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RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2288)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 2.53% PARTNERSHIP INTEREST IN A PRIVATE EQUITY FUND

ACQUISITION

The Board announces that on 29 May 2020, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Transfer Documents, pursuant to which the Purchaser has acquired, and the Vendor has sold, the Sale Interest at the consideration of HK\$17,500,000.

Prior to the Acquisition, the Company indirectly holds 1% Partnership Interest. Immediately after the completion of Acquisition, the Vendor has ceased to have any Partnership Interest, whereas the Partnership Interest indirectly held by the Company has increased to approximately 3.53%.

IMPLICATIONS UNDER THE LISTING RULES

As one or more percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

ACQUISITION

The Board announces that on 29 May 2020, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Transfer Documents, pursuant to which the Purchaser has acquired, and the Vendor has sold, the Sale Interest at the consideration of HK\$17,500,000. Total commitment of capital contributions in respect of the Sale Interest is HK\$23,000,000, of which HK\$19,090,000 had been paid by the Vendor, and the remaining capital contribution of HK\$3,910,000 will be payable to the Rykadan Fund by the Purchaser. The consideration was determined after arm's length negotiation between the Vendor and the Purchaser, and represents a discount of approximately 8.33% based on the amount of capital contribution made by the Vendor to the Rykadan Fund. The consideration was, and the said remaining capital contribution will be, funded by the Group's internal resources.

Prior to the Acquisition, the Company, through Rykadan Fund GP, indirectly holds 1% Partnership Interest. Completion of the Acquisition has taken place immediately after the entering into of the Transfer Documents. Immediately after the completion of the Acquisition, the Vendor has ceased to have any Partnership Interest, whereas the Partnership Interest indirectly held by the Company has increased to approximately 3.53%.

INFORMATION ON THE RYKADAN FUND AND THE PROPERTY

The Rykadan Fund is a private equity fund that is managed and administered by Rykadan Fund GP. The Rykadan Fund was established to provide another avenue of capital through which the Group can utilize to expand its development scale over time.

Set out below is the financial information of the Rykadan Fund extracted from its latest audited financial statements for the year ended 31 March 2019 and its latest unaudited financial statements for the year ended 31 March 2020:

	For the year ended 31 March 2019 <i>HK\$'000</i> (audited)	For the year ended 31 March 2020 <i>HK\$'000</i> (unaudited)
Loss (both before and after taxation)	(9,776)	(14,967)

Based on the unaudited financial statements of the Rykadan Fund for the year ended 31 March 2020, the unaudited net assets of the Rykadan Fund as at 31 March 2020 amounted to approximately HK\$707,499,000.

As at the date of this announcement, the principal asset of the Rykadan Fund is 80% shareholding interest in Fastest Runner.

As disclosed in the announcement of the Company dated 5 December 2017, Rykadan Fund and the Company (through Divine Power) own 80% and 20% respectively of Fastest Runner, which was formed for the single purpose of redeveloping the Property. The Property was indirectly acquired by Fastest Runner in December 2017 through the acquisition of 100% interest in the company holding the Property. The Property is located at No. 23 Wong Chuk Hang Road, Hong Kong. The Property is being redeveloped into a commercial and retail property with a total gross floor area of 107,202 square feet based on the existing development plan (which may be subject to change), and the redevelopment of the Property is currently expected to be completed in March 2022. After the Acquisition, the Group's effective interest in the Property has increased from 20.80% to approximately 22.82%.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition will enable the Group to increase its effective interest in the redevelopment project at a relatively attractive price and the Group may realise the Partnership Interest for additional capital gain if there is an increase in the value of the Property in the future.

The terms of the Transfer Documents were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Transfer Documents are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all such ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The Group operates and invests in real estate development, real estate investment and distribution of building materials.

The Purchaser is an investment holding company, and is a wholly-owned subsidiary of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Interest by the Purchaser pursuant to the Transfer Documents
“Board”	the board of Directors
“Company”	Rykadan Capital Limited, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2288)
“Director(s)”	the director(s) of the Company
“Divine Power”	Divine Power Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Fastest Runner”	Fastest Runner Limited, a company incorporated in the British Virgin Islands with limited liability and an affiliated company of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership Interest”	the partnership interest in the Rykadan Fund
“Property”	the property located at No. 23 Wong Chuk Hang Road, Hong Kong
“Purchaser”	Star Quality Developments Limited, a company incorporated in British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company

“Rykadan Fund”	Rykadan Real Estate Fund LP, an exempted limited partnership established and registered under the laws of the Cayman Islands
“Rykadan Fund GP”	Rykadan Real Estate Fund GP Limited, a company incorporated under the laws of the Cayman Islands, being an indirect wholly-owned subsidiary of the Company and the general partner of Rykadan Fund
“Sale Interest”	the 2.53% of the Partnership Interest held by the Vendor and sold to the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Document”	the transfer documents dated 29 May 2020 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Vendor”	an individual, who, to the best knowledge, information and belief of the Board after making all reasonable enquiries, (i) is an independent third party not connected with the Company and its connected person(s) (as defined in the Listing Rules) and (ii) other than in relation to the Rykadan Fund, has no close business dealings with the Company or any Directors, controlling shareholders or members of the senior management of the Company
“%”	per cent.

By Order of the Board
Rykadan Capital Limited
Chan William
Chairman and Chief Executive Officer

Hong Kong, 29 May 2020

As at the date of this announcement, the Board comprises Mr. Chan William (Chairman and Chief Executive Officer) and Mr. Yip Chun Kwok (Chief Operating Officer) as executive Directors, Mr. Ng Tak Kwan as a non-executive Director and Mr. To King Yan, Adam, Mr. Wong Hoi Ki and Mr. Ho Kwok Wah, George as independent non-executive Directors.