Major Revision for Editor 1:

1. The motivations for conducting this research can be improved. For example, authors should engage in more detailed discussion explaining the limitations of existing theoretical and empirical literature and how this study will address such limitations. Further, authors are urged to explain why China is an interesting context to be examined.

Solution: Thanks for advice and recommendation: Firstly, all authors are come from China, and most of the research process and data are based on the Chinese market. Secondly, by adding the limiations of existing theoretical and empirical literate, we emphasized all the above in the chapter 1-2.

2. The developed hypotheses need to be improved by using theory/ies to develop each research hypothesis. Further, the currently developed hypotheses are general and can apply to any context. Therefore, authors are encouraged to refer to the Pakistani context when developing their hypotheses. In addition, authors should explain why capital market mispricing and manager agency problem as intermediary variables.

Solution: Thanks for advice and recommendation: the probability that an asset is mispriced increases with the total number of mispriced assets in the market. A lot of commonalities exist between the deviation of asset prices and their fundamental values. With mispricing, there is a level of systematic risk for investors in financial markets.

Along with the systematic risks, mispricing can cause detrimental effects in markets through the destabilization of dealer funding costs. The direct correlation between mispricing and dealer funding costs shows that investors face capital constraints in financial markets. The constraints are the primary reason for the mispricing of stocks

in the market. Although the one price principle states that asset prices should be equal to the present value of future cash flows, mispricing proves that asset prices are often driven by factors that are unrelated to the cash flow or discount rate of the securities. In this process, as you can see there are some other problem caused by agency problem, which we seleced as the interemediay variables.

3. The period of analysis needs to be justified. Why the study started in 2007 and ended in 2021? Also, sample section procedures need to be further explained. For example, why firms with negative net assets and net profit are excluded? In addition, authors need to explain which variables have been winsorized.

Solution: Thanks for advice and recommendation: we have selectd the study period from 2007 to 2021, just because of this study process have conducted from 2007 to 2021, which covering most of the sensible and dramatic development of Chines econmony in financial martket.

For the negative net assets, one of the simple explanantion to arriave at the cirumstance is that the monery contributed by the partners (capital) and the saved profit of the years (the reserces), have been consumed due to the losses that the econonmic activity of the company has generated. And also, we have dealed with the winsorized variables based on the characteristic of the data set. This paper takes the mergers and acquisitions of listed companies from 2007 to 2021 as a research sample, and excludes the sample of financial institutions. Exclude ST or *ST companies; Remove companies with negative net assets and net profit; Remove companies with missing values; If a listed company has multiple mergers and acquisitions in the same year, the largest merger and acquisition is retained, and 2350 observations are finally obtained.

4. The way manager agency problem measured using shareholding ratios of largest shareholder doesn't capture manager-agent conflict and more appropriate proxy is needed.

Solution: Thanks for advice and recommendation: though the shareholding ratios of largest shareholder donesn't capture manager-agnet conflit and more appropriate proxy is needed, at this stage of our research, it is one of the inplication and we also put into the limitation of our study.

5. The discussion of the obtained results, particularly descriptive statistics can be improved by comparing the obtained findings with those of past studies.

Solutioin: Thanks for advice and recommendation: Yes, it is abviously sensible to put all the descriptive statistivs into our analysis, which can be improved by comparing the obtained finds with those of past studies, but in our research, we want to highlight our inferential statistics.

6. Finally, the conclusion is very short and can be improved by; (i) providing more discussion about the implications of the obtained findings; (ii) identifying more limitations; and (iii) providing more suggestions for future research.

Solution: Thanks for advice and recommendation: yes, we have added some more discussion, implications and some limitation from the following perspective: some possible limitations of existing theoretical and empirical literature ; capital market mispricing and manager agency problem as intermediary variables; possible prolonged period and possible detailed winsorized data set ; instead of the shareholding ratios of largest shareholder to deal with the manager-agent conflict and more appropriate proxy is needed for the future studies; and possible other sensible intermediary variables with comparing existed past stuies.