known that there were 4 listed companies whose performance after the merger was on the rise and 14 listed companies whose performance after the merger has decreased first and then risen. There were 17 listed companies whose performance after the merger has risen first and then decreased. The performance of 13 listed companies after the merger has continued to decline.

Table 10. T(-1)—T(+2) Results of M&As Performance

	F(-1)	F(0)	F(+1)	F(+2)
Overall	—	increase	decrease	increase
State-owned enterprise	—	decrease	decrease	decrease
Private enterprise	—	increase	increase	increase
Manufacturing	—	increase	increase	increase
Non-manufacturing	—	decrease	decrease	decrease
Horizontal	—	increase	increase	increase
Vertical	—	decrease	decrease	increase
Mixed	—	decrease	decrease	decrease

Table 10 shows that the comprehensive performance of outbound cross-border mergers and acquisitions in the year of M&As and two years after M&As has been improved; the comprehensive performance of one year after M&As has declined. Outbound cross-border mergers have improved the comprehensive performance of Chinese listed companies, but the improvement was not obvious.

Studies have shown that comprehensive performance in the year of mergers and acquisitions has been improved, but the improvement was not obvious. Meng (2014), Liu (2015), Qin (2014), Li (2009), Xie (2014), Zhang et al. (2015), Du and Xiang (2013) pointed out that the comprehensive performance score of the year of merger and acquisition was lower than the comprehensive score of the year before the merger, and does not bring positive comprehensive performance to listed companies. Li et al. (2010), Gu et al. (2013), Miao (2016), Liu (2011), Jiang (2008), Li (2014), Li et al. (2008) pointed out that listed companies have significantly improved their comprehensive performance in the year of cross-border mergers and acquisitions.

Before and after M&A, cross-border mergers and acquisitions did not bring positive comprehensive performance effects to listed companies, cross-border M&A has not had a negative impact on the comprehensive performance of the company. Li et al. (2010), Miao (2016), Meng (2014), Li (2009), Liu (2015), Qin (2014), Gu et al. (2013), Liu (2011), Jiang (2008), Li (2014), Xie (2014) pointed out that cross-border M&A did not significantly improve the comprehensive performance of the company, and even some companies' comprehensive performance after the cross-border M&A declined.

The comprehensive performance of two years after mergers and acquisitions has been improved, but the improvement was not obvious. This was inconsistent with some research. Li et al. (2010), Liu (2011), Liu (2015), Qin (2014), Meng (2014), Jiang (2008), Li (2014), Xie (2014), Li et al. (2008), Du and Xiang (2013) found that after two years of cross-border mergers

and acquisitions, corporate performance has declined significantly, and corporate performance was clearly not higher than the comprehensive performance before mergers and acquisitions.

6. RESEARCH RECOMMENDATION

Chinese companies should enhance their competitive strength. To improve the performance of M&A, it was necessary to introduce specialized and international talents and continuously learn advanced technology and cross-border M&A management experience, cultivate talents suitable for their enterprises and master transnational management, and enhance their strength;

Integration after outbound cross-border mergers can have a significant impact on business performance. Before the merger, the company should have an in-depth understanding of the local culture of the target company to reduce the impact of cultural conflicts; after the merger, the enterprise should look for the same points of culture and preserve cultural differences.

The timing of outbound cross-border mergers and acquisitions was also very important. Enterprises should not blindly follow the trend of mergers and acquisitions, should accurately grasp the trend of the international market, pay attention to the trends of the industries and capital markets in which enterprises were located.

The Chinese government can improve the relevant legal system. In order for Chinese enterprises to take a favorable position in outbound cross-border mergers and acquisitions, the Chinese government should establish and improve the corresponding risk protection mechanism, establish a service platform for Chinese enterprises.

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