

Research on the Motivation and Financial Performance of Continuous M & A of Huamao Logistics

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Keywords: Sequential mergers and acquisitions, Event study approach, Core competencies, Huamao Logistics, Performance analysis

Abstract: The research at hand offers a thorough scrutiny of the consecutive mergers and acquisitions (M&As) undertaken by Huamao Logistics from 2014 to 2021, delving into the strategic impetuses propelling these transactions as well as their subsequent impact on market behaviour and financial outcomes. Initially, the paper revisits the notion of consecutive M&As along with the advancement of pertinent scholarly inquiries, prior to conducting a meticulous examination of the M&A chronicle of Huamao Logistics and the motivations thereof. Utilising the event study technique, the research delves into the ramifications of how such M&As, when in alignment with the overarching corporate strategy, influence organisational efficacy, whilst concurrently assessing how these M&As fortify the entity's fundamental competitive edge through a synthesis of financial scrutiny and DuPont analysis. The findings suggest that the market generally acknowledges Huamao Logistics' approach to consecutive M&As, particularly those transactions that engender synergistic effects, thereby effectively reinforcing the enterprise's essential competitiveness through these strategic moves. Culminating the study is a compendium of pragmatic suggestions concerning the appraisal of M&A prospects, risk mitigation, capital structure refinement, integration scheming, and strategic blueprinting, thereby enriching the academic discourse on consecutive M&As and furnishing corporates with actionable guidance for the implementation of successive M&A strategies.

1. Introduction

In the context of the swiftly evolving economic landscape of the contemporary era, a multitude of firms are engaging in sequential mergers and acquisitions (M&A) as a tactical response to the challenges posed by globalisation and the intensifying competitive climate within their respective markets. The pursuit of M&A strategies is not merely a pathway to accelerated expansion; it is also a pivotal instrument for strategic realignment, imperative for the fortification of a company's core competencies. The recent surge in global M&A activity, notably post-1990s, has witnessed Walmart augmenting its international presence through the procurement of entities like Asda in the United Kingdom, Massmart in South Africa, and Flipkart in India. Similarly, Procter & Gamble has broadened its assortment of consumer goods brands by assimilating Gillette, the health division of

Eastman Kodak, among others; while Microsoft has consolidated its dominance in software, hardware, and cloud services by the acquisitions of LinkedIn, Skype, Nokia's mobile phone segment, and GitHub. Within this milieu, serial M&A has emerged as an imperative competitive stratagem for corporations. Since the year 2014, Huamao Logistics, confronted with the prospects presented by China's burgeoning foreign trade and e-commerce sectors, alongside the cutthroat rivalry in the logistics domain, has adopted M&A as a strategic mechanism. The comprehensive advantages and latent value yielded by M&A transactions serve as the impetus for its engagement in such activities [1]. Through mergers and acquisitions, the company was able to reorganise its resources, expand its market share and integrate new technologies and management know-how [2], to establish its long-term competitive advantage. However, the complexity and long-term impact of M&A also require Huamao Logistics to analyse in depth the interaction between M&A trends and core competencies. While economies of scale and scope were the effects of the M&A, Huamao Logistics also had to deal with management challenges, including cultural integration, organisational restructuring and high-level decision-making [3]. These are directly related to the effectiveness of M&A and the enhancement of corporate competitiveness.

This study focuses on Huamao Logistics' strategy of utilising successive mergers and acquisitions (M&As) in order to enhance its competitiveness in the market. It examines the interplay between these M&As, the company's resources, capabilities, and overall market tactics. By evaluating Huamao's short-term operational outcomes and scrutinising pertinent financial metrics, the objective is to unearth the link between M&As and the firm's fundamental competitive edge, as well as to propose remedial actions to enhance M&A efficacy. The findings from this analysis are expected to enrich theoretical understanding and offer empirical guidance for enterprises engaged in consecutive M&A activities.

2. Literature Review

M&A is often used for corporate consolidation and expansion, which is clearly differentiated from endogenous development that relies on the growth of the main business, and is a form of exogenous expansion through the acquisition of shares or assets of other companies [4]. This phenomenon has long been noted and studied in the academic community. The original concept of serial mergers and acquisitions originated from "merger planning", which was introduced by Schipper et al. in 1983 when they studied the economic impact of merger-related regulations on acquirer shareholders [5]. The term "multiple acquisitions" was coined by Fuller, Kathleen and others in their research and found the diminishing wealth effect of successive acquisitions, and since then the concept of successive acquisitions has gradually gained prominence and widespread acceptance [6].

At the beginning of the 21st century, firms have frequently used M&A to expand their businesses and enhance their technological strength and core competencies. In the past, researchers have often looked at a particular M&A event in isolation, but this approach is increasingly unable to fully explain how M&A enhances a firm's core competencies [7]. As a result, the study of successive mergers and acquisitions (M&A) has received academic attention. In a changing market, serial M&As have become an effective tool for companies to implement long-term strategies [8,9]. By learning through experience, companies can effectively improve the efficiency of M&A [10-12]. On the other hand, if managers are unwilling to learn from M&A experience due to excessive ego, it will reduce the performance of M&A [13]. When analysing the economic motives behind successive mergers and acquisitions, Anand and Delios can observe that the need for firms to restructure their industries becomes particularly important. In order to adapt to the evolving market environment, firms tend to strengthen their market position through multiple rounds of mergers and

acquisitions in order to become more competitive [14]. At the same time, there is no consensus on the frequency of M&A. According to the definition of Billett and other scholars, if a firm completes at least three mergers and acquisitions within five years, it constitutes a continuous merger and acquisition [15]. Huamao Logistics' successive acquisitions fit this definition.

Huamao Logistics, as an industry-leading cross-border one-stop integrated logistics and supply chain trade services enterprise in China, is facing intensified competition and high demand for integrated and efficient services. In order to improve operational efficiency and expand into new markets and services, it has adopted an external expansion strategy similar to that of its industry peers [16]. As demonstrated by Huamao Logistics, wise M&A choices can enhance corporate synergies [17], and diversified M&A often outperforms concentrated M&A by generally specialised operators [18].

3. Huamao Logistics Profile and Successive M&A History

3.1. Corporate Profile

Huamao Logistics, the full name is H.K. China Traveller Huamao International Logistics Co, since its establishment on 14 December 1984, it has gradually built up its leading brand of international logistics services from its headquarters in Shanghai. The enterprise prioritises the enhancement of its foundational logistics services and the expansion of its cross-border e-commerce logistics. It has forged robust alliances with leading global shipping entities, thereby ensuring the calibre of its service and the efficiency of its operations, garnering wide recognition within the sector. Huamao Logistics boasts a substantial financial foundation, with a registered capital amounting to 1.3 billion RMB, a market capitalisation exceeding 20 billion RMB, and total assets of 7.2 billion RMB.

In view of the evolution of the logistics sector and changes in market demand, Huamao Logistics has adopted a strategy of successive mergers and acquisitions to enhance its core competitiveness and is transforming itself into a service provider of one-stop integrated logistics solutions. The business covers the entire logistics chain, including chartering, storage, customs clearance, mainline transport, transshipment and distribution, in order to meet customers' needs for comprehensive logistics services. The Company has enhanced its airfreight service capability through its co-operation with Henan Aviation Investment, and entered the international postal airfreight market and enhanced its engineering and specialised logistics services through the acquisitions of Daan International, Huada International, and Zhongte Logistics. In the fast-growing field of cross-border e-commerce logistics, Huamao Logistics implemented strategic layout to develop the market. According to the annual report of the enterprise, Huamao Logistics achieved operating revenue of RMB 24.668 billion in 2021, an increase of 75.02% year-on-year, with a three-year compound growth rate of 55.11%; the company's total assets amounted to RMB 10.523 billion, an increase of 40.26% over the beginning of the year, with a three-year compound growth rate of 28.15%.

3.2. Analysis of the History and Dynamics of Successive Mergers and Acquisitions

Table 1 illustrates that from its initial public offering in 2012 through to 2021, Huamao Logistics has engaged in a total of six mergers and acquisitions, excluding unsuccessful attempts and related-party transactions. These strategic acquisition endeavours are categorically segmented into three distinct stages, each characterised by its unique strategic impetus for mergers and acquisitions. This not only underscores the firm's dedication to broadening its service network and augmenting its business competencies, but also sheds light on the profound foresight within its market manoeuvres. Huamao Logistics has systematically established a robust foundation within the industry, expanded

its service network to encompass a broad area, and persistently honed its competitive edge in the logistics sector, transitioning from the expansion of its fundamental infrastructure to the enhancement of its specialised proficiencies, culminating in a diversification of strategies and a consolidation of resources.

Table 1: Successive M&A history of Huamao Logistics.

No.	Acquiree (subject company)	Date of announcement of acquisition	Date of first disclosure of acquisition	Shareholding	Transaction price (RMB ten thousand)
1	China World Trade Centre (UK)	28/12/2021	31/3/2021	50%	3400
2	Jiacheng International	28/7/2021	20/2/2021	70%	50,536
3	Medium-heavy transport	8/7/2020	2/7/2020	60%	6,920
4	Hua'an Runtong	28/12/2019	22/8/2019	70%	61 900
5	Zhongte Logistics	31/3/2016	7/11/2015	100%	120 000
6	Tak Cheung Group	1/11/2014	13/9/2014	65%	20 741

3.2.1. Building a Logistics Base and Market Expansion

In an endeavour to fortify its logistics network and secure a robust position within the market, Huamao Logistics strategically assimilated entities including Dexiang Group and Zhongte Logistics. This strategic manoeuvre was intended to reinforce the firm's logistical framework and augment its presence across pivotal regions. The acquisition of Zhongte Logistics, in its entirety, has notably bolstered Huamao's competitive edge within the specialised logistics domain and has established a formidable groundwork for the market of specialised transportation.

3.2.2. Deepening Specialisation and Optimising Regional Logistics Networks

Subsequently, the company's M&A strategy shifted to deepening professional services and enhancing operational efficiency. The procurement of Beijing Huaan Runtong International Logistics has markedly fortified the firm's prowess in the international arena, thereby broadening its engagement in the sectors of international air mail freight and transnational e-commerce logistics. These strategic acquisitions have not solely heightened the firm's specialisation in business but have concurrently refined the geographical distribution of its logistics network on both domestic and international fronts.

3.2.3. Resource Integration and Strategic Diversification

In the final analysis, through the strategic consolidation of pivotal firms, including Medium-heavy transport, Hangzhou Jiacheng International Logistics, and Huamao Railway Operations Management, Huamao Logistics has achieved a diversification and augmentation of its operational domains. Such mergers and acquisitions have not merely broadened the firm's logistical remit across critical sectors but have also heightened its competitive edge, fortified its distribution network, and enhanced both the efficacy of its operations and the calibre of client service. This has solidified Huamao's preeminent status within the marketplace and has injected fresh vigour into its

prospects for enduring growth.

From a broader economic standpoint, the consecutive mergers and acquisitions orchestrated by Huamao Logistics transcend the realm of mere financial transactions; they are a tangible manifestation of the firm's strategic foresight and its assertion within the market. These calculated M&A endeavours are instrumental in underpinning the firm's trajectory towards loftier organisational ambitions. This trajectory is characterised not only by elevated service provision and market competitiveness but also by a dedication to persistent expansion and the genesis of long-term value. With such judiciously executed integrations, Huamao Logistics is steadfastly progressing towards preeminence in the global logistics sphere.

4. Short-term Performance Analysis of Huamao Logistics' Successive Mergers and Acquisitions

4.1. Identification of Event Date, Event Window Period and Data Sources

Given that successive mergers and acquisitions (M&A) is a feature that is persistent in time, repetitive in behaviour, and dynamic in impact [8], this paper chooses the event study method to carry out a phase-short-term performance study on successive merger and acquisition (M&A) events of Huamao Logistics. In order to ensure the sensitivity of the market's reflection of M&A, the first announcement day of each M&A is established as the event day, recorded as $t=0$. If the first announcement day of the M&A is a non-trading day, this event day is postponed to the next nearest trading day; at the same time, if the company has a suspension of the trading, then the event day is selected as the first trading day of resumption of trading, based on which, the event days of the six M&A of Huamao Logistics are selected as shown in Table 2. As for the length of the window period, referring to the academic practice, $(-10, 10)$, i.e., 10 days before and after the event date, is selected as the window period. The data in this paper are analysed based on the public data of listed companies and the SSE A-share index, and the long-term financial analysis is partly derived from the Flush iFinD financial data terminal software.

4.2. Excess and Cumulative Excess Return (AR and CAR) Analysis

Since Huamao Logistics went public in 2012 until 2021, six M&A events have occurred. Considering that consecutive M&A itself tends to have the attribute of occurring at short intervals, a market-adjusted model is chosen to calculate the excess return (AR). By the market-adjusted model, the individual stock return minus the market return of the selected firm for each day of the window period is used to capture the extent to which the firm's stock is affected by its M&A behaviour, and the cumulative excess return (CAR) is the cumulative number of excess returns. The formulas for the calculation of AR and CAR are shown below:

$$AR_{it} = R_{it} - R_{mit} \quad (1)$$

$$CAR_{it} = \sum_{-10}^{10} AR_{it} \quad (2)$$

R_{it} represents the return on a specific stock for the i th M&A occurrence on day t within the designated period, whereas R_{mit} indicates the market return for the same M&A event on day t , with R_{it} being derived from the publicly accessible data of the individual listed companies and R_{mit} being gauged against the publicly available SSE a-share index.

Perusal of Table 2 reveals that of the six M&A events undertaken by Huamao Logistics post-IPO through to 2021, four manifested a positive cumulative abnormal return (CAR) rate, constituting

66.67% of the total M&A activities, thereby signifying substantial market endorsement of Huamao Logistics' M&A strategy. The acquisition involving Huamao Railway, however, exhibited a negative CAR value; Figure 1 illustrates a marked negative deviation in the abnormal return (AR) and CAR commencing from ten days preceding the event. This decline might be attributable to exogenous factors impacting the market appraisal of Huamao Logistics or the relative insignificance of the transaction size and financial volume to the enterprise, culminating in a minimal positive influence. In the meantime, the acquisition of Hua'an Runtong bore a negative CAR value as well, which, upon scrutiny of the asset valuation report within the business portfolio market valuation project, suggests that the considerable transaction size and the substantial loan procured from China Merchants Bank, coupled with the target company's asset-light nature, escalated the transaction risk, thereby eliciting a lukewarm stock market response. On the flip side, other events elicited pronounced positive impacts, notably the acquisition of China Special Logistics. Examination of corporate disclosures and annual reports surrounding the event revealed that the extension into engineering logistics and specialised logistics sectors was well-received by the market, which anticipated synergistic benefits with Huamao Logistics' extant operations, and the substantial nature of the transaction further amplified the positive repercussions. Furthermore, to bolster the study's credibility, a one-sample t-test on the CAR values was executed, with the results presented in Table 3. The CAR values for each incident surpassed the t-test threshold, underscoring the significance of the impact engendered by the events.

Table 2: Cumulative excess return of eight M&A events of Huamao Logistics.

No.	Acquiree (subject company)	event date	Cumulative excess return (CAR/%)
1	China World Trade Centre (UK)	31/3/2021	-12.139
2	Jiacheng International	22/2/2021	13.019
3	Medium-heavy transport	2/7/2020	31.111
4	Hua'an Runtong	22/8/2019	-23.259
5	Zhongte Logistics	24/11/2015	47.084
6	Tak Cheung Group	15/9/2014	5.463

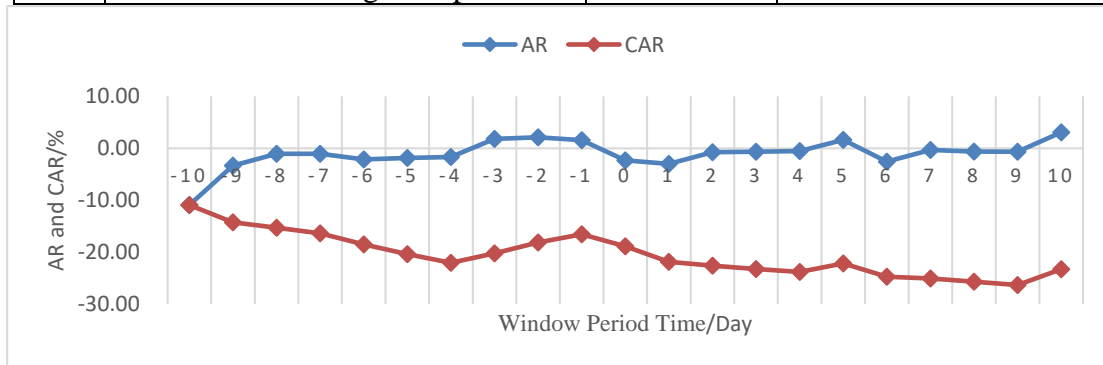


Figure 1: AR and CAR trend of Huamao Logistics' acquisition of Huamao Railway event (Picture credit: Original)

Table 3: CAR one-sample test.

CAR	test value = 0					
	t	degrees of freedom	Sig. (bobtail)	mean difference	95% conf. interval	
					lower limit	limit
Tak Cheung Group	3.780	20	0.001	2.962	1.328	4.597
Zhongte Logistics	5.370	20	0.000	26.065	15.940	36.189
Hua'an Runtong	-22.752	20	0.000	-20.486	-22.364	-18.607
Medium-heavy transport	3.895	20	0.001	11.817	5.488	18.146
Jiacheng International	4.444	20	0.000	8.542	4.533	12.552
China World Trade Centre (UK)	-4.442	20	0.000	-5.616	-8.253	-2.979

4.3. Average Excess Return, Cumulative Average Excess Return (AAR and CAAR) Analysis

In order to provide a more intuitive picture of the combined performance of successive corporate M&A actions in terms of stock market performance, the analysis is further analysed by means of the daily average excess return (AAR) and the cumulative average excess return (CAAR), which are calculated using the following formulas:

$$AAR_t = \frac{\sum_{i=1}^n AR_{i,t}}{n} \quad (3)$$

$$CAAR_t = \sum_{i=1}^t AAR_{i,t} \quad (4)$$

From Figure 2, it is found that the AAR value, although showing an overall fluctuation trend, started to pull upward on the fourth day before the event and climbed to the peak on the day of the event; correspondingly, the CAAR as a whole showed a clear trend of improvement during the window period, and the cumulative average excess return has also been maintained at a higher level even a few days after the event day, which indicates that consecutive merger and acquisition events tend to have a strong positive impact on Huamao Logistics and are widely recognised by investors. In addition, as shown in Table 4, the t-test shows that the impact of successive M&A events is significant.

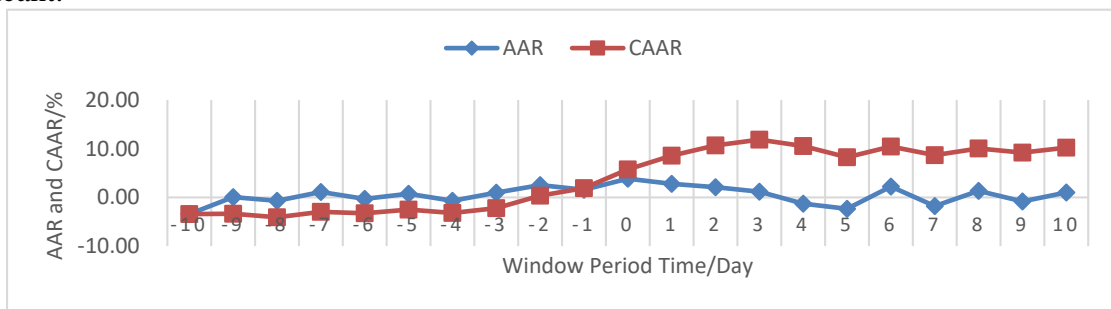


Figure 2: Trend of AAR and CAAR of Huamao Logistics' consecutive acquisitions (Picture credit: Original)

Table 4: CAAR one-sample test

	test value = 0					
	t	degrees of freedom	Sig.(bobtail)	mean difference	95% conf. interval	
					lower limit	limit
CAAR	2.845	20	0.010	3.881	1.036	6.726

5. Analysis of long-term financial capacity

5.1. Solvency analysis

In this study, the selection was made to utilise the current ratio, cash ratio, and quick ratio as indicators of the short-term liquidity (see Table 5), whilst the gearing ratio was employed to appraise the long-term financial stability [18-19]. An examination of the financial records of Huamao Logistics, with particular attention to the periods of intensified mergers and acquisitions (2014, 2015, 2019, 2020, 2021), reveals that there has been a negligible decline in both current and quick ratios, denoting a consistent or enhanced short-term liquidity. The cash ratio, despite its variability, registered elevated levels during years with a high concentration of M&A activities, notably 2019 and 2020, which included the procurement of Hua'an Runtong (Da'an project). This suggests that the firm has preserved ample cash reserves to address contingencies, notwithstanding the substantial cash outflows for M&A purposes.

There is a more pronounced variation in the gearing ratio, which tends to be higher in years marked by increased M&A transactions, such as 2014, 2015, and 2021, corresponding to the acquisitions of Dexiang Group, Zhongte Logistics, and Jiacheng International, respectively. This heightened ratio may be attributed to the augmentation in the firm's long-term debts as a consequence of its M&A activities. However, even during these years of M&A, Huamao Logistics' gearing ratio remained below the threshold of 60 per cent, indicating that the succession of these strategic acquisitions, following meticulous planning, did not precipitate substantial instability in the company's long-term financial solvency.

In its M&A expansion strategy, Huamao Logistics has exhibited commendable financial resilience, adeptly navigating the interplay between risk management and astute financial stewardship to fortify its core market position. Despite the inevitable financial oscillations induced by such undertakings, the company has capitalised on its judicious economic planning and substantial capital reserves to sustain its fiscal well-being, epitomising the commercial prudence of circumspect administration.

Table 5: Solvency analysis statistics of Huamao Logistics, 2014-2021.

items	2014	2015	2016	2017	2018	2019	2020	2021
current ratio	1.48	1.62	2.30	2.28	2.56	2.02	2.07	1.93
quick ratio	1.09	1.31	2.13	2.13	2.46	1.95	2.01	1.82
cash ratio	30.19	42.93	76.55	79.22	85.08	58.35	62.52	44.36
gearing	54.75	49.31	30.02	30.89	28.05	34.81	37.48	48.60

5.2. Profitability analysis

Gross sales margin and net sales margin are selected in the study, and combined with DuPont analysis to analyse corporate profitability with return on net assets and total return on assets [20-21]. A perusal of the figures in Table 6 reveals that during epochs of heightened merger and acquisition (M&A) activity, the escalation in gross sales margin was not markedly pronounced; indeed, despite an uptick in 2016, the variation was of a minimal nature. This implies that M&A endeavours did not precipitate an immediate and notable amplification of sales income or a substantial diminution in expenditures. In stark contrast, the trajectory of the net sales margin was distinctly more pronounced, with the years 2019 and 2020 witnessing notable increments, potentially attributable to the synergistic effects of M&A enabling Huamao Logistics to broaden its commercial dominion, thereby accruing additional net earnings, or perhaps as a result of augmented managerial efficacy post-M&A integration, which in turn drove an upsurge in the net profit margin.

In a similar vein, the patterns of return on equity (ROE) and return on total assets (ROTA) mirrored that of the net sales margin. Particularly in the years spanning 2020 to 2021, which were characterised by vigorous M&A dealings, there was a marked enhancement in both ROE and ROTA, thus substantiating the affirmative repercussions of M&A on the profit-making capacity of Huamao Logistics.

The analytical probe into profitability establishes that the M&A stratagem adopted by Huamao Logistics has been instrumental in fortifying the firm's financial performance. Whilst the variation in gross sales margin was inconsequential, the elevation in the net sales margin, alongside the ascension in return on net assets and return on total assets, unequivocally demonstrates that M&A activities have solidified Huamao Logistics' foundational competitiveness and have engendered superior profitability outcomes by augmenting net profits, refining shareholder equity, and enhancing the utilisation efficiency of total assets.

Table 6: Profitability analysis statistics of Huamao Logistics, 2014-2021.

items	2014	2015	2016	2017	2018	2019	2020	2021
Gross sales margin	7.02	8.72	12.75	11.48	11.40	11.68	11.70	10.04
net sales margin	1.50	1.93	3.24	3.32	3.57	3.66	4.09	3.78
return on net assets	8.70	9.95	8.83	7.67	8.37	8.77	12.21	17.13
return on total assets	5.69	7.32	7.16	6.72	7.83	7.86	10.48	13.49

5.3. Analysis of Operating Capacity

The operating capacity study was analysed in terms of notes and accounts receivable turnover and total asset turnover [20-22]. Table 7 furnishes insights into the operational flexibility of Huamao Logistics when confronting the vicissitudes associated with mergers and acquisitions. It is particularly salient that the inventory turnover ratio diminished markedly amidst the 2014 acquisition of Dexiang Group, indicative of potential issues in the initial phase of integration post-merger. Nevertheless, a subsequent recovery of this index was observed in 2019 and 2020, culminating in an apex in 2021, which underscores the company's enhancement in the efficacy of inventory management. Concurrently, the accounts receivable turnover ratio has maintained a consistent level, evidencing Huamao Logistics' steadfastness in upholding its collection practices and client relations. A scrutiny of the fixed asset turnover ratio suggests a declension over the years following the merger, a phenomenon potentially attributable to the augmentation of the firm's fixed assets through such activities, coupled with the temporal lag inherent in refining the utilisation of these assets. A resurgence in this metric in 2020 and 2021 corroborates that the enterprise has honed its capabilities in the stewardship and deployment of fixed assets, drawing on the experiential knowledge gained from its series of mergers and acquisitions [10,11]. The trajectory of the total asset turnover also mirrors the initial hurdles posed by M&A undertakings and the subsequent melioration in efficiency. In essence, while Huamao Logistics' approach to M&As initially presented certain obstacles, it has equally precipitated enduring enhancements in the company's operational prowess. The iterative learning gleaned from successive M&As has been instrumental in advancing the company's proficiency in inventory management, refining the application of fixed assets, and elevating the turnover of total assets, thereby markedly bolstering operational efficiency. This testifies to Huamao Logistics' formidable competitive edge and its capacity for sustained advancement in the realms of M&A integration and operational administration.

Table 7: Statistical analysis of Huamao Logistics' operating capacity, 2014-2021.

items	2014	2015	2016	2017	2018	2019	2020	2021
Inventory turnover	150.03	78.36	50.93	53.72	62.90	126.04	334.22	1,053.76
Accounts receivable turnover ratio	6.69	6.67	5.14	5.08	5.10	4.81	5.53	6.84
Fixed asset turnover	45.72	29.75	18.83	16.99	16.02	16.66	23.20	39.15
Total asset turnover	2.65	2.59	1.79	1.64	1.72	1.72	2.03	2.74

5.4. Growth Capacity Analysis

Within the confines of this scholarly treatise, the metrics of year-on-year escalation in operational revenue, net profit augmentation rate, and the comparative annual increment in aggregate assets and shareholders' equity are employed to gauge the growth potency of corporate entities [19,20,22]. A critical perusal of the financial data delineated in Table 8 reveals that Huamao Logistics' operational turnover encountered pronounced vicissitudes during the zenith of mergers and acquisitions, with particular reference to the negative growth witnessed in 2014 and 2016. This phenomenon is indicative of the obstacles encountered in amalgamating sales and aligning with market exigencies in the nascent stages of mergers and acquisitions. Nonetheless, a marked amelioration is observed in the ensuing periods, with the operational revenue's year-on-year upsurge in 2017, 2019, and 2020 reaching 37.47% and 75.02% respectively. Such figures are emblematic of the burgeoning operational synergies and the learning dividends accruing from the M&A activities [10-12,17].

The trajectory of net profit growth has mirrored that of operational revenue, particularly in the post-merger periods, with the pronounced enhancement in net profit underscoring the profitability's ascendancy. It is noteworthy that this elevation in net profit was realised even during periods characterised by a downturn in sales revenue, thus further solidifying the evidence of the M&A's favourable bearing on the profitability of Huamao Logistics. The proliferation impact of M&A ventures on the corporate magnitude is conspicuously mirrored in the year-on-year accretion rates of total assets and shareholders' equity. The accretion rates of these assets are significantly more pronounced in years marked by M&A activities, such as 2015, 2019, and 2020, thereby attesting to the M&A's efficacious role in augmenting Huamao Logistics' asset base.

In summation, the M&A strategy adopted by Huamao Logistics has been instrumental in substantially enhancing its fundamental competencies. Although initial M&A endeavours may be fraught with integration challenges, the strategy, when viewed through the lens of a longitudinal timeframe, has acted as a pivotal catalyst in propelling rapid growth, thereby endowing the enterprise with a formidable impetus in terms of sales, profitability, and asset base expansion.

Table 8: Growth capacity analysis statistics of Huamao Logistics, 2014-2021.

items	2014	2015	2016	2017	2018	2019	2020	2021
Year-on-year growth rate of operating income	-6.64	0.14	-8.40	19.25	8.38	8.54	37.47	75.02
Net profit year-on-year growth rate	42.60	23.44	56.25	24.55	15.95	8.76	51.01	57.74
Year-on-year growth rate of total assets	6.55	-1.41	67.25	6.96	0.01	16.94	17.08	40.26
Year-on-year growth in net assets	6.84	9.84	132.99	6.21	4.26	5.31	11.43	11.87

6. Suggestions for Countermeasures to Improve the Effectiveness of Successive Mergers and Acquisitions

In order to help companies further improve their successive M&A strategies and enhance the effectiveness of their operations, this study suggests the following measures to improve the success and effectiveness of their future M&A activities.

In the area of mergers and acquisitions (M&A), establishing and following through on a long-term strategic plan is a key element of success. Companies must ensure that each acquisition complements their long-term growth strategy and forms an important part of their strategic vision. This requires clear strategic insight at the top and consensus and support for this vision at all levels of the organisation. In addition, periodic evaluation of the effectiveness of the M&A strategy and adjustments to the strategy based on the feedback from the evaluations are central to ensuring effective implementation and flexibility of the strategy. An efficient monitoring and evaluation system can help companies identify and correct deviations from their stated objectives in a timely manner, and ensure that M&A actions continue to achieve the stated positive results.

In M&A decision-making, accurate assessment of the target company is a crucial part. For example, Huamao Logistics should continuously improve its evaluation mechanism to ensure that M&A decisions are scientific and reasonable by conducting in-depth analyses of the target company's asset status, financial health and business model, as well as evaluating possible synergies. This requires the construction of a comprehensive evaluation framework that includes market competitiveness, technological capability, brand value and other multi-dimensional aspects to provide comprehensive information support for decision-making through a combination of quantitative and qualitative analyses.

Thirdly, risk management and capital structure optimisation are crucial to the success of M&A. For large-scale M&As, it is recommended that Huamao Logistics, for example, build a more rigorous financial risk management system, which should include, but not be limited to, the setting up of a risk fund and the introduction of an insurance mechanism to spread risks. Enterprises should also make use of diversified financing channels to optimise their capital structure and reduce their reliance on a single source of financing in order to reduce financing costs and diversify financial risks.

Finally, the development and implementation of a well-thought-out integration plan is crucial to stable post-merger operations. Huamao Logistics should take prompt action to implement the integration plan after the completion of the M&A, which includes but is not limited to cultural integration, business process optimisation and merging of technological systems, etc., in order to reduce the risk of operational disruption and ensure that the synergistic benefits brought about by the M&A can be reflected quickly. In addition, continuous business innovation is a key driver to maintain the company's competitiveness, especially in the engineering logistics and speciality logistics sectors, Huamao Logistics should actively develop new business models and enhance integration with existing businesses to promote overall business growth.

7. Conclusions

The study shows that as Huamao Logistics strengthens its core competencies, its strategy of successive mergers and acquisitions is a core component of its business model, which is not only a key element of its growth blueprint, but also an enabler of its solvency, profitability, operational efficiency and expansion rate. The clever use of this strategy has demonstrated excellent results in terms of financial stability and risk management, ensuring that the company remains financially solid even during periods of market volatility. After examining the impact of consecutive M&As on market performance and analysing corporate financial data, we found that the market was generally

positive towards Huamao Logistics' M&A initiatives, especially those that significantly enhanced corporate synergies, strengthened its overall competitiveness and brought added value to shareholders. These initiatives are closely aligned with Huamao Logistics' core business and in line with its long-term strategic layout, revealing the company's highly strategic and forward-thinking approach to M&A.

However, the M&A strategy is not risk-free. Huamao Logistics has also encountered challenges in the process of successive M&A. Individual mergers and acquisitions may increase the risk exposure of the company due to the lack of thorough strategic planning beforehand, inaccurate valuation of the target company during the process, insufficient risk control, or the use of excessive M&A leverage. Poor post-merger integration may also affect the long-term stability and development of the company.

Nevertheless, Huamao Logistics' M&A strategy has been generally successful. M&A activities have not only increased market share, brought new business opportunities and driven revenue growth, but also expanded asset size. From an operational point of view, the company has significantly improved its operational efficiency by optimising inventory management and enhancing asset turnover. These actions have strengthened internal controls, optimised resource allocation and laid a solid foundation for sustainable development.

Although successive mergers and acquisitions carry a certain degree of risk, Huamao Logistics has reaped positive results from most of its mergers and acquisitions, thanks to prudent strategic planning and effective risk management. The success of its acquisitions is not only reflected in economic indicators, but also plays a key role in promoting the company's long-term growth and core competitiveness.

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