RYKADAN CAPITAL LIMITED
宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2288)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017

FINANCIAL HIGHLIGHTS

	For the six-month period ended	
	30 September 2017	30 September 2016
RESULTS:		
Profit/(loss) for the period ($'000)	**46,263**	(10,511)
FINANCIAL INFORMATION PER SHARE:		
Earnings/(loss) per share – Basic and diluted (HK Cents)	**9.6**	(1.9)
	At 30 September 2017	At 31 March 2017
Net assets per share (HK$) (Net assets/number of issued ordinary shares of the Company)	**2.51**	2.40

INTERIM DIVIDEND:

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

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Rykadan Capital Limited宏基資本有限公司(the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six-month period ended 30 September 2017 together with the unaudited comparative figures for the corresponding period ended 30 September 2016 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017 – UNAUDITED

(Expressed in Hong Kong dollars)

		Six-month period ended 30 September	
	Note	**2017**	2016
		$'000	*$'000*
Revenue	*3*	**155,326**	153,524
Cost of sales and services		**(105,793)**	(115,964)
Gross profit		**49,533**	37,560
Other revenue		**3,882**	2,486
Other net income/(loss)		**20,294**	(12,237)
Selling and marketing expenses		**(8,960)**	(8,074)
Administrative and other operating expenses		**(24,314)**	(35,601)
Profit/(loss) from operations		**40,435**	(15,866)
Increase in fair value of investment properties		**12,863**	12,133
Finance costs	*4(a)*	**(4,767)**	(3,333)
Share of profits of joint ventures		**1,544**	386
Profit/(loss) before taxation	*4*	**50,075**	(6,680)
Income tax	*5*	**(3,812)**	(3,831)
Profit/(loss) for the period		**46,263**	(10,511)
Profit/(loss) for the period attributable to:			
– Equity shareholders of the Company		**45,647**	(9,269)
– Non-controlling interests		**616**	(1,242)
Profit/(loss) for the period		**46,263**	(10,511)
Earnings/(loss) per share	*6*		
Basic and diluted		**9.6 cents**	(1.9) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2017 – UNAUDITED
(Expressed in Hong Kong dollars)

		Six-month period ended 30 September	
	Note	**2017**	2016
		$'000	*$'000*
Profit/(loss) for the period		**46,263**	(10,511)
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**6,397**	(5,728)
– Share of translation reserve of joint ventures		**1,678**	–
		8,075	(5,728)
Item that will not be reclassified subsequently to profit or loss:			
– Gain on revaluation of investment properties upon transfer from other properties, plant and equipment	*8*	**11,474**	–
Other comprehensive income for the period		**19,549**	(5,728)
Total comprehensive income for the period		**65,812**	(16,239)
Attributable to:			
– Equity shareholders of the Company		**61,738**	(12,622)
– Non-controlling interests		**4,074**	(3,617)
Total comprehensive income for the period		**65,812**	(16,239)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2017 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	**At 30 September 2017 (Unaudited) *$'000***	At 31 March 2017 (Audited) *$'000*
Non-current assets			
Investment properties	*8*	**505,622**	458,773
Other properties, plant and equipment		**46,624**	56,481
Interests in associates	*9*	**81,818**	106,797
Interests in joint ventures	*10*	**215,601**	69,328
Other receivables, deposits and prepayments		**497**	683
Deferred tax assets		**866**	–
		851,028	692,062
Current assets			
Properties for sale		**579,105**	618,438
Inventories		**76,663**	65,339
Trade receivables	*11*	**92,506**	136,046
Other receivables, deposits and prepayments		**53,102**	17,752
Cash held by stakeholders		**131,039**	17,023
Bank deposits and cash on hand		**160,241**	124,721
		1,092,656	979,319
Current liabilities			
Trade and other payables	*12*	**55,366**	56,803
Deposits received from sale of properties		**135,679**	8,688
Bank loans	*13*	**311,396**	229,345
Loans from non-controlling shareholders		**76,905**	76,248
Taxation payables		**8,164**	5,492
		587,510	376,576
Net current assets		**505,146**	602,743
Total assets less current liabilities		**1,356,174**	1,294,805

	Note	At 30 September 2017 (Unaudited) $'000	At 31 March 2017 (Audited) $'000
Non-current liabilities			
Bank loans	*13*	**147,210**	137,843
Deferred tax liabilities		**12,959**	12,446
		160,169	150,289
NET ASSETS		**1,196,005**	1,144,516
CAPITAL AND RESERVES			
Share capital		**4,774**	4,774
Reserves		**1,155,090**	1,107,675
Total equity attributable to equity shareholders of the Company		**1,159,864**	1,112,449
Non-controlling interests		**36,141**	32,067
TOTAL EQUITY		**1,196,005**	1,144,516

NOTES TO THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 November 2017.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim results have not been audited or reviewed by the auditors pursuant to the Hong Kong Standards on Review Engagements 2410, *Review of Interim Financial Information performed by the independent auditor of the entity*, issued by the HKICPA.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these interim financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property development, property investment and distribution of construction and interior decorative materials.

An analysis of the Group's revenue for the period is as follows:

	Six-month period ended 30 September	
	2017	2016
	$'000	*$'000*
Sales of completed properties	**86,877**	4,804
Distribution of construction and interior decorative materials	**64,138**	145,869
Rental income	**4,311**	2,851
	155,326	153,524

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development – This segment derives its revenue from repositioning and value enhancement of property with a focus on development projects in prime locations in Hong Kong, the United Kingdom and the United States of America (the "U.S.A.").

- Property investment – This segment derives its revenue from leasing of premises included in the Group's investment properties portfolio in Hong Kong and the People's Republic of China (the "PRC").

- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region and a license to use the relevant trademark in connection therewith.

Information regarding the above operating and reportable segments is reported below.

Segment results

For the six-month period ended 30 September 2017

	Property development *$'000*	Property investment *$'000*	Distribution of construction and interior decorative materials *$'000*	Elimination *$'000*	Total *$'000*
Revenue					
External revenue	**86,877**	**4,311**	**64,138**	**–**	**155,326**
Inter-segment revenue	**–**	**1,877**	**–**	**(1,877)**	**–**
Total	**86,877**	**6,188**	**64,138**	**(1,877)**	**155,326**
Segment profit/(loss) from operations	**22,408**	**(42)**	**10,475**	**–**	**32,841**
Corporate expenses					**(16,571)**
Corporate income					**24,165**
Increase in fair value of investment properties					**12,863**
Finance costs					**(4,767)**
Share of profits of joint ventures					**1,544**
Profit before taxation					**50,075**

For the six-month period ended 30 September 2016

	Property development *$'000*	Property investment *$'000*	Distribution of construction and interior decorative materials *$'000*	Elimination *$'000*	Total *$'000*
Revenue					
External revenue	4,804	2,851	145,869	–	153,524
Inter-segment revenue	–	2,081	–	(2,081)	–
Total	4,804	4,932	145,869	(2,081)	153,524
Segment (loss)/profit from operations	(3,207)*	(1,628)	15,252	–	10,417
Corporate expenses					(34,704)
Corporate income					1,324
Increase in fair value of investment properties					12,133
Gain on disposal of trading securities					7,097
Finance costs					(3,333)
Share of profits of joint ventures					386
Loss before taxation					(6,680)

* Segment loss was primarily attributable to the selling and marketing costs incurred in relation to pre-sale of properties.

4. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six-month period ended 30 September	
	2017	2016
	$'000	*$'000*
(a) Finance costs		
Interest on bank loans	**6,327**	6,601
Interest on loan from a non-controlling shareholder	**90**	–
Less: interest expenses capitalised into properties under development for sale *(Note)*	**(1,650)**	(3,268)
	4,767	3,333

Note: Interest was capitalised at an average annual rate of approximately 2.38% (six-month period ended 30 September 2016: 2.53%)

	2017	2016
(b) Other items		
Cost of properties for recognised sales	**57,762**	4,438
Cost of inventories	**46,176**	111,526
Rental receivable from investment properties less direct outgoings of $1,855,000 (six-month period ended 30 September 2016: $1,844,000)	**2,456**	1,007
Depreciation of other properties, plant and equipment	**2,103**	2,322
Loss on disposal of other properties, plant and equipment	**–**	488
Net foreign exchange (gains)/losses	**(20,305)**	18,846
Interest income on loans to joint ventures	**(3,199)**	–
Interest income on banks	**(60)**	(252)
Dividend income	**–**	(472)
Gain on disposal of trading securities	**–**	(7,097)

5. INCOME TAX

	Six-month period ended 30 September	
	2017	2016
	$'000	*$'000*
Current tax		
Hong Kong Profits Tax		
– Provision for the year	**4,100**	43
– Over-provision in respect of prior year	**(4)**	–
	4,096	43
PRC Enterprise Income Tax ("EIT")	**1,190**	3,745
Overseas tax	**–**	43
	1,190	3,788
	5,286	3,831
Deferred tax		
– Origination and reversal of temporary differences	**(1,474)**	–
	3,812	3,831

The provision for Hong Kong Profits Tax is calculated at 16.5% (six-month period ended 30 September 2016: 16.5%) of the estimated assessable profits for the six-month ended 30 September 2017.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT tax rate is 25% (six-month period ended 30 September 2016: 25%) for the period.

Overseas tax is calculated at the rates prevailing in the relevant jurisdictions.

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of $45,647,000 (six-month period ended 30 September 2016: loss of $9,269,000) and 477,447,000 (six-month period ended 30 September 2016: 477,447,000) ordinary shares in issue during the interim periods.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there are no potential dilutive ordinary shares in existence during the six-month periods ended 30 September 2017 and 30 September 2016.

7. DIVIDEND

(i) The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2017 (six-month period ended 30 September 2016: $Nil per share).

(ii) Dividends payable to equity shareholders attributable to the previous financial year

	Six-month period ended 30 September	
	2017	2016
	$'000	*$'000*
Final dividend in respect of the previous financial year, of 3 cents per share (six-month period ended 30 September 2016: 3 cents per share)	**14,323**	14,323

8. INVESTMENT PROPERTIES

	2017	2016
	$'000	*$'000*
At the beginning of the period/year	**458,773**	430,583
Additions	**170**	100
Transfers	**7,826**	15,873
Revaluation surplus	**24,337**	32,843
Exchange adjustments	**14,516**	(20,626)
At the end of the period/year	**505,622**	458,773

During the period ended 30 September 2017, completed properties for own use at carrying value of $7,826,000 were transferred from "other properties, plant and equipment" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer amounting to $19,300,000 and revaluation surplus of $11,474,000 have been dealt with in the consolidated statement of comprehensive income.

During the year ended 31 March 2017, completed properties held for sale at cost of $15,873,000 were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer amounting to $37,100,000 and revaluation surplus of $21,227,000 have been dealt with in the consolidated income statement.

9. INTERESTS IN ASSOCIATES

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Share of net assets, unlisted *(Note (a))*	**–**	–
Amounts due from associates *(Note (b))*	**81,818**	106,797
	81,818	106,797

Note:

(a) At 30 September 2017, the Group's unrecognised share of losses of associates, Epic Quest Global Limited and its subsidiary, for the current period and for the period cumulatively, amounted to $1,089,000 (six-month period ended 30 September 2016: $4,363,000) and $4,818,000 (31 March 2017: $3,729,000) respectively.

(b) Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. As at 30 September 2017, the amounts are not expected to be recovered within the next twelve months from the end of the reporting period. The amounts are neither past due nor impaired.

10. INTERESTS IN JOINT VENTURES

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Share of net assets, unlisted	**26,219**	22,997
Amounts due from joint ventures	**189,382**	46,331
	215,601	69,328

At 30 September 2017, the amounts due from joint ventures of $180,000,000 (31 March 2017: $Nil) and $6,358,000 (31 March 2017: $6,326,000) are interest bearing of 4.5% per annum over the 3-month Hong Kong Interbank Offer Rate and 5.5% per annum respectively, unsecured and have no fixed terms of repayment while the remaining balance of $3,024,000 (31 March 2017: $40,005,000) is interest-free, unsecured and has no fixed terms of repayment. The amounts are neither past due nor impaired and not expected to be recoverable within the next twelve months from the end of the reporting period.

11. TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date, net of allowance for doubtful debts, is as follows:

	At 30 September 2017 *$'000*	At 31 March 2017 *$'000*
1-30 days	**4,335**	24,728
31-60 days	**7,638**	26,306
61-90 days	**5,964**	16,188
Over 90 days	**74,569**	68,824
	92,506	136,046

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (31 March 2017: 90 days), except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements.

12. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables) based on invoice date is as follows:

	At 30 September 2017 *$'000*	At 31 March 2017 *$'000*
1-30 days	**5,263**	2,702
31-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**28**	26
	5,291	2,728

13. BANK LOANS

As of the end of the reporting period, the secured bank loans and unsecured bank loans are as follows:

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Secured bank loans	**398,666**	316,912
Unsecured bank loans	**59,940**	50,276
	458,606	367,188

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Current	**311,396**	229,345
Non-current	**147,210**	137,843
	458,606	367,188

Bank loans due for repayment after one year which contains a repayment on demand clause are classified as current liabilities.

Bank loans due for repayment, based on the scheduled repayment dates set out in loan agreements and ignore the effect of any repayment on demand clause are as follows:

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Portion of bank loans due for repayment within one year	**139,414**	154,364
Bank loans due for repayment after one year:		
After 1 year but within 2 years	**71,722**	17,847
After 2 years but within 5 years	**203,352**	147,681
After 5 years	**44,118**	47,296
	458,606	367,188

(a) At 30 September 2017, bank loans drawn in Hong Kong bear interest at rates ranging from 1.9% to 2.5% (31 March 2017: 1.9% to 2.5%) per annum over the Hong Kong Interbank Offer Rate or London Interbank Offer Rate and interests are repriced every one to three months.

(b) At 30 September 2017, bank loans drawn in the PRC bear interest at The People's Bank of China Base Interest Rate (31 March 2017: The People's Bank of China Base Interest Rate) per annum.

(c) At 30 September 2017, bank loans drawn in the U.S.A. bear interest at 1% (31 March 2017: 1%) per annum over the daily Wall Street Journal Prime Rate.

(d) As of the end of the reporting period, certain of the banking facilities of the Group were secured by mortgages over:

	At 30 September 2017	At 31 March 2017
	$'000	*$'000*
Investment properties	**503,922**	457,273
Buildings held for own use	**42,490**	51,074
Properties for sale	**420,501**	401,092
Pledged bank deposit	**422**	422
	967,335	909,861

Such banking facilities amounted to $817,280,000 (31 March 2017: $712,056,000) were utilised to the extent of $419,718,000 as at 30 September 2017 (31 March 2017: $335,010,000).

(e) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

None of the covenants relating to the drawn down facilities had been breached for the six-month periods ended 30 September 2017 and 30 September 2016.

14. COMPARATIVE FIGURES

Certain comparative figures have been classified to conform to current period's presentation.

BUSINESS AND FINANCIAL REVIEW

Overview

The Group continued to further advance its property development business during the six-month period under review. It launched the pre-sale of its second industrial redevelopment, under the project name of THE KHORA (hereafter referred to as the "Maple Street Project"), which was another success for the Group following the successful pre-sale of THE AGORA (hereafter referred to as the "Wing Hong Street Project") during the last financial year. The Group also monetised the remainder of its first residential real estate project – The Paseo – during the period under review.

The Group also actively explores the acquisition of additional industrial and commercial properties in Hong Kong to complement its existing portfolio, while exiting other property investments to free up capital. This aligned with its strategy of securing high-potential investments, growing asset values and exiting within a three-to-five year horizon.

During the six-month period under review, the Group's investments included commercial, industrial and residential property developments in Hong Kong, the People's Republic of China (the "PRC"), the United States of America (the "U.S.A.") and the United Kingdom (the "U.K."). It is also invested in companies operating in the areas of distribution of construction and interior decorative materials, as well as hospitality operations.

As of 30 September 2017, the Group's total assets were valued at HK$1,944 million (31 March 2017: HK$1,671 million), of which HK$1,093 million (31 March 2017: HK$979 million) were current assets, approximately 1.86 times (31 March 2017: 2.60 times) of current liabilities. Equity attributable to the owners of the Company was HK$1,160 million (31 March 2017: HK$1,112 million).

Overall Performance

During the six-month period under review, 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 was 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 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, 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 HK1.9 cents per share).

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

Material Acquisition and Disposal

Q.R.B.G. S.r.L. ("QRBG"), an indirect wholly-owned subsidiary of Quarella Holdings Limited, a joint venture of the Group, and Quarella S.p.A. ("Quarella Italy") have entered into a business sale and purchase contract on 19 July 2017, QRBG has acquired, and Quarella Italy has, among other things, sold, the relevant parts of the business and assets of Quarella Italy which relates to the business of production of quartz and marble-based engineered stone composite surface product. The major assets acquired by QRBG under the business sale and purchase contract consist of land and buildings, plant and machineries, inventories and trademarks.

Investment Portfolio

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

The following table shows the Group's investments as at 30 September 2017.

Real estate investments

Investment	Location	Type	Group interest	Status as of 30/9/2017	Total gross floor area	Total land area	Attributable gross floor/ land area
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Under planning	N/A	21,861 square feet	21,861 square feet
265 Naomi Project	265 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under planning	N/A	22,858 square feet	22,858 square feet
263 Naomi Project	263 W Naomi Avenue, Arcadia, CA91007, the U.S.A.	Residential property	100%	Under planning	N/A	22,858 square feet	22,858 square feet
Hampton Project	957 Hampton Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Completed and being marketed to buyer	10,688 square feet	N/A	10,688 square feet
Fallen Leaf Project	964 Fallen Leaf Road, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Completed and being marketed to buyer	14,845 square feet	N/A	14,845 square feet
Shoreditch Project	79-81 Paul Street, Shoreditch, London, EC2A 4NQ, the U.K.	Commercial property	100%	Completed and being marketed to buyer	10,939 square feet	N/A	10,939 square feet
Le Roy Project	333 West Le Roy Avenue, Arcadia, CA91007, the U.S.A.	Residential property	50%	Under planning	N/A	20,625 square feet	10,313 square feet

Investment	Location	Type	Group interest	Status as of 30/9/2017	Total gross floor area	Total land area	Attributable gross floor/ land area
Kailong Nanhui Business Park (the "Business Park") *(Note 2)*	An industrial complex located at No. 2300 Xuanhuang Road, Huinan County, Pudong New District, Shanghai, the PRC	Commercial/ industrial property	59.1%	Being marketed to tenants	52,304 square metres	N/A	30,911 square metres
Maple Street Project	124-126, 130,132 and 134 Bedford Road, Tai Kok Tsui, Kowloon	Industrial property	100%	Under construction and pre-sale stage. Expected to be completed in December 2018	86,400 square feet	N/A	86,400 square feet
Wing Hong Street Project	55-57 Wing Hong Street and 84-86 King Lam Street, Kowloon	Industrial property	26%	Under construction. Expected to be completed in December 2018	181,687 square feet	N/A	47,239 square feet
2702, 2802, 2803, 2804 and various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as investment properties)	13,453 square feet	N/A	13,453 square feet
Various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as properties for sales)	N/A	N/A	N/A

Note:

(1) Gross floor area is calculated on the Group's development plans which may be subject to change.

(2) On 5 July 2017, a framework agreement has been entered into with regard to (i) the disposal of Block 4 of the Business Park (the "Block 4") and (ii) the entering into of the agreement in relation to the disposal of the entire equity interests in Bestlinkage NHI Co., Ltd ("Bestlinkage") (effectively disposing of the Business Park entirely).

Other investments

Investment	Business/type	Group interest
Q-Stone Building Materials Limited	Distribution of construction and interior decorative materials	87%
Quarella Holdings Limited	Producer of quartz and marble-based engineered stone composite surfaces products	43.5%
RS Hospitality Private Limited	A joint venture for operating a 24-suite boutique resort in Bhutan	50%

Summary and review of investments

Property development

The Group made progress in moving each of its property development projects closer to completion and the sales phase. Highlights included the successful pre-sale of the Maple Street Project and completing the full monetisation of The Paseo.

The Group will focus on completing its two current industrial redevelopment projects in Hong Kong. The Group's strategy remains to redevelop both sites by demolishing the existing building and constructing new high-quality industrial properties for reselling purposes.

The successful completion of these projects will cement the Group's reputation and track record as a property developer, which will support its expansion into new business fields in the future. For example, the Group started providing management services for the Wing Hong Street Project via its wholly-owned subsidiary, Rykadan Management Services Limited. This service is provided under a progressive fee structure linked to cost saving performance.

The Group will continuously review and assess its projects on hand with a view of materialising its investments at an appropriate time.

Property Investment

The Group also holds several properties in Hong Kong, the PRC and Bhutan.

In Hong Kong, the Group continues to retain two floors of Rykadan Capital Tower for its own use and for rental income or potential rental income.

In the PRC, the Group invested in the Business Park as of 30 September 2017. In July 2017, the Group has entered into a framework agreement with an independent third party in relation to the proposed disposal as disclosed in the circular of the Company dated 22 September 2017.

The Group has invested in a 24-suite boutique resort located in Bhutan's Punakha Valley, for which operations and occupancy have continued to remain stable.

Distribution of Construction and Interior Decorative Materials

In June 2017, the Group finalised a shareholders agreement with its joint-venture partner governing its acquisition of business investment in Quarella Italy, a world leader in the production of quartz and marble-based engineered stone composite surfaces products. Under the agreement, the Group will combine its strong building materials distribution experience with the stone products manufacturing experience of its partner to support the growth and development of Quarella's business.

Quarella was established over 50 years ago and currently has factories and research and development centres in Italy. Its products are popularly used for benchtops, bathroom surfaces and floor tiles and it has supplied materials to a number of prominent commercial buildings and shopping malls in many markets around the world, including the PRC and Hong Kong.

The Group continued to look for other brands through which it can expand the construction and interior decorative materials business of its subsidiary, Q-Stone Building Materials Limited ("Q-Stone"). As at 30 September 2017, Q-Stone had contracts on hand worth HK$95 million to be completed in the coming years.

Outlook

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.. Following the successful pre-sale of its existing industrial redevelopment projects in Hong Kong, the Group is proactively seeking similar redevelopment opportunities, particularly in areas outside of Hong Kong's CBD that are current experiencing rapid revitalisation and are being opened up by new rapid transport lines.

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. 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 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.

The Group will also continue to actively manage its ongoing investments in the Greater China region and overseas to support its future performance and unlock value for shareholders in a timely manner.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources

The management and control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As at 30 September 2017, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 23.6% (31 March 2017: 22.0%). The net gearing ratio (net debts, as defined by total debts less unrestricted bank balances and cash, to equity attributable to equity shareholders of the Company) was 25.9% (31 March 2017: 21.8%) as the Group has net debts of HK$300 million as at 30 September 2017 (31 March 2017: HK$243 million).

At 30 September 2017, the Group has total bank borrowings of HK$459 million (31 March 2017: HK$367 million). The bank borrowings of the Group were mainly to finance the retaining of two floors of Rykadan Capital Tower, the Maple Street Project, the United States properties, the Business Park and the investment of Quarella business. Of the total bank borrowings, bank loans of HK$399 million (31 March 2017: HK$317 million) were secured by investment properties, properties for sale, buildings held for own use and pledged bank deposit, of which HK$188 million (31 March 2017: HK$169 million) will be repayable upon the completion of construction of the properties. Further costs for developing the property development projects and the Quarella business will be financed by either unutilised banking facilities, deposits received from customers held as cash held by stakeholders designated for the project or internally generated funds.

As at 30 September 2017, the Group's current assets and current liabilities were HK$1,093 million (31 March 2017: HK$979 million) and HK$588 million (31 March 2017: HK$377 million) respectively. The Group's current ratio decreased to 1.86 (31 March 2017: 2.60). The internally generated funds, together with unutilised banking facilities enable the Group to meet its business development needs.

The Group will cautiously seek new investment and development opportunities in order to balance risks and opportunities and maximise shareholders' value.

Contingent Liabilities

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries of HK$919,899,000 (31 March 2017: HK$919,392,000). Such banking facilities were utilised to the extent of HK$350,955,000 (31 March 2017: HK$322,157,000), including the bank guarantee in favour of a utility service provider to secure the payment obligation of a subsidiary of a joint venture for an amount up to Euros ("EUR") 370,000 (equivalent to HK$3,432,000) (31 March 2017: EUR370,000 (equivalent to HK$3,091,000)).

The directors do not consider it probable that a claim will be made against the Company under any of the guarantees and have not recognised any deferred income in respect of these guarantees and no transaction price was incurred.

Exposure to Fluctuations in Exchange Rates and Interest Rates and Corresponding Hedging Arrangement

The Group operates in various regions with different foreign currencies including EUR, United States Dollars, British Pounds and Renminbi.

The Group's bank borrowings have been made at floating rates.

The Group has not implemented any foreign currencies and interest rates hedging policy. However, the management of the Group will monitor foreign currencies and interest rates for each business segment and consider appropriate hedging policies in future when necessary.

Credit Exposure

The Group has adopted prudent credit policies to deal with credit exposure. The Group's major customers are institutional organisations and reputable property developers. Therefore, the Group is not exposed to significant credit risk.

The Group's management reviews from time to time the recoverability of trade receivables and closely monitors the financial position of its customers in order to keep the Group's credit risk exposure at a very low level.

Employees and Remuneration Policies

As at 30 September 2017, the total number of employees of the Group is 31 (31 March 2017: 62). The Group offers an attractive remuneration policy, including reward to employees on a performance basis with reference to market rate, and subsidies for job-related continuing education. Total remuneration for employees (including the directors' remuneration) was HK$14 million for the period (30 September 2016: HK$22 million).

Events After The Reporting Period

The proposed very substantial disposal in relation to the disposal of the Block 4 and the entire equity interests in Bestlinkage and the very substantial acquisition in relation to the grant of options to buy back the Block 4 and/or Bestlinkage were duly passed by the shareholders by way of poll at the extraordinary general meeting of the Company held on 17 October 2017.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interim Dividend

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

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

Corporate Governance

During the period, the Company had followed the principles and complied with all applicable code provisions and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except the deviations from code provisions A.2.1 of the CG Code, details of which are set out below:

Mr. Chan William ("Mr. Chan") has been appointed as Chief Executive Officer of the Company on 1 July 2012 and is now both the Chairman and the Chief Executive Officer of the Company, and that the functions of the Chairman and the Chief Executive Officer in the Company's strategic planning and development process overlap. These constitute a deviation from code provision A.2.1 of the CG Code which stipulates that the roles of the Chairman and the Chief Executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Mr. Chan of the operations of the Group and of the property development and real estate/asset management business in Hong Kong and the PRC, his extensive business network and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Chan to assume the roles of Chairman and Chief Executive Officer at this time and that such arrangement be subject to review by the Board from time to time.

Directors' Securities Transactions

The Company has adopted a code for securities transactions by directors and employees (the "Securities Code") with standards no less exacting than that of the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiries, all directors and relevant employees of the Group confirmed that they have complied with the Securities Code and the Model Code during the interim reporting period.

Audit Committee Review

The Audit Committee, which comprises all of the three independent non-executive directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Mr. Wong Hoi Ki, has reviewed with the management for the Group's interim results for the period.

Publication of Interim Results Announcement

This interim results announcement is available for reviewing on the websites of the Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.rykadan.com) and the interim report for the six-month period ended 30 September 2017 of the Company containing also the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

By Order of the Board
Rykadan Capital Limited
宏基資本有限公司
Chan William
Chairman and Chief Executive Officer

Hong Kong, 29 November 2017

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