

[For immediate release]



Rykadan Capital Announces 2018/19 Interim Results

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The Group remains on track to complete and monetise two property development projects in Hong Kong by the end of 2018

Financial Highlights

	For the six-month period ended 30 September	
<i>HK\$'000</i>	2018	2017
Revenue	51,673	155,326
Gross profit	22,643	49,533
(Loss)/profit for the period	(50,306)	46,263
(Loss)/profit attributable to equity shareholders of the Company	(43,849)	45,647
(Loss)/earnings per share (<i>HK cents</i>)	(9.2)	9.6
Interim dividend per share (<i>HK dollars</i>)	-	-

	At 30 September 2018	At 31 March 2018
Net assets per share (<i>HK dollars</i>)	2.32	2.51

Hong Kong, November 29, 2018 – 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 2018.

Financial performance

During the six-month period ended 30 September 2018, the Group recorded consolidated revenue of HK\$52 million (six-month period ended 30 September 2017: HK\$155 million). The fall in revenue was mostly attributed to the Group not yet delivering and recognising property development projects on hand compared to the six-month period ended 30 September 2017.

Gross profit and gross profit margin were HK\$23 million (six-month period ended 30 September 2017: HK\$50 million) and 43.8% (six-month period ended 30 September 2017: 31.9%) respectively.

Loss for the period was HK\$50 million (six-month period ended 30 September 2017: profit of HK\$46 million). Loss attributable to equity shareholders of the Company was HK\$44 million (six-month period ended 30 September 2017: profit of HK\$46 million).

The loss was mostly attributable to the net foreign exchange losses from Renminbi and British Pound and the absorption of losses incurred in associates during the development stage and joint ventures due to the unfavourable net foreign exchange losses arising from the depreciation of Renminbi and Euro.

Basic and diluted loss per share for the six-month period ended 30 September 2018 was HK9.2 cents (six-month period ended 30 September 2017: basic and diluted earnings of HK9.6 cents per share).

The Board of Directors does not recommend an interim dividend for the six-month period ended 30 September 2018.

As at 30 September 2018, the Group had bank deposits and cash of HK\$239 million (31 March 2018: HK\$399 million) or 10.1% of total assets (31 March 2018: 15.1%).

Net assets per share as at 30 September 2018 amounted to HK\$2.32 (31 March 2018: HK\$2.51), corresponding to total net assets of HK\$1,105 million (31 March 2018: HK\$1,197 million).

Ongoing investments

Following the launch of its second private equity fund, Rykadan Real Estate Prospect Fund LP, in April 2018, the Group's asset, investment and fund management business acquired a high-potential real estate project in Jaffe Road, Wan Chai ("Jaffe Road Project"), which will be jointly developed with the Group, in accordance with its mandate. The Group is continuing to develop the internal structure and add personnel to the asset, investment and fund management business as part of its strategy to broaden its capital base and tap larger-scale projects.

As of 30 September 2018, the Group had moved a selected number of its property development projects closer to completion and monetisation. It retains a series of investments related to property development; asset, investment and fund management; property investment; 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 / asset, investment and fund management:

- *'Wing Hong Street Project' (project 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 have been completed, with construction expected to be completed by December 2018;

- *'Maple Street Project'* (project name: *THE KHORA*) – an industrial property with a total gross floor area of approximately 86,400 square feet in Tai Kok Tsui which is expected to be handed over in November 2018;
- *'Shoreditch Project'* – a commercial property with a total gross floor area of approximately 10,939 square feet located in London's premier technology cluster;
- *'Wong Chuk Hang Project'* – a commercial and retail property with a total gross floor area of approximately 107,202 square feet currently under development in the emerging CBD in the Southern District of Hong Kong Island;
- *'Jaffe Road Project'* – a commercial and retail property in Wan Chai, currently under planning;
- Various luxury residential and retail properties development in the cities of San Marino, Arcadia and Monterey Park in Los Angeles County, California, U.S.A.; and
- *Certain subsidiaries of the Group* – providers of property development management services and engaging in the Group's asset, investment and fund management business.

Property investment:

- 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; 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 and interior decorative materials.

Future prospects

Despite continued uncertainty in the macroeconomic environment, resulting particularly from rising interest rates and weaker market sentiment caused by

¹ As of 30 September 2018, the Group and the purchaser are in process of re-assessing and further negotiating the deal structure in order for the sale to go through due to difficulties encountered in obtaining approval from the relevant authorities. The Group will issue an announcement and circular at the appropriate time, if required.

escalating US-China trade tensions, the Group remains cautiously optimistic about the prospect of the commercial and industrial property markets in Hong Kong.

Increased connectivity between Hong Kong and the Greater Bay Area region will also drive long-term demand. The Group will continue to seek redevelopment opportunities in areas surrounding infrastructure hubs with good revitalisation potential.

The long-term prospects of the Group's portfolio in the U.S.A. remain solid, despite uncertain risks associated with rising interest rates. International capital flows, particularly from Asia, has continued to dominate investment inflows into high-end residential housing, particularly in California where it will continue to be supported by strong wage and economic growth in the U.S.A.

Combining the capital contributions from its asset, investment and fund management business together with its existing resources, the Group will tap new high-potential and larger-scale projects as opportunities become available. The prospects for the Group's construction and interior decorative materials business is also improving as management focuses on further streamlining its sales, distribution and production efficiency, while expanding its brand portfolio.

Mr. William Chan, Chairman and CEO of Rykadan Capital Limited said, "We are pleased with the progress we are making towards completing and monetising our redevelopment projects. We are also continuing to demonstrate our capability to secure and manage assets in Hong Kong and overseas. Given the current macroeconomic conditions and policy headwinds, we will further optimise and diversify our asset portfolio and expand our funding sources to secure long-term returns for 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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