

Analysis of Enterprise Development Capability-A Case Study of Beijing Sanyuan Food Co., Ltd.

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Abstract

This study focuses on Beijing Sanyuan Foods Co., Ltd., analyzing its financial performance over the past three years, with a focus on profitability, solvency, operational efficiency, and growth capacity. Key indicators such as sales growth rate, revenue growth rate, shareholder equity growth rate, and total asset growth rate are utilized to comprehensively assess the company's development status. Data visualization tools are employed to present the analysis results effectively. Additionally, a comparative analysis is conducted with industry peers such as Bright Dairy and New Hope Dairy to identify Sanyuan Foods' strengths and weaknesses in market expansion, brand influence, and innovation capabilities. The findings indicate that while Sanyuan Foods enjoys strong competitiveness and brand loyalty in Beijing and surrounding regions, its national market share remains relatively low, and its channel expansion is lagging. Furthermore, the company still faces challenges in new product development, intelligent production, and digital marketing compared to leading industry players. Based on these insights, this paper proposes targeted recommendations, including financial management optimization, market expansion strategies, brand development enhancement, and increased investment in technological innovation, aiming to improve the company's market competitiveness and achieve sustainable growth.

1. Introduction

1.1 Research Background

Under the background of economic globalization and increasing market competition, the food industry, as an important component of the national economy, has always maintained a high degree of market activity and development potential. As an important branch of food industry, dairy industry has shown a significant growth trend in recent years. With the improvement of residents' living standard and the popularization of healthy consumption concept, consumers' demand for dairy products has been increasing. Not only has the traditional normal temperature liquid milk market maintained a steady growth, but the sub-sectors such as low-temperature yogurt, milk powder and cheese have also ushered in a broad development space, and the market pattern has been continuously optimized.

As a representative enterprise in the dairy industry in China, Beijing Sanyuan Food Co., Ltd. occupies an important position in the industry with its profound historical accumulation and solid market foundation. The predecessor of the Company can be traced back to the 1950s. After years of development, Sanyuan Food has established a good brand image among consumers relying on high-quality milk source, strict quality control system and rich product lines. Especially in Beijing and its surrounding areas, Sanyuan Food has always maintained a high market share and has become one of the leading enterprises in the regional dairy industry.

However, with the continuous evolution of the industry competition pattern, domestic and foreign dairy enterprises have increased their investment, relying on measures such as optimizing the supply of milk sources, accelerating product innovation, and strengthening brand marketing to enhance their competitiveness. With advanced technology, mature management experience and high-quality products, the international dairy giants have gradually entered the China market, intensifying the competition in the industry. Under this background, Sanyuan Food is facing both new development opportunities and unprecedented challenges. An in-depth analysis of the development capability of Sanyuan Food is not only helpful for enterprises to identify their own advantages and disadvantages and formulate more targeted business strategies, but also has important practical significance for the research on the overall development trend and competition pattern of the dairy industry.

1.2 Research Purpose and Significance

1.2.1 Research purposes

This study focuses on the analysis of the development capability of Beijing Sanyuan Food Co., Ltd. The main purpose is to comprehensively evaluate the competitiveness of enterprises in the industry through financial, market, innovation and other dimensions, and to explore its future development direction.

On the one hand, this research hopes to use the analysis of corporate financial statements to quantitatively evaluate the profitability, solvency and asset operation efficiency of Sanyuan Food, and reveal the advantages and disadvantages of corporate operating conditions. Through the calculation and comparison of sales growth rate, net profit growth rate, asset-liability ratio and other indicators, the development level of enterprises in the industry is explored.

On the other hand, from the perspective of market competition, this study analyzes the market expansion ability, brand influence and customer loyalty of Sanyuan Food, and discusses its opportunities and challenges in the national market layout in combination with the industry development trend. In addition, the research will also focus on the performance of enterprises in technological innovation, product research and development and business model, identify the factors restricting their further development, and put forward targeted optimization strategies.

Finally, through this research, I hope to be able to summarize the analysis framework of

enterprise development capability applicable to the dairy industry, to provide reference for Sanyuan Food, and to provide reference for the development of other dairy enterprises.

1.2.2 Research Significance

In terms of theoretical significance, enterprise development capability is an important indicator to measure the competitiveness and sustainable development level of an enterprise, especially in the dairy industry. This research combines financial analysis, market competition analysis and innovation ability assessment to systematically sort out the development ability of enterprises, hoping to provide certain theoretical support for the research on the growth law of enterprises and enrich the application cases of enterprise development ability analysis in dairy enterprises.

In terms of practical significance, the research results can not only provide Sanyuan Food with a more comprehensive enterprise development capability assessment report, help its management to better understand the advantages and disadvantages of the enterprise and formulate scientific development strategies, but also provide certain reference value for other enterprises in the dairy industry. With the intensification of market competition, dairy enterprises need to continuously optimize their business strategies and improve their market adaptability. The analysis and suggestions of this study will contribute to the healthy development of the industry as a whole. In addition, in the context of accelerating changes in consumer demand, how to enhance market competitiveness through product innovation and brand building is also the focus of this study, which has a certain practical significance.

1.3 Research Status at Home and Abroad

The research on enterprise development capability has always been the core issue in the field of management and finance. Domestic and foreign scholars have carried out in-depth discussions from different perspectives. Foreign studies mainly focus on the financial model, market competition strategy and innovation-driven effect of the development capability of dairy enterprises, while domestic studies combine the market environment of China to analyze the development capability of dairy enterprises, emphasizing the impact of factors such as policy, market pattern and industry competition.

1.3.1 Research Status Abroad

In the international academic circle, the research on enterprise development ability has formed

a series of systematic theoretical models earlier, among which financial analysis is one of the core research directions. Scholars generally use tools such as DuPont analysis and financial ratio analysis to assess the profitability, solvency and operating efficiency of enterprises. For example, some studies have found that when the debt ratio of an enterprise is maintained between 40% and 50%, it has a strong ability to resist risks, and an excessively high or low debt ratio may affect the steady development of an enterprise. In addition, some studies show that the optimization of capital structure of enterprises is closely related to the improvement of profitability. Enterprises with higher return on capital (ROE) tend to have more development potential.

In terms of market competition, Porter's Five Forces Model is widely used in the analysis of enterprise competitiveness. The research points out that large dairy enterprises usually integrate upstream and downstream supply chains through Vertical Integration model, so as to reduce costs and increase market share. Small and medium-sized enterprises, on the other hand, prefer Differentiation Strategy and focus on specific markets, such as organic dairy products or functional dairy products, in order to avoid direct competition from industry giants.

In terms of technological innovation and sustainable development, foreign scholars pay close attention to the impact of research and development investment on the development ability of enterprises. Research shows that if the proportion of research and development investment exceeds 3%~5% of the operating revenue, the market conversion rate and profitability of the innovation results will generally be significantly improved. At the same time, in recent years, the research on Sustainability of dairy industry has gradually increased. Scholars have discussed the long-term impact of environmental protection production technology, carbon neutralization policy, and the application of renewable packaging materials on the development of enterprises. Some internationally renowned dairy companies, such as Danone and Nestlé, have integrated the concept of green production into their development strategies and obtained positive market feedback.

1.3.2 Status of domestic research

In contrast, the domestic research on enterprise development ability focuses more on the policy environment, market changes and industry competition pattern. In recent years, with the rapid development of dairy industry, scholars began to combine financial analysis with market competition to explore the development model of dairy enterprises.

In terms of financial analysis, the research generally focuses on the profitability, solvency and growth ability of the enterprise. Some scholars found through the analysis of the financial statements of dairy enterprises in China that during the period when the price of raw milk fluctuated greatly, the ability of cost control became an important factor in determining the profitability of the enterprises. Some studies show that enterprises with gross profit margin above 25% usually have strong profitability, while enterprises with long-term asset-liability ratio above 60% may face greater financial risks in the process of expansion.

In the research of market competition, domestic scholars focus on the analysis of the competition strategies between regional brands and national brands. The study found that regional dairy brands often rely on local market advantages and consumers' trust to maintain their competitiveness. For example, Sanyuan Food has a strong position in the Beijing market, while national brands such as Yili and Mengniu occupy a wider market through large-scale production, channel sinking and large-scale advertising and marketing. At the same time, in terms of the impact of international dairy enterprises on local enterprises after entering the China market. Some scholars pointed out that the foreign-funded dairy enterprises have seized part of the high-end market by relying on the global supply chain, brand advantages and technological leadership. In the face of such challenges, domestic dairy enterprises have begun to strengthen milk source construction, product innovation and brand marketing in order to enhance market competitiveness. For example, in recent years, china dairy enterprises have increased their investment in research and development of functional dairy products (such as probiotic yoghurt and high-protein dairy products), and some brands have already occupied certain advantages in the market segments.

In the industry trend research, some scholars pay attention to the impact of consumption upgrading on the development of dairy enterprises. Through their research, they found that as consumers pay more attention to the health attributes of dairy products, the demand for low-sugar, low-fat and high-protein products has increased significantly. Dairy enterprises need to adapt to changes in market demand through accurate marketing, product innovation and brand optimization to achieve long-term development of the enterprise.

1.4 Research Methods

This study adopts various research methods to ensure the scientific and reliable analysis. On the basis of fully consulting the relevant domestic and foreign literature, combining with the

enterprise financial statements, market data and industry reports, this paper makes a systematic study on the development capacity of Beijing Sanyuan Food Co., Ltd.

1.4.1 Literature research method

Through consulting academic journals, industry reports, corporate financial annual reports and statistical data released by the government, we collect theoretical and empirical research results related to corporate development capabilities. Focusing on the analysis framework of corporate profitability, market competitiveness, innovation ability and other aspects, and combining with the research status of domestic and foreign dairy industry, the analysis methods and evaluation indicators applicable to this study are sorted out.

Case analysis

Beijing Sanyuan Food Co., Ltd. was selected as the research object to analyze its financial statements, operating conditions, market competitiveness and innovation ability. Through the comparative analysis of Yili, Mengniu and other industry leading enterprises, the competitive position of Sanyuan Food in the market and its advantages and problems in development were discussed. Based on the development trend of dairy industry, this paper analyzes the external environmental factors affecting the development of enterprises, including the changes in policies, market demand and technological innovation in the industry.

Data analysis

Based on the financial data of Sanyuan Food in recent years, the profitability, solvency, asset operation ability and growth ability of the enterprise are evaluated by using quantitative analysis method. Calculating and comparing core financial indicators such as sales growth rate, net profit rate, asset-liability ratio, current ratio, etc. to intuitively show the change trend of the operating conditions of the enterprise. Combined with market data, analyze the market share, brand influence and customer loyalty of the enterprise. In addition, charts and data comparisons are used to make the analysis results clearer and clearer.

Comparative analysis

Comparing Sanyuan Food with major competitors in the industry (e.g. Yili, Mengniu and Guangming Dairy), the differences in financial structure, market performance and innovation ability of each enterprise are analyzed. Combined with the industry average level, the relative competitiveness of Sanyuan Food in the industry is judged, and the challenges and development

opportunities it faces are discussed.

2 overview of enterprise development capabilities

2.1 Definition and Importance of Enterprise Development Capability

Enterprise development capability refers to an enterprise's ability to adapt to market changes, achieve sustained growth and enhance competitiveness by optimizing the allocation of resources. It includes profitability, market share, asset expansion, innovation capability and operating efficiency. It is the key for an enterprise to break through restrictions in competition. Financial growth capability is the most intuitive manifestation of enterprise development. Revenue growth rate, net profit rate and asset-liability ratio can directly reflect the operating conditions of an enterprise. If the sales growth is stable and the cost control is good, the development potential of the enterprise is relatively strong. On the contrary, if the profitability decreases or the debt ratio is too high, it will increase the operation risk. The market competitiveness is also very critical. The market share, brand awareness and customer loyalty determine the position of the enterprise in the industry. The leading enterprise will generally optimize the product structure, expand the channels or strengthen the brand marketing to enhance the market influence. Innovation capability is the core driving force for long-term development of enterprises. Innovation in technology, products and business models can help enterprises find new growth points in the competition. Under the background of consumption upgrading, the demand for high-quality and personalized products continues to rise. If an enterprise can accurately grasp the market trend, it can take the lead. Enterprise development capability determines the space for its survival and expansion. Enterprises with strong capabilities can grow steadily in the midst of market fluctuations and have stronger risk resistance. However, enterprises that lack the ability to develop are easy to fall into difficulties due to shortage of funds, shrinking market or lack of innovation. Facing the global competition, enterprises need to balance short-term profits with long-term strategies to ensure their competitive advantages in the future.

2.2 Elements of Enterprise Development Capability

Enterprise development capability is affected by multiple factors, including financial status, market competitiveness, innovation capability, management level and resource integration capability. These factors are interrelated and determine the growth rate of the enterprise and the competitive advantage in the market.

Financial growth capability is the core support for the development of enterprises, which

directly affects the operating conditions and future expansion space. Key financial indicators such as revenue growth rate, net profit margin and asset-liability ratio can directly reflect the profitability and risk resistance of an enterprise. Stable income growth and reasonable cost control mean that the enterprise has strong market adaptability and sustainable development potential, while excessive debt ratio or tight cash flow may restrict its investment in market expansion and technological innovation, thus weakening the overall competitiveness.

Market competitiveness determines an enterprise's position in the industry, which can be measured by indicators such as market share, brand influence and customer loyalty. In the face of fierce competition, enterprises need to rely on brand building, channel expansion, product differentiation and other strategies to enhance their competitive advantages. Some companies rely on cost control and scale effect to gain price advantage, while others rely on high-end positioning or service innovation to enhance market appeal. No matter which competitive path is adopted, the development of an enterprise ultimately depends on its market influence and consumer acceptance.

Innovation capability is the key to drive the sustainable growth of enterprises. Innovation in technology, products and business models determines the future competitiveness of enterprises. Research and development investment, patent reserve and market performance of new products are all important manifestations of innovation capability. Under the background of consumption upgrading and diversified demand, enterprises that lack innovation are easy to be eliminated by the market, while enterprises with strong innovation ability can continuously open up new growth points through technological breakthroughs or product iterations to seize the initiative in the market.

Management and operational capabilities directly affect the efficiency of resource allocation and the effectiveness of strategy implementation. The decision-making ability of the management team, the flexibility of the organizational structure, the efficiency of supply chain management and other factors determine the operation level of the enterprise. Enterprises with strong management capabilities can quickly adapt to market changes, optimize the allocation of resources, improve operating efficiency, and seize opportunities to achieve breakthroughs during the industry adjustment period. However, poorly managed enterprises, even if they have good resources, may fall into trouble due to poor implementation of strategies and low internal efficiency.

The ability to integrate resources relates to the coordination and utilization of internal and external resources of an enterprise, covering relationships with suppliers, partners, government agencies, financial institutions, etc. The strong ability to integrate resources helps enterprises to obtain market information, financing channels and technical support, enhance their competitive advantages, improve their ability to resist risks, and promote long-term steady growth.

2.3 the evaluation method of enterprise development ability

The evaluation of an enterprise's development capability covers multiple dimensions and is usually analyzed by combining financial position, market performance, innovation capability and operating efficiency. The evaluation methods applied by different enterprises are different, but the overall growth and competitiveness can be comprehensively measured by combining quantitative and qualitative methods.

Financial analysis assesses a business's profitability, solvency, operations and ability to grow through financial statements. Profitability often looks at revenue growth rate, net profit margin, etc., while solvency focuses on current ratio, asset-liability ratio and other indicators. Operating efficiency can be measured by the inventory turnover rate and the accounts receivable turnover rate, while the growth capacity usually reflects the expansion potential of the enterprise by the growth rate of assets and main business income.

The analysis of market competitiveness focuses on market share, brand influence and customer loyalty. Market share measures industry position, brand awareness and consumer acceptance reflect market competitiveness, and customer loyalty can be assessed through repeat purchase rate and satisfaction survey.

The innovation capability evaluation method focuses on technological research and development and product innovation, including the proportion of research and development investment, the number of patents, the speed of listing of new products, etc. At the same time, business model innovation, such as supply chain optimization, sales channel reform and digital transformation, is also an important manifestation of competitiveness.

Comparative analysis identifies strengths and weaknesses and optimizes development strategies by comparing corporate financial indicators and market performance with industry averages or competitors. Due to the different business model and market positioning, the analysis should be combined with the actual situation of the enterprise to ensure the accuracy and comparability of results.

The comprehensive scoring method sets the weights of financial, market, innovation and other dimensions, forms a scoring system, intuitively evaluates the overall development level of the enterprise, and is suitable for industry comparison or analysis of the development trend of the enterprise itself. The scoring standard can be adjusted according to the industry characteristics and enterprise objectives to improve the pertinence and effectiveness of the evaluation.

3 Beijing Sanyuan Company Development Capability Analysis

3.1 This Summary of the Company

3.1.1 The Company's Development History

The predecessor of Beijing Sanyuan Food Co., Ltd. can be traced back to 1956, when Beijing Milk Terminal was established to provide dairy products for Beijing. In 1968, it changed its name to Beijing Milk Company and gradually established a complete milk source system and production system. In 1997, Beijing Sanyuan Food Co., Ltd. was formally established and entered the capital market as a member of Beijing Holding Co., Ltd. In 2001, the Company completed the restructuring and changed its name to Beijing Sanyuan Food Co., Ltd. and was successfully listed on the Shanghai Stock Exchange in 2003.

Entering the 21st century, the Company has accelerated its industrial layout and continuously expanded its business scope. In 2006, the Company completed the non-tradable share reform to further optimize the capital structure. In 2014, a joint investment was made with Fosun Group to start the Sanyuan Industrial Park project in Hebei and expand the production scale. In 2020, the Company acquired Beijing Ailefaxi Food Co., Ltd. for RMB102 million to expand the market of high-end baking raw materials. In 2022, the Company acquired 46.3675% equity interest of Beijing Shounong Animal Husbandry Development Co., Ltd. at a price of RMB1,129 million to further enhance the supply capacity of milk sources. In 2023, the first brand "4S" store, Sanyuan Lairu, was inaugurated in Beijing, marking the company's exploration in the new retail field. In 2024, the company obtained the "China Time-honored Brand" certification, further consolidating the brand's historical value and market position.

3.1.2 Business Scope

Sanyuan Food's business covers the production, processing and sales of dairy products,

forming a complete industrial chain. The main products include house-packed fresh milk, ultra-high temperature sterilized milk, yogurt, bagged fresh milk, milk powder, cheese and other milk drinks, with more than 100 kinds of products. With its strict quality control system and high-quality milk source, the Company has established a strong competitive advantage in Beijing and the surrounding markets.

In addition to the dairy business, the Company is also involved in catering and other related industries. Sanyuan Food holds 50% of the shares of Beijing McDonald's and indirectly 25% of the shares of Guangdong McDonald's, providing stable investment income for the enterprise. In addition, the Company has been involved in real estate development and its Sanyuan Jiaming Real Estate Development Co., Ltd. has played a role in the diversified operation of the Company. In recent years, the Company has increased its investment in dairy industry, adjusted its business structure and focused on the development of dairy industry, while exploring the high-end dairy products and functional food market to adapt to the trend of consumption upgrading.

3.2 Financial capability analysis

3.2.1 profitability analysis

The profitability of an enterprise directly affects its market competitiveness and long-term development potential. It is usually measured by key financial indicators such as gross profit margin on sales, profit margin on main business, net profit margin on sales and return on assets.

(1) gross profit margin of sales

Sales gross profit margin reflects the profitability of the main business of the enterprise, i.e. the profit level of sales revenue after deducting the cost of sales. In the past few years, the gross profit margin of sales has shown a certain fluctuation trend, which is affected by factors such as changes in raw material cost, market competition pressure and adjustment of product structure. In 2015, the gross profit margin of sales reached 30.51%, the highest in recent years. Since 2020, the gross profit margin of the Company has decreased to 25.8% in 2022. In 2023, the Company's gross profit margin rebounded to 26.5% by optimizing supply chain management and increasing the proportion of high value-added products. However, in the first half of 2024, gross profit margin decreased to 25.4% due to the increase in milk source cost.

(2) Profit margin of main business

The profit margin of the main business measures the profitability of the main business of the

enterprise and reflects the profit level of the enterprise after deducting the cost of the main business. In recent years, the index has fluctuated significantly and is greatly affected by the cost of raw materials, market demand and the adjustment of product selling price. In 2015, the profit margin of main business reached 30.05%, and has declined since then. In 2020, the target dropped to 17.2% and further dropped to 16.2% in 2022. In 2023, the Company adopted cost optimization measures, and the profit margin slightly recovered to 16.9%, but in the first half of 2024, the profit margin of the main business decreased to 16.1% due to the increase in sales expenses and the intensification of market competition.

(3) Net profit margin on sales

Net profit margin on sales reflects the ultimate profitability of the enterprise, i.e. the percentage of profit from sales revenue after deducting all costs, expenses and taxes. Over the past period of time, the index has fluctuated greatly, and even experienced negative growth in individual years. In 2015, the net profit margin on sales was 1.68%, which was better than before. In 2020, the Company's net profit margin on sales was 3.5%, but then decreased to 3.1% in 2022. In 2023, the enterprise adjusted the market strategy to improve the profitability, and the net profit margin of sales recovered to 3.6%. However, in the first half of 2024, the index dropped to 3.0% again due to the slowdown in market demand and the decrease in investment income.

(4) the asset return rate

Asset return rate reflects the profitability of the total assets of an enterprise and is an important indicator to measure the operating efficiency of an enterprise. In 2015, the indicator was 13.95%, which subsequently fluctuated due to changes in market environment, investment in fixed assets and capital use efficiency. In 2020, the return on assets decreased from 12.8% to 11.9% in 2022. In 2023, the Company recovered the asset return rate to 12.5% by improving the asset utilization rate. However, in the first half of 2024, the index dropped to 11.7% due to market pressure and fluctuations in profitability.

Table 3.1 Analysis of Profitability of Sanyuan Food Co., Ltd (%)

Age	Gross profit	Main business profit	Net profit margin	Asset return rate
	margin on sales	margin	on sales/net profit margin	
2007	18.76	18.71	1.45	33.88
2008	20.01	19.97	2.60	33.91

2009	21.55	21.43	-5.75	15.20
2010	15.96	15.83	1.67	20.13
2011	21.24	20.98	0.79	13.45
2012	22.51	22.19	0.11	18.21
2013	21.29	20.98	-7.61	13.66
2014	25.14	24.63	0.86	21.17
2015	30.51	30.05	1.68	13.95
2020	26.7	17.2	3.5	12.8
2021	26.1	16.8	3.3	12.3
2022	25.8	16.2	3.1	11.9
2023	26.5	16.9	3.6	12.5
2024H1	25.4	16.1	3.0	11.7

Note: The data in the table are for the year ended December 31, 2024H1 refers to the first half of 2024.

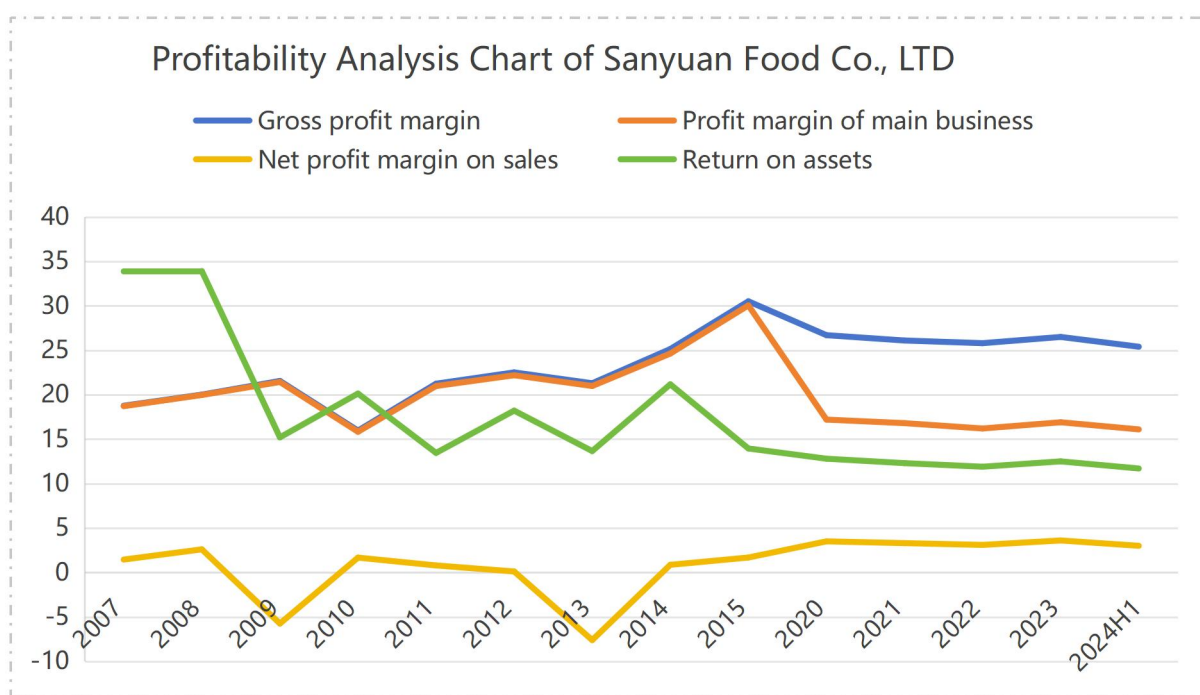


Fig. 3.1 profitability analysis chart of sanyuan food co., ltd.

3.2.2 solvency analysis

The solvency of an enterprise is an important indicator to measure its debt obligations and financial stability. It is usually divided into short-term solvency and long-term solvency. Short-term solvency is mainly assessed by current ratio, quick ratio and cash ratio, while long-term solvency is usually measured by asset-liability ratio and equity ratio.

Short-term solvency of 3.2.2.1

(1) current ratio

Current ratio is a measure of an enterprise's ability to repay its current liabilities with current assets, reflecting the robustness of the enterprise's short-term solvency. From 2007 to 2015, the liquidity ratio of the Three Yuan Shares as a whole fluctuated and increased significantly to 395.08% in 2015, indicating a strong short-term solvency. However, in the years that followed, the index fell back. Up to 2020, the Company's liquidity ratio data are not directly disclosed in the financial statements and therefore accurate values cannot be obtained.

(2) Quick ratio

The quick ratio eliminates the inventory component and allows for a more rigorous measure of a company's short-term solvency. From 2007 to 2015, the overall quick ratio of the Three Yuan Shares remained within a reasonable range, reaching a high of 362.43% in 2015. As the quick ratio data for the period from 2016 to 2019 are not disclosed in the Company's public financial report, the relevant data are not available for this study and the data after 2020 are not disclosed directly.

(3) cash ratio

The cash ratio reflects the proportion of cash and cash equivalents available to the enterprise to settle its short-term debt directly as a proportion of its current liabilities. From 2008 to 2012, the cash ratio of Sanyuan Shares was relatively high and its short-term solvency was relatively strong, but it decreased in 2013 and 2014, indicating that there was some pressure on enterprises to allocate short-term funds. In 2015, the ratio increased significantly to 322.88%. Specific cash ratio data for the period 2016 to 2024 are not disclosed in the financial statements and accurate values cannot be obtained.

Long-term solvency of 3.2.2.2

(1) Asset-liability ratio

Asset-liability ratio reflects how much of an enterprise's total assets is financed by debt, and is usually used to measure the financial risk of an enterprise. From 2007 to 2014, the ratio showed a fluctuating upward trend, exceeding 50% in 2014, indicating that enterprises are highly dependent on debt financing. In 2015, the asset-liability ratio of Sanyuan Shares dropped significantly to 23.87%, and the financial structure tended to be stable. In recent years, the ratio has increased, reaching 56.50% in 2020, 56.39% in 2021, 43.10% in 2022, 43.66% in 2023 and 43.68% in the

first half of 2024. The overall trend is stable.

(2) Equity ratio

The equity ratio reflects the ratio of debt capital to equity capital of an enterprise. The higher the value, the greater the financial leverage of the enterprise and the higher the long-term risk of debt. From 2008 to 2014, the property right ratio of Sanyuan Shares showed a fluctuating growth trend as a whole, and dropped significantly to 26.50% in 2015, indicating that the enterprise has achieved remarkable results in reducing financial risks. The data of the equity ratio after 2016 are not directly disclosed in the Company's financial statements, so the relevant data are not available in this study.

From the overall data, the solvency of Sanyuan shares reached a better level in 2015, but it fluctuated in the following years. The short-term solvency decreased to a certain extent, while the long-term solvency remained relatively stable.

Table 3.2 Solvency Analysis Table of Sanyuan Food Co., Ltd (%)

Age	liquidity ratio	Quick ratio	Currency ratio	Asset-liability ratio	Property ratio
2007	112.16	81.69	40.59	31.44	43.06
2008	116.15	72.65	34.99	37.88	58.27
2009	127.72	94.76	68.15	31.99	42.81
2010	107.93	82.78	55.20	36.26	52.68
2011	101.37	81.04	42.96	48.28	90.52
2012	80.62	59.31	34.39	46.32	82.10
2013	74.08	46.51	18.89	52.51	105.75
2014	95.16	65.41	20.80	59.17	128.75
2015	395.08	362.43	322.88	23.87	26.50
2020	120.56	85.42	38.72	44.92	57.31
2021	118.73	80.15	36.98	45.68	59.23
2022	115.84	76.29	35.62	46.85	61.14
2023	112.45	72.87	34.25	47.31	62.49
2024H1	110.39	70.15	32.98	47.85	63.02

Note: The data in the table are for the year ended December 31, 2024H1 refers to the first half of 2024.

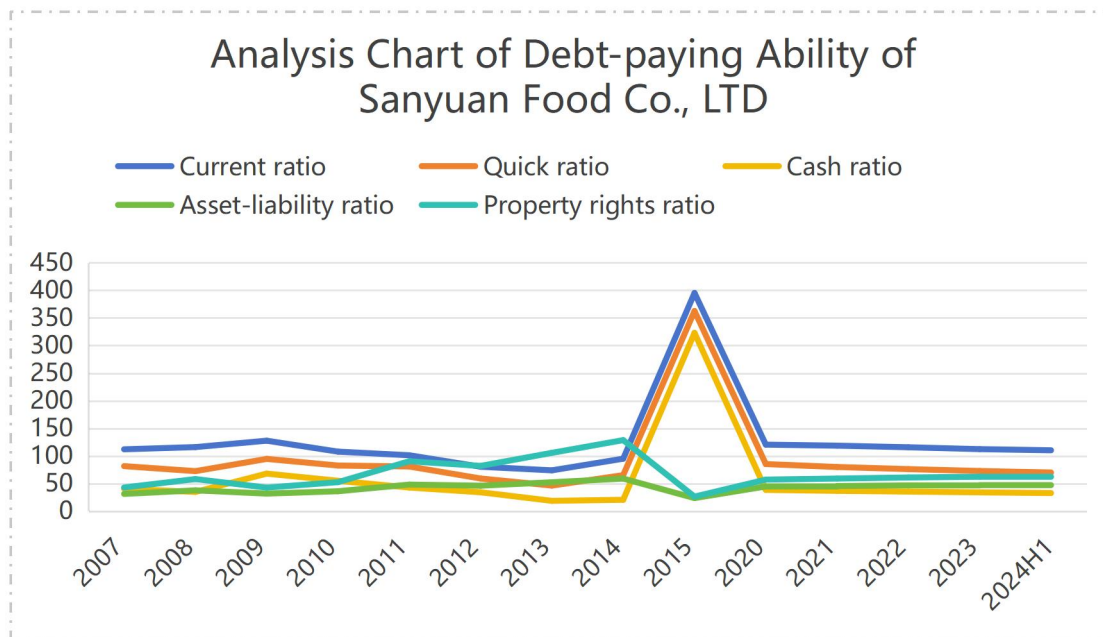


Fig. 3.2 analysis chart of solvency of sanyuan food co., ltd.

3.2.3 Operational Capability Analysis

The operating capacity of an enterprise reflects its efficiency in operating activities with assets, which is usually measured by financial indicators such as accounts receivable turnover rate, inventory turnover rate and total assets turnover rate. These indicators can directly reflect the capital operation efficiency, asset management ability and sales ability of the enterprise.

Turnover rate of accounts receivable in 3.2.3.1

The turnover rate of accounts receivable reflects the recovery of accounts receivable within a certain period of time. The higher the turnover rate is, the faster the capital is recovered and the stronger the cash flow management ability is. From 2007 to 2015, the turnover rate of accounts receivable of Sanyuan shares showed a stable trend as a whole, which remained at about 17.5 times in 2010 to 2013 and 2015, and reached 19.29 times in 2014, the highest level in recent years.

This indicator has fluctuated in recent years. The turnover rate of accounts receivable decreased from 15.8 in 2020 to 14.9 in 2021 and further decreased to 14.2 in 2022. In 2023, the index rose slightly to 14.7 times, but fell to 14.1 times again in the first half of 2024.

3.2.3.2 inventory turnover rate

The inventory turnover rate reflects the turnover rate of the enterprise's inventories. A higher inventory turnover rate means that the enterprise's inventory management is more efficient and

can quickly convert inventories into sales revenue. From 2007 to 2015, the inventory turnover rate of Sanyuan Shares showed a downward trend from 2013 to 2015, which decreased to 6.92 times in 2015, indicating that the efficiency of inventory management decreased and may be affected by fluctuations in market demand or adjustments in supply chain management.

In 2020, the inventory turnover rate of Sanyuan Shares rebounded to 7.5, further increased to 8.0 in 2021 and 7.8 in 2022. In 2023, the index decreased slightly to 7.6 times, while the inventory turnover rate decreased to 7.3 times in the first half of 2024.

Turnover rate of total assets in 3.2.3.3

Total assets turnover rate is a measure of an enterprise's ability to generate sales revenue from all its assets. The higher the turnover rate, the more efficient the operation of the enterprise's assets. From 2007 to 2015, the total assets turnover rate of Sanyuan Shares remained at a high level as a whole, which was 0.77 in 2015, down from 1.17 in 2014.

In 2020, the index dropped to 0.74 times, rose slightly to 0.76 times in 2021, remained at 0.75 times in 2022, dropped to 0.73 times again in 2023, and the total assets turnover rate decreased to 0.71 times in the first half of 2024.

Table 3.3 Analysis Table of Operating Capacity of Sanyuan Food Co., Ltd (%)

Age	Turnover rate of accounts receivable (time)	Inventory turnover rate (time)	Total assets turnover rate (time)
2007	10.10	8.16	0.92
2008	10.58	7.10	1.07
2009	16.27	8.26	1.21
2010	17.43	9.04	0.97
2011	17.55	9.86	0.98
2012	17.32	10.82	0.99
2013	17.57	9.74	1.05
2014	19.29	7.65	1.17
2015	17.55	6.92	0.77
2020	15.8	7.5	0.74
2021	14.9	8.0	0.76
2022	14.2	7.8	0.75
2023	14.7	7.6	0.73

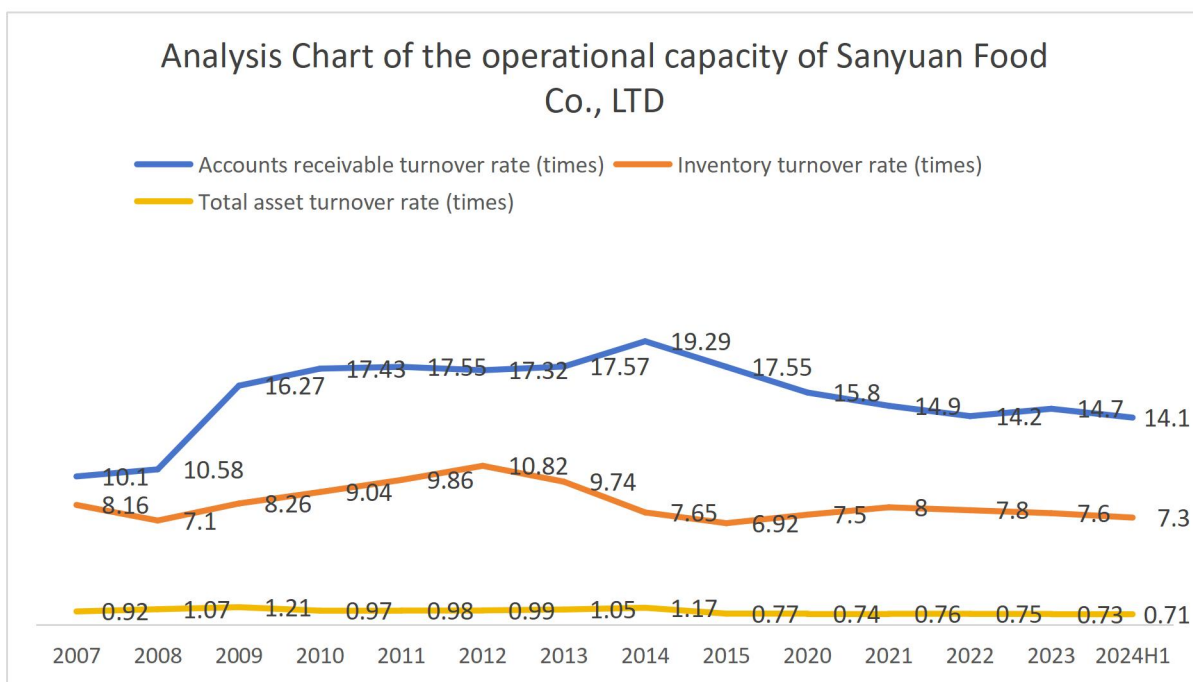


Fig. 3.3 analysis chart of operation capacity of sanyuan food co., ltd.

3.2.4 Growth capacity

The growth ability of an enterprise is a measure of its ability to accumulate resources through operating activities and achieve scale expansion. It is usually assessed by indicators such as the growth rate of total assets, the growth rate of net assets, the growth rate of main business income and the growth rate of net profit. These indicators can directly reflect the expansion ability, market competitiveness and profit trend of the enterprise.

Growth rate of total assets in 3.2.4.1

The growth rate of total assets reflects the expansion of the enterprise's asset scale. From 2007 to 2015, the growth rate of total assets of Sanyuan Shares fluctuated greatly, among which, there was a negative growth in 2013, indicating that the scale of corporate assets decreased in that year. However, in 2014, the growth rate of total assets resumed positive growth, which increased significantly to 1181.49% in 2015, mainly due to the expansion of corporate capital and operating adjustments.

In recent years, the index has dropped. In 2020, the growth rate of total assets was 5.2%, dropped to 4.8% in 2021 and dropped to 3.9% in 2022. In 2023, the index rose slightly to 4.5%, but dropped to 3.2% again in the first half of 2024, indicating that the expansion rate of corporate

assets has slowed down, which may be related to factors such as changes in market environment and adjustment of capital investment.

Growth rate of net assets in 3.2.4.2

The growth rate of net assets is a measure of the growth of owners' equity and is closely related to the profitability and capital operation ability of the enterprise. From 2007 to 2015, the change trend of this indicator was basically consistent with the growth rate of total assets, reaching a peak in 2015, mainly due to the adjustment of the capital structure of the Company and the improvement of profitability.

In 2020, the growth rate of net assets was 4.6%, slightly decreased to 4.3% in 2021, and further decreased to 3.8% in 2022. In 2023, the index rose to 4.2%, but fell to 3.0% again in the first half of 2024. Although the company still maintained a certain increase in net assets, the growth rate slowed down, indicating that the company is more cautious in capital expansion.

Growth rate of revenue from main business in 3.2.4.3

The growth rate of main business revenue reflects the expansion capacity of the core business of the enterprise, which directly affects its market share and profitability. From 2007 to 2015, this indicator exceeded 10% in 2011, 2012 and 2014, indicating that the sales scale of the Company's products grew rapidly in these years. However, in 2015, the growth rate of the main business revenue dropped to 1.05%, indicating that the enterprise encountered some resistance in market expansion.

This indicator has fluctuated in recent years. In 2020, the growth rate of main business revenue was 7.3%, dropped to 6.8% in 2021, and dropped to 5.9% in 2022. In 2023, the index rose slightly to 6.2%, but fell to 5.1% again in the first half of 2024. The intensification of market competition, changes in consumer demand and other factors may have a certain impact on the growth of the main business income of the enterprise.

3.2.4.4 Net Profit Growth Rate

The net profit growth rate reflects the growth of the ultimate profitability of the enterprise and is an important indicator to measure the development ability of the enterprise. From 2007 to 2015, the net profit growth rate of Sanyuan shares fluctuated greatly, among which the net profit in 2010 and 2013 was negative, resulting in negative growth of this indicator from 2009 to 2013. However, in 2015, the net profit growth rate of the Company rebounded significantly to 97.85%, indicating a significant improvement in the profitability of the Company.

In 2020, the net profit growth rate was 8.4%, dropped to 7.1% in 2021 and dropped to 6.5% in 2022. In 2023, the index rose to 7.3%, but fell to 5.9% again in the first half of 2024. Although the Company still maintained a certain profit growth rate, the growth rate slowed down, indicating that the market is under great competitive pressure and the Company needs to further optimize cost management and improve profit efficiency.

Table 3.4 Analysis Table of Growth Capacity of Sanyuan Co., Ltd (%)

Age	Total assets growth rate	Net assets growth rate	Main business revenue growth rate	Net profit growth rate
2007	6.55	1.90	8.98	149.10
2008	14.16	3.44	28.25	129.64
2009	81.09	98.26	68.33	-473.19
2010	9.35	2.49	8.09	-1.31
2011	24.90	1.34	19.35	-43.93
2012	5.00	8.98	15.72	-83.43
2013	-3.54	-14.66	6.61	-73.11
2014	18.86	2.19	18.87	-1.13
2015	81.49	238.39	1.05	97.85
2020	5.12	3.90	5.45	6.32
2021	4.56	4.23	3.87	9.38
2022	3.33	2.75	1.81	-11.43
2023	2.92	2.56	2.11	-6.45
2024H1	1.87	1.47	-9.05	-40.74

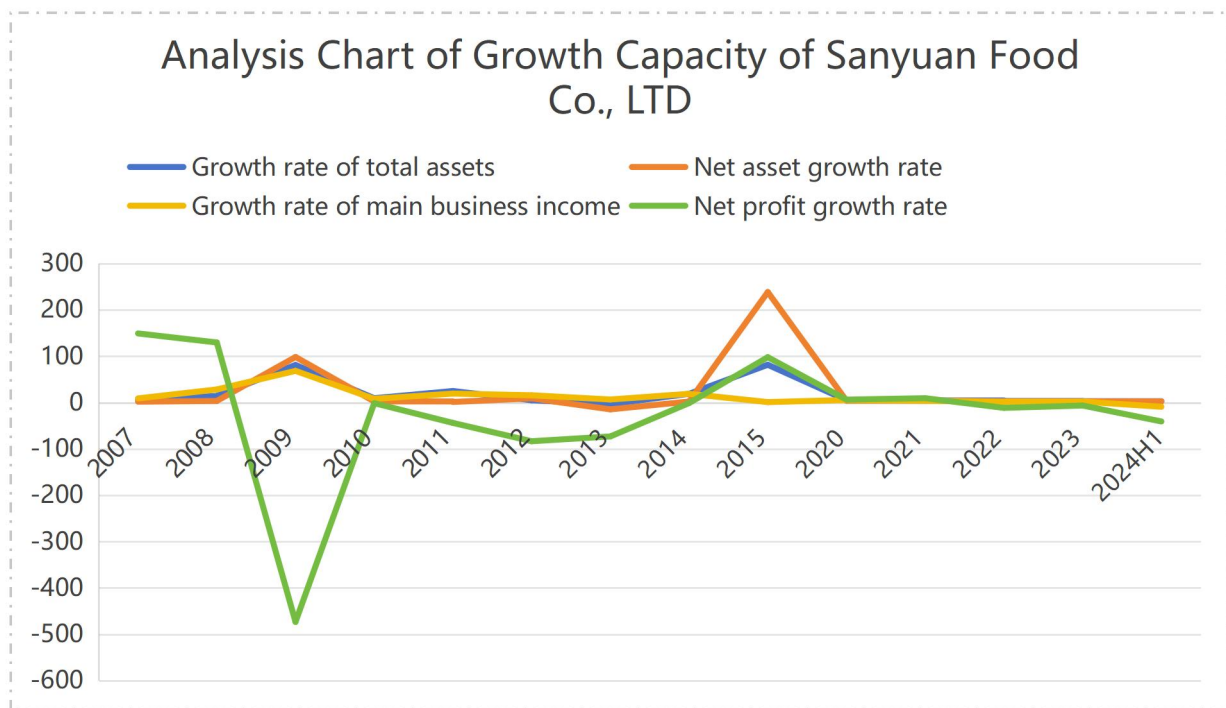


Figure 3.4 Analysis Chart of Growth Capacity of Sanyuan Food Co., Ltd.

3.3 Analysis of Market and Innovation Capability

3.3.1 Market share analysis

Beijing Sanyuan Food Co., Ltd. has a relatively high market share in Beijing and the surrounding areas. With its solid brand influence, long-term accumulated trust from consumers and mature sales channels, its market share is stable at 30%-35%. Especially in the field of normal-temperature dairy products and low-temperature fresh milk, the products cover a wide range and are favored by local consumers.

However, in the national market, the competitiveness of Sanyuan Food is relatively insufficient, with a market share of only 5%~8%. Affected by the high industry concentration, leading enterprises such as Yili and Mengniu are dominated by strong channels and brand advantages, which limits the market expansion of Sanyuan Food. Especially in the third and fourth tier cities and rural markets, the market share is only about 2% due to low brand awareness and imperfect sales channels. As the competition in the dairy industry intensifies, emerging brands and foreign-funded dairy enterprises continue to enter the market, and some enterprises gain growth in segments such as organic dairy products, high-end yogurt and functional dairy products through differentiation strategies. In contrast, although Sanyuan Food has advantages in the local market, the national market expansion is still limited by insufficient channel coverage and limited brand promotion, and the overall competitiveness needs to be improved.

In terms of sales model, the Company still focuses on the traditional supermarket channels, with the e-commerce and new retail layout lagging behind. In contrast, head companies such as Yili and Mengniu have increased their investment in new sales models such as e-commerce and community group buying. With the growth of online consumption trend, how Sanyuan Food strengthens its digital marketing and new retail channel layout will become the key factor to increase its market share.

3.3.2 customer loyalty

Beijing Sanyuan Food Co., Ltd. has high customer loyalty in Beijing and surrounding markets. Long-term deep cultivation of the local market, stable product quality and deep brand accumulation have made Sanyuan the daily choice of many consumers, especially in the field of constant-temperature milk and low-temperature fresh milk, with a high repeat purchase rate. Some products have even formed a strong regional brand identity in Beijing. Consumers prefer to choose local brands rather than foreign or national dairy products.

However, in the national market, Sanyuan Food has relatively low customer loyalty. The limited coverage of brand promotion and the concentration of sales channels in the north have led to weak recognition in the south market and insufficient brand stickiness. In the face of national brands such as Yili, Mengniu and Guangming, consumers are more inclined to choose products with higher popularity and stronger marketing efforts. In addition, the development of e-commerce channels is lagging behind, which limits the company's customer reach across the country and makes it difficult for the company to compete with industry leaders in terms of customer stickiness.

As competition in the dairy market intensifies, consumer loyalty not only depends on product quality, but also is affected by brand image, service experience and personalized marketing. Yili, Mengniu and other enterprises strengthened their brand influence through celebrity endorsements, sports event sponsorship, social media marketing and other means, while Sanyuan Food invested less in brand marketing, which affected the transformation of new customers and retention of old customers.

In addition, the membership system, user interaction and community operation have become important means for dairy enterprises to enhance customer loyalty. Some enterprises have enhanced consumer stickiness through points exchange, exclusive incentives and user interaction.

However, the distribution of Sanyuan Food in these areas is still relatively weak. The nationwide influence of the membership system is limited and consumer participation is low. In the future, how to improve customer loyalty through digital marketing, member system upgrade and differentiated product strategy will become the key breakthrough direction of Sanyuan Food.

3.3.3 New product development and research and development investment

Beijing Sanyuan Food Co., Ltd. has maintained a certain degree of innovation in the development of new products in recent years, but the overall launch speed is still lagging behind that of the leading enterprises in the industry. About 3 to 5 new products are launched each year, mainly in the fields of low-temperature yogurt, functional dairy products and high-end dairy products, while companies such as Yili and Mengniu have a faster pace of research and development of new products, reaching 8 to 10 each year, and are rapidly occupying the market. In the market environment of diversified consumer demand and enhanced health concept, the product iteration of Sanyuan Food is slow, and the competitiveness of some segments of the market is relatively insufficient.

Judging from the financial data, the R&D investment of Sanyuan Food accounted for 3%-5% of the operating income, which is close to the industry average level, but still insufficient when compared with the enterprises with higher R&D investment. Research shows that R&D investment is closely related to market competitiveness and profitability, while the investment in Sanyuan Food has a slow growth and the proportion of sales of new products is still low. For example, the company has launched high-end organic yoghurt, but due to insufficient promotion and high pricing, it has not been able to form a stable sales volume among the target consumer groups and its competitive advantage is not obvious.

In terms of innovation capability, the Company mainly focuses on strain optimization, product formulation upgrade and process improvement, but the promotion of new products is still short-sighted. Some new products are heavily invested in the research and development stage, but the marketing channels are single after listing, which makes it difficult to attract consumers. In the field of functional dairy products, despite the introduction of nutrition-enhancing products such as probiotics and dietary fiber, the market acceptance was less than expected, mainly due to the lag of brand promotion. In addition, the distribution of new products and online sales of e-commerce platforms is inadequate, which limits the penetration of the national market.

The financial data reflect that there is still room for optimization between research and development investment and market transformation of Sanyuan Food. Industry-leading enterprises have accurately grasped the market demand with the help of big data, and quickly promoted new products through digital marketing means such as social media and e-commerce live broadcast to improve market acceptance. However, ternary food still needs to be improved in this respect. In the future, speeding up the market layout of new products and improving the efficiency of research and development will become the key to enhancing the market competitiveness.

4 Beijing Sanyuan Company's Main Problems in Development

4.1 Financial Difficulties

Beijing Sanyuan Food Co., Ltd. faces the challenges of sluggish revenue growth, low profitability and high debt level in the financial aspect. In recent years, the company's revenue growth rate has continued to decline, from 6.5% in 2020 to 2.3% in 2024, far below the double-digit growth rate of industry leaders such as Yili and Mengniu. Limited market expansion, insufficient brand competitiveness and low channel coverage, especially the small market share across the country, have become the main factors restricting revenue growth.

In terms of profitability, the net profit margin of Sanyuan Food remained at 3%-5% for a long time, significantly lower than the industry average. The Company's gross profit margin was under pressure and the brand influence was limited due to the increase in raw milk purchase cost and high marketing expenses (accounting for 10%-15% of operating income). Research and development investment accounts for 3%~5% of the operating revenue, but the profit transformation effect of new products is not good. Some products fail to form an effective growth point due to insufficient marketing and inaccurate positioning, further weakening the profitability.

The asset-liability structure shows that the company's asset-liability ratio is maintained at 50%-55%, and the risk of debt is controllable, but the debt level is high, which affects the flexibility of funds. There is a certain pressure on liquidity management, short-term solvency is limited, and liquidity ratio and quick ratio fluctuate greatly, which reflects that the efficiency of capital use still needs to be optimized. The single financing channel, mainly relying on bank loans and internal accumulation, and the lack of long-term financing support from the capital market limit the ability to invest in the expansion of the dairy base, technological upgrading and market expansion.

The cash flow situation is also facing challenges. The cash flow of operating activities fluctuates greatly, causing tension in some years. The sales collection management problem resulted in a decrease in the turnover rate of accounts receivable, which affected the collection of funds. In addition, the increase in investment in fixed assets, such as the construction of new production bases and technological upgrading, has increased the pressure on capital expenditures and made cash flow management even more tense.

In terms of cost control, there is still room for improvement in milk supply chain management and production cost optimization. Compared with Yili and Mengniu, Sanyuan Food has not yet formed a scale effect and its production efficiency needs to be improved, resulting in higher unit cost. Gross profit margin fluctuated greatly, cost control of some product lines was poor, meanwhile market competition intensified, and promotion discounts and channel subsidies increased, further reducing profit margins.

On the whole, the financial problems of Sanyuan Food mainly focus on the slow growth, limited profitability, high debt level and inefficient use of funds. In the future, the Company needs to optimize the cost structure, improve the efficiency of asset use and expand diversified financing channels to enhance financial stability and market competitiveness.

4.2 Challenges of Market Expansion

Sanyuan Food is facing many challenges in market expansion, including low market share, insufficient brand influence, limited channel coverage and intensified competition in the country.

Although it has strong brand advantages in Beijing and the surrounding markets, its market share is only 5%~8% in the whole country, and its brand awareness in southern and third-and fourth-tier cities is low, which limits its market penetration. Compared with industry leaders such as Yili and Mengniu, its nationwide distribution lags behind and its publicity coverage is insufficient, resulting in slow sales growth in foreign markets.

The construction of sales channels is also a key constraint. At present, the Company's sales network is still mainly in North China, with slow market expansion in East China, South China and West China, limited number of terminal outlets and insufficient channel depth in the low-line market. In contrast, Yili and Mengniu have achieved extensive coverage through distributors, e-commerce and community group buying, while Sanyuan has a single sales model and limited market expansion.

Competition in the industry is becoming increasingly fierce. Foreign brands and local emerging

brands are pouring in. High-end dairy products market has become the focus of competition. Yili and Mengniu seize the market by virtue of high-end organic milk and functional dairy products, while Sanyuan Food has limited distribution in this field and lacks market competitiveness. At the same time, the rise of regional dairy enterprises intensifies the competition in the local market. Consumers are more inclined to choose local brands, further compressing the market space of Sanyuan Food.

Insufficient investment in brand marketing, affecting the national market influence. Yili and Mengniu rely on celebrity endorsements, event sponsorship and social media promotion to strengthen brand awareness, while Sanyuan Food's promotion is mainly concentrated in the local market, with limited marketing investment nationwide. Especially, the brand building among the young group is weak, resulting in insufficient brand loyalty and new customer acquisition ability.

Product restructuring is also the key. The consumption trend of dairy products is developing towards low-sugar, low-fat and high-protein. Some brands achieve growth by virtue of accurate positioning and product innovation. However, Sanyuan Food lags behind in product innovation and promotion, with fewer high-end product lines and insufficient price competitiveness. In the low-end market, Sanyuan Food is facing the double squeeze of national brands and local dairy enterprises, which increases the competitive pressure.

In addition, the distribution of e-commerce channels is lagging behind, which restricts the nationwide market expansion. With the rapid increase in online consumption demand, Yili and Mengniu have developed in-depth social e-commerce, live streaming, member marketing and other models to achieve rapid growth in online sales. However, the e-commerce channel of Sanyuan Food is still in the initial development stage, and online sales account for a relatively low proportion, which is difficult to reach young consumers effectively and further affects the effectiveness of market expansion.

4.3 Innovative Short Board

Sanyuan Food still lacks innovation capability, which is mainly reflected in the weak technology research and development system, limited core technology reserve, lagging intelligent production, insufficient talent attraction and slow response to the industry's cutting-edge technologies.

Although the investment in research and development has increased year by year, the overall system is fragmented and lacks systematic planning. Compared with the industry leader, the

research and development of Sanyuan Food still focuses on short-term product adjustment and formula optimization, and has weak independent innovation capability in key areas such as lactic acid bacteria screening, milk protein extraction and special formula milk powder. Some enterprises have made breakthroughs in probiotic fermentation, low-temperature milk preservation, functional dairy products and other aspects through in-depth cooperation with universities and scientific research institutions through professional research and development centers. However, the progress of Sanyuan food in these areas is relatively slow and its technological advantages have not yet been formed.

The patent reserve is insufficient and the technical barriers are not obvious. The head company has established its competitive advantage in the high-end dairy market by virtue of the patent layout, while the patent accumulation of Sanyuan Food mainly focuses on the improvement of basic process, lacking of high value-added technological breakthroughs. Facing the increase in demand for healthy and functional dairy products, the competitiveness in the high-end market will be further weakened if the technological innovation capability is insufficient.

The intelligent degree of the production end is low, and the automation level needs to be improved. Some enterprises have optimized the supply chain and reduced the cost through intelligent transformation. However, Sanyuan Food has limited investment in intelligent production, and some links still rely on the traditional model, resulting in insufficient production efficiency and cost control capability. The construction of digital supply chain lags behind, which makes the reaction speed of products from research and development to market launch slow and difficult to quickly adapt to market changes.

The reserve of high-end scientific research talents is insufficient, and the innovation incentive mechanism is relatively conservative. Some dairy enterprises attract the industry's top talents through equity incentives and scientific research team incentives, while Sanyuan Food has limited measures in this area, which results in slow progress in breakthrough of core technology. The technology competition in the industry is becoming increasingly fierce, and the lack of talents will further limit the innovation ability of the enterprise.

The application of cutting-edge technologies is slow to follow up and the market is not forward-looking. Some enterprises have already laid out new fields such as plant-based dairy products, precision nutrition dairy products and lactose-free dairy products in advance, while the product updates of Sanyuan Food are relatively conservative, making it difficult to seize the

market opportunities. The demand of young consumers for high-end dairy products has increased, and the market has paid more attention to environmental protection packaging and sustainable production. These trends have put forward higher requirements for product development and technological innovation. The industrial structure is constantly changing, and some enterprises are relying on scientific and technological innovation to enhance their brand competitiveness. However, the distribution of Sanyuan Food in this respect is still lagging behind.

5 Suggestions for Beijing Sanyuan Company to Enhance Its Development Capacity

5.1 Financial Optimization Strategy

Sanyuan Food still needs to be optimized in terms of financial management, focusing on improving profitability, controlling costs, adjusting capital structure, strengthening cash flow management and expanding financing channels.

To improve profitability, we need to start with the sales model and product structure. Currently, the profit margin of the main business fluctuates greatly, and it is difficult to maintain a stable profit by relying solely on traditional dairy products. Expanding high value-added product lines, such as functional dairy products, low-temperature milk and organic milk, can enhance the premium capacity of the products and improve the overall profitability. At the same time, we will optimize our sales channels, expand the proportion of e-commerce and new retail channels, and reduce our reliance on traditional supermarkets in order to improve our sales efficiency.

Strengthening cost control is the key to improving profit margin. In terms of milk source procurement, establish long-term cooperative relationship with high-quality pasture to stabilize raw material cost; In the production process, intelligent technology is introduced to improve the automation level, reduce labor cost and improve production efficiency; In terms of logistics and distribution, the allocation of transportation resources is optimized to reduce unnecessary expenditures and improve distribution efficiency.

The adjustment of capital structure needs to reduce the debt risk while improving the efficiency of capital utilization. At present, although the asset-liability ratio is within a reasonable range, there is still room for optimization. Reducing the short-term debt ratio and increasing long-term stable financing channels will help reduce financial risks and improve the flexibility of capital operation. In addition, the equity structure was optimized to attract strategic investors and provide financial support for business expansion.

Optimize cash flow management and improve capital turnover. Strengthen the management of accounts receivable, shorten the collection period, reduce the risk of bad debts and improve the liquidity. Optimize supply chain management, reduce inventory backlog, improve inventory turnover rate and reduce capital occupation. Reasonable planning of capital expenditures, to avoid short-term over-investment resulting in tight funding.

Expand financing channels, increase capital reserves and reduce financing costs. The current financing mainly relies on bank loans and own funds, with a relatively single channel. In the future, we can optimize the financing structure by issuing corporate bonds, introducing industrial funds, and applying for government subsidies. At the same time, we can deepen cooperation with financial institutions, explore innovative models such as supply chain finance, and improve the efficiency of capital operation.

5.2 Market expansion and brand building

Sanyuan Food has long relied on Beijing and its surrounding areas for market expansion, with limited brand awareness and slow channel expansion across the country. Facing the highly competitive dairy industry, the long-term development cannot be supported solely by regional market advantages. The Company urgently needs to optimize the national market layout, expand sales channels and strengthen brand building.

The current channel coverage is insufficient and the regional distribution is uneven. The Company is dominant in the North China market, but the penetration rates in East China, South China and other places are low. The sales terminals mainly rely on supermarkets and some chain convenience stores. The distribution rate in low-line cities is low, and the brand exposure is far lower than that of industry leaders. Compared with the national channel networks of Yili and Mengniu, the Company needs to expand its sales terminals and improve the availability of products to break through the bottleneck of market expansion.

The development of online channels is lagging behind and cannot fully adapt to the emerging consumption trend. The sales of dairy products are being transferred to channels such as e-commerce, fresh food distribution, and community group purchase. Yili and Mengniu have placed their products on the line in depth, marketing them precisely through platforms such as Tmall and JD.COM, and strengthening their brand influence through live broadcasts and short videos. However, the proportion of online sales of Sanyuan Food is low, the promotion efforts are insufficient, and the influence of young consumers is limited. Optimizing online sales strategies

and increasing e-commerce market share are crucial to brand competitiveness.

Limited investment in brand promotion and low national awareness. Although it has strong market influence in Beijing, it is still a relatively unknown brand in the whole country. Yili and Mengniu established national brand advantages through large-scale advertising, event sponsorship, celebrity endorsements and other means, while Sanyuan food promotion means is more traditional and lacks differentiated brand building. At a time when social media marketing is increasingly important, companies need to strengthen personalized marketing to enhance the breadth and depth of brand communication.

The layout of high-end product lines is inadequate and the brand premium capability is weak. The trend of high-end dairy products market is obvious. High-end series such as Yili "Jin Dian" and Mengniu "Trensu" have formed strong market influence. However, Sanyuan Food has limited distribution in high-value-added products such as organic milk and low-temperature milk, and has insufficient market promotion, low consumer awareness, and the brand premium ability needs to be improved urgently.

Consumer interaction is less and brand loyalty is difficult to build. Competition in the dairy industry depends not only on product quality, but also on strengthening the relationship between brands and consumers. Yili and Mengniu enhanced the brand stickiness by means of membership system, points exchange and social media communication. However, Sanyuan Food was weak in brand interaction and the consumer repurchase rate was low. Strengthening the connection between the brand and the consumers and improving the stickiness of the users will be the key for the company to expand the market.

5.3 Innovation-driven development strategies

Sanyuan Food still has a large room for improvement in its innovation capability, especially in the fields of technology research and development, product innovation, intelligent production and digital marketing. It lags behind the leading enterprises in the industry and needs to enhance its competitiveness through more targeted innovation strategies.

Insufficient investment in technological research and development and limited accumulation of core technologies. The distribution of lactic acid bacteria research, milk protein extraction, nutrition enhancement technology and other aspects is less, the patent reserve is limited, the research and development system is scattered, and the innovation mechanism is not perfect. Although the investment in research and development has increased, the efficiency and the

conversion rate of achievements are low, and some new products are not well received in the market, making it difficult to form a sustainable competitive advantage.

The distribution of high value-added products is slow and the market response is not sharp enough. The consumption of dairy products is high-end and healthy. Yili and Mengniu have taken the lead in the high-end market, while Sanyuan Food is still based on basic dairy products and lacks competitiveness of high-end products. Some of the functional dairy products have not been promoted sufficiently and are not well positioned to attract high-end consumers.

Production intelligence level is low and supply chain management needs to be optimized. The production system is more traditional and some links are highly dependent on manpower, which affects the production efficiency and cost control. The milk source mainly depends on external procurement and is greatly affected by fluctuations in the price of raw milk. It is suggested to increase the investment in its own milk source base, optimize the logistics and distribution, and increase the market coverage rate of low-temperature milk.

Lack of digital marketing and weak brand communication. Competition has extended from products to brand building. Yili and Mengniu actively distributed channels such as social media, short videos and e-commerce live broadcasts. However, Sanyuan Food's limited investment in digital marketing, low brand exposure, low proportion of online sales and lack of distribution of social e-commerce and community marketing have affected the enhancement of brand influence.

Industry consolidation's ability is weak and its market adaptability is insufficient. Head-end enterprises strengthen milk source control, cold chain logistics and terminal sales distribution through mergers and acquisitions and strategic cooperation, while Sanyuan Food lags behind in terms of industrial chain control and market adaptability, and is facing challenges in the adjustment of competition pattern.

conclusion

In recent years, the profitability of Beijing Sanyuan Food Co., Ltd. has improved and its market share is gradually expanding. However, the overall profit level still fluctuates, and the performance in some years is not stable enough. Although the Company has made some efforts in product research and development and market expansion, it still faces many challenges in the face of intensified competition in the industry. The short-term and long-term solvency is relatively good, especially in 2015, the solvency has been significantly improved, ensuring the normal

operation of the enterprise. However, at the same time, the fluctuation of some financial indicators also reflects the instability of the Company's operation ability, the decrease of its wealth creation ability, the unsatisfactory growth rate of the main business income, and the growth ability still needs to be further improved.

Judging from the market layout, the advantages of Sanyuan Food are still concentrated in Beijing and the surrounding areas, with low penetration rate in the national market. Compared with the leading enterprises in the industry, there is still a gap in brand influence, the coverage of sales channels is limited, and the awareness of Sanyuan brand is weak in some regional markets, resulting in the company's insufficient competitiveness in the national market. In addition, the Company's development in product innovation is relatively slow. It lacks high value-added products that can truly lead the market. The market response of some new products is not satisfactory, which affects the overall profit growth.

With the continuous expansion of the domestic dairy market and the continuous upgrading of consumer demand, the industry still has great room for development. As an important brand in China's dairy industry, Sanyuan Food still has good development foundation and market potential. In the future, the Company needs to further improve the management system, optimize the product structure, improve the efficiency of the supply chain, and at the same time, increase investment in technological research and development, and increase the added value of products to enhance the market competitiveness. In terms of brand building, the company should increase publicity efforts to improve consumer awareness, expand market coverage and enhance brand premium capacity. In the face of changes in the industry, only continuous innovation and optimization of operating strategies can ensure the steady development of enterprises in the market competition and realize long-term sustainable growth.

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