

[For immediate release]



Rykadan Capital Announces 2016/17 Annual Results

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Net profit of HK\$54 million booked from first-ever residential property development, as the Group builds diversified global investment portfolio

Financial Highlights

	For the year ended 31 March	
<i>HK\$'000</i>	2017	2016
Revenue	602,325	153,108
Gross profit	138,112	38,045
Profit/(loss) for the year	54,385	(91,636)
Profit/(loss) attributable to shareholders of the Company	53,510	(83,363)
Earnings/(loss) per share from operations (<i>HK cents</i>)	11.2	(17.5)
Final dividend per share (<i>HK dollars</i>)	0.03	0.03
Net assets per share (<i>HK dollars</i>)	2.40	2.34

Hong Kong, June 14, 2017 – Rykadan Capital Limited (“Rykadan Capital” or the “Company”, together with its subsidiaries, the “Group”; SEHK: 2288) today announced its annual results for the year ended 31 March 2017.

Financial performance

During the year ended 31 March 2017, the Group recorded consolidated revenue of HK\$602 million (2016: HK\$153 million). Gross profit and gross profit margin were HK\$138 million (2016: HK\$38 million) and 22.9% (2016: 24.8%) respectively.

Profit for the year was HK\$54 million (2016: loss of HK\$92 million). Profit attributable to equity shareholders of the Company was HK\$54 million (2016: loss attributable to equity shareholders of the Company of HK\$83 million).

The profit was mostly attributed to the sale of a majority of residential units of The Paseo, a 25-storey mixed residential/commercial project in the Tsim Sha Tsui district of Kowloon and a fair value gain on investment properties in Hong Kong and the PRC, notwithstanding that the Group recorded a net foreign exchange loss that arose from the fluctuation of Renminbi and British Pound.

Basic earnings per share for the year ended 31 March 2017 was HK 11.2 cents (2016: basic loss of HK 17.5 cents per share).

The Board of Directors declared a final dividend per share of HK 3 cents. (2016: HK 3 cents)

As at 31 March 2017, the Group had bank deposits and cash of HK\$125 million (2016: HK\$132 million) or 7.5% of total assets. The Group remains financially solid and continues to maintain a conservative capital structure in expectation of future interest rate rises. Its net gearing ratio as of 31 March 2017 was 21.8% (2016: 29.2%).

Net assets per share as of 31 March 2017 was HK\$2.40 (31 March 2016: HK\$2.34 per share), corresponding to net assets of HK\$1,145 million (31 March 2016: HK\$1,116 million).

Ongoing investments

As at 31 March 2017, the Group held a series of investments on hand in the areas of property development, property investment and hospitality operations, and distribution of construction and interior decorative materials. It retains these investments with a view of growing asset values, achieving stable yields and exiting within a three-to-five year horizon.

Property development:

- *'THE PASEO'* – the Group's recently completed mixed residential/commercial real estate development in Hong Kong, with a majority of its residential units having been handed-over during the year;
- *'Wing Hong Street Redevelopment Project'* (current project name: *THE AGORA*) – an industrial property with a total gross floor area of 181,687 square feet currently under construction in the promising Kowloon West business district. The pre-sale of project was launched during the year, with construction expected to be completed in 2018;
- *'Maple Street Project'* – a total gross floor area of approximately 86,400 square feet industrial property redevelopment project in Tai Kok Tsui, currently under redevelopment;
- *'Shoreditch Project'* – a total gross floor area of approximately 10,939 square feet commercial property located in London's premier technology start-up cluster;
- Various residential properties in the cities of San Marino and Arcadia in Los Angeles County, California, the U.S.A.; and

- *'Rykadan Management Services Ltd.'* – a provider of property development management services

Property investment:

- Two floors of Rykadan Capital Tower in Kwun Tong, Hong Kong's upcoming second CBD;
- *'Kailong Nanhui Business Park'* – a business park with a total gross floor area of approximately 52,304 square metres in Pudong, Shanghai; and
- *'Dhensa'* – a 24-suite resort located in Bhutan's Punakha Valley

Construction and interior decorative materials unit:

- *'Q-Stone Building Materials Limited'* – the PRC distributor of Quarella, a world leader in the production of quartz and marble-based engineered stone composite surfaces products, based in Italy. In September 2016, the Group successfully tendered for the lease of the business and certain assets of Quarella S.p.A. via a joint-venture. The Group is yet to finalise a shareholders' agreement with its joint-venture partners ahead of the acquisition, which is expect to be completed in the second half of 2017.

Future prospects

Given the ongoing strength of the Hong Kong residential, commercial and industrial property market, the Group is cautiously optimistic about its ongoing redevelopment projects in the city, as the recent surge in office prices and rents in Central and Hong Kong Island stimulates demand for commercial and industrial space outside of the traditional CBD. The group is well positioned to benefit from this trend.

The Group also remains confident about the long-term prospects of the U.S.A. and the U.K. property markets, despite ongoing risks associated with Brexit and other political events, as well as from increasing interest rates. Prospects for the Group's construction and interior decorative materials business will continue to be supported by economic stimulus in the PRC, as well as other government efforts such as the Belt and Road Initiative.

The Group will continue to thoughtfully evaluate new investment opportunities and leverage its experienced management team and business partners to further diversify the Group's real estate portfolio, particularly in the U.S.A, while also building its reputation as an asset manager.

Mr. William Chan, Chairman and CEO of Rykadan Capital Limited said, "We are excited about completing the delivery of THE PASEO, our first residential development, which has received favourable reviews from buyers. Our recent investment in Quarella will also open up possibilities to tap growing demand for premium-quality decorative materials in China. Looking forward, we will further diversify our investment footprint while broadening our track record as an investment

management company, as we continue to grow the value of our investments and progressively monetising these into shareholder returns over the coming years.”

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About Rykadan Capital Limited

Rykadan Capital Limited is a Hong Kong-based investment holding company. It invests in a growing number of real estate and projects in the Greater China region and overseas with a view to grow asset values and provide strong returns for shareholders. For more information, please visit www.rykadan.com.

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