

[For immediate release]



Rykadan Capital Announces 2017/18 Interim Results

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The Group further optimises its property portfolio to boost future returns

Financial Highlights

	For the six-month period ended 30 September	
<i>HK\$'000</i>	2017	2016
Revenue	155,326	153,524
Gross profit	49,533	37,560
Profit/(loss) for the period	46,263	(10,511)
Profit/(loss) attributable to equity shareholders of the Company	45,647	(9,269)
Earnings/(loss) per share (<i>HK cents</i>)	9.6	(1.9)
Interim dividend per share (<i>HK dollars</i>)	-	-

	At 30 September 2017	At 31 March 2017
Net assets per share (<i>HK dollars</i>)	2.51	2.40

Hong Kong, November 29, 2017 – Rykadan Capital Limited (“Rykadan Capital” or the “Company”, together with its subsidiaries, the “Group”; SEHK: 2288) today announced its interim results for the six-month period ended 30 September 2017.

Financial performance

During the six-month period ended 30 September 2017, the Group recorded consolidated revenue of HK\$155 million (six-month period ended 30 September 2016: HK\$154 million). Gross profit and gross profit margin were HK\$50 million (six-month period ended 30 September 2016: HK\$38 million) and 31.9% (six-month period ended 30 September 2016: 24.5%) respectively.

Net profit for the period was HK\$46 million (six-month period ended 30 September 2016: loss of HK\$11 million). Profit attributable to equity shareholders of the

Company was HK\$46 million (six-month period ended 30 September 2016: loss attributable to equity shareholders of Company of HK\$9 million).

The profit was mostly attributable to the sale of the remaining residential and commercial units of The Paseo, a 25-storey mixed residential/commercial project in the Tsim Sha Tsui district of Kowloon, fair value gain on investment properties in Hong Kong and favourable net foreign exchange gains from the Renminbi and British Pound.

Basic and diluted earnings per share for the six-month period ended 30 September 2017 was HK9.6 cents (six-month period ended 30 September 2016: basic and diluted loss of HK 1.9 cents per share).

The Board of Directors does not recommend an interim dividend for the six-month period ended 30 September 2017.

As of 30 September 2017, the Group had bank deposits and cash on cash of HK\$160 million (31 March 2017: HK\$125 million) or 8.2% of total assets (31 March 2017: 7.5%).

Net assets per share as of 30 September 2017 amounted to HK\$2.51 (31 March 2017: HK\$2.40), corresponding to total net assets of HK\$1,196 million (31 March 2017: HK\$1,145 million).

Ongoing investments

As of 30 September 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:

- *Wing Hong Street Project (current project name: THE AGORA)* – a total gross floor area of approximately 181,687 square feet industrial property under redevelopment in the promising Kowloon West business district. Pre-sales for the project have been concluded with construction expected to be completed by the end of 2018;
- *Maple Street Project (current project name: THE KHORA)* – a total gross floor area of 86,400 square feet industrial property under redevelopment in Kowloon's Tai Kok Tsui district. The pre-sale of the project was launched during the period, with construction expected to be completed by the end of 2018;
- *Shoreditch Project* – a total gross floor area of approximately 10,939 square feet commercial property located in London's premier technology start-up cluster;
- Six properties in the cities of San Marino and Arcadia in Los Angeles County, California, U.S.A.;

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

Property investment and hospitality operations:

- Two floors of Rykadan Capital Tower in Kwun Tong, Hong Kong's second CBD;
- *'Kailong Nanhui Business Park'* – a total gross floor area of approximately 52,304 square metres business park in Shanghai¹;
- *'Dhensa'* – a 24-suite resort located in Bhutan's Punakha Valley

Distribution of construction and interior decorative materials:

- *Quarella Holdings Limited* – a world leader in the production of quartz and marble-based engineered stone composite surfaces products (operated as a joint venture²)
- *Q-Stone Building Materials Limited* – distributor of construction and interior decorative materials

Future prospects

The Group remains cautiously optimistic about the strength of the commercial, industrial and residential property markets in Hong Kong, the U.S.A. and the U.K., and is proactively seeking redevelopment opportunities, particularly in areas outside of Hong Kong's CBD that are experiencing rapid revitalisation.

The Group is also optimistic about the effect of economic stimulus in the PRC, as well as other government efforts such as the Belt and Road Initiative. These factors should support the domestic construction industry, particularly in the second/third-tier cities and western regions of the PRC, and support demand for the Group's construction and interior decorative materials business.

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 investment portfolio, while also developing its reputation as an asset manager.

¹ In July 2017, a framework agreement has been entered into with regard to: (i) the disposal of Block 4 of the business park and (ii) the entering into of the agreement in relation to the disposal of the entire equity interests in Bestlinkage NHI Co. Ltd. (effectively disposing of the business park entirely). Please refer to the circular of the Company dated 22 September 2017 for details. Subsequent to the reporting period, the proposed disposal was duly passed by the shareholders by way of poll at the extraordinary general meeting of the Company held on 17 October 2017.

² In June 2017, the Group finalised a shareholders' agreement with its joint venture partners governing its acquisition of business investment in Quarella. Under the agreement, the Group will combine its building materials distribution experience with the stone products manufacturing experience of its partner to support the growth and development of Quarella's business.

Mr. William Chan, Chairman and CEO of Rykadan Capital Limited said, “We are pleased with the solid pre-sale activity for our key redevelopment projects during the period, which demonstrates our capability as a developer and asset manager that can deliver quality projects. In light of the surge in valuations for Hong Kong real estate, we will cautiously optimise our asset portfolio and seek new investment opportunities to balance risk and enhance medium and long-term returns to our shareholders.”

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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 high-potential 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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