

[For immediate release]



Rykadan Capital Announces 2017/18 Annual Results

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Group reports net profit of HK\$34.7 million as it further diversifies its investment portfolio

Financial Highlights

<i>HK\$'000</i>	For the year ended 31 March	
	2018	2017
Revenue	408,144	602,325
Gross profit	108,993	138,112
Profit for the year	34,676	54,385
Profit attributable to shareholders of the Company	31,120	53,510
Earnings per share from operations (<i>HK cents</i>)	6.5	11.2
Final dividend per share (<i>HK dollars</i>)	0.03	0.03
Net assets per share (<i>HK dollars</i>)	2.51	2.40

Hong Kong, June 08, 2018 – 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 2018.

Financial performance

During the year ended 31 March 2018, the Group recorded consolidated revenue of HK\$408 million (2017: HK\$602 million). Gross profit and gross profit margin were HK\$109 million (2017: HK\$138 million) and 26.7% (2017: 22.9%) respectively.

Profit for the year was HK\$35 million (2017: HK\$54 million). Profit attributable to equity shareholders of the Company was HK\$31 million (2017: HK\$54 million).

The profit was mostly attributed to the sale of two properties in the U.S.A., the remaining residential and commercial units of The Paseo, fair value gain on investment properties in Hong Kong, as well as favourable net foreign exchange gains from the Renminbi and British Pound, notwithstanding impairment losses recorded for other receivables, deposits and prepayments.

Basic and diluted earnings per share for the year ended 31 March 2018 was HK6.5 cents (2017: HK 11.2 cents per share).

The Board of Directors declared a final dividend per share of HK 3 cents (2017: HK 3 cents).

As at 31 March 2018, the Group had bank deposits and cash of HK\$399 million (2017: HK\$125 million) or 15.1% (2017: 7.5%) of the Group's total assets.

Net assets per share as of 31 March 2018 was HK\$2.51 (31 March 2017: HK\$2.40 per share), corresponding to net assets of HK\$1,197 million (31 March 2017: HK\$1,145 million).

Ongoing investments

As at 31 March 2018, the Group held a series of investments on hand in the areas of property development, property investment and hospitality operations, and the 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'* (property name: *THE AGORA*) – an industrial property with a total gross floor area of approximately 181,687 square feet currently under construction in the promising Kowloon West business district. Pre-sales for the project has been completed, with construction expected to be completed by end of 2018;
- *'Maple Street Project'* (property name: *THE KHORA*) – an industrial property with a total gross floor area of approximately 86,400 square feet currently under construction in Tai Kok Tsui. Around 90% of the project has been pre-sold, with construction expected to be completed by December 2018;
- *'Shoreditch Project'* – a commercial property with a total gross floor area of approximately 10,939 square feet commercial property located in London's premier technology start-up cluster;
- *'Wong Chuk Hang Project'* – a commercial property with a total gross floor area of approximately 107,202 square feet currently under construction in the emerging CBD in the Southern District of Hong Kong Island;
- Various luxury residential and retail properties in the cities of San Marino, Arcadia and Monterey Park in Los Angeles County, California, the U.S.A.; and
- *'Rykadan Management Services Ltd.'* and *'Rykadan Project Management Limited'* – providers 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 business park with a total gross floor area of approximately 52,304 square metres in Pudong, Shanghai¹; and
- 'Dhensa' – a 24-suite resort located in Bhutan's Punakha Valley

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 venture); and
- 'Q-Stone Building Materials Limited' – distributor of construction materials in the PRC.

Future prospects

The Group remains optimistic about the strength of the Hong Kong commercial and industrial property markets. Surging rents and valuation in Hong Kong's traditional CBD has led to the continuous migration of multinational firms to non-core commercial districts, including East Kowloon, West Kowloon and the Southern District of Hong Kong Island. This will benefit the Group's portfolio of property development and investment projects in Hong Kong.

Despite risks associated with increasing interest rates and other political events, the Group remains confident about the longer-term prospects of the U.S.A. property markets.

Prospects for the Group's construction and interior decorative materials business will continue to be supported by economic growth 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.

The Group will continue to diligently evaluate new investment opportunities and further grow and diversify the Group's investment portfolio, such as its recent expansion into the asset management business.

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). Details of such proposed disposal was disclosed in the circular of the Company dated 22 September 2017. Nevertheless, as at 31 March 2018, the Group and the Purchaser re-assessed and further negotiated on the deal structure in order for the sale to go through due to the difficulties encountered in obtaining approval from the authorities for the disposal of block 4.

The Group will actively manage its ongoing investments in the Greater China region and overseas to support its future performance and create value for shareholders.

Mr. William Chan, Chairman and CEO of Rykadan Capital Limited said, “We have continued to strengthen our track record by managing multiple major redevelopment projects in Hong Kong and overseas. Looking forward, we will continue to focus on our core investments and new redevelopment projects, while prudently expanding into new business areas, and progressively monetise these to provide 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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