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An Invitation to Champion Value-Focused Growth with PONDARA®

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For years, our firm has championed a core principle: sustainable success is built on genuine value, not fleeting speculation. We are therefore encouraged by the recent policy direction from the China Securities Regulatory Commission (CSRC), specifically the 'Guiding Opinions on Strengthening the Quality of Listed Companies and M&A Supervision'. This policy marks a pivotal opportunity for all listed companies to build more resilient, competitive, and globally significant enterprises. We believe this is the right path forward, not just for regulatory alignment, but for our collective economic future.

In this spirit, we are publishing this note to state our support and to invite fellow corporate leaders to join us in embracing a strategy centred on true value creation. The path to achieving this is clear: a relentless focus on innovation, productivity improvement, and risk reduction.

Why Value-Driven Strategy is Non-Negotiable

The CSRC's latest Opinions marks a fundamental transition from a market-cap driven mindset to a value-driven model of growth. The era of "story-telling" acquisitions is over, replaced by integration-oriented and synergy-driven M&A.

Under CSRC's new policy framework, transactions that strengthen industrial chains, enhance technological capabilities, or deliver meaningful consolidation will receive institutional support. This is not merely a suggestion—it is the new architecture of the market, designed to reward companies that build quality advantages and foster productivity.

For corporate leaders, the message is clear: future growth, access to capital, and regulatory approval will be increasingly anchored in sound industrial logic and demonstrable strategic synergy—not on inflated valuations or speculative narratives.

The Three Pillars of Quality Growth

Growth is the result of deliberate, structured effort across the organization. Before a company can attract investment, engage in M&A, or expand globally, it must first strengthen its internal foundations and processes.

We believe that enduring enterprise value is built from three foundational pillars: innovation, productivity, and risk management. These are interdependent disciplines that must be embedded in the DNA of every serious enterprise. They also form the basis for sustained growth in enterprise value, which may be ultimately realized through strategic partnerships, capital investment, and M&A.

Driving Innovation – Innovation is more than launching new products. It includes how a company identifies capability gaps, improve processes, and adapts to change. Internally, it means creating systems that drive learning, experimentation, and better decision-making. Innovation-focused companies build stronger moats, respond faster to market shifts, and are more attractive in M&A situations. They offer unique synergies, whether as buyers or sellers, and often serve as catalysts in post-deal transformations.

Improving Productivity – Productivity is a result of clear priorities, aligned teams and objectives, and disciplined execution. It requires deliberate efforts at eliminating inefficiencies and ensuring every part of the organization contributes to shared goals. The true test of a merger's success is post-merger integration (PMI). This involves optimizing operations, integrating cultures, and realizing synergies. Effective PMI is the engine that turns a transaction into tangible productivity gains and increased industrial concentration.

Reducing Risk – A value-driven approach is inherently a risk-mitigation M&A strategy, requiring meticulous due diligence, realistic valuation, and transparent execution, protecting stakeholder interests, as well as ongoing risk management to deliver the expected strategic outcomes from the M&A. A strong risk framework helps avoid valuation discounts, support faster due diligence, and provides a more controlled and predictable PMI process.

A Tool for the Times: Introducing PONDARA®

Embracing this new paradigm requires not only a strategic mindset but also a robust toolkit.

The PONDARA® system offers a comprehensive solution for modern enterprise management, enhancing an organization's ability to navigate complex, dynamic environments. It provides a systematic, data-driven framework to help companies master the pillars of quality growth.

| Pillar | How PONDARA® Empowers Your Strategy |
|-------------------------------|---|
| Driving Innovation | Strategic Analysis: PONDARA® empowers leadership to perform strategic analysis with exceptional efficiency. It enables a sharp focus on critical observations—such as identifying strategic M&A opportunities, innovation bottlenecks, or high-impact capability gaps—and transforms them into clear, data-backed actionable plans that support value-driven decision-making. |
| Improving Productivity | Game Plan Execution: PONDARA® translates strategic objectives into coordinated execution plans. Leveraging principles from non-cooperative game theory, it ensures alignment across teams by cascading top-level goals into precise, role-specific actions, which is essential for supporting and sustaining post-merger integration and performance, and driving group-wide value creation. |
| Reducing Risk | Risk Management: PONDARA® provides a sophisticated, context-driven framework for proactive risk management. Its patented 'relative approach' prioritizes risks based on real-world likelihood and impact, allowing for focused resource allocation and robust, real-time tracking of mitigation efforts. |

PONDARA® is more than software; it is a catalyst for disciplined strategic execution, enabling leadership teams to make better decisions and ensure that their vision for value creation becomes a reality.

Our Commitment and Your Invitation

The shift towards value-focused growth is the most significant strategic opportunity of our time. It is a chance to build stronger companies, more robust industries, and a more prosperous economy.

We at JFU Consultants are fully committed to this vision, and we are equipping ourselves and our partners with the best strategies and tools, like PONDARA®, to meet this new standard. We invite you—the leaders of China's most ambitious companies and the regulators who guide them—to engage in a dialogue with us.

Let us work together to build a future where growth is measured not by market cap alone, but by the enduring value we create for our customers, employees, shareholders, and our communities.