Does international expansion through strategic asset acquisitions pay off?

Evidence from China

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Abstract

Although strategic asset acquisitions (SAAs) are widely used by emerging markets multinationals to upgrade capabilities and compete globally, there is still a lack of clear evidence on whether such acquisitions actually improve firm performance. This study examines the performance consequences of strategic asset acquisitions undertaken by Chinese firms between 2010 and 2019. Comparing domestic and cross-border deals, the findings show that domestic acquisitions tend to deliver stronger short-term market performance, while international acquisitions generate more gradual but economically meaningful improvements in long-term growth and profitability. In particular, acquisitions targeting firms in Australia/New Zealand and North America yield the most favorable long-run outcomes. These results suggest that acquiring strategic assets abroad does not automatically translate into superior performance. Instead, they support value-creation lens as a necessary complement to internationalization and dynamic-capabilities theories, emphasizing the importance of strong ability to reconfigure and achieve positive performance outcomes, rather than strategic intent alone, in evaluating acquisition success.

Keywords: strategic asset acquisitions, international expansion, Chinese multinational enterprises, financial performance, value-creating growth

JEL classification: G14, G32, G34

I have nothing to declare

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I. Introduction

Outward foreign direct investment (FDI) from emerging economies continues to account for a substantial share of total global outflows (UNCTAD, 2025; Tang and Buckley, 2022), changing the global landscape and traditional patterns of international business and ownership. One of the most visible outcomes of this trend is the increasing number of world-renowned brands that are now owned by companies from emerging economies - for instance, IBM's personal computer division owned by Lenovo, Jaguar Land Rover acquired by Tata Motor, and Volvo purchased by China's Geely - signaling a transformation in global corporate ownership and capability. These transactions are referred to as strategic asset-seeking acquisitions (SAAs) or deals in which emerging market multinational enterprises (EMNEs) acquire foreign firms to access advanced technologies, innovation capabilities, brands, or managerial expertise in their home countries. The increasing strategic significance of SAAs has attracted considerable attention across multiple academic disciplines, drawing on theories from international business, strategic management and organizational studies. Specifically, resource-based view, dynamic capabilities theory, asset bundling theory, internationalization theory, institutional theory and the springboard perspective have been applied to understand the unique motives, integration challenges and implications of such acquisitions for innovation and capability development.

Although the motivations for SAAs by emerging market firms have been well-documented (e.g. Meyer, 2015; Deng, 2009; Elia and Santangelo, 2017; Chen et al., 2022; Cui et al., 2014, 2023; Ahsan et al., 2021; Luo and Tung, 2018; Rui and Yip, 2008), their performance implications remain poorly understood. While dynamic capabilities theory offers valuable insights into how firms reconfigure resources following an acquisition, relatively few studies have examined whether acquirers can effectively leverage their capabilities to generate tangible value creation or

measurable firm-level performance outcomes. This disconnect is notable, as "strategizing" inevitably goes along with "economizing" (Asmussen and Foss, 2022; Williamson, 1991), meaning that strategic decisions must not only contribute to long-term goals - such as increase in the market power and stronger bargaining position, as emphasized by the Porter positioning framework (Porter 1980, 1981) - but also yield measurable economic returns. These returns may take the form of enhanced efficiency, cost reduction, or improved managerial practices, as theorized by the resource-based view and transaction cost economics. In the context of internationalization, any acquisition strategy must ultimately be evaluated based on its ability to enhance the acquirer's competitiveness, overall performance, or innovative capacity. However, despite the theoretical significance of SAAs, empirical evidence on their effectiveness and value-generating potential remains limited and fragmented. Addressing this gap is critical for understanding whether SAAs represent a viable path to sustainable international growth, or whether they impose greater risks and integration challenges than anticipated.

The current study seeks to close this gap by examining the value implications of SAAs for acquiring companies. More specifically, it assesses empirically whether SAAs lead to measurable improvements in performance – be it through enhanced innovation output, market share growth, cost efficiencies, or long-term firm valuation – and whether EMNAs engaging in such acquisitions are able not only sense opportunities and seize strategic assets, as suggested by dynamic capabilities theory, but also to reconfigure their internal processes to integrate and leverage those assets effectively. Using a sample of verified 380 Chinese "strategic asset acquisitions" drawn from a comprehensive national database, the analysis investigates both short-term market and long-term financial performance outcomes of acquiring firms, with a comparison between domestic and cross-border transactions. This dual perspective also enables consideration of the

role of “cultural distance”, a factor widely emphasized in prior research. A range of financial and market-based indicators, including profitability, growth ratios, and Tobin’s Q are used to evaluate post-acquisition effects and to identify key deal- and firm-specific variables that influence value creation. The findings indicate that national acquirers tend to outperform international acquirers in terms of short-term market performance, suggesting that investors look at the moves of national acquirers more optimistically. In contrast, international acquirers show slightly higher growth ratio, and better operating profit values over the long-term. These results point to the potential long-run strategic gains from cross-border deals, underscoring the complexity and risks associated with international expansion.

The findings contribute to the broader understanding of whether emerging market firms generate value through internationalization, particularly when acquiring strategic assets abroad. While SAAs are widely viewed as mechanisms for advancing firm capabilities and achieving global competitiveness, the results of this study suggest that value creation is not guaranteed. This reinforces earlier concerns about the complexity and risks involved in integrating strategic assets acquired abroad. From a theoretical perspective, the evidence supports the value-creation lens as a necessary complement to internationalization and dynamic-capabilities theories by emphasizing the importance of strong ability to reconfigure and achieve positive performance outcomes, rather than strategic intent alone, in evaluating acquisition success. Ultimately, this research urges a more critical examination of how and when SAAs can deliver sustained competitive advantage, rather than assuming their effectiveness as a default pathway to global expansion.

The remainder of the paper is structured as follows. Section 2 outlines the theoretical foundations of the study. Section 3 develops the research hypotheses. Section 4 describes the data and

methodology. Section 5 presents the empirical results. Section 6 reports the findings of the robustness checks. Section 7 concludes with a discussion of the main contributions, implications, and directions for future research.

II. Theoretical background

According to Pitelis et al. (2024), global strategy cannot be understood without consideration of dynamic capabilities. Originally introduced by Teece et al. (1997), dynamic capabilities theory builds upon the resource-based view (Barney, 1991) but extends its explanatory power by stressing that a firm's long-term success stems not merely from owning valuable resources, but from the ability to sense emerging opportunities and threats, seize them through timely investments, and reconfigure both internal and external resources to maintain competitiveness. These capabilities are especially relevant in turbulent, globalized markets, where static resource advantages quickly erode. This theoretical lens aligns closely with the concept of "strategizing" and "economizing" (Asmussen and Foss, 2022), which represents how MNEs gain long-term competitive advantage. The "strategizing" perspective – rooted in positioning theory presented by Porter (Porter, 1980, 1981) - emphasizes firms' pursuit of market power, differentiation, and stronger bargaining positions. In contrast, the "economizing" view – embodied in the resource-based view and transaction cost economics (Barney, 1991; Williamson, 1991) - focuses on how firms achieve competitive advantage and improving efficiency by acquiring and utilizing unique, hard-to-imitate assets, while improving managerial practices and minimizing costs. Dynamic capabilities theory accommodates both perspectives. It explains how firms sense and act on high-impact opportunities (strategizing), while simultaneously enabling the organizational reconfiguration necessary to absorb and integrate assets efficiently (economizing). From this perspective, dynamic capabilities

function as a bridge between strategic intent and economic performance, enabling firms to convert external resource acquisition into sustained competitive advantage (Cavusgil and Deligonul, 2025). They enhance strategic flexibility by allowing firms to reconfigure assets, develop resilience, and realign operations in a way that supports long-term value generation.

In the context of SAAs, dynamic capabilities play an especially pivotal role. SAAs are not merely about acquiring external resources, they are transformative moves aimed at reshaping a firm's competitive trajectory by filling capability gaps with strategic assets often unavailable in domestic markets. These assets—such as advanced technologies, international brands, or high-level managerial know-how—serve as building blocks of ownership-specific advantages that improve both local and global positioning (Wu and Morschett, 2023; Dunning & Lundan, 2008; Cui et al., 2014; Meyer, 2015). For EMNEs, these transactions also help overcome institutional voids, mitigate the liability of foreignness, and compensate for limited international experience by fostering strategic agility, effective asset bundling, and adaptive integration. Importantly, such acquisitions offer value also beyond static efficiency gains by functioning as real options: they allow firms to flexibly pursue follow-on investments, enter new markets, or exploit synergies as conditions evolve. From this perspective, acquiring strategic assets can be viewed as an option-like investment, which increases the firm's strategic maneuverability while deferring some risk until uncertainty resolves (Chi et al., 2019; Kogut & Kulatilaka, 2001). Consequently, dynamic capabilities are essential to enabling the long-term value creation through SAAs.

If these mechanisms function as theorized, the performance outcomes of SAAs should be observable. In the short-term, firms with robust dynamic capabilities should experience positive cumulative abnormal returns (CARs) around the acquisition announcement, as investors reassess

the acquiring firm's growth potential and strategic positioning (Bruner, 2002). This is especially true if investors believe the firm is capable of leveraging the acquired strategic assets effectively. Over the long term, the integration and utilization of these assets should lead to improvements in accounting-based performance indicators such as return on assets (ROA), return on equity (ROE), operating margins, and revenue growth. These metrics offer a more concrete and sustained view of firm-level value creation, complementing the short-term market-based assessments and reflecting deeper operational effectiveness. From a theoretical standpoint, the link between SAAs and firm performance can thus be seen as a direct test of whether strategic intent and external resource acquisition translate into realized competitive advantage. This aligns dynamic capabilities theory with value-creation perspectives in international business. The premise is that successful acquirers do not just "buy performance," but develop the organizational processes needed to integrate and activate strategic assets. In this regard, value creation depends not only on what is acquired, but on how well the acquiring firm can combine strategizing and economizing through the effective deployment of dynamic capabilities. This integrated framework allows an empirical assessment whether SAAs deliver superior performance, both in short-term market valuation and long-term financial outcomes. It is especially relevant in emerging markets, where information asymmetry and capital market inefficiencies may distort short-term market signals, while long-term outcomes depend more heavily on managerial execution and integration capabilities.

The Chinese context offers a particularly compelling setting in which to investigate these dynamics. In 2025, China ranked sixth globally in total outward FDI (UNCTAD, 2025). At the same time, Chinese firms differ markedly in their levels of international experience, ownership structure, and institutional embeddedness. State-owned enterprises (SOEs), for instance, often enjoy strong government support and privileged access to resources but may face challenges

related to bureaucratic rigidity or integration inefficiencies. By contrast, private firms tend to demonstrate greater agility, adaptability and learning capacity, yet frequently operate with more limited financial and institutional supports. Moreover, many Chinese EMNEs remain in the early stages of developing the dynamic capabilities necessary for successful cross-border integration and value realization (Liu & Woywode, 2013; Meyer & Xin, 2018; Zhang et al., 2019). Given this heterogeneity, Chinese SAAs offer a natural laboratory for investigating how different types of acquiring firms manage the complex interplay of strategic intent, resource acquisition, and sustainable value creation.

III. Hypotheses development

To evaluate whether Chinese acquirers translate SAAs into tangible value creation, it is essential to apply a dual-performance lens that captures both investor short-term sentiment and realized long-term financial outcomes. In the short term, CARs surrounding the acquisition announcement serve as a barometer of market expectations and the perceived strategic coherence of the deal (Bruner, 2002; Moeller et al., 2005). These market-based signals reflect how investors assess the acquiring firm's ability to extract future benefits from the transaction, particularly in terms of growth potential and risk mitigation. In contrast, long-term performance outcomes—measured through accounting-based indicators such as return on assets (ROA), return on equity (ROE), and Tobin's Q—provide a more comprehensive assessment of whether post-acquisition integration and capability deployment have translated into sustained financial improvement (Zollo & Meier, 2008).

Market performance

From the perspective of the efficient market hypothesis (EMH), financial markets incorporate the information about the company's strategic decisions and the value they create (destroy) as soon as the information becomes public. It also represents investors' expectations about the firm's future growth opportunities and the value of acquired assets. Positive market reactions serve as a forward-looking assessment of the acquisition's potential and signal credibility in the firm's sensing and seizing capabilities. If investors perceive that the acquisition will advance the firm's global asset base in a way that sustains and enhances its ownership advantage, helps to overcome institutional constraints or provide access to critical resources, they are likely to interpret it as positive growth option (Tao et al., 2017). This interpretation is particularly salient for EMNEs, whose latecomer strategies rely on acquiring and redeploying global assets to mitigate institutional disadvantages and accelerate internationalization (Rui & Yip, 2008). Therefore, under market efficiency assumptions, SAAs should be accompanied by abnormal stock returns that reflect the market's real-time evaluation of the firm's enhanced strategic position. Considering all these points, it is to expect that Chinese acquirers experience positive market reaction due to the anticipated benefits of SAAs and earn abnormal returns:

Hypothesis 1a: Chinese acquirers engaged in cross-border SAAs earn positive abnormal returns around the transaction announcement.

Hypothesis 1b: Acquirers targeting firms in developed economies earn higher abnormal returns than those involved in SAAs in other regions.

Financial performance

Many academic studies have demonstrated that positive market reactions do not always translate into improved long-term operational performance for acquirers. From a dynamic capabilities

perspective, the successful transformation of SAAs into long-term performance improvements depends on a firm's ability to integrate, reconfigure, and apply acquired resources to enhance competitiveness (Teece, 2007). Long-term accounting-based performance, such as profitability, operational efficiency, and growth ratios, captures whether the acquired assets are effectively integrated and utilized to generate sustained value. This outcome tests the firm's reconfiguration capacity—its ability to absorb and deploy resources in a way that enhances competitive position. In this view, the extent to which SAAs lead to superior financial performance offers a concrete test of whether strategic intentions translate into sustained value creation. For instance, it is argued that mergers can enhance a firm's capacity and reduce costs by pooling resources, leading to superior product offerings, larger market share, and long-term profitability (Boateng et al., 2008; Ghauri & Buckley, 2003; Hajiyeva, 2020; Cui and Xu, 2019). Acquiring advanced technologies through SAAs enables Chinese firms to transition from low-profit manufacturing sectors to more lucrative technology industries (Lan et al., 2015), significantly enhancing profitability and overall firm value. The acquisition of distribution channels, brands, and superior management skills or marketing practices should equip Chinese acquirers with valuable resources and capabilities that can benefit long-term performance. For EMNEs, such as Chinese firms, measurable improvements in long-term accounting-based indicators (e.g., ROA, ROE, Tobin's Q) can indicate that the firm has successfully leveraged the acquisition to overcome the liability of emergingness and close global capability gaps. Following this logic, I expect that

Hypothesis 2a: Participation in cross-border SAAs enhances the financial performance of acquiring firms in the post-acquisition period.

Hypothesis 2b: Acquirers of targets located in developed economies will exhibit greater post-acquisition performance improvements compared to those acquiring targets in other regions.

Control variables

To enhance the robustness of the analysis, several control variables are incorporated, each of which is known to influence short- and long-term performance in the broader M&A literature. While these variables are well established in general acquisition research, they are rarely explored in the context of strategic asset acquisitions by EMNEs. Their inclusion in this study enables a more nuanced understanding of the distinctive characteristics of Chinese firms and deal-making behavior in cross-border transactions.

Method of payment

Method of payment remains without doubt one of the most extensively examined determinant in empirical M&A research. Prior studies consistently show that cash-financed transactions achieve superior, or at least, less negative performance in both the short- and long-term (Golubov et al., 2016; Travlos, 1987), while stock-financed deals are more frequently associated with underperformance (Fu et al., 2013; Boateng and Bi., 2014). Cash has remained the most favorable payment method also in the recent years, even though recent academic studies highlight evolving trends in the transaction currency and increasing number of mixed deals (Alexandridis et al., 2012; Boone et al., 2014). In cross-border M&A, the choice of transaction currency becomes even more complex due to institutional, informational, and cultural asymmetries between acquirer and target countries. Dutta et al. (2013) suggest that stock-financed cross-border deals often lead to positive market reaction, due to investor over-optimism surrounding international expansion. Huang et al.

(2016) investigate the changes in M&A payment trends in cross-border transactions and outline a marked decline in the use of cash in cross-border deals, noting that while this trend may reduce the risk of overpayment, it simultaneously lowers the likelihood of deal completion. Dang et al. (2022) underscore the importance of context-specific factors such as target-country uncertainty and cultural distance, demonstrating that non-cash payments are more prevalent in high-uncertainty environments. In the Chinese context, Zhang et al. (2020) highlight the role of institutional characteristics and information asymmetry in shaping payment preferences, showing that urban and state-owned acquirers are more likely to employ stock-based payments than their non-urban or non-SOE counterparts.

From a theoretical standpoint, payment method operates as a credible signal to investors, conveying information about managerial confidence, valuation, and deal quality. Cash-financed deals are typically perceived as reflecting acquirer financial strength, confidence in post-acquisition synergies, and the potential undervaluation of the bidder (Dang et al., 2022). As a result, they tend to trigger more favorable abnormal returns around the announcement date. In contrast, stock-financed deals can be interpreted as signals of uncertainty, potential overvaluation, or dilution risk (Alexandridis et al., 2010; Feito-Ruiz and Menedez-Requejo, 2015). These concerns may be particularly salient for Chinese firms, whose cross-border transactions often face heightened scrutiny due to perceived opacity, political backing, or limited transparency. In the long run, the payment method also influences key financial outcomes by shaping the firm's capital structure, ownership concentration, and post-acquisition financial flexibility. Cash payments avoid dilution but may increase leverage or strain internal liquidity, potentially affecting future growth and profitability. Conversely, stock payments preserve cash reserves but may lead to dispersed control and lower earnings per share, complicating post-merger integration and strategic

realignment. Given that many SAAs by EMNEs involve acquiring financially distressed firms in the developed markets, often in private or illiquid settings, I hypothesize that the choice of payment method significantly shapes both market reaction and long-term financial performance.

> Hypothesis 3: Cross-border SAAs acquirers using cash as payment method achieve higher short-term abnormal returns and long-term financial improvements than those using stock or mixed methods.

Ownership

In the Chinese context, where the state continues to play a central institutional and economic role, ownership structure significantly shapes not only managerial incentives and corporate governance, but also firms' access to capital, political backing, and risk appetite. Prior research has shown that governments have considerable influence over how firms create value in emerging economies (Shi et al., 2014; Zhou et al., 2017; Wang et al., 2020), how markets interpret the motives and credibility of cross-border acquisitions, and how firms integrate and leverage foreign assets (Cuervo-Cazurra et al., 2023). Amighini et al. (2013) show that the patterns of Chinese outward foreign direct investments vary systematically by ownership type. While private firms tend to be market-driven and seek strategic assets in low-risk environments, state-owned enterprises (SOEs) often follow national strategic imperatives, investing heavily in resource-rich regions regardless of host-country political or economic conditions.

From a market-based perspective, ownership sends strong informational signals to investors. Private acquirers are typically viewed as more efficiency-oriented, responsive to market signals, and focused on shareholder value (Xie et al., 2024), which may result in more favorable short-term market reactions. Their acquisitions are often interpreted as commercially motivated strategies for

value creation. In contrast, SOEs are sometimes perceived as pursuing broader, politically motivated goals, such as securing assets or fulfilling state policy directives, potentially raising concerns about agency problems, overinvestment, or limited financial discipline. In the long term, ownership is likely to influence post-acquisition integration, resource allocation, and governance quality. Private firms may be better positioned to realize performance improvements through stronger managerial incentives, greater operational flexibility, and more agile decision-making structures, leading to superior outcomes in profitability, growth, and firm value (e.g. Tobin's Q). Nonetheless, private firms often face institutional disadvantages, such as reduced access to financing, higher tax burdens, and limited regulatory support (Ralston et al., 2006). SOEs, by contrast, benefit from institutional legitimacy, policy support, and preferential financing (Luo et al., 2010; Sun et al., 2017; Tihanyi et al., 2019), but may encounter bureaucratic inefficiencies, weaker innovation incentives, and diluted accountability, which could constrain their ability to extract value from acquired assets. Given that private firms continue to drive China's internalization efforts (Xie et al., 2024) and often mitigate institutional constraints through political connections or partial state ownership, it is reasonable to expect that their performance will be comparatively stronger than that of their state-owned counterparts both in terms of long-term financial outcomes and more favorable short-term market reaction, reflecting investor confidence in their strategic intent and execution capabilities.

Hypothesis 4: Public Chinese acquirers engaged in cross-border SAAs exhibit superior short-term market reactions and long-term financial performance compared to state-owned enterprises.

Transaction value

Transaction value, or deal size, represents a fundamental determinant of both the strategic importance and performance implications of SAAs. It reflects not only the scale of the investment but also the acquiring firm's commitment, risk tolerance, and strategic intent. From a short-term market perspective, high-value transactions tend to attract heightened investor scrutiny and media attention, often triggering more pronounced market reactions. At the same time, large deals may signal strong managerial confidence, robust financial capacity, and ambitious international growth strategies, especially when targeting high-profile firms in advanced economies, which elicits positive abnormal returns at announcement. On the other hand, such transactions can raise concerns regarding execution risk, overextension, and post-deal integration challenges, particularly in case of Chinese acquirers that may still face skepticism over their global experience and governance capabilities. Empirical evidence offers mixed support for the role of deal size in value creation. Alexandridis et al. (2013) argue that acquirers tend to pay lower premiums for larger targets, reducing the likelihood of overpayment. However, large deals are still associated with value destruction at the announcement stage, suggesting that size may proxy for hidden complexity and integration risk. In contrast, Dell'Acqua et al. (2018) find a significant positive association between transaction value and abnormal returns for acquirers in both developed and emerging markets, indicating potential value creation through scale, synergies, or market signaling.

From a long-term performance perspective, transaction value influences capital allocation efficiency, integration burden, and the potential for economies of scale. Larger acquisitions often involve more strategically valuable assets than can enhance the acquirer's capabilities, productivity, and market reach over time. However, capturing these benefits requires sophisticated integration capabilities and dynamic managerial competencies (Kim et al., 2020; Liu and

Woywode, 2013; Wang et al., 2020). For Chinese firms, particularly those originating from emerging institutional environments, large SAAs may exacerbate post-deal coordination, governance, and cultural integration challenges—thereby hindering sustainable value realization. Moreover, high-value transactions frequently require external financing, increasing leverage and potentially distorting financial ratios such as ROA, ROE, and debt-to-equity. These factors may constrain the firm's future investment capacity or magnify performance risk.

> Hypothesis 5: Larger transaction values in cross-border SAAs are negatively associated with both short-term market reaction and long-term financial performance of acquirers.

Cash reserves

In both theoretical and empirical research, corporate cash holdings are widely interpreted as signals of financial health, investment capacity, and strategic flexibility, indicating confidence, autonomy, and a reduced likelihood of financial distress post-acquisition. From a long-term perspective, liquidity plays a critical role in facilitating the realization of synergies, as firms with ample cash reserves are better positioned to absorb integration costs, manage unforeseen contingencies, and fund complementary investments (e.g. talent acquisition, operational harmonization, or innovation upgrades) that are often necessary to fully unlock the value of SAAs. In contrast, firms with limited internal liquidity may be forced to rely on external financing, potentially exacerbating leverage, increasing financial fragility, and constraining post-acquisition flexibility. This tendency is particularly strong in the context of China's partially liberalized capital markets. Empirical evidence supports this dual perspective. Ren et al. (2024) find that free cash flow (FCF) significantly influences takeover decisions and post-acquisition outcomes. Low-FCF acquirers tend to purchase lower-quality targets, prefer stock-based financing, exhibit post-deal increases in

leverage, and significantly underperform in capital markets relative to peers. Similarly, Gao and Mohamed (2018) report that cash-rich acquirers outperform cash-constrained firms, arguing that cash reserves reflect managerial confidence and insider knowledge rather than merely mitigating agency costs. Their findings support a precautionary motive for maintaining liquidity. However, other studies highlight the potential downsides of excess cash. Martynova et al. (2011) and Moeller at al. (2004) argue that firms with excessive liquidity may exhibit lower deal discipline and engage in empire-building behaviors, resulting in suboptimal target selection. Oler (2008) finds that acquirers with high cash balances suffer negative post-acquisition returns and a decline in operating performance, suggesting that market participants may initially underreact to the negative implications of cash hoarding. In the Chinese context, Yang et al. (2019) show that cash-rich listed firms are more likely to pursue acquisitions as a form of tunneling—using excess cash in self-serving ways rather than returning value to shareholders. These firms often experience inferior short- and long-term performance. Notably, cash-financed acquisitions in China tend to generate worse abnormal returns around the announcement date than stock-based deals and lead to a significant deterioration in post-merger operating performance.

In line with this mixed theoretical and empirical evidence, and recognizing that high corporate liquidity may increase the risk of overpayment or value-destructive transactions, particularly in environments with weak governance or information asymmetry, the following hypothesis is proposed

Hypothesis 6: Higher levels of corporate liquidity are negatively associated with the long-term financial performance of acquirers undertaking cross-border SAAs.

Crisis

To account for the potential confounding effects of the COVID-19 pandemic, a "crisis" dummy variable is introduced. It distinguishes between firms that completed SAAs during the pre-pandemic period (2010–2016) and those that finalized deals between 2017 and 2019 and whose post-acquisition performance may have been directly affected by the global health crisis. This adjustment is critical to avoid biased or misleading conclusions regarding the effectiveness of SAAs. By explicitly controlling for whether a transaction was exposed to the exogenous shock of COVID-19, the analysis more accurately isolates the impact of firm- and deal-specific characteristics on long-term financial outcomes. The COVID-19 pandemic triggered one of the most severe global economic contractions in recent history, affecting capital flows, supply chains, labor markets, and consumer demand across nearly all sectors. Tian and Wang (2024) observe that firms became more cautious in their acquisition strategies during this period, and both short- and long-term stock market reactions became more pronounced. For acquirers engaged in cross-border transactions, the pandemic introduced substantial exogenous variation in post-deal outcomes, unrelated to the intrinsic quality or strategic intent of the acquisition. From a long-term performance perspective, transactions concluded immediately before the pandemic may exhibit weaker growth, profitability, or asset performance not as a result of poor strategic alignment, but due to unforeseen external constraints on execution and integration. At the same time, firms with superior dynamic capabilities, which are able to adapt rapidly, reconfigure assets, and exploit new market conditions, may demonstrate resilience and recover more quickly, mitigating the adverse effects of the crisis. Rao-Nicholson et al. (2016) show that the performance of acquiring firms during the crisis outpaced that of acquirers completing deals in more stable periods, suggesting a selective advantage among more agile or well-resourced firms.

Considering the complexity and execution risks inherent in cross-border SAAs, especially under crisis conditions, it can be proposed that

> Hypothesis 7: The COVID-crisis had a negative impact on the long-term financial performance of Chinese firms engaged in cross-border SAAs.

Cross-border diversification

One additional variable is added as a control one into multiple regression analysis to highlight the difference in the performance between strategic acquirers participating in cross-border SAAs and those participating in domestic strategic transactions. This distinction is analytically important, as international and domestic acquisitions differ markedly in terms of strategic complexity, operational risk, and value creation potential. Cross-border SAAs enhance growth prospects of bidders that have exhausted investment opportunities in the domestic market and acquire resources and skills that are not available domestically (Bertrand and Betschinger, 2012). They can also signal international ambition and growth orientation, thereby enhancing investor confidence in the acquiring firm's global competitiveness. However, these benefits are accompanied by substantial integration challenges. Entering foreign markets typically entails navigating complex legal, regulatory, and cultural systems, and managing geographically dispersed operations (Dutta et al., 2013). The geographical-cultural proximity between bidder and target is one of the most widely addressed issues in the international business research (e.g. Kogut and Singh, 1988; Aybar and Ficici, 2009; Brock, 2005; Boateng et al., 2019; Drogendijk and Slangen, 2006; Murtinu et al., 2023). For EMNEs, additional liabilities of foreignness, institutional misalignment, and unfamiliarity with advanced market dynamics may dampen post-acquisition performance or lead to negative investor reactions at the announcement stage. In contrast, domestic SAAs are often perceived as less risky, with fewer barriers to post-deal integration and greater organizational

familiarity. These transactions tend to generate more stable and predictable short-term market reactions and operational improvements. However, they may offer more limited opportunities for strategic renewal, internationalization, or access to transformative capabilities. Thus,

Hypothesis 8: Chinese acquirers undertaking cross-border SAAs exhibit superior short-term market reaction and long-term financial performance compared to those engaging in domestic strategic acquisitions.

IV. Data and methodology

Data

I collect deals marked as "acquisition of strategic assets" from China Stock Market & Accounting Research Database (CSMAR). The choice of the transactions solely of this type fits best the goal of this study and helps to reduce any biases which might be caused by the different goals of M&A (the results of academic studies prove that performance of transactions often depends on its goal (e.g. Vinogradova, 2018; Angwin et al., 2022). The previous empirical research showed that the goal and intent of M&A have impact on the future performance. The final data set includes 380 transactions completed by Chinese public companies listed on the Shenzhen and Shanghai Stock Exchanges in the period from 2010 till 2019. This period includes the most active M&A years which were highlighted by the Chinese "go abroad" policy and finished directly before the start of COVID crisis. All transaction included into the final sample, fulfill following criteria: 1) the acquirer is the Chinese public company listed in the Shanghai Stock Exchange and the Shenzhen Stock Exchange; 2) the transaction is announced in the period from 01.01.2010 till 31.12.2019 and has status "completed"; 3) the stock price data is accessible during the whole event window and for 200 trading days previous to the M&A announcement date; 4) the M&A is strategic, with

friendly or neutral attitude; 5) the acquirer has 100% ownership after the completion of the deal. The final data sample includes a wide range of industries, excluding real estate and financial services. Table 1 shows its overall descriptive statistics. We can observe that only one third of the deals were completed by the state-owned enterprises.

TABLE 1 HERE

The most favorable type of transaction currency was by far cash, used by 91% of the acquirers. The Chinese MNEs acquired the targets around the world, however, the major regions were the developed markets, i.e. Europe with 36%, Noth America with 33%, followed by the neighbor region of Asia-Pacific with 24%. The acquiring companies showed on average a better financial performance and outperformed the industry in terms of P/B ratio, EBITDA/SALES and current ratio.

Methodology

To analyze the short-term market performance of acquiring firms, I employ the classical event-study methodology (the detailed description of methodology can be found in appendix 1). The method which is widely used in various disciplines allows to assess the reaction of the market on the acquisition announcement and calculate positive (negative) abnormal returns as a measure of positive (negative) value created by the acquirer. Since this study focuses on the performance of acquiring companies, abnormal returns for target company shareholders were not calculated, and no conclusions were drawn about the combined creation and distribution of shareholder value in the transactions. The event date was defined as the first day the public was informed about the transaction, as recorded in the CSMAR database. All Ordinary Least Squares (OLS) regression models were controlled for autocorrelation using the Durbin–Watson statistic and for

multicollinearity through tolerance intervals for individual variables. To accommodate relatively low efficiency of the Chinese capital market, I compute the announcement CARs over different event windows from the shortest one (-1;1), which is widely used in the academic empirical studies, over (-5;5) to the longest one (-20;20). This approach allows comparing the results with previous research and account, at the same time, for potential time lags in market reactions to the deal announcement. In addition to the analysis of abnormal returns, I investigate the impact of the control variables on the abnormal returns using the univariate analysis with a mean-difference test following Beitel et al. (2004).

To evaluate long-term post-event performance of acquiring companies, I apply both change and intercept model. In the first step, I measure the changes in bidders' performance over three years following the transaction, comparing the median performance over three years preceding the transaction to the median profitability over three years following the transaction. For a deeper analysis I apply a rage of financial ratios, including Price-to-Book (P/B), Tobin'sQ, return on equity (ROE), profit growth, and return on assets (ROA). Following Kukalin (2013), profitability was calculated using EBITDA/SALES ratio, which approximates the true cash flow of the company. An overview of all variables used in the analysis is summarized in table 1.

TABLE 2 HERE

To test the statistical significance of differences in operating performance, both parametric and non-parametric tests were applied. For parametric analysis, paired t-tests were used to evaluate changes in mean values, while the non-parametric Wilcoxon test was employed to compare medians. The null hypothesis tested say that there is no significant difference between pre-event and post-event performance. To cross-check the results, the intercept model introduced by the seminal study by Healy et al. (1992) was used. The model uses the intercept of regression of post-

acquisition industry-adjusted performance on the corresponding pre-acquisition values. The regression model incorporating factors from table 1 can be summarized as following:

$$medianOP^{post} = \alpha_0 + \alpha_1\, medianOP^{pre} + \alpha_2\, \text{IntDiv} + \alpha_3\, \text{Ownership} +$$

$$\alpha_4\, \text{MethodP} + \alpha_5\, \text{TransValue} + \alpha_6\, \text{CashRes}^{pre} + \alpha_7\, \text{Crisis} + \varepsilon$$

V. Results of analysis

Short-term market performance

The results of the market-based analysis indicate that, overall, acquiring companies earned positive abnormal returns across both short-term and long-term event windows. In the short-term event window (-1;1), CARs reached +2,312% increasing further to +4,134% in the broader event-window (-10;10). The CARs on the announcement day and in two-day event window continued to increase and were +1,213% and +1,659% for the event-windows (0;0) and (0;1), respectively.

A more granular analysis, distinguishing between cross-border and national deals, reveals that the observed positive performance was predominantly driven by national transactions. Within the (-1;1) window, international acquirers achieved CARs of +1,462% compared to +2,771% for national acquirers. The difference increased considerably with the length of the event-window, as in the event window (-10;10) international acquirers' CARs dropped to just +0,988% while national acquirers earned returns of +5,848%. In the extended (-20;20) window, international acquirers recorded negative abnormal returns of -1,576%, while national acquirers sustained strong positive results of +5,952%. This downward adjustment for international transactions appears to have occurred largely after the official announcement, suggesting that initial investor optimism gave way to more cautious reassessment as additional information became available. Nevertheless, the significant positive CARs for international acquirers in the immediate short-term window (–1;

+1) support the acceptance of hypothesis 1a, indicating that cross-border SAAs deals by Chinese firms were initially welcomed by investors. These findings are consistent with prior research by Song et al. (2017), Tao et al. (2017), and Edamura et al. (2014), but contrast with the more critical results reported by Shah and Arora (2014), Reddy et al. (2019) and Aybar and Ficici (2009).

Cross-border versus national acquirers

To further examine the performance differences between cross-national and national bidders, I analyze the distribution of average abnormal returns (AARs) for each sub-group across the event window (-20;20). As illustrated in figure 1, the performance of international acquirers appears significantly more volatile and dispersed compared to the national ones. International acquirers demonstrated a strongly erratic pattern of market response.

|FIGURE 1 HERE

An initial surge in share prices emerged eighteen days prior to the announcement but quickly dissipated, giving way to large fluctuations in the days that followed. Although a moderate increase was observed one day before the official disclosure, its magnitude was notably smaller than the corresponding reaction for national bidders. In the post-announcement period, international acquirers faced pronounced fluctuations in their share prices, which largely eroded their initial gains. This heightened volatility may be attributed to the greater uncertainty surrounding cross-border transactions, including challenges in assessing strategic fit, integration risks, and the overall likelihood of realizing anticipated synergies. Such uncertainty could negatively affect investor confidence and result in more cautious or inconsistent market responses to international SAAs.

In contrast, market signals related to the domestic transaction began emerging approximately seventeen days prior to the official announcement, triggering a modest but statistically significant

positive reaction. On the announcement day, firms engaged in national transactions experienced a sharp and immediate increase in share prices, indicating strong market approval. This was followed by a relatively stable adjustment period over the subsequent twenty days, suggesting sustained investor confidence in the strategic benefits of domestic acquisitions.

These findings do not support hypothesis 8 with the respect to short-term market performance, leading to its, at least partial, rejection.

SAAs in developed versus non-developed countries

In the second step, I examine whether bidder performance varies depending on whether the target firm is located in a developed or non-developed region. Table 4 presents the results.

TABLE 4 HERE

Overall, transactions in both sub-groups are associated with positive abnormal returns within the short-term event-window (-1;1), amounting for +1,440% for developed and +1,526% for non-developed regions. However, only CARs for transactions involving targets in developed countries are statistically significant at 10% level. Although developed market targets are often assumed to offer superior technological capabilities, established brands, and institutional stability, the difference in CARs between the two groups is marginal. Notably, CARs for acquisitions in developed economies exhibit higher volatility as the event window expands, suggesting increased uncertainty or integration complexity over time. These findings suggest that hypothesis 1b can only be partially confirmed. While acquisitions in developed countries generate statistically significant positive returns, the advantage over non-developed regions is minimal, and the returns are accompanied by greater variability.

A deeper regional analysis reveals that bidder performance is generally positive across most target regions. Acquirers of North American firms record the highest CARs of +2,021% in the event-window (-1;1) and even improve this performance in the days following the announcement, although these results are not statistically significant. Bidders targeting European firms also generate positive returns of +1,459% in the (-1;1) window, but their performance weakens over longer horizons relative to North American deals. By contrast, acquisitions involving targets in Asia, as well as in Australia and New Zealand generate consistently lower and often negative CARs across most event windows, including those immediately surrounding the announcement. While CARs in the short-term event window (-1;1) are positive, reaching +1,093% for Asia and +0,681% for Australia and New Zealand, post-announcement windows reveal a persistent decline, with CARs turning negative across all subsequent periods. These findings suggest that investors do not evaluate the value of strategic asset acquisitions based on a binary classification of developed versus non-developed countries. Rather, market reactions appear to reflect a more nuanced assessment of regional strategic fit, expected synergies, and the alignment between the acquirer's capabilities and the specific characteristics of the target's local environment.

Impact of control variables

Finally, I explore the influence of key control variables on the abnormal returns of acquiring firms through a univariate analysis. Tables 5 and 5a summarize the findings.

TABLES 5 and 5a HERE

Overall, the findings reveal statistically significant effects of payment method, geographical diversification, and transaction value on bidders' CARs. Contrary to expectations, ownership

structure (state-owned vs. publicly owned) does not generate significant differences in market response.

Clear performance differences emerge between international and national acquirers, particularly in the mid- and long-term event windows. The method of payment is a particularly important differentiator. For international acquirers, cash-financed transactions yield significantly higher CARs in both the short-term (-1;1) and mid-term (-5;5) windows, with both results significant at 1% level. However, this advantage reverses in the long-term (-20;20) window, potentially reflecting market concerns about liquidity constraints or integration costs in complex cross-border environments. In contrast, national acquirers achieve consistently higher and statistically significant at 1% level CARs across all event windows when deals are financed through stock or mixed payment. These results suggest that cash-based payments are perceived more positively in the context of international SAAs, possibly due to their signaling effect in mitigating the liability of foreignness, reducing transaction uncertainty, and demonstrating financial commitment. In domestic transactions, however, equity-based financing may be interpreted as a signal of long-term growth orientation or strategic alignment, leading to more favorable market reactions. These results are consistent with prior research (e.g. Dang et al., 2022; Boone et al., 2014; Buckley et al) and provide support for hypothesis 3 in the context of short-term market-based performance.

A consistent positive relationship between the deal size and bidder returns is observed only for national transactions in the short-term event window (-1;1), significant at 10% level. Larger targets are associated with superior bidder performance, suggesting that markets perceive high-value transactions as more strategically impactful or credible. Although a similar trend is observed for international acquirers, the results are not statistically significant. This reinforces the idea that transaction value serves as a proxy for strategic importance or expected synergies, in line with the

results of prior research (e.g. Dell'Acqua et al., 2018). Based on this evidence, hypothesis 5 is rejected with respect to short-term market performance.

In addition, the results provide empirical evidence of performance difference between international and national bidders, with international acquirers underperforming the national ones. The difference is significant for the mid-term (-5;5) and long-term (-20;20) windows at 5% and 10% level, respectively. However, no significant difference is observed in the short-term (-1;1) window. This pattern suggests that the initial optimism of investors surrounding cross-border acquisitions tends to reverse once additional information becomes available. Given that international CARs in the event-window (-1;1) remain below those of national acquirers, hypotheses 8 is rejected with respect to short-term market-based performance.

Finally, no significant relationship is identified between ownership structure and bidder CARs in either the international or national sub-group. This suggests that investors do not systematically differentiate between state-owned and privately controlled firms when evaluating acquisition announcements, and that other deal- and firm-specific variables play a more decisive role in shaping market reaction. Accordingly, these findings lead to the rejection of hypothesis 4.

Long-term financial performance

Overall, the analysis based on median values indicates that the long-term performance of acquirers engaged in SAAs deteriorated across most key financial ratios, with the exception of Tobin's Q and the debt-to-equity (D/E) ratio. Table 6 summarizes the overall results.

TABLE 6 HERE

The most pronounced decline was observed in the median price-to-book (P/B) ratio, which dropped by 43%. Profitability, measured by EBITDA/Sales, fell by 0.49%, growth rates declined by 2.5%, and return on equity (ROE) decreased by 0.84%. These changes are statistically significant at the 5% and 1% levels, respectively. In contrast, the D/E ratio increased by 23.89% and Tobin's Q rose by 32.37%, both significant at the 10% level, suggesting some perceived improvement in market-based valuation despite the weakening of financial fundamentals.

A key question in the context of SAAs is whether acquirers are able to expand growth opportunities or enhance profitability over time. To address this, I examine firm-level dynamics in EBITDA/Sales and growth indicators over the three years following the deal completion. Table 7 presents a breakdown for the median post-acquisition financial values and highlights the results for international and national bidders.

TABLE 7 HERE

Overall, among firms that underperformed their industry peers prior to acquisition (55% of the sample), nearly half improved their post-deal profitability. However, one-third (33%) of all underperforming firms, irrespective of deal type, continued to report weaker performance throughout the three-year post-acquisition period. For international acquirers, pre-event performance was slightly stronger, with 48% underperforming their industry EBITDA/SALES. 34% of them managed to improve results over the subsequent three years. Among those that initially showed strong results (52%), only 30% sustained or improved profitability post-acquisitions, while another 30% experienced strong year-on-year deterioration.

Growth performance presents an even more challenging picture. Overall, a large majority (72%) of acquirers underperformed their industry in the pre-acquisition period. Out of these, only 18% were improved their growth rates, while 40% showed no improvement in any of the three years following the transaction. Among international bidders, 67% underperformed prior to the deal. 29% maintained this weak performance, while 28% improved their results in the post-acquisition years. For firms starting from a position of strong pre-event growth (31% of international bidders), just 26% were able to sustain or improve performance, whereas 50% experienced a marked decline in the years after the acquisition. These patterns indicate that post-acquisition profitability shows modest potential for recovery, while growth performance remains elusive for the majority, with limited evidence of sustained improvement.

Cross-border versus national acquirers

In the second stage of analysis, I look more deeply into the post-acquisition financial ratios of acquirers engaged in cross-border SAAs and compare their results with a control group of national strategic acquirers (tables 6a and 6b).

TABLE 6a AND 6b HERE

Based on median values, international acquirers demonstrate moderate improvements in several key indicators. Specifically, they achieved a 29.871% increase in sales growth, although this change is not statistically significant. The growth in operating profit rose by 4.687%, significant at the 10% level under parametric testing. Market-based performance, measured by Tobin's Q, also increased by 20.083%, although the change did not reach statistical significance. However, some indicators reflect a slight deterioration in operational performance. Return on assets (ROA), return on equity (ROE), and EBITDA/Sales each declined by approximately 2%, with statistical

significance confirmed through non-parametric tests. The debt-to-equity (D/E) ratio increased by 30.377%, statistically significant at the 1% level, suggesting that international acquirers may have relied more heavily on leverage to finance these transactions.

National acquirers, in contrast, exhibited a more uniformly negative post-acquisition performance and failed to achieve improvements across any of the analyzed financial ratios. Median sales growth and growth in operating profit declined by 4.223% and 5.081%, respectively, while profitability (measured by EBITDA/Sales) dropped by 0.114%. None of these changes were statistically significant. Market-based performance also weakened as the P/B ratio fell by 50.318% and Tobin's Q decreased by 10.891%, both statistically significant at the 1% level according to the Wilcoxon signed-rank test. Declines in ROA and ROE were relatively modest with less than 1% but statistically significant at the 1% level. The only positive change was observed in the D/E ratio, which rose by 20.634%, significant at the 1% level using non-parametric methods and at the 5% level with parametric tests. These findings provide partial support for hypothesis 8 in the context of long-term financial results.

SAAs in developed versus non-developed countries

An analysis of post-acquisition performance by target region (table 8) highlights a general decline across most financial ratios, with a few notable exceptions.

TABLE 8 HERE

Acquirers of targets located in Australia and New Zealand demonstrated the most positive outcomes in terms of growth, achieving an 11.483% increase in growth rate, which is statistically significant at the 10% level. This sub-group also showed marginal improvements in

EBITDA/Sales, ROA, and Sales/Assets, along with a reduction in the debt-to-equity (D/E) ratio, although these changes were not statistically significant. Given that this group exhibited the weakest CAR around the announcement date, the positive shift in post-acquisition fundamentals is both surprising and noteworthy. Acquirers targeting firms in other developed regions, i.e. North America and Europe, achieved modest improvements in operating profit growth. While this effect reached statistical significance for the broader "developed" sub-group at 10% level, it was not significant when North America and Europe were analyzed individually. Both parametric and non-parametric tests indicate that, within these regions, the number of firms realizing negative performance outcomes exceeded those showing positive results. This suggests that the observed improvements were largely driven by a small subset of transactions yielding outsized gains, rather than a widespread trend of successful post-acquisition performance. Within the developed markets sub-group, there is also weak yet statistically significant evidence of a post-acquisition increase in the P/B ratio, accompanied by a modest decline in EBITDA/Sales and a more pronounced deterioration in ROA and ROE. These trends suggest limited success in translating strategic asset acquisitions into tangible performance improvements. In contrast, acquirers targeting firms in non-developed region (grouped under "Others") exhibited a statistically significant rise in leverage, as reflected by the D/E ratio. In fact, a general increase in post-deal indebtedness was observed across all regional sub-groups, with the sole exception of Australia and New Zealand. These findings confirm partially hypothesis 2b.

Impact of control variables

Finally, I incorporate control variables into the analysis to examine their influence on changes in post-acquisition financial performance. This is done through multiple regression and intercept models, with results summarized in Tables 9 and 9a.

TABLES 9 and 9a HERE

Overall, the findings indicate that post-acquisition outcomes are strongly conditioned by firms' pre-deal performance in nearly all indicators, underscoring path dependency in performance trajectories, where prior strengths or weaknesses largely persist after the transaction. In addition, the regression models outline the impact of control variables on the long-term financial performance of bidders. Transaction value, ownership structure, method of payment, COVID-crisis significantly shape long-term bidder performance, although with differing effects for national and international acquirers.

Consistent with the short-term market-based analysis, the method of payment remains a significant determinant in cross-border transactions. International acquirers that paid in cash achieved higher post-deal EBITDA/SALES, statistically significant at 5% level. This may possibly reflect more disciplined deal execution or the ability to secure more financially sound targets compared to stock-based transactions. In contrast, payment method had no discernible effect for national acquirers. These results partially confirm hypothesis 3 in the context of EBITDA/SALES ratio.

In contrast to the short-term market-based findings, state ownership exhibits a significant positive impact on certain financial ratios for cross-border bidders. Specifically, it is associated with higher ROA (5% significance), Sales/Assets (1% significance), and ROE (10% significance), suggesting that government-backed firms may possess superior capabilities or benefit from policy support that enhances post-acquisition integration and efficiency. These findings align with prior research (e.g. Luo et al., 2010; Tihanyi et al., 2019; Gu, 2023) and lead to the rejection of hypothesis 4 with respect to long-term performance.

Transaction value also emerges as a positive driver of post-acquisition outcome. Larger transactions are associated with stronger ROE and Sales/Assets for international bidders (significant at 10% and 5%, respectively) and with improved EBITDA/SALES for national acquirers (significant at 5% level). These results, consistent with Dell'Acqua et al. (2018), contradict hypothesis 5 for long-term performance.

The COVID-19 crisis significantly reduced post-deal P/B ratios among international acquirers (1% significance level), emphasizing the vulnerability of cross-border deals to external shocks. It also exerts a statistically significant negative effect on ROE ratio (10% significance levels), but positive effect on sales growth of national acquirers. This pattern may be explained by a more cautious approach to transactions, combined with stronger resource bases and organizational capabilities that enabled domestic bidders to capitalize on crisis-induced opportunities. Hypothesis 7 can be partially confirmed with the respect to long-term performance.

Finally, pre-acquisition corporate liquidity showed no significant association with post-deal performance for either national or international acquirers, leading to the rejection of hypothesis 6.

VI. Robustness check

To account for the potential impact of the COVID-19 crisis, a comparative analysis was conducted by dividing the sample into two sub-groups: the first comprising acquirers that completed transactions between 2010 and 2016, and the second including those with deals finalized between 2017 and 2019. However, the results revealed no significant differences in post-acquisition performance between the two groups, nor did the influence of specific explanatory variables vary meaningfully across the subsamples. In addition, to enhance the robustness of the findings, both raw and industry-adjusted performance indicators were examined. The raw data did not yield

significantly different results. The analysis and interpretation rely on industry-adjusted metrics, as they offer a more rigorous benchmark by accounting for sector-specific dynamics and broader market fluctuations.

VII. Conclusions

Strategic asset-seeking acquisitions (SAAs) undertaken by emerging market multinational enterprises (EMNEs) are often regarded as a strategic pathway to overcoming the "liability of emergingness" and achieving competitive advantage through the acquisition of high-value, often unavailable in the home countries resources. This study explores whether Chinese acquirers engaged in SAAs outperform their national counterparts and whether they succeed not only in "strategizing" but also in "economizing," thereby generating tangible sustainable value. To this end, a unique dataset was constructed, comprising transactions explicitly identified as strategic asset acquisitions completed between 2010 and 2019, based on a comprehensive national database. Notably, a substantial portion of the cross-border deals in the sample involve targets located in developed economies.

The findings indicate that, overall, Chinese strategic acquirers generate positive cumulative abnormal returns (CARs), consistent with prior evidence reported by Song et al. (2017), Tao et al. (2017), and Edamura et al. (2014), but contrasting with the results of Shah and Arora (2014), Reddy et al. (2019), and Aybar and Ficici (2009). However, the most pronounced short-term market-based gains were observed among national acquirers. While cross-border transactions also yielded positive CARs, these were lower than those associated with domestic deals and reached statistical significance only within the narrow (-1;1) event window, suggesting a relatively more cautious investor response to international transactions. To validate these findings, additional analyses were conducted comparing CARs of acquirers targeting firms in developed versus non-

developed markets, and across various world regions. Interestingly, while acquirers of targets in developed countries recorded higher CARs than those targeting firms elsewhere, these results were not statistically significant. In particular, the acquirers of North American targets achieved the highest CARs, while acquisitions in Europe were associated with consistently negative CARs across all event windows examined. These patterns suggest that investors did not uniformly perceive resource acquisitions in developed markets as value-enhancing. The positive reactions appear to be more strongly associated with the specific location or perceived strategic relevance of individual deals rather than with developed market targeting per se.

The analysis of long-term post-acquisition performance does not yield more optimistic results. Overall, the median industry-adjusted performance of acquiring firms declined across all financial ratios, except for Tobin's Q. Acquirers engaged in cross-border SAAs demonstrated modest improvements in sales growth, growth in operating profit, and Tobin's Q, but these changes were only partially statistically significant. Moreover, these gains were accompanied by a notable increase in their debt-to-equity (D/E) ratios. The long-term performance of international acquirers did not vary substantially across different target regions. Nonetheless, acquirers of targets in Australia and New Zealand experienced a statistically significant improvement in growth rates, while those acquiring targets in North America and Europe recorded moderate gains in operating profit growth. In contrast, national acquirers exhibited no meaningful improvement in financial performance over the long term.

This study also identifies several variables that significantly influenced both the short- and long-term performance of acquiring firms. Among these, the method of payment emerged as particularly important, although its effect varied across transaction types. International acquirers paying in cash

achieved significantly higher CARs in the short- and mid-term event windows. In contrast, national acquirers performed better when transactions were financed through stock or mixed payment methods. Transaction value also played a critical role. Firms engaging in larger acquisitions tended to achieve superior performance outcomes in both the short and long run. While state-ownership had no discernible effect on short-term returns, it was positively associated with improved ROA, ROE, and SALES/ASSETS ratios in cross-border transactions. In contrast, pre-acquisition cash reserves had no significant impact on long-term performance in either national or international acquisitions. The COVID-19 crisis had a negative effect on post-acquisition ROE for national transactions and reduced P/B ratios for cross-border deals.

Collectively, these findings underscore the importance of evaluating SAAs not only through the lens of "strategizing" but also through the lens of "economizing" and long-term value creation. While certain high-profile acquisitions by EMNEs in developed economies have yielded favorable outcomes, there is no conclusive evidence that such transactions systematically generate value. These insights highlight the need for a more nuanced understanding of when and under what conditions SAAs translate into sustainable performance gains. Future research should continue to explore the boundary conditions and mechanisms through which EMNEs can convert strategic intent into economic returns, particularly in the context of post-acquisition integration and capability development.

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Table 1: Descriptive statistics for the data sample

	No of deals	Percent (%)	Deal value (CNYmn)	International (N)	National (N)	Shangai Exchange (N)	Shenzhen Exchnage (N)
Panel A: Announcement year							
2010	9	2%	4,483.87	1	8	4	5
2011	14	4%	2,499.37	3	11	10	4
2012	18	5%	5,465.59	8	10	8	10
2013	14	4%	9,691.97	2	12	7	7
2014	32	8%	10,073.19	12	20	10	22
2015	64	17%	33,485.27	21	43	12	52
2016	76	20%	67,752.93	35	41	24	52
2017	52	14%	19,418.56	19	33	16	36
2018	55	14%	31,820.45	21	34	16	39
2019	46	12%	13,567.64	13	33	17	29
Total	380	100%	198,258.84	135	245	124	256

	No of deals	Percent (%)
Panel B: International diversification		
National	245	64%
International	135	36%
Total	380	100%
Panel C: Ownership		
State-owned company	91	24%
Non-state-owned ompar	289	76%
Total	380	100%
Panel D: Region of target (international deals)		
North America	45	33%
Latin America	5	4%
Europe, incl. UK	48	36%
Asia Pacific	33	24%
Africa	1	1%
Others	3	2%
Total	135	100%
Panel E: Method of payment		
Cash	344	91%
Stock	21	6%
Mixed	15	4%
Total	380	100%

Panel F: Pre-event opearting performance (average 3 years)		
	N	**Ind.-Adj. Results**
P/B	380	1.322
Tobin's Q	380	-0.129
Revenue Growth	380	-2.450
Operating profit growth	380	-0.770
EBITDA/SALES	380	0.869
Sales/Assets	380	-0.015
D/E	380	-0.040
ROA	380	-0.007
ROE	380	0.000
Current ratio	380	0.525
Panel G: Presented industries		
Agriculture	7	2%
Resources extraction	6	2%
Manufacturing	276	73%
Power production and supply	13	3%
Construction	7	2%
Wholsale & Retailing	21	6%
Transportation	11	3%
IT Services	16	4%
Business services & research	6	2%
Public facilities & environme	8	2%
Media & Culture	3	1%
Others	6	2%
Total	380	100%

Table 2: Overview of major variables

Variables	Name	Description	Anticipated sign
Long-term operational performance			
Profitability	EBITDA/SALES	Acqurirer's earnings before interest depreciation and amortisation divided by sales three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Efficiency	SALES/ASSETS	Acqurirer's total sales divided by total assets three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Growth	SALES GROWTH	Acqurirer's sales growth rate three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Debt level	D/E	Acquirers total debt divided by total equity three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	-
Long-term financial performance (additional variables)			
Profitability	ROE	Acqurirer's net income divided by book value of equity three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Efficiency	ROA	Acqurirer's net income divided by total assets three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+/-
OPGrowth	Operating profit growth	Acqurirer's operating profit growth rate three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Market performance	P/B ratio	Acqurirer's Price-to-Book ratio three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
	Tobin'sQ	Acqurirer's total market value divided by total book value three years before and after the deal. Median values were used for the analysis. The change in performance was calculated both as raw and industry-adjusted.	+
Control variables			
Method of payment	METHODP	1- if M&A is payed in cash; 0 otherwise	+/-
Geographical diversification	INTDIV	1- if M&A is a cross-border deal; 0 otherwise	+
Ownership	OWNERSHIP	1- if company is state-owned; 0 otherwise	+
Transaction value	TRANS_VALUE	Total transaction value as reported in database	+/-
Acquirer's cash reserves	CASHRES	Acquirer's cash and cash equivalens to total assets one year prior to the deal	+/-
Crisis	CRISIS	1- if M&A was completed in 2017-2019; 0 otherwise	+/-

Table 3: CARs for acquiring companies, entire data sample, international and national (p-values are in parentheses)

	All			International			National		
Event window	CAR (%) (p-value)	Pos. (N)	Neg (N)	CAR (%) (p-value)	Pos. (N)	Neg (N)	CAR (%) (p-value)	Pos. (N)	Neg (N)
Panel 1: Around the day of announcement									
(-1;1)	2.312 ***	226	154	1.462 **	78	57	2.771 ***	148	97
	(0.000)			(0.041)			(0.000)		
(-3;3)	2.732 ***	206	174	0.992	71	64	3.694 ***	135	110
	(0.000)			(0.369)			(0.000)		
(-5;5)	3.078 ***	215	165	0.484	67	68	4.509 ***	148	97
	(0.000)			(0.703)			(0.000)		
(-10;10)	4.134 ***	214	166	0.988	72	63	5.848 ***	142	103
	(0.000)			(0.578)			(0.000)		
(-20;20)	3.271 ***	205	175	-1.576	65	70	5.952 ***	140	105
	(0.010)			(0.469)			(0.001)		
Panel 2: On the day of the announcement									
(0)	1.213 ***	216	164	0.721 *	75	60	1.481 ***	141	104
	(0.000)			(0.090)			(0.000)		
(0;1)	1.659 ***	209	171	0.819	74	61	2.133 ***	135	110
	(0.000)			(0.236)			(0.000)		
Panel 3: Before the day of announcement									
(-5;-1)	0.791 ***	196	184	-0.012	60	75	1.239 ***	136	109
	(0.009)			(0.985)			(0.001)		
(-10;-1)	1.141 **	198	182	0.184	65	70	1.658 ***	133	112
	(0.016)			(0.810)			(0.005)		
(-20;-1)	9.296	189	191	-0.051	57	78	1.731 **	132	113
	(0.159)			(0.656)			(0.032)		
Panel 4: After the day of announcement									
(1;5)	1.073 *	168	212	-0.232	51	85	1.787 **	117	128
	(0.064)			(0.825)			(0.011)		
(1;10)	1.777 **	186	194	0.087	67	68	2.712 ***	119	126
	(0.033)			(0.953)			(0.008)		
(1;20)	1.131	183	197	-1.791	57	78	2.744 **	126	119
	(0.0247)			(0.279)			(0.024)		

The table presents the cumulative abnormal returns (CAR) for 380 Chinese companies participating in strategic asset acquisitions in the period from 2010 till 2019. In addition to the results of the entire data sample, the cumulative abnormal retuns of international and national acquirers are shown separately.
*, ** and *** denote the statistical significance at 10%, 5% and 1% level, respectively.

Figure 1: Average abnormal returns for the entire data sample, international and national subgroups over the event window (-20;20)

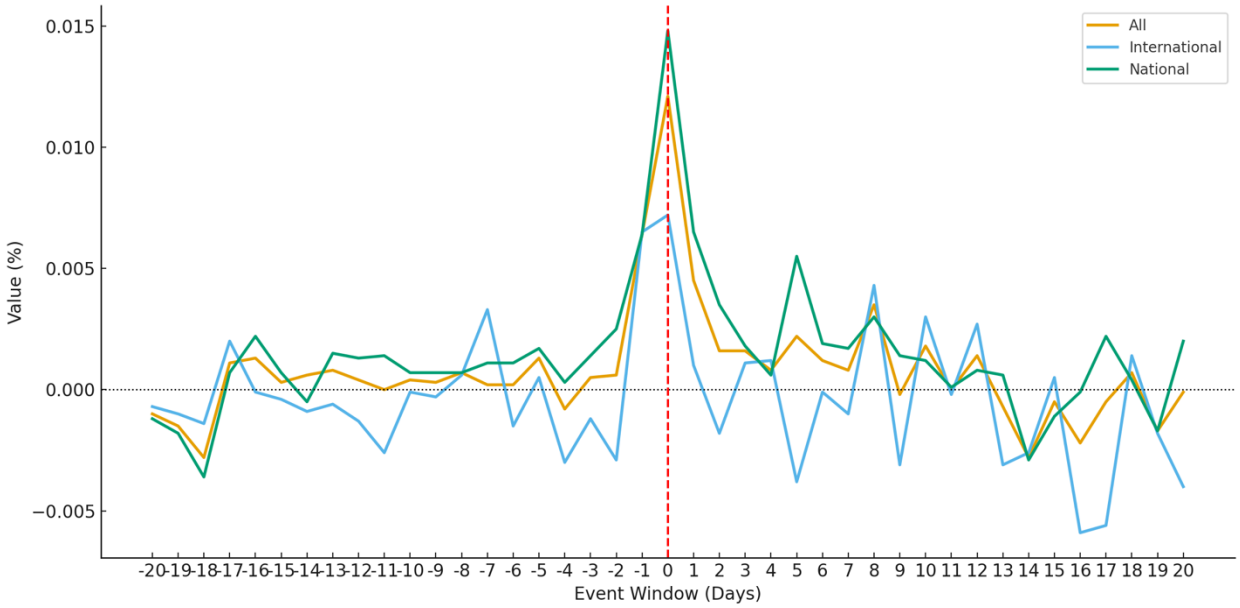


Table 4: CARs for acquiring companies

	Regions												Developed/Non-developed								
	Asia (N=27)			Australia&NZ (N=7)			Europe (N=47)			NorthAmerica (N=36)			Others (N=18)			Developed (N=99)			Non-developed (N=36)		
	CAR(%)	Pos	Neg	CAR(%)	Pos	Neg	CAR(%)	Pos	Neg	CAR(%)	Pos	Neg	CAR(%)	Pos	Neg	CAR(%)		Pos	Neg	CAR(%)	Pos	Neg
Around the announcement																						
(-1;1)	1.093	13	14	0.681	5	2	1.459	28	19	2.021	22	14	1.216	10	8	1.440	*	58	41	1.526	20	16
(-5;5)	-0.210	11	16	-6.355	3	4	-0.546	23	24	2.746	23	13	2.356	7	11	-0.012		51	48	1.853	16	20
(-10;10)	-1.642	11	16	-6.337	5	2	1.839	29	18	3.308	19	17	0.947	8	10	1.292		57	42	0.164	15	21
(-20;20)	-4.117	13	14	-7.420	3	4	-2.724	26	21	2.127	15	21	0.069	8	10	-1.871		48	51	-0.778	17	19
Before the announcement																						
(-20;-1)	-1.642	8	19	0.501	3	4	0.055	22	25	-0.952	15	21	0.189	9	9	-0.596		42	57	-0.282	15	21
(-10;-1)	0.035	9	18	-0.926	3	4	1.657	29	18	-1.391	15	21	0.153	9	9	0.157		51	48	0.263	14	22
(-5;-1)	1.507	13	14	-4.753	1	6	0.485	23	24	-1.068	16	20	0.382	8	10	-0.431		44	54	1.147	18	18
After the announcement																						
(1;5)	-2.755	7	20	-3.031	3	4	-1.657	17	30	3.134	18	18	1.789	6	12	-0.370		39	60	0.175	12	24
(1;10)	-2.715	10	17	-7.113	5	2	-0.445	23	24	4.018	20	16	0.608	9	9	0.346		50	49	-0.630	17	19
(1;20)	-3.513	12	15	-9.621	3	4	-3.405	24	23	2.398	13	23	-0.306	5	13	-2.065		43	56	-1.027	14	22

The table shows the cumulative abnormal returns (CAR) of Chinese acquriers participating in cross-border strategic asset acquisitions (SAAs) by targets' region of origin. The CAR are calculated over different event-window to adjust for any potential information lags. NZ = New Zealand. The significance test is based on the two-tailed t-test.
***, **, * denote the statistical significance at 1%, 5% and 10% level, respectively.

Table 5: Impact of control variables on CARs of acquiring companies, entire data sample (p-values are in parentheses)

Entire data sample	N	(-1;1)			(-5;5)			(-20;20)			Diff (1-2)		
		CAR (%)	t-test	(p-value)	CAR (%)	t-test	(p-value)	CAR (%)	t-test	p-value	(-1:1) (p-value)	(-5;5) (p-value)	(-20,20) (p-value)
Variable 1: Method of payment													
Cash (1)	344	2.116 ***	5.211	(0.000)	2.670 ***	3.833	(0.000)	3.312 ***	2.643	(0.009)	-1.998	-4.297 *	0.387
Stock+Mixed(2)	36	4.114 *	1.760	(0.088)	6.967	1.532	(0.134)	2.925	0.512	(0.613)	(0.181)	(0.099)	(0.928)
Variable 2: Geographical Diversification													
National (1)	245	2.769 ***	5.142	(0.000)	4.505 ***	4.857	(0.000)	5.950 ***	3.927	(0.000)	1.306	4.020 **	7.530 ***
International (2)	135	1.463 **	2.058	(0.041)	0.485	0.380	(0.703)	-1.580	-0.734	(0.469)	(0.146)	(0.011)	(0.004)
Variable 3: State-owned vs. non-state owned													
State-owned (1)	91	2.821 ***	3.004	(0.003)	2.877 ***	2.103	(0.039)	0.743	0.403	(0.690)	0.679	-0.263	-3.329
Non-state-owned (2)	289	2.142 ***	4.439	(0.000)	3.140 ***	3.511	(0.001)	4.072 ***	2.643	(0.009)	(0.462)	(0.911)	-0.259
Variable 4: Transaction value													
Large	74	3.329 **	2.058	(0,012)	5.471 **	2.214	(0,030)	6.369 *	1.929	(0,058)	2.134 *	3.626	3.550
Small	137	1.195 **	2.203	(0.029)	1.845 *	1.788	(0,076)	2.819	1.324	(0,187)	(0,077)	(0,116)	(0.3487)

The table shows the relationship between deal structure variables and cumulative abnormal returns (CAR) of Chiness acquiring companies participating in strategic asset acquisitions (SAAs) in the period from 2010 till 2019. The CAR are calculated for short, medium and long-term event windows to adjust for any potential information lags. The p-values for mean-difference test are shown in parentheses.

*,**,*** present significance at 10%, 5% and 1% level, using two-tailed test, respectively

Table 5a: Impact of control variables on CARs of acquiring companies, cross-border vs. national (p-values partially in parentheses)

International vs. National	(N)	CAR% (-1;1)				CAR% (-5;5)				CAR% (-20;20)			
	Int/Nat	Int	t-test	Nat	t-test	Int	t-test	Nat	t-test	Int	t-test	Nat	t-test
Variable 1: Method of payment													
Cash (1)	126/218	1.975 ***	2.903	2.197 ***	4.318	1.379	1.228	3.416 ***	3.970	-0.053	-0.024	5.256 ***	3.42
Stock+mixed (2)	9/27	-5.709	-1.330	7.388 ***	2.941	-12.03	-1.16	13.299 ***	2.982	22.957 *	-2.019	11.553 *	1.97
Difference (1)-(2)		7.684 ***		-5.191 ***		13.410 ***		-9.883 ***		23.010 **		-6.297 ***	
(p-value)		(0.007)		(0.002)		(0.008)		(0.001)		(0.041)		(0.007)	
Variable 2: State-owned vs. non-state owned													
State-owned (1)	27/64	0.191 ***	0.132	3.930 ***	3.352	-0.947	-0.34	4.490 ***	2.958	-6.014 *	-1.743	3.594 *	1.703
Non-state-owned (2)	108/181	1.781 **	2.191	2.358 ***	3.94	0.848	0.594	4.511 ***	3.972	-0.471	-0.181	6.783 ***	3.56
Difference (1)-(2)		-1.590		1.572		-1.795		-0.021		-5.543		-3.189	
(p-value)		(0.373)		(0.200)		(0.575)		(0.992)		(0.310)		(0.356)	
Variable 3: Transaction value													
Small	43/94	0.272	0.373	1.618 **	2.268	-2.199 *	-1.993	3.695 ***	2.678	-3.388	-1.262	5.658 **	2.024
Large	31/43	1.528	0.806	4.627 **	2.663	2.280	0.541	7.772 **	2.601	3.541	0.553	8.408 **	2.522
Difference		-1.256		-3.009 *		-4.479		-4.077		-6.929		-2.750	
(p-value)		(0.494)		(0.059)		(0.241)		(0.157)		(0.598)		(0.562)	

The table shows the relationship between the control variables and cumulative abnormal returns (CAR) of Chinese acquiring companies participating in national and international strate- gic asset acquisitions in the period from 2010 till 2019. The CAR are calculated for short-, medium- and long-term event windows to adjust for any potential informational lags. The p-values for mean-difference test are shown in parentheses.

*,**,*** present significance at 10% , 5% and 1% level, using two-tailed test, respectively

Table 6: Changes in industry-adjusted pre- vs. post-event performance of acquiring companies, entire data sample (p-values in the table)

The table compares the financial performance of Chinese acquiring companies participating in strategic asset acquisitions (SAAs) over the period of 3 years before and after the completion of transaction. The firms' financial performance is measured using nine performance ratios and is industry-adjusted.
***, **, * indicates a significant difference using a t-test or Wilcoxon signed ranks test at 1%, 5% and 10% levels, respectively.

ALL, IND-ADJ	P/B ratio	Tobins'Q	EBITDA/ SALES	Growth OpProfit	GROWTH	ROA	ROE	SALES/ ASSETS	D/E
-3	-0.6070	-0.0983	-0.0075	-0.1489	-0.0895	-0.0059	-0.0060	-0.0467	-0.4289
-2	-0.6877	-0.1387	-0.0080	-0.1989	-0.1033	-0.0062	0.0012	-0.0423	-0.4001
-1	-0.6864	-0.1332	-0.0111	-0.2101	-0.1083	-0.0083	-0.0088	-0.0560	-0.3753
Mean (-3;-1)	1.1020	-0.1867	0.8697	-1.1157	-2.4888	-0.0070	-0.0014	-0.0150	-0.0393
Median (-3;-1)	-0.6590	-0.1444	-0.0081	-0.1972	-0.0971	-0.0060	-0.0067	-0.0494	-0.4000
+1	-0.9657	-0.1937	-0.0172	-0.2026	-0.0937	-0.0163	-0.0170	-0.0826	-0.1941
+2	-1.1468	-0.1915	-0.0134	-0.2024	-0.1352	-0.0170	-0.0131	-0.0859	-0.1290
+3	-0.9096	-0.1124	-0.0056	-0.0672	-0.1222	-0.0142	-0.0159	-0.0796	-0.1556
Mean (+1;+3)	-0.6501	-0.2556	-0.0373	-1.0796	-0.2436	-0.0259	-0.0653	-0.0396	0.0948
Median (+1;+3)	-1.0891	0.1793	-0.0130	-0.2135	-0.1221	-0.0156	-0.0151	-0.0763	-0.1611
Mean difference	-1.7521	-0.0689	-0.9070	0.0361	2.2452	-0.0189	-0.0639	-0.0246	0.1341
t-test	1.1040	0.9280	1.0400	-0.0130	-0.9840	4.9020 ***	2.1960 **	1.7090 *	-0.8350
(p-value, 2-sided)	0.2700	0.3540	0.2990	0.9900	0.3260	<0,001	0.0290	0.0880	0.4040
Wilcoxon test (standardized)	-4.2190 ***	-1.5360	-2.9670 **	-0.6190	1.1810	-4.9250 ***	-2.5560 **	-2.6580 ***	4.5980 ***
(Asymptotic Sig. 2-sided)	<0,001	0.1250	0.0030	0.5360	0.2380	<0,001	0.0110	0.0080	<0,001
Median difference	-0.4301	0.3237	-0.0049	-0.0163	-0.0250	-0.0096	-0.0084	-0.0269	0.2389
t-test	1.4290	0.8790	1.4430	-1.9720	0.2570	4.4490 ***	2.0270 **	1.6080	-2.6410 ***
(p-value, 2-sided)	0.1540	0.3800	0.1500	0.0490	0.7970	<0,001	0.0430	0.1090	0.0090
Wilcoxon test (standardized)	-4.9240 ***	-1.7720 *	-1.0550	-1.2630	-0.2600	-5.4650 ***	-2.8150 ***	-2.4180	5.5830 ***
(Asymptotic Sig. 2-sided)	<0,001	0.0760	0.2920	0.2060	0.7950	<0,001	0.0050	0.0160 **	<0,001
Number	380	380	380	380	380	380	380	380	380

Table 7: Split of post-event performance of acquiring companies

EBITDA/SALES

Pre-event median (=1)	Year +1	Year +2	Year +3	All	Nat	Int
-0,0969	-0,0848	-0,0768	-0,0809	68	46	22
-0,0519	-0,0666	-0,0462	0,0856	30	25	5
-0,0310	-0,0367	0,0298	0,1013	22	12	10
-0,0489	0,0820	0,0820	0,1019	39	27	12
-0,0455	0,0699	0,0614	-0,1582	13	9	4
-0,0585	0,0427	-0,0381	-0,0678	13	8	5
-0,0729	0,0465	-0,0211	0,0508	12	9	3
-0,0741	-0,0621	0,0166	-0,0216	10	6	4
Total -0,0552	0,0030	-0,0022	0,0146	207	142	65
0,0712	0,1015	0,1017	0,0954	43	25	18
0,0511	0,0744	0,0717	-0,0295	11	8	3
0,0772	0,1225	-0,0735	-0,1222	16	10	6
0,0415	-0,0865	-0,0972	-0,1018	59	37	22
0,0463	-0,0414	0,0371	0,0802	9	6	3
0,1339	-0,0195	-0,0248	0,0457	8	2	6
0,0177	-0,0471	0,0557	-0,0461	12	5	7
0,0660	0,1418	-0,0501	0,0688	13	8	5
Total 0,0586	0,0275	0,0062	0,0081	171	101	70

GROWTH RATE

Pre-event median (=1)	Year +1	Year +2	Year +3	All	Nat	Int
-0,2032	-0,2911	-0,2867	-0,2121	110	83	27
-0,1560	-0,2980	-0,2562	0,1035	33	23	10
-0,1642	-0,1887	0,1510	0,1162	24	11	13
-0,0830	0,2030	0,2109	0,1345	14	7	7
-0,1267	0,2580	0,1929	-0,1037	18	11	7
-0,1923	0,1714	-0,1902	-0,2243	43	27	16
-0,1562	0,1610	-0,1590	0,0371	12	6	6
-0,2050	-0,1464	0,1100	-0,2664	18	11	7
Total -0,1602	0,0073	-0,0245	-0,0333	272	179	93
0,0620	0,3752	0,1128	0,1154	10	5	5
0,1176	0,1452	0,1360	-0,0889	11	6	5
0,0962	0,1560	-0,2379	-0,2052	14	9	5
0,1625	-0,1600	-0,1817	-0,1797	41	32	9
0,1061	-0,2637	0,0604	0,3727	7	1	6
0,0820	-0,2414	-0,3269	0,0679	11	6	5
0,0848	-0,1612	0,1639	-0,2405	12	5	7
0,0403	0,1111	-0,0287	0,0786	1	1	0
Total 0,0905	-0,0244	0,0159	-0,0105	107	65	42

The table presents the changes in profitability and growth rates of acquiring companies over three years following the transaction. The performance is calculated as a percentage change (shown in absolute numbers) from the pre-event median value for the industry-adjusted performance over three years before the deal for EBITDA/SALES and growth rate,

means that median performance of sub-group is positive (it can be positive, even if the value for a specific year declined compared to pre-event median values)

means that median performance of sub-group is negative (it can be negative, even if the value for a specific year increased compared to pre-event median values)

Table 6a: Changes in industry-adjusted pre- vs. post-event performance of acquiring companies, international (p-values in the table)

The table compares the financial performance of Chinese acquiring companies participating in international strategic asset acquisitions (SAAs) over the period of 3 years before and after the completion of the transaction. The firms' performance is measured using nine financial ratios and is industry-adjusted.
***, **, * indicates a significant difference using a t-test or Wilcoxon signed ranks test at the 1%, 5% and 10% levels, respectively.

INT, IND-ADJ	P/B ratio	Tobins'Q	EBITDA/ SALES	Growth OpProfit	GROWTH	ROA	ROE	SALES/ ASSETS	D/E
-3	-1.0654	-0.2698	-0.0013	-0.2603	-0.1384	-0.0059	0.0012	-0.0892	-0.4712
-2	-0.8578	-0.3552	0.0157	-0.1450	-0.1120	-0.0007	0.0111	-0.0815	-0.5153
-1	-0.4147	-0.1297	0.0058	-0.0190	-0.1321	-0.0065	-0.0084	-0.0809	-0.4756
Mean (-3;-1)	-0.5208	-0.4206	0.0116	-1.7007	-0.1351	-0.0032	0.0001	-0.0957	-0.2611
Median (-3;-1)	-0.8657	-0.3314	0.0063	-0.1667	-0.3923	-0.0018	-0.0014	-0.0798	-0.5311
+1	-0.8289	-0.2306	-0.0074	-0.2151	-0.0638	-0.0136	-0.0175	-0.1031	-0.2826
+2	-1.0991	-0.1518	-0.0114	-0.1198	-0.0936	-0.0165	-0.0208	-0.1408	-0.2031
+3	-0.9138	-0.1382	-0.0008	0.1186	-0.1156	-0.0156	-0.0182	-0.1153	-0.1133
Mean (+1;+3)	-0.9737	-0.3039	-0.0339	1.2452	-0.1198	-0.0258	-0.0596	-0.1093	0.0156
Median (+1;+3)	-1.0123	-0.1306	-0.0053	-0.1198	-0.0936	-0.0155	-0.0218	-0.1241	-0.2273
Mean difference	-0.4529	0.1167	-0.0455	2.9459	0.0153	-0.0226	-0.0597	-0.0136	0.2767
t-test	1.3830	-0.9030	2.3300 **	-0.4220	-1.8070	3.8150 ***	1.5350	0.6510	-1.9890 **
(p-value, 2-sided)	0.1690	0.3680	0.0210	0.6740	0.0730 *	<0,001	0.1270	0.5160	0.0240
Wilcoxon test (standardized)	-2.2820 **	0.6110	-3.2130 ***	0.1540	1.5200	-4.1050 ***	-1.7990 *	-1.2960	3.1430 ***
(Axmptotic Sig. 2-sided)	0.0220	0.5410	0.0040	0.8780	0.1290	<0,001	0.0720	0.1950	0.0020
Median difference	-0.1466	0.2008	-0.0116	0.0469	0.2987	-0.0138	-0.0204	-0.0443	0.3038
t-test	2.5820	-0.6510	0.7610	-1.8030 *	-0.7820	3.4110 ***	1.3810	0.4260	-1.8620 **
(p-value, 2-sided)	0.0110	0.5160	0.4480	0.0740	0.4360	<0,001	0.1700	0.6710	0.0320
Wilcoxon test (standardized)	-2.9630 ***	0.5470	-1.7440 *	0.0990	0.2420	-3.9770 ***	-1.7590 *	-0.9660	3.7860 ***
(Asymptotic Sig. 2-sided)	0.0030	0.5840	0.0810	0.9210	0.8090	<0,001	0.0790	0.3340	<0,001
Number	135	135	135	135	135	135	135	135	135

Table 6b: Changes in industry-adjusted pre- vs. post-event performance of acquiring companies, national (p-values in the table)

The table compares the financial performance of Chinese acquiring companies participating in national strategic asset acquisitions (SAAs) over the period of 3 years before and after the completion of the transaction. The firms' performance is measured using nine financial ratios and is industry-adjusted.
***, **, * indicates a significant difference using a t-test or Wilcoxon signed ranks test at the 1%, 5% and 10% levels, respectively.

NAT, IND-AD.	P/B ratio	Tobins'Q	EBITDA/ SALES	Growth OpProfit	GROWTH	ROA	ROE	SALES/ ASSETS	D/E
-3	-0.3964	-0.0362	-0.0130	-0.0972	-0.0647	-0.0059	-0.0070	-0.0379	-0.3970
-2	-0.5943	-0.0469	-0.0238	-0.2252	-0.1018	-0.0092	-0.0066	-0.0232	-0.3609
-1	-0.7777	-0.1367	-0.0156	-0.2816	-0.1059	-0.0093	-0.0091	-0.0436	-0.3300
Mean (-3;-1)	1.9957	-0.0578	1.3425	-0.7933	-3.6440	-0.0090	-0.0223	0.0294	0.0829
Median (-3;-1)	-0.6304	-0.0919	-0.0162	-0.2109	-0.0926	-0.0070	-0.0091	-0.0309	-0.3493
+1	-1.0360	-0.1937	-0.0199	-0.1983	-0.1144	-0.0167	-0.0170	-0.0696	-0.1744
+2	-1.2211	-0.2056	-0.0184	-0.2176	-0.1439	-0.0171	-0.0056	-0.0618	-0.1157
+3	-0.9054	-0.1056	-0.0094	-0.2017	-0.1274	-0.0139	-0.0119	-0.0609	-0.1869
Mean (+1;+3)	-0.4717	-0.2290	-0.0391	-2.3607	-0.3118	-0.0259	-0.0684	-0.0012	0.1384
Median (+1;+3)	-1.1336	-0.2008	-0.0173	-0.2617	-0.1348	-0.0160	-0.0113	-0.0602	-0.1430
Mean difference	-2.4674	-0.1712	-1.3816	-1.5674	3.3322	-0.0169	-0.0461	-0.0306	0.0555
t-test	1.0030	1.8940 *	1.0180	0.8060	-0.9390	3.3510 ***	1.6580 *	1.5950	-0.2330
(p-value, 2-sided)	0.3170	0.0590	0.3090	0.4210	0.3490	<0,001	0.0990	0.1120	0.8160
Wilcoxon test (standardized)	-3.5980 ***	-2.4100 **	-1.2880	-0.8900	0.2290	-3.0070 ***	-1.7970 *	-2.3330 **	3.3800 ***
(Axmptotic Sig. 2-sided)	<0,001	0.0160	0.1980	0.3730	0.8190	0.0030	0.0720	0.0200	<0,001
Median difference	-0.5032	-0.1089	-0.0011	-0.0508	-0.0422	-0.0090	-0.0022	-0.0293	0.2063
t-test	1.1090	1.5540	1.2340	-0.9780	1.1660	2.9920 ***	1.6430	1.6140	-2.0610 **
(p-value, 2-sided)	0.2680	0.1210	0.2180	0.3290	0.2450	0.0040	0.1020	0.1080	0.0400
Wilcoxon test (standardized)	-3.9040 ***	-2.6520 ***	-0.0200	-1.6810 *	-0.4920	-3.8140 ***	-2.1780 **	-2.2880 **	4.1340 ***
(Asymptotic Sig. 2-sided)	<0,001	0.0080	0.9840	0.0930	0.6230	<0,001	0.0290	0.0220	<0,001
Number	245	245	245	245	245	245	245	245	245

Table 8: Changes in industry-adjusted pre- vs. post-event performance by region of target (no place for p-values, but rounded after three-decimal points according to mathematical rules)

	Regions					Developed/Non-developed	
	Asia (N = 27)	Australia&NZ (N = 7)	Europe (N = 47)	NAmerica (N = 36)	Others (N = 18)	Developed (N = 99)	Non-developed (N = 36)
P/B ratio							
pre	-0.8689	-2.0325	-0.7599	-0.6336	-0.7385	-0.9443	-0.8365
post	-1.6050	-1.8432	-0.8454	-0.7915	-0.9618	-0.9376	-1.3018
difference	-0.7361 **	0.1892	-0.0854 **	-0.1579	-0.2232	0.0068 **	-0.4653
Tobin'sQ							
pre	-0.4372	-0.5895	-0.1838	-0.3607	-0.3332	-0.3314	-0.3379
post	-0.4151	-0.8552	-0.1056	-0.0403	-0.2122	-0.1080	-0.2122
difference	0.0222	-0.2657	0.0782	0.3204	0.1210	0.2234	0.1258
SALES/ASSETS							
pre	0.1088	-0.3411	-0.1237	-0.1151	-0.0879	-0.1005	0.0240
post	0.0177	-0.2988	-0.0723	-0.2059	-0.1618	-0.1241	-0.1097
difference	-0.0911 **	0.0423	0.0513	-0.0908	-0.0739	-0.0236	-0.1337
Growth OP							
pre	-0.1992	0.4738	-0.2603	-0.0850	-0.0718	-0.1689	-0.1558
post	-0.1883	-0.0634	0.0207	0.0808	-0.4434	0.0186	-0.3797
difference	0.0109	-0.5372	0.2810	0.1658	-0.3716	0.1875 ***	-0.2239
Growth REV							
pre	-0.0270	-0.1055	-0.1923	-0.1548	-0.0839	-0.1649	-0.0720
post	-0.1348	0.0092	-0.1382	-0.0554	-0.0759	-0.0794	-0.1269
difference	-0.1078 *	0.1148 *	0.0541	0.0993	0.0079	0.0855	-0.0549
EBITDA/SALES							
pre	-0.0027	0.0514	0.0079	0.0199	-0.0266	0.0123	-0.0294
post	-0.0176	0.0769	-0.0047	0.0111	-0.0236	0.0070	-0.0205
difference	-0.0149	0.0255	-0.0126 **	-0.0088	0.0029	-0.0053 **	0.0089
ROA							
pre	-0.0037	-0.0166	-0.0002	0.0056	-0.0151	0.0022	-0.0167
post	-0.0155	-0.0107	-0.0137	-0.0113	-0.0318	-0.0132	-0.0268
difference	-0.0118 ***	0.0059	-0.0135 **	-0.0169 **	-0.0167	-0.0153 ***	-0.0100
ROE							
pre	0.0004	0.0106	-0.0016	0.0053	-0.0307	0.0045	-0.0327
post	-0.0316	-0.0482	-0.0182	0.0005	-0.0377	-0.0175	-0.0346
difference	-0.0320	-0.0588	-0.0166	-0.0049	-0.0069	-0.0220 *	-0.0018
D/E							
pre	-0.4712	-0.4052	-0.5829	-0.4823	-0.5298	-0.5829	-0.4122
post	-0.2243	-0.5287	-0.3111	-0.2038	0.1389	-0.3161	-0.0097
difference	0.2469	-0.1235	0.2718 ***	0.2785	0.6687 *	0.2668	0.4026 **

The table presents the changes in post-event performance of Chinese cross-border SAAs acquirers by traget's region of origin based on financial performance ratios. The pre- and post-event performance is calculated as a median performance three years before and three years following the transaction. To test the statistical siginificance, the parametric t-test (2-sided) and non-parametric Wilcoxon-Z test are applied. NZ = New Zealand
***, **, * denote the statistical significance at 1%, 5% and 10% level, respectively

Table 9: Changes in the post – vs. pre-event performance of acquirers, intercept model, entire data sample (p-values in parentheses)

INDUSTRY-ADJUSTED	P/B	P/B	ROA	ROA	ROE	ROE	SALES/ASSETS	SALES/ASSETS	D/E	D/E	EBITDA/SALE	EBITDA/SALES	GROWTH	GROWTH
Panel A: ALL, based on median pre- and post-transaction performance of acquiring companies														
Intercept	-0.870 ***	-0.485	-0.016 ***	-0.013	-0.031 **	0.002	-0.032 **	-0.044	0.152 *	0.042	-0.018 **	-0.037	-0.147 ***	-0.202 ***
	(-4,573)	(-0,825)	(-6,324)	(-1,537)	(-2,347)	(0,054)	(-2,372)	(-1,004)	(1,914)	(0,161)	(-2,513)	(-1,567)	(-6,801)	(-2,922)
Pre-event performance	0.043 ***	0.627 ***	0.281 ***	0.301 ***	-0.236	0.245	0.593 ***	0.575 ***	0.492 ***	0.615 ***	0.248 ***	0.214 ***	-0.029	-0.035
	(3,693)	(8,444)	(5,444)	(5,611)	(1,568)	(1,567)	(18,560)	(17,458)	(8,721)	(9,178)	(5,647)	(4,715)	(-0,594)	(-0,694)
INTDIV		-0.670 *		-0.004		0.024		-0.013		-0.210		0.021		0.071
		(-1,731)		(-0,651)		(0,825)		(-0,458)		(-1,226)		(1,342)		(1,585)
OWNERSHIP		0.137		0.008		0.037		0.103 ***		0.024		-0.015		-0.069
		(0,762)		(-0,014)		(1,081)		(3,051)		(0,117)		(-0,837)		(-1,315)
METHODP		0.474		0.0001		-0.032		-0.01		0.227		0.017		0.018
		(0,820)		(-0,651)		(-0,729)		(-0,226)		(0,888)		(0,748)		(0,267)
CASHRES		0.001		0.0001		0.0001		-0.001		0.002		0.001		0.0001
		(0,045)		(-0,030)		(-0,198)		(-0,377)		(0,133)		(0,608)		(0,024)
TRANSVALUE		0.0001		0.0001		0.0001		0.0001		0.0001		0.0001		0.0001 **
		(-1,068)		(-1,032)		(-0,889)		(-1,237)		(0,693)		(-1,167)		(2,167)
CRISES		-0.752 *		-0.008		-0.068 **		0.037		-0.003		0.009		0.034
		(-1,796)		(-1,294)		(-2,179)		(1,193)		(-0,018)		(0,557)		(0,709)
F-statistic	13.638 ***	11.27 ***	29.601 ***	4.928 ***	2.457	1.564	344.475 ***	49.128 ***	76.059 ***	13.171 ***	31.887 ***	4.67 ***	0.353	1.492
p-value	<0,001	<0,001	<0,001	<0,001	0.118	0.145	<0,001	<0,001	<0,001	<0,001	<0,001	<0,001	0.553	0.169
Adjusted R square	3.20%	16.60%	7.00%	7.10%	0.40%	1.10%	47.50%	48.30%	16.50%	19.10%	7.50%	6.60%	0.20%	0.90%

The table shows the results of the intercept model analysis and extended multifactor regression analysis of changes in the pre- and post-transaction performance of Chinese acquiring companies, participating in strategic asset acquisitions in the period from 2010 to 2019. The performance is calculated based on the median values tof financial ratios hree years before and after the completion of the transaction and is industry-adjusted.
*,**,*** denote the significance at 10%, 5%, and 1% level, respectively

Table 9a: Changes in the post – vs. pre-event performance of acquirers, intercept model, international vs. national (p-values in parentheses)

INDUSTRY-ADJUSTED	P/B	P/B	ROA	ROA	ROE	ROE	SALES/ASSETS	SALES/ASSETS	D/E	D/E	EBITDA/SALE	EBITDA/SALES	GROWTH	GROWTH
Panel B: International, based on median pre- and post-transaction performance of acquiring companies														
Intercept	-1.189 ***	-0.508	-0.017	-0.038 **	-0.018	0.002	-0.045 **	-0.027	0.099	0.126	-0.006	-0.109 **	-0.102 **	-0.158
	(-5,495)	(-0,700)	(-4,165)	(-2,579)	(-1,526)	(0,046)	(-2,170)	(-0,405)	(1,048)	(0,379)	(-0,405)	(-2,231)	(-2,125)	(-0,964)
Pre-event performance	0.204 ***	0.202 ***	0.188 **	0.202 **	0.204	0.239 *	0.630 ***	0.609 ***	0.686 ***	0.691 ***	0.297 ***	0.278 ***	-0.108	-0.114
	(2,822)	(2,754)	(2,451)	(2,542)	(1,658)	(1,908)	(11,609)	(11,276)	(8,916)	(8,365)	(3,249)	(2,860)	(-0,989)	(-0,969)
OWNERSHIP		-0.767		0.023 **		0.06 *		0.187 ***		-0.056		-0.03		-0.16
		(-1,364)		(1,990)		(1,907)		(3,596)		(-0,219)		(-0,791)		(-1,270)
METHODP		-0.141		0.021		-0.013		-0.05		-0.021		0.122 **		0.086
		(-0,190)		(1,421)		(-0,317)		(-0,726)		(-0,063)		(2,424)		(0,516)
CASHRES		0.0001		0.0001		0.0001		0.0001		0.004		0.0001		-0.001
		(0,016)		(-0,310)		(-0,225)		(-0,093)		(0,317)		(-0,085)		(-0,258)
TRANSVALUE		0.0001		0.0001		0.0001 *		0.0001 **		0.0001		0.0001		0.0001
		(-0,775)		(-0,807)		(-1,801)		(-2,117)		(0,794)		(0,541)		(1,551)
CRISES		-1.496 ***		-0.007		-0.045		0.038		-0.164		-0.005		-0.08
		(-3,002)		(-0,700)		(-1,626)		(0,830)		(-0,724)		(-0,160)		(-0,715)
F-statistic	7.963	3.491	6.010	2.25	2.748	2.080	134.758	25.637	79.503	12.276	10.536	2.665	0.324	0.806
p-value	0.006	0.003	0.016	0.043	0.100	0.06	0.001	0.001	0.001	0.001	0.001	0.018	0.979	0.567
Adjusted R squared	4.90% ***	10.50% ***	3.60% **	5.50% **	1.30% *	4.80% *	50% ***	53.60% ***	36.90% ***	34.60% ***	6.60% ***	7.20% ***	0.01%	0.09%
Panel C: National, based on median pre- and post-transaction performance of acquiring companies														
Intercept	-0.644 **	-0.650	-0.014 ***	-0.003	-0.038 *	0.016	-0.022	-0.033	0.202 *	-0.113	-0.026	-0.004	-0.171 ***	-0.213 ***
	(-2,389)	(-0,868)	(-4,568)	(-0,326)	(-1,950)	(0,276)	(-1,249)	(-0,610)	(1,829)	(-0,321)	(-3,173)	(-0,155)	(-8,457)	(-3,462)
Pre-event performance	0.04 ***	1.071 ***	0.363 ***	0.359 ***	0.251	0.224	0.573	0.567 ***	0.418 ***	0.564 ***	0.220	0.179 **	0.014	0.016
	(3,030)	(9,351)	(5,189)	(4,907)	(1,068)	(0,947)	(14,250)	(13,708)	(5,655)	(5,889)	(4,604)	(3,734)	(0,311)	(0,345)
OWNERSHIP		0.544		0.002		0.013		0.066		0.106		-0.006		-0.012
		(0,916)		(0,196)		(0,277)		(1,583)		(0,371)		(-0,294)		(-0,249)
METHODP		0.870		-0.009		-0.042		-0.018		0.343		-0.02		0.002
		(1,055)		(-0,941)		(-0,714)		(-0,341)		(0,986)		(-0,803)		(0,034)
CASHRES		-0.106		0.001		-0.001		-0.003		-0.015		0.006		0.005
		(-1,023)		(0,978)		(-0,108)		(-0,333)		(-0,305)		(1,621)		(0,643)
TRANSVALUE		0.0001		0.0001				0.0001		0.0001		0.0001 **		0.0001
		(-0,430)		(-0,047)				(0,144)		(0,238)		(-2,162)		(1,638)
CRISES		-0.679		-0.010		-0.076 *		0.036		0.121		0.007		0.101 **
		(-1,204)		(-1,314)		(-1,706)		(0,865)		(0,460)		(0,377)		(2,212)
F-statistic	9.182	15.257	26.927	5.177	1.141	1.077	203.056	32.515	31.981	7.066	21.201	4.410	0.970	1.382
p-value	0.003	0.001	0.001	0.001	0.287	0.374	0.0001	0.001	0.001	0.001	0.001	0.001	0.756	0.223
Adjusted R squared	3.20% ***	26.90% ***	9.60% ***	9.80% ***	0.10%	0.20%	45.30% ***	44.90% ***	11.30% ***	13.60% ***	7.60% ***	8.10% ***	0.40%	1.00%

The table shows the results of the intercept model analysis and extended multifactor regression analysis of changes in the pre- and post-transaction performance of Chinese acquiring companies, participating in international and national strategic asset acquisitions in the period from 2010 to 2019. The performance is cal- culated based on the median values tof financial ratios hree years before and after the completion of the transaction and is industry-adjusted.

*,**,*** denote the significance at 10%, 5%, and 1% level, respectively