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# Financial risk identification and control of cross-border merger and acquisition enterprises

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## Abstract

*Mergers and acquisitions (M&A) are basic channels for modern companies' growth. With globalization speeding up, multinational companies increasingly take on M&A activities to strengthen global market positions and raise competitiveness. In recent years, M&A activities have played an important role in Chinese companies. Financial risk is inherent to M&A processes in cross-border companies. Also, more than 50% of Chinese companies did not achieve their M&A goals. Therefore, recognizing and controlling financial risk is essential. This paper analyses the financial risk from different perspectives and then provides suggestions by analysing a typical M&A case: Bohai Leasing merger with Seaco Company. Complete due diligence and clear M&A strategies, combination of various financing instrument, strategic paying methods and finance integration are some ways for controlling and decreasing finance risk.*

**Keywords:** Financial risk, cross-border M&A, Dupont method, mechanisms of financial management.

**JEL Classification:** M14, M16, O16.

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