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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**

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 19 March 2021, the Company further advanced the New Loan to QGL which is interest free and 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 2020 Loans which were 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 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 19 March 2021, 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 the JV Partner. 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 an affiliate of the JV Partner made its loan of the same amount as the New Loan to QGL.

Due to the lingering novel coronavirus (COVID-19) pandemic, the operating environment facing by QGL continues to be highly challenging. 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 uncertain economic environment stemmed from 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.

## **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. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry and noting the Group's interest in QGL through Joint Champ and Mr. Wong Fung Wai and Mr. Wang Chunlei (being two of the Ultimate Beneficial Owners) are a director of a non-wholly owned subsidiary of the Company and the legal representative of a non-wholly owned subsidiary of the Company respectively, QGL and the Ultimate Beneficial Owners are third parties independent of the Company and its connected persons.

## **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 2020 Loans which were 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.

## DEFINITIONS

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

“2020 Loans”	the interest free and repayable on demand loans in the principal amounts of HK\$10,000,000 and HK\$20,000,000 advanced by the Company to QGL on 3 April 2020 and 27 August 2020 respectively, details of which are disclosed in announcement of the Company dated 27 August 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 persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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 an 87% owned subsidiary of the Company with the remaining 13% indirectly owned by Mr. Wong Fung Wai as to 9% and Mr. Wang Chunlei as to 4%
“JV Partner”	Lead Rise International Limited, a company incorporated in the British Virgin Islands and indirectly holding 50% interest in QGL
“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 19 March 2021
“percentage ratios”	has the meaning ascribed to it under Chapter 14 of the Listing Rules

“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
“Ultimate Beneficial Owners”	the ultimate beneficial owner of the JV Partner as informed by the JV Partner is Mr. Ko Chung Lun, and the ultimate beneficial owner of the minority shareholders of Joint Champ as informed by such minority shareholders are, Mr. Wong Fung Wai and Mr. Wang Chunlei, all of whom, by virtue of being such ultimate beneficial owners, are ultimate beneficial owners of QGL
“%”	per cent.

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

Hong Kong, 19 March 2021

*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.*