Research on Disposal of Non-Performing Assets of Listed Companies

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Abstract: China's economic development is affected by adverse factors such as cyclical and structural adjustment of the domestic economy, but also by the sudden impact of the international political and economic environment, and the complex economic environment at home and abroad has greatly challenged the development of Chinese enterprises. The problem of non-performing assets is a prominent problem facing the high-quality development of China's economy. It requires both enterprises to regulate their own risks and asset management companies to properly and reasonably dispose of non-performing assets to prevent these assets from having an impact on systemic risks and then affecting other economies. Solving the problem of non-performing assets in a reasonable way can effectively deal with the non-performing assets, and then promote and prevent the further spread of the non-performing assets crisis of enterprises. This paper analyzes that the asset disposal mode of "stock plus bond" provides a reference for other NPL disposal methods, and helps other enterprises to dispose NPL efficiently. When dealing with non-performing assets, there is a risk of debtors and creditors. To prevent and address these problems, detailed and precise asset-liability analysis, a well-developed restructuring plan, and enhanced collaboration between departments are required. The "equity plus bond" model combines the centralized disposal method of non-performing assets, which can effectively deal with these non-performing assets, better reduce risks and improve operations.

Keywords: Non-performing asset disposal; "Equity plus debt" model; Asset management company (AMC).

1. Non-performing Assets of Listed Companies

The non-performing assets of a listed company usually refer to those assets that are impaired or fail to realize expected earnings due to various reasons. These assets may pose potential risks to the Company's financial condition, operating performance and shareholder value. Here are some common types of listed companies' non-performing assets and what may be causing them. (1) Bad debts and overdue loans. In the loan business, the listed company may encounter the situation that the borrower cannot repay on time or defaults, resulting in some loans being turned into bad debts or overdue loans. (2) Inventory is slow to sell. The inventory held by the company may not be sold in time due to market demand changes, obsolescence, technological progress and other factors, resulting in asset burden. (3) Invalid investment. A public company may invest in certain projects, subsidiaries, or other enterprises, but the value of the investment is reduced due to poor management, market changes, or other factors. (4) Long-term accounts receivable. The company may fail to recover accounts receivable in time due to high customer credit risk, market changes and other reasons, and these long-term unrecovered accounts may become non-performing assets. (5) Asset impairment. Some assets held by the company, such as real estate, equipment, etc., need to be reduced due to the decline in market value or the end of their useful life, resulting in the emergence of non-performing assets. For listed companies, non-performing assets may have a negative impact on their financial position, profitability and stock price. Therefore, listed companies usually take measures to deal with non-performing assets, such as strengthening risk management, reducing the scale of non-performing assets, selling non-performing assets or disposing of non-performing assets by other means, in order to protect the healthy development of the company and the interests of investors.

2. Disposal of Non-performing Assets

When dealing with bad assets, we should fully consider the costs and benefits brought by them, and carry out a comprehensive assessment of various risks contained in them, and make a rational judgment. Then, make a comparison of many aspects, choose the best treatment way. On the basis of summarizing the treatment methods of non-performing assets of financial institutions in China, this paper summarizes the existing problems in China's banking industry, including debt-to-equity swap, non-performing assets securitization, Internet + non-performing assets, stock-and-bond model. When dealing with non-performing assets, we should stick to the purpose orientation. Therefore, in actual operation, one treatment method can be taken, and a variety of methods can be combined to obtain the best treatment effect. Reasonable and proper disposal of non-performing assets is not the usual sense of stripping off non-performing assets, but by disposing of non-performing assets, enterprises reserve sustainable development capital for other product market operations or future market operations. By disposing of the projects that are unfavorable to the development of the enterprise, the operation of the enterprise becomes more focused, and the capital is reserved for the projects that the future cash flow of the enterprise is positive. This requires companies to have a deeper understanding of their own business industry, as well as a deeper understanding of the industry environment and the external environment. At the same time, enterprises need to realize the transformation through rational use of capital in the process of non-performing assets disposal. The purpose of transformation is to improve product efficiency, optimize
capital structure, and reduce corporate risks.

3. Shares Plus Bonds Model of Bad Assets Disposal

The "stock plus bond" model is a way to deal with non-performing assets. The main step is that the trust company initiates to set up a collective fund trust plan and raises trust funds in a structured way. During the term of the trust, the trust interest is not distributed. The trust company forms a limited partnership with a fund provider such as an asset management company. Part of the capital is used to purchase shares of the target enterprise (the indebted enterprise), while the other part of the capital is provided to the target enterprise through debt financing. This model has both certain income and additional income. The income generated by this model is divided into two parts: equity investment income and debt investment income. Equity investment income includes dividends received as a shareholder and excess returns on equity exit, while bond investment income includes regular interest income, resulting in a stable project payback.

3.1. The applicable object of 1 share plus bond model

The stock plus bond model is generally applicable to various types of non-performing asset disposal, including but not limited to five cases. (1) Non-performing loans and bad debts. Non-performing loans and bad debts held by banks, financial institutions or other lending institutions can be disposed of through the equity plus bond model. The asset management company can negotiate with creditors to purchase the claims of non-performing loans, and carry out restructuring or repayment agreements with the borrowers. At the same time, the asset value can be improved and the final disposal can be achieved through equity investment. (2) Corporate debt restructuring. For enterprises in debt crisis or financial difficulties, the stock plus bond model can be disposed of by purchasing corporate debt, restructuring debt and injecting funds. The asset management company can negotiate with the creditors and shareholders of the enterprise to restructure the capital structure of the enterprise, so as to achieve the regeneration and disposal of the enterprise. (3) Non-performing asset portfolio. Some asset managers focus on buying entire portfolios of non-performing assets, which include non-performing loans, packages of non-performing assets, assets under disposal, etc. With the equity plus bond model, they can invest in the whole thing. (4) Disposal of real estate assets. For distressed real estate assets, such as land, real estate projects or commercial real estate, the equity plus bond model can also be applied. The asset management company can purchase the debt or equity of the non-performing assets and dispose of them through redevelopment, restructuring or resale to maximize the value of the assets. (5) Property restructuring and mergers and acquisitions. For enterprises with complex property rights structure, dispersed ownership or unclear control rights, the stock plus bond model can be used to carry out property rights reorganization and corporate mergers and acquisitions by purchasing debt and equity. Asset management companies can participate in corporate governance and optimize resource allocation, so as to realize the improvement and disposal of enterprise value. To sum up, the stock plus bond model is applicable to various types of NPL disposal, including NPL, corporate debt, NPL portfolio, real estate assets, property rights restructuring and corporate mergers and acquisitions. Through the flexible use of the equity plus bond model, asset management companies can manage and dispose of non-performing assets more effectively and maximize investment returns.

3.2. The application situation of the stock plus bond model

The stock plus bond model is a model of disposing non-performing assets by means of equity investment and creditor's rights transfer. It is suitable for a variety of NPL disposal scenarios. (1) Enterprise bankruptcy reorganization. When the enterprise is facing bankruptcy or financial difficulties, the stock plus bond model can help the enterprise to restructure and dispose of assets. Through equity investment and creditor's rights restructuring, re-allocation of capital structure, stripping of non-performing assets, to achieve the optimization and restructuring of corporate liabilities. (2) Disposal of non-performing assets of financial institutions. Banks, securities companies and other financial institutions hold a large number of non-performing assets, which need to be effectively disposed to reduce losses. The stock plus bond model can help financial institutions dispose of non-performing assets, clean up balance sheets and improve asset quality by means of equity transfer and creditor's rights restructuring. (3) Management of non-performing assets of asset management companies. Asset management companies usually focus on the acquisition and disposal of non-performing assets, and the equity plus bond model can help them manage their non-performing asset portfolios more effectively. Through equity investment and creditor's rights transfer, non-performing assets can be added value and recovered. (4) Corporate mergers and acquisitions. In the process of merger and acquisition, the model of stock plus bond can be used to deal with the non-performing assets of the target company. Through equity investment and creditor's rights transfer, the bad assets are removed, the risks of mergers and acquisitions are reduced, and the success rate of mergers and acquisitions is improved. (5) Investment in special assets. Some investment institutions specialize in investing in special assets, such as distressed assets in real estate, energy, infrastructure and other sectors. The stock plus bond model can help these investment institutions to acquire, restructure and manage bad assets. In general, the stock-plus bond model is suitable for situations where equity investment and creditor's rights transfer are needed to dispose of non-performing assets in a comprehensive manner, which can help enterprises and investment institutions realize the appreciation and recovery of non-performing assets, improve asset value and investment return.

3.3. Notes of the share plus bond model

The stock plus bond model is a strategy to deal with non-performing assets, which aims to dispose them by purchasing debt and equity. When executing the equity plus bond model, asset managers need to pay attention to the following key things:

(1) Risk management. Understand and identify the various risks that may be faced in the process of disposal, including market risk, legal risk, credit risk, etc. Formulate effective risk management strategies to reduce the impact of risks on investors and asset management companies in the process of NPL disposal. Asset management companies need to pay close attention to market dynamics and trends, including
changes in industry development, competition, and market demand. Through market analysis and prediction, timely adjustment of disposal strategy to adapt to market changes and reduce the impact of market fluctuations on disposal process. In the process of disposal of non-performing assets, it may face various legal risks, such as contract legal disputes, intellectual property issues, etc. Asset managers should work closely with legal advisers to ensure the legality and compliance of the disposal process. Develop clear contract terms and documents to avoid possible legal risks and ensure the smooth execution of contracts. When dealing with creditors and shareholders, asset managers need to assess their credit standing and solvency. By conducting credit investigation and risk assessment, selecting reliable partners, and specifying relevant risk control measures in the transaction contract, we can reduce the impact of credit risk on the disposal process. Disposal of non-performing assets may involve complex operational processes and trading procedures, and there are operational risks. The asset management company should establish a sound internal control mechanism, clarify the operating process and the division of responsibilities, and avoid the occurrence of risk events caused by operational errors or omissions. The disposal of non-performing assets may face liquidity risks, that is, the disposal of assets cannot be realized in time. In order to reduce liquidity risk, asset management companies should make reasonable arrangements for the use of funds and asset allocation. Through comprehensive consideration and formulation of corresponding risk management strategies, asset management companies can effectively reduce various risks in the disposal process and protect the interests of investors and asset management companies.

(2) Full due diligence. Prior to the implementation of the equity plus bond model, adequate due diligence should be carried out, including a comprehensive investigation and assessment of the quality of non-performing assets, market prospects, creditors, etc. An accurate understanding of an asset's condition can help asset managers develop more effective disposal strategies. Asset management companies need to conduct a comprehensive assessment of the quality of non-performing assets. This includes the investigation of the physical condition, use, ownership of the asset, etc., to ensure the authenticity and feasibility of the asset. In addition, it is also necessary to assess the assets that may have hidden defects or problems to avoid potential risks. It is important to conduct an in-depth analysis of the market prospects of your industry. Asset management companies need to understand the industry development trend, market demand, competitive landscape and other factors, and forecast the future development of the industry. This helps to develop a disposal strategy that is in line with market trends and increases the probability of successful disposal. Understanding the situation of creditors is crucial to developing a resolution strategy. The asset management company needs to determine the number of creditors, the priority level, the amount of debt and other information, and assess the possible claims and expectations of creditors. This helps to better coordinate the interests of all parties in the disposal process and avoid potential conflicts and disputes. The analysis of the financial status of the non-performing assets is also an important part of the due diligence work. The asset management company needs to review the financial statements, cash flow position, debt structure and other information of the asset, assess its financial health, and forecast its future financial performance. This helps determine the best time and manner of disposal and maximizes disposal benefits. Through the comprehensive investigation and evaluation of non-performing assets, asset management companies can fully understand the situation of assets and provide strong support for the development of more effective disposal strategies. This helps to reduce disposal risk, increase the likelihood of successful disposal, and protect the interests of the investor to the greatest extent possible.

(3) Information disclosure and transparency. In the process of communication with investors, maintain the transparency of information disclosure, and provide investors with relevant information about the disposal progress and risk status in a timely manner. This helps build trust and reduces investor concern and uncertainty about the disposal process. Asset management companies should maintain open channels of communication and accept inquiries and inquiries from investors at any time. Whether it's phone calls, emails, meetings, or other forms of communication, it should be kept open and responsive to investor questions and concerns. By responding to investors' questions in a timely manner, they can increase their trust in the process and reduce their concerns about uncertainty. Asset management companies should follow the principle of transparency and fully disclose important information and key decisions in the disposal process to investors. This includes not only the progress and results of the disposal, but also the adjustment of the disposal strategy, the implementation of risk management measures, and possible risk factors. By providing full and transparent information, investors' understanding and trust in the disposal process can be enhanced. In the process of information disclosure, asset management companies should pay special attention to the disclosure of risk factors. In addition to describing the progress of disposal, possible risks and challenges should be clearly identified and appropriate risk response measures should be provided. This helps investors understand the risks they may face during the disposal process and participate in the development of response plans to jointly reduce risks.

3.4. Advantages and disadvantages of the share-plus bond model

The model of stock plus bond is a kind of model to deal with non-performing assets by means of equity investment and credit transfer. It has some advantages and disadvantages.

The stock plus bond model has the following advantages.

(1) The share-plus bond model makes full use of the two financial instruments of equity and debt, which can be flexibly used in the disposal of non-performing assets to improve the disposal efficiency and recovery rate. (2) Through equity investment and creditor's rights transfer, the risk of non-performing assets can be dispersed to different investors or creditors to reduce the risk borne by a single institution. (3) Equity investment and debt transfer can provide additional financial support to help enterprises better dispose of non-performing assets, reduce capital gaps, and improve capital efficiency. (4) Through equity investment and creditor's rights transfer, non-performing assets can be appreciated and restructured to improve asset value and maximize investment return.

The stock plus bond model has the following disadvantages.

(1) The stock-plus-bond model involves the coordination and handling of multi-stakeholder relationships, and involves relatively complex contracts and transaction structures, which
require professional knowledge and rich experience. (2) As the stock-plus bond model involves multi-party transactions and cooperation, the transaction costs involved are relatively high, including legal, financial, audit and other costs. (3) Equity investment and creditor's rights transfer have certain market risks, especially in the case of large fluctuations in the financial market or uncertain macroeconomic environment, which may affect the effect of the disposal of non-performing assets. (4) There may be conflicts of interest between different investors or creditors, which need to be resolved through consultation and cooperation, otherwise the progress and effect of the disposal of non-performing assets may be affected.


After facing a huge debt crisis, enterprises make plans and then plan to use external asset management companies to deal with the problem of non-performing assets faced by enterprises. Specifically, companies have brought in asset management companies. Asset management companies have rich business capabilities in the disposal of non-performing assets, and have more authoritative and multi-faceted means to dispose of the business they undertake. Their professionalism enables enterprises to successfully overcome the short-term debt crisis, and further adjust the business structure of enterprises by means of packaging assets and debts, thus transforming the business model of enterprises.

4.1. Disposal Procedure

The asset management company has a set of scientific and reasonable disposal and decision-making procedures, which are handled in strict accordance with the procedures to ensure the legal disposal of non-performing assets by banks and reduce the operational risks of disposal. Although the treatment of each project is different, and the processing procedures and work priorities will change, but for the basic part of the processing process, all processing should be carried out in accordance with the regulations. In the process of disposal of non-performing assets, the asset management company specifically includes full investigation to obtain the information of all parties, and then complete asset evaluation and pricing, and then select the disposal mode, prepare and approve the plan, and finally complete the execution of disposal. When asset management companies deal with non-performing assets, they are carried out in accordance with relevant laws, regulations and rules, and their processing procedures are very rigorous. On the basis of strictly observing the relevant system, the asset management company has carried out strict checks on the processing process and review system of non-performing assets, and on this basis, strengthened the comprehensive risk management and control on them, and formed a complete and comprehensive risk treatment system. Strengthen the prevention and control of various possible risks in the disposal of non-performing assets.

After more than 20 years of development, most of the securities operating companies have formed a relatively complete system for dealing with non-performing assets of banks, effectively preventing various possible risks. In terms of mechanism, the asset management company not only improves the overall risk management system, but also formulates a series of rules and regulations for non-performing assets. Such as the "traditional assets Management Measures", "Business operating Procedures with restructuring conditions", "Due diligence work Guidelines", "Asset valuation management Measures", "Traditional non-performing Assets Public bidding transfer management Measures", "entrusted agency business operating measures", "intermediary agency management Measures", etc., almost cover all areas, and regulate their management.

Asset Management Companies Asset management companies have formed a relatively complete set of NPL disposal procedures, and for each stage of the development of a series of monitoring and regulatory measures to ensure efficient operation, to achieve the control or reduction of handling risks. For example, when a project team is set up, people are arranged according to the importance and complexity of the project. When implementing obligations, there are strict norms and regulations, comprehensive on-site investigations of physical property, industrial and commercial and court inquiries, and adequate due diligence records. In the construction of the project, the implementation of the two-person consultation system, and formulate meeting minutes. From project initiation to production to submission and approval, it must go through a strict system to avoid procedural errors and ensure that records are retained. For the way projects are handled, auditors need to examine the differences between the evaluation results and the return on investment and negotiation results to find out why. In the disposal and recovery of works, appropriate security measures should be taken, such as collecting deposit, increasing security or guarantee, to reduce the risk of recovery.

Figure shows how asset management can effectively ensure rational and efficient decision-making in each environment when dealing with non-performing assets. First of all, after the start of the project, the enterprise will carry out the project approval and approval, after the relevant agencies have passed the project approval. Asset management will conduct in-depth project investigation and professional asset evaluation of enterprises, which is one of the main ways for asset management to maintain professionalism and high level. Therefore, given such professional investigation results, asset management Committee will formulate treatment methods and make the first draft of disposal plans according to the characteristics of enterprises. The plan will be subject to business approval and in-depth discussion and negotiation with the enterprise. Generally speaking, the asset Management Committee will modify the disposal method and plan on the basis of negotiation. After several rounds of negotiation and discussion with the enterprise and approval, the asset disposal and fund withdrawal stage will begin. The entire capital disposal process is completed after the data is filed, so the project is closed. Since the outside world cannot know in detail all the details of the negotiation and communication between asset management and enterprises, this paper only obtains the possible process of asset management companies' disposal of enterprise non-performing assets through the disclosed public information. It is not known whether the actual process is significantly different from the process or whether some links are added or reduced, so the process here is only a conceptual explanation. Further, this article combs each content in detail to understand the whole process.
Before the negotiations begin, the two sides need to establish a clear negotiating framework with clear topics, goals and strategies to maximize their own interests. This can be promoted. Asset managers need to develop effective negotiation strategies to maximize the interests of creditors. Through adequate information sharing, the trust between the two parties can be increased and the progress of negotiations can be accelerated. Asset managers need to understand the position and interests of the opponent.

During the negotiation process, the two sides need to have frequent exchanges and communication to ensure that the positions and interests of both sides are fully expressed and understood. This includes face-to-face meetings, phone calls, emails and other forms of communication. During the negotiation process, the two sides may encounter various challenges and obstacles. Asset managers need the flexibility to adapt their negotiating strategies and positions to different situations and changing counterparties. This may include adjusting the topics of negotiations, changing the way of negotiations, and increasing the intensity of negotiations. Ultimately, the asset manager and the negotiating partner need to reach a workable agreement to resolve the problem of the disposal of the non-performing assets. Before reaching an agreement, the two sides need to fully discuss and negotiate on the specific conditions to ensure that the agreement is fair, reasonable and enforceable. Once an agreement is reached, both parties need to perform in accordance with the terms of the agreement and perform their respective duties in a timely manner and fulfill their respective responsibilities and obligations in a timely manner. Asset management companies need to supervise the implementation process of the agreement to ensure that the non-performing assets are effectively disposed of in order to maximize the interests of creditors. In general, NPL disposal negotiation is a complex and critical task, which requires full preparation and flexible coping strategies of asset management companies to ensure that a mutually acceptable agreement is finally reached to achieve effective disposal of NPL and maximize the interests of creditors.

(4) Asset disposal and recovery and subsequent treatment

The project team of the asset management company shall submit the disposal plan for approval (process 6 to 8). In the process of approval, the personnel involved in the approval usually do not participate in the specific disposal of the project. Some projects may be approved by the office, and projects with large losses need to be approved by the head office. After the approval, the asset management company selects the auction house, which is responsible for publishing the auction announcement and organizing the auction activities. Although some items can be transferred by agreement and do not have to go through the auction process, most cases are still disposed of by auction. The form of auction may include bidding, bidding, etc., but no matter what form it takes, openness is the primary consideration, and agreement transfer is rarely used. Once the transaction price and transaction structure of the buyer and seller are determined, the asset management company provides the version of the agreement, the two parties sign and complete the payment. After the payment is completed, the asset management company will hand over the loan contract, collection notice, mortgage warrant and other related materials, and notify the debtor and guarantor that the creditor's right has been transferred, requiring it to fulfill the repayment obligation to the buyer. At the same time, the transfer of claims will be published in the relevant media to ensure the legality and transparency of the transaction.

4.2. The difference between the stock and bond model

The "stock plus bond" model has many advantages over the financing by equity or debt.

First of all, the "stock plus bond" model can enable...
enterprises to achieve a balanced capital structure, which can increase the liabilities of enterprises without greatly increasing the proportion of shareholders. At the same time, through equity (asset securitization) and debt (borrowing new debt) to achieve the asset-liability ratio of enterprises to maintain a more balanced state. On the one hand, the simple use of equity financing will dilute the equity and control rights of enterprises, and the proportion of long-term development of enterprises; On the other hand, the simple use of debt financing will expand the scale of corporate debt and increase the pressure of corporate debt repayment.

Secondly, the "stock plus bond" model can reduce the risk of enterprises, because the interest of equity bonds is unchanged, so it will not increase the risk of enterprises because of the rise in interest rates. Equity-issued bonds can also provide different financing channels for enterprises, such as bond market and equity market. The bond market is a very good financing channel for those enterprises with large debts and large assets. The equity market is set up for those enterprises with growth potential and value-added potential, which is one of the reasons why the "stock plus bond" model should be more and more widely used in today's market.

Finally, the "equity plus debt" model can increase the value of a company. It can show the overall strength of the company, and can be recognized by the securities market. When the company is understood by investors, the equity market and bond market will give the company a higher valuation, and give more investors confidence, providing good development opportunities for the company's business development. Of course, when using the "stock plus bond" model to dispose of non-performing assets, enterprises should also pay attention to the structural arrangement of bonds to ensure economic benefits and reasonable interest rates.

4.3. Analysis of disposal results of "stock plus bond" mode

Using the "equity plus bond" mode to dispose of non-performing assets has many advantages over relying solely on equity financing or debt financing. First, this model helps companies achieve a balanced capital structure that can increase corporate debt without significantly increasing shareholder ownership. Secondly, the "stock plus bond" model can reduce the risk of enterprises, because the interest of equity bonds is fixed, and the burden of enterprises will not be increased due to the rise in interest rates. In addition, equity-issued bonds can also provide enterprises with diversified financing channels, such as bond market and equity market. The bond market is suitable for enterprises with larger scale and more debt, while the equity market is suitable for enterprises with growth potential and value potential, so the "stock plus bond" model is increasingly becoming one of the widely used financing methods in the market. Finally, the adoption of the "stock plus bond" model can enhance the value of the company, show its overall strength, and increase the recognition of the securities market. When the company is widely understood by investors, the equity market and the bond market will also give a higher valuation to the company, providing a good opportunity for the development of the company. When using the "stock plus bond" mode to dispose of non-performing assets, enterprises should pay attention to the reasonable arrangement of bond structure to ensure the double balance of economic benefits and reasonable interest rate.

4.4. Countermeasure analysis of disposal results

4.4.1. Stock-plus bond model optimization

Reduce unnecessary complexity and links by designing a simple transaction structure. Merge the equity and creditor's rights of non-performing assets, dispose of them in a unified manner, simplify the transaction process, and reduce transaction costs and risks. Establish a clear equity distribution mechanism, distribute the proceeds and risks of disposal fairly and reasonably, protect the rights and interests of non-performing asset holders, and increase their participation and enthusiasm. Secondly, it is necessary to provide flexible and diverse disposal schemes according to the specific situation and market demand of non-performing assets, including equity transfer, debt restructuring, asset divestiture, etc., to meet the needs and interests of different holders. Provide adequate information disclosure and transparency, fully disclose the disposal plan, process and results to NPL holders, and ensure that they have a clear understanding and grasp of the transaction situation and risks. Finally, it is necessary to establish stable and long-term cooperative relations, establish trust and win-win cooperative relations with non-performing asset holders, promote a good trading cooperation atmosphere, and improve cooperation efficiency and effect. Through the implementation of the above optimization measures, the combination of equity and debt can make the NPL disposal model more concise, flexible and beneficial to the NPL holders, and maximize the common interests of both sides.

4.4.2. Improve information opacity

Enterprises can provide adequate information to shareholders, investors and other stakeholders through timely and accurate public disclosure of the NPL disposal plan, process and results. This includes the publication of relevant announcements, reports on the disposal of assets and regular disclosure of the progress and financial position of disposals. It is necessary to establish a sound information disclosure system and clarify the content, frequency and channels of information disclosure. Ensure the implementation and supervision of the information disclosure system to make the information disclosure process more standardized and transparent. We can strengthen communication and interaction with shareholders, investors, creditors and other stakeholders, respond to their concerns and doubts in a timely manner, answer their questions, and provide adequate information support. Establish effective communication channels, promote the two-way flow of information, and enhance information transparency. Secondly, enterprises can entrust an independent third-party institution to evaluate and audit the non-performing assets to ensure that the evaluation results are objective, fair and accurate. The involvement of third-party assessment institutions can increase the credibility and transparency of information disclosure and enhance the trust of investors and other stakeholders. Through the implementation of the above measures, enterprises can improve the transparency of information in the disposal process of non-performing assets, enhance the trust and recognition of investors and other stakeholders to the enterprise, and lay a solid foundation for the sustainable development of the enterprise.

4.4.3. Improve risk control ability

In order to improve the risk control ability of enterprises in the process of bad assets disposal. Before the disposal of non-
performing assets, conduct a comprehensive assessment and analysis of various risks that the asset disposal may face, including financial risks, market risks, legal risks, etc., to ensure that potential risk factors are fully understood. In addition, before the transaction of non-performing assets, conduct a comprehensive and thorough due diligence, conduct a detailed analysis of the financial status of the assets, legal issues, market prospects, etc., and accurately assess the value and risk of the assets. Based on the due diligence results, reasonable pricing and design of appropriate transaction structures to ensure that transaction prices and conditions are in line with market rules and risk tolerance, and minimize transaction risks. It is necessary to formulate specific risk management strategies and measures based on the risk assessment results of asset management institutions, clarify the responsibility and process of risk management, and establish a sound risk management system. Establish an effective risk monitoring mechanism, regularly track and evaluate various risk indicators and risk events in the process of asset disposal, timely discover and deal with potential risks, and ensure the timely and effective risk control. Through the comprehensive implementation of the above measures, the risk control ability of enterprises in the process of non-performing assets disposal can be effectively improved, transaction risks can be reduced, and the interests of enterprises and relevant parties can be maximized.

4.4.4. Adjust operation and management

For the non-core business or loss project where the non-performing assets are located, enterprises can consider stripping or reducing investment in order to release resources and energy to focus on the core business and improve the profitability and market competitiveness of the core business. For the funds obtained from the disposal of non-performing assets, enterprises can optimize asset allocation, increase investment in business areas with strong profitability and good prospects, and improve the efficiency and income level of overall asset allocation. In the process of dealing with non-performing assets, enterprises need to strengthen team building, train and motivate employees, and enhance team cohesion and execution. By improving the professional level and teamwork ability of employees, improve the adaptability and execution efficiency of enterprises. enterprises can improve the management efficiency and execution of enterprises by optimizing the management process and improving the management level. Information technology can be adopted to improve management efficiency and decision-making efficiency, and reduce management costs and risks. Through the above adjustments, enterprises can better cope with the challenges in the process of dealing with non-performing assets, improve the level of operation and management, and ensure the long-term development and profitability of the enterprise.

4.4.5. Deepening reform and development

Enterprises should develop a clear strategic plan, clear future development direction and goals. While dealing with non-performing assets, it is necessary to consider the long-term development of enterprises, adjust the business structure, and enhance the core competitiveness. Enterprises can promote business transformation and upgrading, increase investment in high-tech and high value-added businesses, improve the quality and competitiveness of products and services, and expand new growth points. By strengthening scientific and technological innovation and management innovation, enterprises can enhance their core competitiveness and anti-risk ability, and promote the sustainable and healthy development of enterprises. Enterprises need to strengthen the construction of talent team, introduce and train high-quality management personnel and technical personnel, and provide talent support and intellectual support for enterprise development. Enterprises need to create a good corporate culture, promote the values of integrity, responsibility and innovation, stimulate the enthusiasm and creativity of employees, and enhance the cohesion and centripetal force of enterprises. Through the above methods, enterprises can deepen reform and development, and realize the transformation and upgrading of enterprises and long-term sustainable development in the process of non-performing assets disposal.

5. Conclusion

China's economic development is affected by adverse factors such as domestic economic cyclical and structural adjustment, but also by the sudden impact of the international political and economic environment, which makes enterprises face great challenges in the complex economic environment of domestic diplomacy, and also becomes an important problem for the high-quality development of China's economy. In such a complex environment, enterprises are faced with more complex and severe challenges when dealing with non-performing assets. This paper takes the disposal of bad assets of enterprises as the research object, introduces the disposal process of bad assets by analyzing the formation and development process of its bad assets, and analyzes the disposal results.

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