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The Internal Logic and Legislative Path of the Parallel Mode of Bankruptcy Reorganization and Material Assets Reorganization of Listed Companies : From The Perspective of the Bankruptcy Reorganization Case of China Jiangsu Shuntian Marine Shipping Co., Ltd

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ABSTRACT
This paper takes the bankruptcy reorganization case of Jiangsu Shuntian ship as the starting point, and analyzes the system logic and practical value of the parallel mode of bankruptcy reorganization and material asset reorganization of listed companies. By sorting out the innovative application of the "judicial-administrative" coordination mechanism in the case, it reveals the institutional advantages of the procedure mode in resolving the major debt crisis and optimizing the efficiency of resource allocation, and proposes the legislative improvement path based on the current legal framework. According to the research, the construction of standardized process of consultation mechanism and the clarification of procedural connection rules are the important direction to promote the rebirth of distressed listed companies.

KEYWORDS
Listed company; Bankruptcy reorganization; Major assets; Parallel reorganization; Internal logic; Legislative approach

1 Introduction to the bankruptcy reorganization case of Jiangsu Shuntian shipbuilding Co., LTD

The bankruptcy reorganization case of Jiangsu Shuntian Ship is the first typical case of listed companies in China that simultaneously implemented debt restructuring and material asset restructuring. In this case, Sainty Marine was insolvent due to the sluggish shipping market and poor management. Nanjing Intermediate People's Court innovated the dual-track mechanism of "judicial leadership and administrative coordination", compressed the procedure cycle to 14 months through the pre-communication and consultation mechanism, and built a dual voting structure to balance multiple interests. We implemented the combination measures such as stripping loss-making assets, injecting high-quality resources and debt-for-equity swap, and finally realized 100% repayment of ordinary creditor's rights, and the net assets of the enterprise increased by more than three times, and successfully transformed it into a comprehensive asset management company. The pre-restructuring paradigm and regulatory coordination mechanism established in this case were included in the case of the Supreme Court communique, which caused disputes over the boundary of corporate governance, but provided an important legal practice for the market-oriented rescue of state-owned enterprises.

2 Practical motivation of parallel mode: based on the analysis of Jiangsu Shuntian ship case

Institutional dilemma of traditional mode.

The traditional "reorganization followed by restructuring" model adheres to strict procedural principles, requiring companies to first complete debt clearance procedures and restore normal legal operations before initiating major asset restructuring processes[1]. While this model ensures procedural compliance theoretically, it faces significant challenges in practice. For instance, in the Shuntian Shipbuilding case, the company's total liabilities amounted to 8.6 billion yuan, while its net assets were only 2.2 billion yuan, making it severely insolvent. If the traditional model is adopted:

(1) Rigid constraints on the time window

According to Article 14.4.1 of the Stock Listing Rules of Shenzhen Stock Exchange, the delisting risk warning period is 12 months, and the enterprise needs to realize the fundamental improvement of its main business through major asset restructuring within the period. In the traditional mode, the restructuring process needs to go through the legal links such as debt declaration, asset inventory and plan voting, and the cycle usually exceeds 18 months. Even if the court accelerates the trial, the court needs to complete the approval of the restructuring plan within 6 months after the end of the restructuring process, and the fault-tolerant space for the process is almost zero.

(2) The objective limitation of solvency

Under the simulated liquidation state, the repayment rate of ordinary claims is only 11.01%, which means that creditors will bear 89% of the principal loss. According to the repayment order stipulated in Article 113 of the Enterprise Bankruptcy Law of the People's Republic of China (hereinafter referred to as the Enterprise Bankruptcy Law), the ordinary creditor's rights are in the final order, and after the guaranteed creditor's rights and the employee creditor's rights are the first priority, the remaining assets cannot cover the ordinary creditor's rights. This defect of solvency not only damages the interests of creditors, but also leads to the strong opposition of the ordinary debt group when the restructuring plan votes, forming a procedural deadlock.

(3) The risk of market reaction

The traditional model requires companies to complete debt liquidation and then start asset restructuring, during which it requires a long procedural window period. However, the shipping market continues to be depressed, and the depreciation speed of ship assets is much faster than expected. If fresh capital cannot be injected in the short term, the core assets of enterprises will face the risk of being eliminated by the market. The contradiction between the lag of the market reaction and the rigidity of the program has become a structural obstacle that the traditional model cannot overcome.

3 The innovative value of the parallel model

Under the guidance of the Supreme Court, Nanjing Intermediate People's Court broke through the traditional thinking of separate procedures and pioneered the strategy of "dual-track coordination", which realized the dual breakthrough of procedural efficiency and substantive fairness:

3.1 Legal structure of procedural nesting

Through the creative application of the judicial interpretation, the material assets reorganization plan will be included in the core content of the draft reorganization plan. According to Article 81 of the Enterprise Bankruptcy Law, the reorganization plan may include the "business plan" clause, and the court creatively interprets the asset reorganization as an important part of the business plan. This breakthrough in legal interpretation enables the reorganization plan to be deliberated simultaneously when the reorganization plan votes, avoiding the duplication of procedures.

3.2 The implementation of the asset injection strategy

Introduce the high-quality assets of Jiangsu Guoxin Group, and optimize the capital structure through market-oriented debt-equity swaps. The specific paths include: (1) asset stripping: stripping the original loss-making ship business, and realizing the repayment of the guaranteed debt; (2) equity injection: injecting high-quality assets such as Jiangsu Trust and Xinhai Power Generation to enhance the ability of continuous operation; (3) debt-to-equity implementation: converting 5.586 billion financial debt into equity to reduce the debt ratio and optimize the capital structure.

3.3 Quantitative breakthrough in efficiency improvement

Compared with the traditional model, the parallel model shortened the restructuring cycle from the expected 24 months to 14 months, increasing the efficiency by 42%, and the ordinary debt repayment rate jumped from 11.01% to 100%, setting a record for the restructuring of listed companies. This efficiency breakthrough not only avoids the risk of delisting, but also realizes the "zero-cost" debt repayment through the innovative way of converting the capital accumulation fund into additional stocks, providing a new paradigm [2] for the rescue of distressed enterprises.

4 Analysis of internal logic: program collaboration and legal conflict

In the parallel innovation mode of bankruptcy reorganization and material assets reorganization of listed companies, the procedural coordination mechanism builds a new interactive relationship between judicial power and administrative power, realizes the deep coordination of dual dimensions through institutional innovation, and at the same time effectively coordinates the legal conflict to form a unique procedural governance system.

4.1 The dual dimension integration of procedural coordination: the deep integration of judicial dominance and administrative supervision

In the parallel innovation mode of bankruptcy reorganization and material assets reorganization of listed companies, the procedural coordination mechanism of "judicial leading and administrative embedded" breaks through the traditional framework of procedural separation, and constructs a new interactive relationship between judicial power and administrative power. As the core of the procedure, the court exercised the final discretion according to Article 86 of the Enterprise Bankruptcy Law, ruled and approved the reorganization plan, endowed it with the enforcement force, and provided a solid judicial guarantee for the debt liquidation. At the same time, according to Article 27 of the "Measures for the Administration of Material Assets Reorganization of Listed Companies", the CSRC deeply embedded the administrative supervision into the judicial procedure, and conducted the compliance pre-examination of the reorganization plan before the vote on the reorganization plan to ensure the order of the capital market. This synergistic mechanism is not a simple procedural superposition, but an organic interaction through institutional innovation. The court guarantees the fairness of debt liquidation through judicial procedures and creates the legal basis for asset restructuring; the CSRC works through administrative supervision to ensure that the restructuring plan complies with capital market rules and improve the continuing operation ability after restructuring. The two form a "dual-track parallel, mutually supporting" governance architecture in the program promotion [3]. Taking the case of Sainty Marine as an example, Nanjing Intermediate People's Court and CSRC completed three rounds of expert consultation before the submission of the restructuring plan, and conducted in-depth communication on key terms such as asset pricing, creditor's rights settlement order and employee placement. This pre-communication mechanism ensures the information symmetry of judicial review and administrative review, avoids the repetition of procedures, and reduces the procedural cycle of 18-24 months to 14 months, so as to achieve a qualitative leap in procedural efficiency.

The market effect of program synergy is also significant. By ensuring the thoroughness of debt liquidation through judicial procedures, the enterprise can remove non-performing assets and load lightly, and the CSRC guides the injection of quality assets to enhance the core competitiveness. In the case of Sainty Marine, the injection of high-quality assets of Jiangsu Guosen Group jumped the net assets of the enterprise from 2.2 billion yuan to 6.8 billion yuan, and the asset-liability ratio decreased from 82% to 63%, laying a solid foundation for the subsequent operation. This kind of procedural collaboration not only constructs the procedural framework of rescuing enterprises in distress, but also realizes the benign interaction between judicial power and administrative power through institutional innovation, forming a "1 + 1 + 1"> 2 " governance efficiency [4].

4.2 The integration of the coordination mechanism of the legal conflict: the innovative coupling of the consultation mechanism and the voting rules

In order to resolve the potential conflict between judicial power and administrative power, the Supreme Court and the CSRC jointly established a compound coordination mechanism of "consultation + classified voting" to realize the dual guarantee of procedural legality and efficiency. The consultation mechanism breaks through the traditional procedural barriers, and the expert consultation process is started in the formation stage of the draft restructuring plan. The court and the CSRC conducted two rounds of written communication on the core provisions of the restructuring plan to form a regulatory force. This consultation mechanism not only eliminates regulatory uncertainty, but also improves the quality of the scheme through expert wisdom.

In terms of voting rules, the dual voting structure of "creditors' meeting + investor group meeting" is innovatively constructed. The core provisions of the material asset restructuring plan (such as asset injection price and equity adjustment ratio) will be included in the voting scope of the restructuring plan, which will not only ensure the legitimacy of debt liquidation, but also guarantee the market-oriented attribute of asset restructuring. The creditors' meeting is responsible for deliberating the debt liquidation plan, while the investor group meeting votes on the asset restructuring plan. The two are independent and restrict each other, forming the double guarantee of procedural justice.

This mechanism innovation has achieved remarkable results in the case of Sainty Marine Ship. Eliminate regulatory differences through pre-communication mechanism, pass the restructuring plan through one vote to avoid procedural delay; the dual voting structure balances the interests of creditors, investors, employees and other parties to ensure the legitimacy of the procedure. This model not only creates a record for the restructuring efficiency of listed companies, but also forms a replicable standardization paradigm. Subsequent * ST Changhang and other cases learned from this model, have realized the restructuring cycle significantly shortened and the creditor's rights repayment rate significantly improved, fully proved its institutional value.

The deep integration of procedural coordination and legal coordination has reconstructed the procedural logic of rescuing troubled enterprises. The judicial power is promoted through the compulsory effect guarantee procedure, and the administrative power improves the quality of the program through professional supervision, and the two reach a dynamic balance in the innovative coupling of the consultation mechanism and the voting rules. This system innovation not only provides a new path for the bankruptcy and reorganization of listed companies, but also provides important practical support for the construction of a market-oriented and law-based enterprise rescue system, and promotes the governance level of China's capital market to a new height.

5 Legislative path: system improvement and rule supply

5.1 Adaptive interpretation of the current legal framework: institutional innovation and norm reconstruction

5.1.1 The extension of the provisions of article 73 of the enterprise bankruptcy law

This clause stipulates that "during the period of reorganization, upon the application of the debtor and the approval of the people's court, the debtor may manage the property and business affairs by himself under the supervision of the administrator". In judicial practice, this provision is creatively interpreted to allow the debtor to retain the original board functions under specific conditions. Taking the case of Sainty Marine as an example, Nanjing Intermediate People's Court clarified the boundary of "self-management" through judicial interpretation, allowing the original board of directors to continue to perform the duties of reviewing the asset restructuring plan, but required it to accept the supervision of the manager throughout the whole decision-making process. This interpretation not only respects the enterprise autonomy, but also prevents the transmission of interests through judicial supervision, so as to realize the value preservation and appreciation of the debtor's property. According to statistics, in the 28 cases that adopted this model, the depreciation rate of assets during the debtor's self-management decreased by 37% compared with the traditional liquidation mode, which fully reflects the practical value of institutional innovation.

5.1.2 The scope of article 4 of the reorganization measures expands

Article 4 of the Measures for the Administration of Material Assets Reorganization of Listed Companies stipulates that "these Measures shall not apply to the purchase and sale of assets related to their daily business activities". Through the purpose of the explanation, the CSRC extended the scope of "daily business activities" to the asset restructuring in the state of bankruptcy. In the case of * ST Changhang, the CSRC determined that the asset replacement of the enterprise to restore the continuing operation ability belongs to "the business activities directly related to saving the enterprise", thus including it in the scope of restructuring supervision. This explanation breaks through the traditional regulatory framework, making the asset reorganization in the bankruptcy reorganization to obtain the legal status. But the explanation has also sparked academic controversy: the blurred boundaries of the extended "day-to-day operations" may weaken the intensity of regulation of unconventional restructuring. In practice, it is necessary to grasp the scale through individual case evaluation and seek a balance between saving efficiency and regulatory safety.

5.2 Suggestions for legislative improvement: procedure cohesion and mechanism optimization

5.2.1 Standardization of consultation mechanism: to build the procedural interface between justice and administration

The current consultation mechanism relies on individual case communication and lacks a unified standard. It is suggested to take the opportunity of the revision of the Enterprise Bankruptcy Law to add a chapter of "pre-reorganization" to clarify the time point of connection and evidence standards of judicial and administrative procedures. Specifically, 30 days before the submission of the draft reorganization plan, the court shall include core clauses such as asset pricing basis, debt settlement plan and employee settlement plan; the CSRC shall provide written feedback within 15 working days. At the same time, the evidence exchange standard is established, and the debtor is required to provide the third-party evaluation report, the feasibility analysis report and other normative documents. This standardized design can improve communication efficiency and avoid repeated procedures. It is estimated that the standardized consultation mechanism can shorten the procedure cycle by about 40 days, [5].

5.2.2 Optimization of voting rules: differentiated standards and balance of interests

The current "one-size-fits-all" voting rules are prone to conflicts of interest. It is proposed to establish a classified voting mechanism: the "double majority decision" (that is, the number of agreed claims and the amount of claims exceed 2 / 3), the "majority decision of ordinary claims amount" (that is, the amount of agreed claims exceeds 1 / 2), and the "special resolution" on the adjustment of the investor's rights (that is, the approval of more than 2 / 3 of the capital contribution amount). Taking the case of Sainty Marine as an example, the differentiated voting rules increased the repayment rate of the guaranteed debt group by 12%, the ordinary debt group achieved full coverage through "debt-for-equity", and the investor group realized equity appreciation by introducing strategic investors, so as to achieve a multi-win-win situation. The design of this mechanism requires the establishment of interest compensation mechanism and relief measures such as the right of priority to the damaged party.

5.2.3 Implementation and supervision mechanism: dynamic supervision and risk prevention and control5

There are regulatory gaps in the implementation phase of the restructuring plan. It is suggested to set up a supervisor system for the implementation of the restructuring plan, and the CSRC assigns commissioners to dynamically supervise the implementation process of the asset restructuring. The responsibilities of the supervisor shall include: reviewing the compliance of asset delivery, supervising the financial information disclosure, and evaluating the ability of going concern. In the case of * ST Changhang, the CSRC embedded through the supervision commissioner, found that the debtor illegally transferred the mortgage assets, and took timely preservation measures to avoid the loss of 230 million yuan. The system needs to establish a supporting reporting system, requiring the supervisor to submit performance reports quarterly and report on major risk matters immediately. At the same time, a accountability mechanism should be established to investigate the administrative responsibility for supervision and dereliction of duty.

Through the above legislative improvements, a complete institutional chain of "procedural alignment-decision optimization-execution supervision" can be established. This not only ensures the finality of judicial power but also leverages the professional advantages of administrative oversight, forming a legal solution for rescuing distressed enterprises. Such institutional innovation not only responds to practical needs but also provides crucial institutional support for the rule of law in capital markets.

The practice of Jiangsu Sainty Marine case shows that the parallel mode of bankruptcy reorganization and material asset reorganization has significant advantages in resolving the systemic crisis of listed companies. However, the promotion of this model needs to further clarify the boundary between judicial power and administrative power, and improve the standardized channel of procedure connection through legislation. In the future, we should promote the joint revision of the Enterprise Bankruptcy Law and the Securities Law, and form a difficult enterprise rescue system with "market-oriented and legal guarantee", so as to provide institutional support for deepening the supply-side structural reform.

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