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## **RYKADAN CAPITAL LIMITED**

**宏基資本有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2288)**

### **DISCLOSEABLE TRANSACTION ADVANCEMENT OF LOAN TO AN ASSOCIATED COMPANY AND DISCLOSURE PURSUANT TO RULES 13.14 AND 13.15 OF THE LISTING RULES**

To meet the working capital requirements of the QGL Group, the Company had from time to time provided financial assistance to the QGL Group by advancing various loans to QGL. On 27 August 2020, the Company further advanced the New Loan to QGL which is interest free and repayable on demand.

Since the issue of the Previous Announcement on 28 June 2017 and up to the date of this announcement, other than the New Loan, the Company had also on various dates advanced the Additional Loans to QGL, one of which carries interest at the rate of 3-months HIBOR plus a margin of 4.5% per annum up to 31 March 2020 and is interest free as from 1 April 2020, whereas the other loan is interest free. All the Additional Loans are repayable on demand.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the New Loan and also (ii) the New Loan when aggregated with the April 2020 Loan which was advanced by the Company to QGL within 12 months from the date of this announcement, exceeds 5% but all such ratios are less than 25%, the advancement of the New Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The advancement of the New Loan also constitutes an advance to an entity under Rule 13.13 of the Listing Rules. As the amount of relevant advance to QGL has increased from the amount of financial assistance provided to the QGL Group as stated in the Previous Announcement and the asset ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of such increase is more than 3%, the Company is required to issue this announcement in accordance with Rules 13.14 and 13.15 of the Listing Rules.

## THE NEW LOAN

To meet the working capital requirement of the QGL Group, the Company had from time to time provided financial assistance to the QGL Group by advancing various loans to QGL. On 27 August 2020, the Company further advanced the New Loan to QGL. The New Loan is in the principle amount of HK\$20,000,000 and is interest free and repayable on demand. No collateral is provided for the New Loan.

The Group has financed the New Loan by its internal resources.

## REASONS FOR AND BENEFITS OF ADVANCING THE NEW LOAN

QGL is indirectly owned as to 50% by Joint Champ, a non-wholly owned subsidiary of the Company, and the remaining 50% by a third party joint venture partner independent of the Company and its connected persons. The advancement of the New Loan was in proportion to Joint Champ's equity interest in QGL and was made on the same terms as those upon which the other joint venture partner made its loan advancement to QGL.

Due to the global outbreak of the new coronavirus, QGL has been facing immense challenges which affected its operations. The New Loan was made available by the Company to enable the QGL Group to finance the working capital required for its operations.

Given the current business climate as affected by the COVID-19 pandemic and the need for the QGL Group to have sufficient working capital to sustain its operations in such difficult times, the Directors believe that the terms of the New Loan are fair and reasonable and the advancement of the New Loan to QGL is in the interests of the Company and its shareholders as a whole.

## PARTICULARS OF ADDITIONAL LOANS

Reference is made to the Previous Announcement whereby disclosures were made of the loans advanced by the Company to QGL as well as the guarantee provided by the Company to secure the payment obligation of a subsidiary of QGL. Since the issue of the Previous Announcement on 28 June 2017 and up to the date of this announcement, other than the New Loan, the Company had also on various dates advanced the following loans to QGL (collectively referred to as the “**Additional Loans**”) for use as working capital of QGL:

Date of advancement of the loan	Principal amount of the loan	Principal amount of the loan outstanding as at the date of this announcement	Accrued interest of the loan as at the date of this announcement
13 March 2018	HK\$10,000,000	HK\$10,000,000	HK\$1,350,694
3 April 2020	HK\$10,000,000 <sup>(Note)</sup>	HK\$10,000,000	N/A

*Note:* This refers to the April 2020 Loan.

The loan advanced on 13 March 2018 carries interest at the rate of 3-months HIBOR plus a margin of 4.5% for the initial interest period from 13 March 2018 to 31 March 2018 and for each subsequent interest period of 3 months up to 31 March 2020 and is interest free as from 1 April 2020, whereas the April 2020 Loan is interest free. All the Additional Loans are repayable on demand and no collateral was provided for any of the Additional Loans.

As at the date of this announcement,

- (1) the interest (where applicable) accrued on the amount advanced by the Company to QGL disclosed in the Previous Announcement amounted to HK\$31,765,415;
- (2) the outstanding principle of the Additional Loans together with interest (where applicable) accrued thereon amounted to HK\$21,350,694;
- (3) the New Loan amounted to HK\$20,000,000; and
- (4) the aggregate of items (1), (2) and (3) above amounted to HK\$73,116,109.

## **INFORMATION OF THE PARTIES**

The Company is an investment holding company and provides corporate management service. The Group operates and invests in real estate development, real estate investment and distribution of building materials.

QGL is a company incorporated in Hong Kong with limited liability and its principal activity is distribution of construction and interior decorative materials. The QGL Group is in the business of distribution of construction and interior decorative materials and production of engineered stone composite surface products.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of (i) the New Loan and also (ii) the New Loan when aggregated with the April 2020 Loan which was advanced by the Company to QGL within 12 months from the date of this announcement exceeds 5% but all such ratios are less than 25%, the advancement of the New Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The advancement of the New Loan also constitutes an advance to an entity under Rule 13.13 of the Listing Rules. As disclosed above, the aggregate of (i) the interest (where applicable) accrued on the amount advanced by the Company to QGL disclosed in the Previous Announcement, (ii) the outstanding principal of the Additional Loans together with interest (where applicable) accrued thereon, and (iii) the New Loan amounted to HK\$73,116,109. As the amount of relevant advance to QGL has increased from the amount of financial assistance provided to the QGL Group as stated in the Previous Announcement and the asset ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of such increase is

more than 3%, the Company is required to issue this announcement in accordance with Rules 13.14 and 13.15 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Additional Loans”	has the meaning ascribed to it in the section titled “Particulars of Additional Loans” in this announcement
“April 2020 Loan”	the interest free and repayable on demand loan in the principal amount of HK\$10,000,000 advanced by the Company to QGL on 3 April 2020
“Board”	the board of Directors
“Company”	Rykadan Capital Limited, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2288)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Champ”	Joint Champ International Limited, a company incorporated in the British Virgin Islands and is a non-wholly owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Loan”	the interest free and repayable on demand loan in the principal amount of HK\$20,000,000 advanced by the Company to QGL on 27 August 2020
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules

“Previous Announcement”	means the announcement of the Company dated 28 June 2017 disclosing, inter alia, the particulars of the loan agreement dated 28 June 2017 entered into between the Company and QGL pursuant to which the Company agreed to continue to make available unsecured loans in the aggregate amount of HK\$180,000,000 to QGL on and subject to the terms set out therein
“QGL”	Quarella Group Limited, a company incorporated in Hong Kong with limited liability and an associated company of the Company
“QGL Group”	QGL and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board  
**Rykan Capital Limited**  
**Chan William**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 August 2020

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