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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
SUBSCRIPTION FOR 1.73% PARTNERSHIP
INTEREST IN A PRIVATE EQUITY FUND

SUBSCRIPTION

The Board announces that on 28 September 2021, Rykadan Fund GP entered into the Subscription Agreement pursuant to which it has agreed to apply to increase its commitment in Rykadan Fund and to fund HK\$15,750,000 in Partnership Interests. Following the Subscription, Rykadan Fund GP's Partnership Interest has been increased by approximately 1.73% to approximately 2.73%, and the Group's aggregate indirect Partnership Interest has been increased from approximately 3.53% to approximately 5.26%.

IMPLICATIONS UNDER THE LISTING RULES

As one or more percentage ratios (as defined under the Listing Rules) in respect of the Capital Commitment exceeds 5% but all such ratios are less than 25%, the Subscription 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.

SUBSCRIPTION

The Board announces that on 28 September 2021, Rykadan Fund GP entered into the Subscription Agreement pursuant to which it has agreed to apply to increase its commitment in Rykadan Fund and to fund HK\$15,750,000 in Partnership Interests. The Capital Commitment will be made and funded by the Group's internal resources.

Prior to the Subscription, the Company indirectly held approximately 3.53% Partnership Interest (as to approximately 1% through Rykadan Fund GP and as to approximately 2.53% through Star Quality). Immediately after the Subscription, the Partnership Interest indirectly held by the Company has been increased by approximately 1.73% to approximately 5.26% (as to approximately 2.73% through Rykadan Fund GP and as to approximately 2.53% through Star Quality).

INFORMATION ON RYKADAN FUND

Rykadan Fund is a private equity fund established by the Group in 2017 to provide another avenue of capital through which the Group can utilize to expand its development scale over time. Rykadan Fund is managed and administered by Rykadan Fund GP, the general partner of Rykadan Fund. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Rykadan Fund and its ultimate beneficial owners (except for Rykadan Fund GP and Star Quality, both of which are wholly-owned subsidiaries of the Company) are third parties independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

The principal asset of Rykadan Fund is 80% shareholding interest in Fastest Runner. The Company (through Divine Power) owns the remaining 20% shareholding interest in Fastest Runner. Fastest Runner was formed for the single purpose of redeveloping the Property into a commercial and retail property. The redevelopment of the Property is currently expected to be completed in March 2022. Following the Subscription, the Group's attributable interest in the Property has been increased from approximately 22.82% to approximately 24.21%.

Set out below is the financial information of Rykadan Fund extracted from its latest audited financial statements for the year ended 31 March 2020 and its latest unaudited financial statements for the year ended 31 March 2021:

	For the year ended 31 March 2020	For the year ended 31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Loss (both before and after taxation)	14,967	6,984

Based on the unaudited financial statements of Rykadan Fund for the year ended 31 March 2021, the unaudited net assets of Rykadan Fund as at 31 March 2021 amounted to approximately HK\$750,738,000.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Pursuant to drawdown notices issued by Rykadan Fund GP for and on behalf of Rykadan Fund in June and August 2021, the limited partners of Rykadan Fund were required to make capital contributions to Rykadan Fund of amounts equal to all of their respective remaining uncalled capital commitment to Rykadan Fund. Except three limited partners, all of the other ten limited partners of Rykadan Fund (including Rykadan Fund GP in its capacity as a limited partner, and Star Quality) have duly made their capital contributions to Rykadan Fund as required. The capital contributions required to be made by the three limited partners amounted to HK\$15,750,000 in aggregate (representing approximately 1.73% of the total capital commitments to Rykadan Fund of all partners of Rykadan Fund).

Given that the capital contributions of all of the other limited partners have reached their commitments except for Rykadan Fund GP which together with its associates have not in aggregate committed an amount in excess of the maximum amount provided in the partnership agreement governing Rykadan Fund, Rykadan Fund GP has agreed to increase its commitment to Rykadan Fund to fund the HK\$15,750,000 which was not contributed by the three limited partners as mentioned above.

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

The Directors are of the view that the Subscription is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Company's 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 Capital Commitment exceeds 5% but all such ratios are less than 25%, the Subscription 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.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Commitment”	the commitment to Rykadan Fund to fund HK\$15,750,000
“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 Rykadan Fund
“Property”	the property located at No. 23 Wong Chuk Hang Road, Hong Kong
“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

“Star Quality”	Star Quality Developments Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for Partnership Interest in the amount of HK\$15,750,000 by Rykadan Fund GP pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 September 2021 entered into by Rykadan Fund GP as applicant on the one hand and by Rykadan Fund GP acting in the capacity as the general partner of Rykadan Fund on the other hand
“%”	per cent.

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

Hong Kong, 28 September 2021

As at the date of this announcement, the Board comprises Mr. Chan William (Chairman and Chief Executive Officer), Mr. Yip Chun Kwok (Chief Operating Officer) and Mr. Lo Hoi Wah Heywood (Chief Financial 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.