

Frequently asked questions on the notifiable and connected transaction requirements relating to loan transactions and acquisitions of wealth management products

Release Date	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
21/5/2021	14.07, 14A.87	19.07, 20.87	N/A	073-2021	<p>A listed issuer proposes to grant a RMB20 million loan (“Proposed Loan”) to its substantial shareholder, Mr. X.</p> <p>Separately, the issuer has borrowed funds (“Issuer’s Loan”) from Mr. X, which remains outstanding at the time of the Proposed Loan.</p> <p>Can the issuer offset the Issuer’s Loan against the Proposed Loan when calculating the percentage ratios under Chapters 14 and 14A?</p>	No. The Proposed Loan should be classified on a standalone basis.
21/5/2021	14.22, 14.23	19.22, 19.23	N/A	074-2021	<p>A listed issuer proposes to acquire certain wealth management products (e.g. index or asset linked deposits) from a licensed bank (Bank A) for treasury management purpose. It holds other wealth management products issued by Bank A and other banks.</p> <p>How should the issuer compute the percentage ratios for the proposed transaction under Chapter 14?</p>	<p>Normally the issuer is required to aggregate its investment in wealth management products acquired from the same bank.</p> <p>In computing the percentage ratios, the numerator of the assets ratio and the consideration ratio would be the sum of the acquisition costs of (i) wealth management products to be acquired under the proposed transaction and (ii) wealth management products which were acquired from Bank A which remain outstanding at the time of the proposed transaction. The numerator of the revenue ratio and profit ratio would be calculated based on the aggregate annual interest income recognised by the issuer from these products.</p>