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ABSTRACT
Our country’s New Third Board market can help small and medium-sized enterprises to quickly obtain over counter financial support, effectively solve the problem of capital bottleneck, and meet their development needs. At present, The New Third Board market has problems such as insufficient liquidity, excessive information disclosure costs, and significant concentration of corporate equity. This will lead to enterprises unable to attract investors, their own capital can not meet the development needs, and eventually stop moving forward or even be eliminated. Efforts to improve The New Third Board system, optimize the company’s own equity and debt financing structure, strengthen the construction of the financial service system, and continue to vigorously promote the mature development of The New Third Board system, etc. Those strategies can alleviate the funding concerns of The New Third Board system in the development process and develop the company. In the meantime, let The New Third Board system becoming an "engine" to further activate China's economic development.

Keywords: The New Third Board Enterprises, External financing, Enterprise performance

1. INTRODUCTION
The purpose of opening the New Third Board market in China is to provide a good platform for small and medium-sized enterprises to carry out equity transfer, which is an important development opportunity for small and medium-sized enterprises in China. The New Third Board market can help small and medium-sized enterprises quickly obtain off-market funding support, effectively solve the problem of funding bottlenecks, and meet their development needs.

With the expansion of The New Third Board market during its growth period, the “blowout” development that has been seen from 2015 to 2016, and the decline in the past two years, the minor enterprises have gradually exposed some problems in the process of financing The New Third Board market. [1] These problems have caused minor enterprises to stagnate in corporate governance, financial systems, and business philosophy, so that they cannot reasonably protect the interests of their small shareholders, which makes investors lose confidence and impedes the further development and growth of minor enterprises. Therefore, it is extremely necessary and urgent to resolve these problems.

2. THE RELATIONSHIP BETWEEN EXTERNAL FINANCING AND CORPORATE PERFORMANCE

2.1. The relationship between debt financing and corporate performance
Debt financing refers to financing by borrowing money from external economies when enterprises need to seek financial support. [2] After the successful financing, the enterprise has to bear the interest of the capital and repay the principal of the capital to the creditors at the maturity of the loan. The main forms of debt financing are bank credit financing, commercial credit financing, private equity fund and so on. Domestic and foreign researchers have not reached consensus on the impact of debt financing on corporate performance, but they agree that for different types and different growth cycles, the impact of debt financing on corporate performance is different. When the debt-to-asset ratio remains at a certain level, the tax-saving benefits of liabilities are greater than the costs they bear. [3] At this time, the impact on corporate performance is positive. When the asset-liability ratio is too high, the cost borne by an enterprise exceeds the income it brings, which will have a negative impact on the business performance of the enterprise. Therefore, when enterprises use debt financing, they need to adjust their asset-liability ratio according to their own development needs and industry characteristics. In this way, not only can it positively affect the performance of the enterprise, but also obtain the funds needed for the development of the enterprise.
2.2. The relationship between ownership structure and corporate performance

Enterprises, and according to the organizational structure, different corporate governance structures are determined, which ultimately affect the behavior and performance of enterprises. There are also great debates among researchers on the influence of ownership structure on corporate performance. Scholars often use "ownership concentration degree" to reflect the ownership structure of an enterprise, and describe "ownership concentration degree" through the shareholding ratio of the first to ten major shareholders, the shareholding ratio of senior executives and other indicators. According to the principal-agent theory, the ownership structure influences the performance of enterprises by acting on incentive, supervision and control. In absolute control, [5] the controlling shareholder of an enterprise is usually the senior management of the enterprise, and the manager's own interests are also the interests of the enterprise. The manager will consciously maintain the business performance of the enterprise, which can reduce the agency cost of the enterprise. However, the concentration of equity often leads to a situation where the manager's speaking right is too high, making the corporate supervision mechanism ineffective, and there may be a problem that executives only protect their own interests and ignore the interests of small and medium shareholders. When the company's ownership structure is too decentralized, on the one hand, it will cause the problem of agency costs to become prominent—management and ownership are separated, and companies often have to spend costs to motivate managers and urge them to effectively improve corporate performance.

As a result, small shareholders have almost no right to speak, and gradually no longer care about the performance of the company, which will lead to the phenomenon of "free ride". This article believes that the ownership structure and corporate performance have an inverted "free ride" phenomenon. As the concentration of equity increases, the performance of enterprises will gradually no longer care about the performance of enterprises. Therefore, it is necessary to analyze the current situation of the New Third Board enterprises' utilization of external financing.

3. ANALYSIS OF THE CURRENT SITUATION OF THE NEW THIRD BOARD ENTERPRISES' UTILIZATION OF EXTERNAL FINANCING

The establishment of the New Third Board market has increased opportunities for small and medium-sized enterprises in China to enhance their strength through investment and financing, but there are still many constraints in the process of investment and financing management and performance improvement for enterprises on the New Third Board.

Equity structure is the foundation of corporate governance structure, and corporate governance structure is the manifestation of equity structure. [4] Different ownership structures determine different organizational structures of

3.1. The New Third Board market lacks liquidity

Table 1 Transactions on the New Third Board from 2013 to 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Transactions (billion)</th>
<th>Transaction Value (billion)</th>
<th>Turnover rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2.02</td>
<td>8.14</td>
<td>4.47</td>
</tr>
<tr>
<td>2014</td>
<td>22.82</td>
<td>130.36</td>
<td>19.67</td>
</tr>
<tr>
<td>2015</td>
<td>278.91</td>
<td>1910.62</td>
<td>53.88</td>
</tr>
<tr>
<td>2016</td>
<td>363.63</td>
<td>1912.29</td>
<td>20.74</td>
</tr>
<tr>
<td>2017</td>
<td>433.22</td>
<td>2271.80</td>
<td>13.47</td>
</tr>
<tr>
<td>2018</td>
<td>236.29</td>
<td>888.01</td>
<td>5.31</td>
</tr>
<tr>
<td>2019</td>
<td>220.2</td>
<td>825.69</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Since the establishment of the New Third Board in 2006, with the continuous improvement of China's capital market, the New Third Board has expanded from a regional pilot to a national share transfer system since the end of 2013. From 2013 to 2015, the New Third Board market was in its early stage of development, and the transaction scale increased rapidly. In 2015, the number of shares traded reached 27.891 billion, with a turnover of 191,062 billion yuan. The turnover rate reached 53.88%, with an increase of 11 times, 14 times and 2 times as compared with 2014. From 2016 to 2017, the New Third Board market is in a period of stable development, with a steady increase in trading volume and amount, and a significant decrease in market turnover rate compared with the initial stage of development. Since 2018, the overall market trading volume has dropped significantly, and the market is in a downturn.

On the one hand, compared with the main board market in China, the number of listed companies in the New Third Board market is 5.6 times that in the main board market, but its annual turnover and turnover are quite different from those in other domestic markets. There are a large number of institutional investors in the New Third Board market. Most of these investors hope to obtain higher long-term returns by holding long-term equity of high-quality New Third Board companies in the period of rapid development, which leads to the decline of market liquidity. [6] On the other hand, compared with similar foreign markets, the New Third Board market also has a series of problems, such as too loose listing conditions, inadequate information supervision, lack of flexible listing transfer system and forced Compulsory delisting system.
3.2. The cost of enterprise financing information disclosure is too high

The information disclosure system of the New Third Board except for a few special provisions such as simplifying the content of the first information disclosure, reducing the frequency of the regular report of the basic level, and exempting the paper media announcement, such as point in the continuous information disclosure content, disclosure and regulatory model are mostly the same with the system of the main board, so that the cost of disclosure is too heavy for base layer listed companies. It is the because that The New Three Board market listed companies are mainly small and medium-sized enterprise growth, financial status and corporate governance situation is difficult to bear such cost. In this case, it is less likely to require all listed companies to disclose as much predictive information as possible. In addition, the penalty for illegal disclosure is not high. As for the information disclosure violations of listed companies, The New Third Board market mainly adopts self-regulatory measures such as interview, warning letter, written commitment and correction order. [7] There is no mandatory punishment, and administrative punishment measures are even less for the information disclosure violations of listed companies. Excessive regulatory disclosure costs and less punishment for illegal disclosure have led to incomplete and low quality information disclosure in the New Third Board market.

3.3. Significant phenomenon of enterprise equity concentration

Although the equity concentration degree of the minor enterprises has decreased in recent years, compared with listed companies in other markets in China, the phenomenon of “equity concentration” is still very significant. In such a structure, the largest shareholder usually owns most of the control rights of the enterprise, and the internal decisions of the largest shareholder will have a great impact on the development of the enterprise. However, the checks and balances of small and medium-sized shareholders on the largest shareholder are weak, and the checks and balances of the whole enterprise are low. It is likely to damage the interests of small shareholders and affect their willingness to participate in decision-making.

It is crucial for different sizes, different types of listed enterprises to find their own enterprise development characteristics of the ownership structure. [8] This will not only improve the operation efficiency of the enterprise, but also protect the interests of minority shareholders, and send a positive signal to market investors to attract more investment reserve funds.

3.4. Lack of long-term financing channels

Since the information of the minor enterprises is not transparent before they enter the New Third Board market, it is difficult for outside investors to accurately assess their value, so it is difficult to obtain investment. First, the new Third Board market has a high risk of investment, which requires investors to have high requirements in terms of professional knowledge, investment experience and financial status, which reduces the enthusiasm of natural investors to some extent. Second, at the initial stage of listing on the New Third Board, minor enterprises often choose to meet their capital needs through mortgage or bank lending with their own credit. As most of the minor enterprises are small and medium-sized private enterprises in the initial stage, many innovative enterprises have relatively high risk in their investment projects. In addition, due to the liquidity problem in The New Third Board market, many banks are unwilling to take long-term lending risks, which leads to the lack of long-term financing channels for enterprises.

4. STRATEGIES FOR COMPANIES ON THE NEW THIRD BOARD TO USE EXTERNAL FINANCING TO IMPROVE CORPORATE PERFORMANCE

4.1. Optimize the company's own equity structure

With the continuous expansion of the domestic market, companies listed on The New Third Board market have made a big leap in terms of quantity and type of industry involved, including manufacturing, leasing and business services, emerging industries such as transmission, software and information technology services and so on. For enterprises of different sizes and types, so far there is no standard optimal shareholding structure. Therefore, a company cannot “one size fits all” when it comes to equity financing, it is the optimal decision to choose the level of equity financing that suits the company's current development and future development strategies. For newly-developed companies listed on the New Third Board, they can often adjust their own equity structure by seeking a comparison.

4.2. Adjust the corporate debt financing structure

For listed enterprises, they need to improve their internal credit risk control mechanism, formulate a dynamic financing structure that conforms to the long-term performance development of enterprises, and actively adapt to the market environment. On this basis, more enterprises will develop long-term borrowing business and
reduce the proportion of short-term debt. At the same time, enterprises can develop diversified financing channels, such as financial leasing, project financing, real estate trust, mezzanine financing, etc. Finally they can fully enjoy the opportunities and dividends brought by the development of the capital market.

4.3. Strengthen the construction of financial service system

At present, the information of listed enterprises in China is mostly listed in the share transfer system of small and medium-sized enterprises. Compared with companies listed on the main board, the New Third Board is still not comprehensive in terms of information disclosure, and it is still not convenient for investors to find relevant information. Strengthening the role of sponsored securities companies in information disclosure plays an irreplaceable role in improving the quality of information disclosure and standardizing the behavior of information disclosure on the New Third Board. Investors can easily obtain effective information, facilitate enterprises to obtain funds, expand development, and then promote the healthy development of the whole New Third Board market.

4.4. Promote the mature development of the New Third Board market

From the perspective of internal enterprise, enterprise management personnel should do a good job in the supervision of the enterprise, assume their own responsibilities, ensure the stable development of the enterprise, protect the interests of stakeholders, especially small and medium-sized investors; From the perspective of the market, promote the construction of hierarchical system. Only a reasonable stratification mechanism can help investors to make appropriate choices in line with their investment ideas and strategies, so that give full play to the role of the market, improve the liquidity of the market, and fully improve market efficiency. [9] From the perspective of the state, some preferential investment policies should be reasonably issued to make investors more inclined to invest in small and medium-sized enterprises in the New Third Board under the same market conditions.

5. CONCLUSION

So far, China's economic development needs to expand its territory. It is not limited to the development of large state-owned enterprises, but to promote the progress of the entire economic system from the bottom up. The prosperity of the New Third Board is of great help to solve the financing difficulties of small and medium-sized enterprises, and also makes a great contribution to make up for the shortage of the low end of the capital market pyramid. Efforts to improve the New Third Board system, strengthen internal management of enterprises, and develop a mature New Third Board market can reduce the financial concerns of small and medium-sized enterprises in the development process, help enterprises expand and develop, and become the "engine" of further activating China's economic development. However, it should be noted that for enterprises with different types and growth cycles, the impact of creditor's right financing on their own performance is different, and enterprises should adjust their creditor's right structure according to their own development status and industry characteristics.

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