

Research on the Financial Performance of San li Pharmaceutical's Consecutive Mergers and Acquisitions from the Perspective of EVA

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Abstract: The pharmaceutical industry is closely related to People's Daily lives. Against the backdrop of the COVID-19 pandemic and an aging population, the number of domestic pharmaceutical companies has been increasing, and top foreign pharmaceutical companies are also accelerating their layout in the Chinese market. The competition among enterprises is becoming increasingly fierce. For domestic pharmaceutical companies to gain a foothold in the fierce competition of the pharmaceutical industry, implementing continuous mergers and acquisitions is a better strategic approach. This article selects Guizhou Sanli Pharmaceutical Co., LTD. (hereinafter referred to as:) Taking Sanli Pharmaceutical as the subject of study, considering the company's continuous mergers and acquisitions in the past three years (2022- 2024), based on the EVA perspective and traditional financial indicators, through longitudinal and transverse comparative analysis of the company' s financial performance before and after the mergers and acquisitions, it is concluded that continuous mergers and acquisitions have made a positive contribution to EVA's growth. However, the company's profitability, debt-paying ability and operational capacity declined after the merger, and the short-term integration pressure led to a decline in traditional financial indicators. But in the long term, it can create value for the company. Based on this, the corresponding case insights are summarized to enrich the corresponding research field and provide experience and lessons for similar enterprises that want to implement continuous mergers.

Keywords: Pharmaceutical Enterprises; Continuous Mergers and Acquisitions; Financial Performance.

1. Introduction

In recent years, the state has placed increasing emphasis on the pharmaceutical industry and has imposed stricter management on the quality and safety of drug production and business areas of enterprises. On this basis, China has introduced a series of regulations and rules, such as the implementation of the "two-invoice system" for drugs in 2017, the introduction of good manufacturing practice for drugs in 2020, the release of the "14th Five-Year Plan" for the development of the pharmaceutical industry in January 2022, and the notice of drug manufacturing enterprises assigning codes to sales packaging units at all levels in March 2025 [1]. Under the guidance of national policy regulations and the increasing consumption of healthcare, drugs with high cost performance and good efficacy have been included and produced in large quantities, and innovative medicinal materials have been continuously broken through and developed. This not only ensures the safe and efficient use of drugs for patients, but also guides the pharmaceutical industry to optimize the product structure and expand the research and development field, promoting the continuous sound development of the pharmaceutical industry. In this context, however, the competition among enterprises has become increasingly fierce. On the one hand, the number of domestic pharmaceutical companies is increasing; On the other hand, top foreign pharmaceutical companies, relying on their strong research and development accumulation, are accelerating their presence in the Chinese market, bringing severe competitive pressure to domestic pharmaceutical companies [2].

In the face of the squeeze from both domestic and foreign markets, for domestic pharmaceutical companies to continue

to focus on innovation, forge core competitive advantages, scientifically optimize industrial layout, gain a firm foothold in the fierce competition of the pharmaceutical industry and achieve sustainable and sound development, continuous mergers and acquisitions are a good strategic path. Compared with single mergers and acquisitions, continuous mergers and acquisitions have stronger strategic synergy. They can not only trigger more far-reaching financial risks, but also enable enterprises to expand, increase scale and enhance competitiveness.

Based on reading and sorting out the relevant theoretical knowledge and research results of continuous mergers and acquisitions at home and abroad, this paper selects Sanli Pharmaceutical as the case enterprise for study.

Through analyzing the overview of Sanli Pharmaceutical, the process and driving force of continuous mergers and acquisitions, and the financial performance after continuous mergers and acquisitions from the perspective of EVA, and in combination with the development trend of the industry based on the evaluation results, targeted suggestions and measures are proposed. This enriches the research on the common paths for most listed companies to achieve regional deepening and industrial chain integration through continuous mergers and acquisitions.

2. Introduction to San li Pharmaceuticals and its Continuous Merger and Acquisition Journey

2.1. Company Profile

Sanli Pharmaceutical (stock code: 603439) is the leading listed company in the field of Miao medicine and Chinese patent medicine in Guizhou Province. It was established on

September 22, 1995, registered in Anshun City, Guizhou Province, and listed on the main board of the Shanghai Stock Exchange on April 28, 2020. With pediatric and respiratory medicines as its core strength, it integrates planting, research and development, production and marketing. In recent years, it has rapidly expanded through mergers and acquisitions, and its comprehensive strength has remained among the top in Guizhou's pharmaceutical industry.

2.2. Definition of Continuous Mergers and Acquisitions

Based on previous research, scholars' definition of consecutive mergers and acquisitions can be summarized as: a company conducts three or more merger and acquisition activities within five years [3].

2.3. A Company's History of Consecutive Mergers and Acquisitions

The continuous merger and acquisition history of Sanli Pharmaceuticals from 2022 to 2024 is shown in Table 1.

Table 1. San li Pharmaceutical's Continuous Mergers and Acquisitions Process from 2022 to 2024

Transaction times	Transaction type	Subject of the transaction	Transaction amount	Shareholding ratio	Core Purpose
May 9, 2022	Bankruptcy reorganization acquisition	Guiyang Dechangxiang Pharmaceutical Co., LTD	232 million yuan	95%	Get resources of time-honored Chinese brands and Supplement classic Varieties such as gynecology
July 28, 2022	Acquisition	Guizhou Haoste Biotechnology Co., LTD	Not disclosed	51%	Enter the field of Orthopedic patent medicines and add exclusive orthopedic varieties
September 23, 2023	Equity acquisition	Guizhou Hanfang Pharmaceutical Co., LTD	499.57 million yuan	75.90%	Controlling Hanfang Pharmaceutical, strengthening the layout of modern Chinese medicine
December 20, 2024	Equity acquisition	Guizhou Hanfang Pharmaceutical Co., LTD	169.83 million yuan	98.80%	Consolidate absolute control over Hanfang Pharmaceuticals and deepen synergy in the traditional Chinese medicine sector

3. Motivations for Mergers and Acquisitions

During 2022-2024, Sanli Pharma carried out four mergers and acquisitions with different purposes. The following will analyze the motives behind the consecutive mergers and acquisitions from both internal and external perspectives.

3.1. External Drivers

External forces stem from national policy support and industry competition.

Under the support of Guizhou Miao Medicine industry policy and the promotion of national traditional Chinese medicine inheritance and innovation, the state has introduced many policies to encourage the development of pharmaceutical enterprises during the "14th Five-Year Plan" period. Under these conditions, Sanli Pharmaceutical has carried out multiple mergers and acquisitions, such as: in December 2024, it acquired 98.80% of the equity of Guizhou Hanfang Pharmaceutical, consolidated its absolute equity in Hanfang Pharmaceutical, and deepened the synergy of the traditional Chinese medicine sector [4]. At the same time, under the encouragement of national policies, the number of pharmaceutical companies in China has gradually increased, the pharmaceutical industry market is huge, and the homogeneous competition among small and medium-sized pharmaceutical companies has become increasingly fierce, prompting frequent and continuous mergers and acquisitions among pharmaceutical companies to deepen their main

business, expand business areas, strengthen competitiveness, and establish a foothold in the market.

3.2. Internal Driving Forces

Internal motivation stems from the following two aspects. On the one hand, Sanli Pharmaceutical went public in April 2020. Since then, the frequent mergers and acquisitions have been aimed at enhancing its capital operation capabilities after going public. The revenue share of its core product, Kaitoujian spray, is too high and it needs to diversify its business risks.

Through the acquisition of equity in Guiyang Dechangxiang Pharmaceutical and Guizhou Haoshite Biological, it can expand the business areas of Chinese time-honored brands and exclusive varieties such as orthopedics and gynecology.

Efficient integration of resources and enhanced synergy. On the other hand, a 98.80% stake in Hanfang Pharmaceutical was achieved through multiple equity acquisitions to strengthen the layout in the field of traditional Chinese medicine, to build a full industrial chain synergy model to expand the medical distribution field, and to achieve a strategic upgrade from a leading single Miao medicine product to a comprehensive traditional Chinese medicine enterprise.

4. Financial Performance Analysis of San li Pharmaceutical's Consecutive Mergers and Acquisitions

This article will calculate the EVA of Sanli Pharmaceutical from 2021 to 2024 and further evaluate and analyze the financial performance under continuous mergers and acquisitions. Based on the EVA perspective, which breaks the limitations of traditional financial indicators that do not take into account capital costs, a comparative analysis of the two can further improve the financial performance evaluation system. EVA (Economic Value Added) core formula: Net operating profit after Tax (NOPAT) - Adjusted total capital

(TC)× weighted average cost of capital ratio (WACC). If $EVA > 0$, it indicates that the company's economic value added is greater than the total cost of capital, and the increase in earnings is profitable; Conversely, it indicates that the company's economic gains cannot cover the costs invested, resulting in a loss [5].

4.1. EVA Calculation Steps

4.1.1. Calculation and Adjustment of Net Profit After Tax (NOPAT)

The net operating profit after tax was calculated by referring to Sanli Pharmaceutical's annual reports for 2021-2024 as shown in Table 2.

Table 2. Sanli Pharmaceutical 2021-2024 Net Operating Profit after Tax (NOPAT) Calculation Sheet (Unit: Ten thousand yuan)

Project \ Year	2021	2022	2023	2024
Net profit attributable to shareholders	15228.26	20128.42	29270.29	27402.78
After-tax interest expense	701.83	452.07	364.80	1258.10
Capitalization of research and development expenditures	21.1	0	0	0
Impairment loss on goodwill	0	0	0	0
Non-operating income	3.5	104.43	136.92	192.23
Non-operating expenses	257.67	403.42	317.55	314.57
Deferred income tax gains	1250.36	0	0	0
Deferred income tax expense	0	0	0	0
Net operating profit after tax (NOPAT)	14954.98	20879.48	29815.72	28783.22

4.1.2. Calculation and Adjustment of the Adjusted Total Capital (TC)

The adjusted total capital was calculated by referring to the

company annual reports of Sanli Pharmaceuticals for 2021-2024, as shown in Table 3.

Table 3. Sanli Pharmaceutical 2021-2024 Adjusted Total Capital (TC) Calculation Table (Unit: Ten thousand yuan)

Project \ Year	2021	2022	2023	2024
Total interest-bearing debt	2000	20549.9	55437.52	60664.82
Total owner's equity	103200	123800	170900	159500
Total initial capital	123200	144349.9	226337.52	220164.82
Plus total ¹⁾	512.35	16889.45	56608.4	57012.89
Subtractive total ²⁾	22783.75	36529.49	45215.4	52252.86
Adjusted total capital (TC)	100928.6	124709.86	237730.52	224924.85

1) Addition total: Balance of capitalized R&D + Balance of goodwill + Deferred income tax

2) assets Subtraction total: Deferred income tax liabilities + Interest-free current liabilities (accounts payable + contract liabilities + employee benefits payable + taxes payable) +

Non-operating assets (trading financial assets + other equity instruments investment)

4.1.3. Calculation of the Weighted Average Cost of Capital Rate (WACC)

Table 4. Calculation Table of Weighted Cost of Capital (WACC) for San li Pharmaceuticals 2021-2024

Project \ Year	2021	2022	2023	2024
Average balance of interest-bearing debt per ten thousand yuan	20274.95	37993.71	58051.17	61519
Debt cost of capital ratio (kd) /%	3.70	3.70	3.64	3.71
Risk-free yield (Rf) /% ¹⁾	2.80	2.95	2.75	2.50
Market risk premium /% ²⁾	5.00	5.00	5.00	5.00
Beta coefficient (β) ³⁾	0.92	0.93	0.91	0.90
Enterprise-specific risk premium (Rs) /%	2.00	2.00	2.00	2.00
Equity capital cost rate (Ke) /%	9.40	9.60	9.30	9.00
Interest-bearing debt weighting	0.1982	0.1648	0.2332	0.2697
Owner's equity weights	1.0225	0.9927	0.7189	0.7091
Weighted cost of capital (WACC) /%	10.34	10.14	7.54	7.38

1) Data source: China Bond Information Network (10-year treasury bond yield for the corresponding year)

2) Data source: Historical average of the Chinese market

3) Data source: Wind Database

The weighted average cost of capital (WACC) is calculated based on the relevant website query β value, enterprise-specific risk premium, etc., as shown in Table 4.

4.1.4. Final Summary of Economic Value Added (EVA)

Based on data availability, only key items were adjusted, and the EVA was calculated by substituting NOPAT, TC, and WACC values according to the formula as shown in Table 5.

Table 5. Final Summary of EVA for San li Pharmaceutical 2021-2024 (Unit: ten thousand yuan)

Project	Year	2021	2022	2023	2024
Net operating profit after Tax (NOPAT)		14954.98	20879.48	29815.72	28783.22
Adjusted total capital (TC)		100928.6	124709.86	237730.52	224924.85
Weighted cost of capital (WACC) /%		10.34	10.14	7.54	7.38
Economic value added (EVA)		4514.70	8234.85	11902.63	12176.90

4.2. Financial Performance Analysis - EVA Perspective

4.2.1. Longitudinal Comparative Analysis: Changes in EVA before and after Mergers and Acquisitions

According to Table 5, Sanli Pharmaceutical's EVA continued to rise from 2021 to 2024, indicating that the company's economic value added is greater than the total cost of capital, and the increase in earnings is profitable.

Sanli Pharmaceutical began its continuous mergers and acquisitions in 2022. In 2021, at the time point before the mergers and acquisitions, its EVA value was less than that after the mergers and acquisitions, indicating that Sanli Pharmaceutical's continuous mergers and acquisitions created value for the company. The acquisition of Guiyang Dechangxiang Pharmaceutical, Guizhou Haosite Biotechnology, and Guizhou Hanfang Pharmaceutical was a good strategic path to broaden business areas and enhance core competitiveness.

4.2.2. Comparative Analysis of Merger and Acquisition Nodes: The Impact of Individual Mergers and Acquisitions on EVA

In 2022, Sanli Pharmaceutical acquired Guiyang Dechangxiang Pharmaceutical and Guizhou Haoste Biotechnology, and its EVA increased from 4,514.70 to 8,234.85, a year-on-year increase of 82.40%, showing the largest annual increase in these four years. After the consolidation of the two target companies, the net operating profit after tax (NOPAT) was directly expanded from 14,954.98 to 20,879.48, an increase of 39.62%, indicating that Sanli Pharmaceutical quickly integrated resources in response to business areas after the acquisition, with strong synergy, which drove the rapid increase in EVA.

From 2023 to 2024, Sanli Pharmaceutical made multiple equity acquisitions of Guizhou Hanfang Pharmaceutical, ultimately achieving an absolute control of 98.8%. In 2023, Sanli Pharmaceutical's stake in Guizhou Hanfang Pharmaceutical was 75.9%, and its EVA increased from 8,234.85 to 11,902.63, representing a year-on-year growth of 44.54%; In 2024, Sanli Pharmaceutical's stake in Guizhou Hanfang Pharmaceutical was 98.8%, EVA increased from 11,902.63 to 12,176.90, a 2.30% year-on-year increase. Although EVA increased, the year-on-year growth rate gradually declined, with the largest decline in 2024, showing a low growth trend and creating less value for the company in the later period. This is mainly due to the fact that after the acquisition of the remaining equity, the company needs to bear more debt pressure, and the large-scale integration of business resources also has some impact on current profits, so

the year-on-year growth rate of EVA shows a downward trend.

4.3. Financial Performance Analysis - Traditional Financial Indicators

4.3.1. Profitability Before and After Mergers and Acquisitions

This article selects the return on net assets, return on total assets, and operating net profit of Sanli Pharmaceutical and the pharmaceutical industry to conduct a comparative analysis of its profitability before and after the merger and acquisition, as shown in Figure 1. Before and after the merger, Sanli Pharmaceutical's return on net assets, return on total assets, and operating net profit were all above the industry average, indicating that Sanli Pharmaceutical had strong profitability. From 2021 to 2024, both return on net assets and return on total assets showed a trend of increasing first and then decreasing. The value of return on net assets before the merger was smaller than that after the merger, mainly because the company accumulated profits after the merger to increase net assets, and through moderately increasing the debt ratio, such as short-term borrowing, the net profit growth exceeded the net assets, thereby promoting the increase in return on net assets. In 2024, the return on total assets was lower than before the merger. The merger led to insufficient utilization of fixed assets such as production equipment of the target company and aging equipment, resulting in a decrease in the fixed asset turnover rate. At the same time, the inventory backlog of the target company also pulled down the overall current asset turnover rate, and the operating net profit showed a small fluctuation of first decrease, then increase and then decrease again. In both 2022 and 2024, it was less than before the merger. In 2022, it was in the early stage of the merger and needed to spend a large amount of money to integrate the target company, and in 2024, the company made impairment provisions for the goodwill formed during the merger and acquisition, which reduced the net profit for the current period. In 2024, which is the post-merger risk exposure period, profitability.

4.3.2. Debt-paying Ability Before and After Mergers and Acquisitions

This paper selects the debt-to-asset ratio, current ratio and quick ratio of Sanli Pharmaceutical and the pharmaceutical industry for a comparative analysis of debt-to-asset ability before and after the merger, as shown in Figure 2. After the merger, both the current ratio and the quick ratio of Sanli Pharmaceutical showed a continuous downward trend, both of which were smaller than the pre-merger and industry average, and were more prominent in 2024.

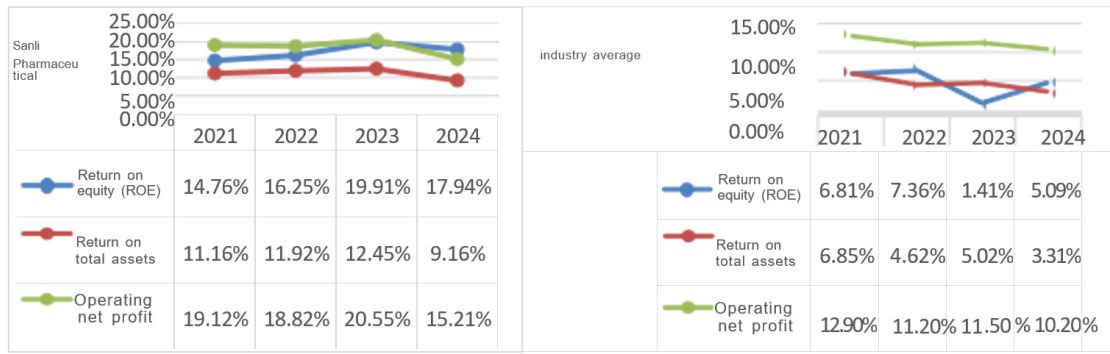


Figure 1. Return on net assets, return on total assets, and operating net profit of San li Pharmaceuticals and the pharmaceutical industry from 2021 to 2024

Before the merger, the company had sufficient current assets, and its current ratio and quick ratio were much higher than the industry safety value (current ratio ≥ 2 , quick ratio ≥ 1) [6]. After the merger, the company used part of the funds to repay the high debts of the target company, there was a situation of overdue accounts receivable, and the growth rate of current assets could not keep up with current liabilities. The debt-to-asset ratio has continued to rise, both above the industry

average. In the early stage of the merger in 2022, to pay the consideration, the company raised the debt-to-asset ratio by issuing bonds, short-term borrowings, etc. In 2024, the debt-to-asset ratio exceeded 50%, facing long-term debt. Debt-paying ability has dropped significantly after the merger and acquisition, with indicators approaching warning values, financial risk rising, and debt-paying ability at the bottom of the industry.

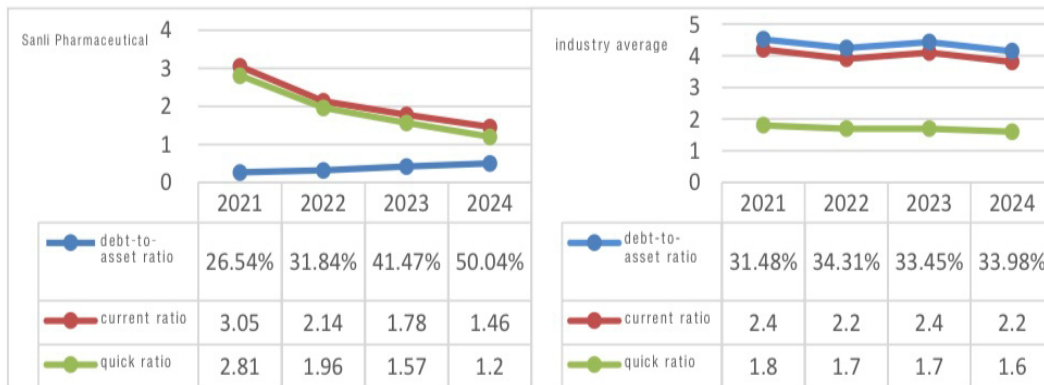


Figure 2. Debt-to-asset ratio, current ratio and quick ratio of San li Pharmaceuticals and the pharmaceutical industry from 2021 to 2024

4.3.3. Operational Capacity Before and After Mergers and Acquisitions

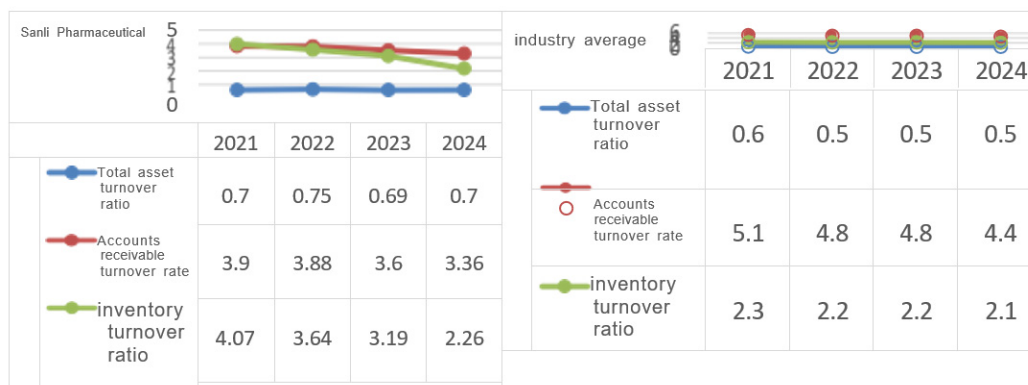


Figure 3. Total asset turnover, accounts receivable turnover and inventory turnover of San li Pharmaceuticals and the pharmaceutical industry from 2021 to 2024

This paper selects the total asset turnover, accounts receivable turnover, and inventory turnover of Sanli Pharmaceutical and the pharmaceutical industry for a comparative analysis of operational capabilities before and after the merger, as shown in Figure 3. Before and after the merger, Sanli Pharmaceutical's total asset turnover rate and inventory turnover rate were both higher than the industry

average. The total asset turnover rate fluctuated slightly between 0.69 and 0.75 and was not affected by the merger. The inventory turnover rate continued to decline and approached the average in 2024 due to the inventory management ability of the target company being inferior to that of the parent company. The accounts receivable turnover was lower than the industry average and continued to decline, mainly due to

the imperfect management system of the target company, which led to a long payback period and a high expected proportion of accounts receivable. For example, when restructuring and acquiring the bankrupt Guiyang Dechangxiang Pharmaceutical, the payback period needed to be extended. Overall, the operational capacity after the merger is inferior to that before the merger, and it is in the middle of the industry.

4.4. A Comparison of Traditional Financial Indicators with EVA

According to Table 5, Sanli Pharmaceutical's EVA continued to rise from 2021 to 2024, indicating that the company's economic value added was greater than the total cost of capital, and the increase in earnings was profitable.

However, according to Figures 1, 2, and 3, the company's profitability, debt-paying ability, and operational ability after the merger showed a downward trend and were not as good as before the merger. The divergence between traditional financial indicators and EVA is mainly due to: On the one hand, after a merger, the company adjusted its capital structure through debt financing, resulting in debt costs being lower than equity costs, ultimately reducing the weighted average cost of capital. In such a situation, even if the company's profitability declined, the lower cost of capital still allowed net operating profit after tax to cover the cost of capital, making EVA greater than before the merger. The higher integration costs after the merger and the underperformance of the target company have led to a decline in indicators such as ROE and ROA; On the other hand, in the early stage of the merger, the target company expanded the business area of the parent company, bringing in additional net operating profit, which contributed more than the newly added capital cost, thus jointly driving the continuous increase of EVA. Even if the performance of the target company declined later, the accumulated profits in the early stage could still support EVA to be greater than before the merger, and the company expanded the debt scale after the merger. The long-term and short-term debt pressure led to an increase in the company's debt-to-asset ratio, its debt-paying ability was lower than before the merger, and the poor synergy management ability in the early stage of the merger and the imperfect management system of the target company led to a long collection cycle and a high expected proportion of accounts receivable, so the operating ability after the merger was lower than before the merger.

5. Conclusion and Recommendations

5.1. Conclusion

5.1.1. Theoretical Contributions

Studying the financial performance of enterprises implementing consecutive mergers and acquisitions from the perspective of EVA can demonstrate the unique value of EVA in the M&A evaluation system and make up for the limitations of traditional financial indicator analysis, such as: Traditional financial indicators only deduct debt costs and do not consider total capital costs, etc., and by comparing traditional financial indicators with EVA, a more comprehensive analysis can be made to determine whether continuous mergers and acquisitions create value for the company. This paper, through the research and analysis of Sanli Pharmaceutical, can identify that short-term consolidation pressure has led to a decline in traditional financial indicators, but in the long term, it can

create value for the company. This risk situation presented after the merger enriches the risk early warning theory related to continuous mergers and acquisitions in pharmaceutical enterprises.

5.1.2. Practical Implications

The merger and acquisition of Sanli Pharma through bankruptcy reorganization breaks the situation in the pharmaceutical industry that only focuses on the short-term benefits of the revenue scale of the target company during the implementation of consecutive mergers and acquisitions. It shows that the company pays more attention to capital costs, views the value created by the target company from the perspective of long-term development prospects, and focuses on long-term development rather than short-term benefits. It highlights the importance of creating value in the long term for similar pharmaceutical companies that want to carry out consecutive mergers and acquisitions. And an analysis of Sanli Pharmaceutical based on the EVA perspective and traditional financial indicators reveals the characteristics of high short-term integration costs, poor synergy, and large fluctuations in the performance of the target company after mergers and acquisitions in the pharmaceutical industry through the divergence of the two, providing a reference for similar pharmaceutical enterprises that have implemented continuous mergers and acquisitions in optimizing integration.

5.2. Suggestions

5.2.1. Focus on Implementing Strategies Before, During and After Mergers and Acquisitions

From the perspective of the enterprise's own development, it is a good strategic path for pharmaceutical enterprises to carry out consecutive mergers and acquisitions, which can broaden the business scope and make up for the limitations of their own development, but they should not blindly carry out consecutive mergers and acquisitions. Before the merger and acquisition, full understanding and analysis should be conducted. Due to the special nature of the industry in which pharmaceutical enterprises operate, such as long drug research and development cycles, high upfront research and development costs, and long capital recovery cycles, etc., it will have an impact on the overall performance of the company. Therefore, before the merger and acquisition, full attention should be paid to areas such as the corporate culture, core products, and technical resources of the target company. In order to effectively avoid the economic pressure caused by poor synergy and high integration costs in the early stage of mergers and acquisitions; In the merger and acquisition, the purchase price can be negotiated to be paid in installments, and the transaction structure can be flexibly adjusted. For example, 30% of the purchase price is paid first, and the remaining amount is paid in installments based on the specific circumstances of core performance in the next five years (such as drug revenue and market share, progress of research and development products, utilization rate of core resources, etc.), and the price is deducted proportionally if the target is not met. By paying the consideration in this way, it can relieve the financial pressure on the enterprise due to the payment of a large amount of the acquisition price in the short term, and avoid the economic loss caused by the poor performance of the target company after the acquisition; After the merger and acquisition, quickly integrate in business, R&D, finance, human resources, etc., establish a quarterly review mechanism, set business indicators and warning values, and dynamically adjust strategies based on completion.

5.2.2. Introduce Policy Support and Regulatory Coordination

From a national policy perspective, since the 14th Five-Year Plan, the state has begun to introduce relevant policies to encourage pharmaceutical companies to carry out continuous mergers and acquisitions, with the core being to efficiently reduce resource costs, expand business areas for integrated development, and promote synergy effects, such as: It is still recommended that the state introduce relevant policies to establish a merger and acquisition risk compensation fund to appropriately compensate for the impairment loss of goodwill caused by the failure of the target company to meet the performance standards during the continuous merger and acquisition process of pharmaceutical enterprises. This would enable companies like Sanli Pharmaceutical to have appropriate buffer funds when facing situations such as a decline in the performance of the target company after implementing consecutive mergers and acquisitions, and get through the bottleneck period. In terms of supervision and management, it is suggested that multiple departments such as the drug regulatory authority, the market supervision bureau and the China Securities Regulatory Commission form a cross-departmental regulatory organization, and issue a set of high standards and strict requirements for the approval process and information disclosure requirements for pharmaceutical enterprises that carry out consecutive mergers and acquisitions. This can effectively prevent malicious competition among pharmaceutical enterprises from disrupting the pharmaceutical industry market. It also takes into account that pharmaceutical companies should not

blindly carry out mergers and acquisitions.

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