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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

**FINANCIAL HIGHLIGHTS**

	<b>For the six-month period ended</b>	
	<b>30 September 2023</b>	<b>30 September 2022</b>
<b>RESULTS:</b>		
Loss for the period (HK\$'000)	<b>(59,982)</b>	(55,473)
<b>FINANCIAL INFORMATION PER SHARE:</b>		
Loss per share – Basic and diluted (HK Cents)	<b>(15.6)</b>	(13.5)
	<b>At</b>	<b>At</b>
	<b>30 September 2023</b>	<b>31 March 2023</b>
Net assets per share attributable to equity shareholders of the Company (HK\$) (Total equity attributable to equity shareholders of the Company/number of issued ordinary shares of the Company)	<b>2.60</b>	2.76

**INTERIM DIVIDEND:**

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023.

## 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 2023 together with the unaudited comparative figures for the corresponding period ended 30 September 2022 as follows:

### CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023 – UNAUDITED

(Expressed in Hong Kong dollars)

		Six-month period ended 30 September	
	Note	2023 HK\$'000	2022 HK\$'000
Revenue	3	5,431	82,786
Cost of sales and services		<u>(18,438)</u>	<u>(69,747)</u>
<b>Gross (loss)/profit</b>		<b>(13,007)</b>	13,039
Other revenue		2,507	3,912
Other net loss		(3,016)	(12,621)
Selling and marketing expenses		(47)	(4,694)
Impairment loss on trade receivables, net		(6,180)	–
Administrative and other operating expenses		<u>(13,865)</u>	<u>(14,123)</u>
<b>Loss from operations</b>		<b>(33,608)</b>	(14,487)
Decrease in fair value of investment properties		(1,700)	(6,000)
Finance costs	4(a)	(8,032)	(5,275)
Share of loss of associates		(5,630)	(7,698)
Share of loss of joint ventures		<u>(11,011)</u>	<u>(21,727)</u>
<b>Loss before taxation</b>	4	<b>(59,981)</b>	(55,187)
Income tax	5	<u>(1)</u>	<u>(286)</u>
<b>Loss for the period</b>		<b><u>(59,982)</u></b>	<b><u>(55,473)</u></b>
<b>Attributable to:</b>			
– Equity shareholders of the Company		(58,610)	(50,552)
– Non-controlling interests		<u>(1,372)</u>	<u>(4,921)</u>
<b>Loss for the period</b>		<b><u>(59,982)</u></b>	<b><u>(55,473)</u></b>
<b>Loss per share</b>	6		
Basic and diluted		<b><u>(15.6 cents)</u></b>	<b><u>(13.5 cents)</u></b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023 – UNAUDITED**

*(Expressed in Hong Kong dollars)*

	<b>Six-month period ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the period</b>	<b>(59,982)</b>	<b>(55,473)</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences arising on translation of foreign operations	(572)	(3,061)
– Share of translation reserve of joint ventures	(2,693)	(9,335)
<b>Other comprehensive income for the period</b>	<b>(3,265)</b>	<b>(12,396)</b>
<b>Total comprehensive income for the period</b>	<b>(63,247)</b>	<b>(67,869)</b>
<b>Attributable to:</b>		
– Equity shareholders of the Company	(61,352)	(61,408)
– Non-controlling interests	(1,895)	(6,461)
<b>Total comprehensive income for the period</b>	<b>(63,247)</b>	<b>(67,869)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 SEPTEMBER 2023 – UNAUDITED**

*(Expressed in Hong Kong dollars)*

		At 30 September 2023 (Unaudited) <i>HK\$'000</i>	At 31 March 2023 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties	8	157,000	158,700
Other properties, plant and equipment		34,793	34,808
Right-of-use assets		3,757	–
Interests in associates	9	206,493	213,489
Interests in joint ventures	10	238,912	252,632
Financial assets measured at fair value through other comprehensive income		–	–
		<u>640,955</u>	<u>659,629</u>
<b>Current assets</b>			
Properties for sale		485,726	485,088
Inventories		914	2,545
Trade receivables	11	23,118	27,957
Other receivables, deposits and prepayments		34,642	15,387
Bank deposits and cash on hand		127,919	167,485
		<u>672,319</u>	<u>698,462</u>
<b>Current liabilities</b>			
Trade and other payables	12	12,135	13,903
Contract liabilities		635	280
Lease liabilities		507	–
Bank loans	13	247,592	216,877
Current tax liabilities		1,214	1,217
		<u>262,083</u>	<u>232,277</u>

		At 30 September 2023 (Unaudited) <i>HK\$'000</i>	At 31 March 2023 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Net current assets</b>		<u>410,236</u>	<u>466,185</u>
<b>Total assets less current liabilities</b>		<u>1,051,191</u>	<u>1,125,814</u>
<b>Non-current liabilities</b>			
Bank loans	<i>13</i>	81,251	95,922
Lease liabilities		<u>3,295</u>	<u>–</u>
		<u>84,546</u>	<u>95,922</u>
<b>NET ASSETS</b>		<u><b>966,645</b></u>	<u><b>1,029,892</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital		3,754	3,754
Reserves		<u>970,771</u>	<u>1,032,123</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>974,525</b>	1,035,877
Non-controlling interests		<u>(7,880)</u>	<u>(5,985)</u>
<b>TOTAL EQUITY</b>		<u><b>966,645</b></u>	<u><b>1,029,892</b></u>

## 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”). They were authorised for issue on 29 November 2023.

The accounting policies adopted are consistent with those of the previous financial years and corresponding interim reporting period, except for the adoption of new and amended standards as set out below in note 2.

These interim financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial assets which are carried at fair value.

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 auditor 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 a number of new amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
- Amendments to HKAS 12, *International Tax Reform – Pillar Two Model Rules*
- HKFRS 17, *Insurance Contracts*
- Amendments to HKFRS 17, *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*

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.

The Group has not applied any new standards and amendments to existing standards that are 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, asset, investment and fund management and distribution of construction and interior decorative materials.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six-month period ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
– Sales of completed properties	–	74,000
– Distribution of construction and interior decorative materials	1,988	–
– Asset, investment and fund management income	2,904	7,683
– Property management fee and utility income	66	63
	<u>4,958</u>	<u>81,746</u>
<b>Revenue from other source</b>		
– Rental income	473	1,040
	<u>5,431</u>	<u>82,786</u>

For the period ended 30 September 2023, the Group's customer base is diversified and includes three customers (six-month period ended 30 September 2022: one customer) with whom transactions have exceeded 10% of the Group's revenue.

For the period ended 30 September 2023, revenue from provision of asset, investment and fund management services to each of the two customers in Hong Kong amounted to approximately HK\$1,543,000 and HK\$830,000 respectively and revenue from distribution of construction and interior decorative materials to the remaining one customer in the People's Republic of China (the "PRC") amounted to approximately HK\$1,988,000.

For the period ended 30 September 2022, revenue from sales of completed properties to the customer in Hong Kong was approximately HK\$74,000,000.

**(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date**

At 30 September 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$5,359,000 (31 March 2023: HK\$4,187,000). This amount represents revenue expected to be recognised in the future from pre-completion contracts entered into by the customers with the Group for provision of services. The Group will recognise the expected revenue in the future when the relevant services are provided to the customers, which is expected to occur within the next 32 months (31 March 2023: next 12 months).

**(iii) Total future minimum lease payment receivable by the Group**

Total minimum lease payment under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	At 30 September 2023 HK\$'000	At 31 March 2023 HK\$'000
Within one year	526	336
After one year but within five years	720	–
	<u>1,246</u>	<u>336</u>

**(b) Segment reporting**

The Group manages its businesses by divisions, which are organised by business lines (products and services). To be consistent with the way how 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 four 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 properties with a focus on development projects in prime locations in Hong Kong 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.
- Asset, investment and fund management – This segment derives its revenue from investing in and managing a portfolio of real estates in Hong Kong.
- Distribution of construction and interior decorative materials – This segment derives its revenue from distribution of stone composite surfaces products in the Greater China region.



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

**Segment results**

*For the six-month period ended 30 September 2023*

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	-	-	-	1,988	-	1,988
Over time	-	66	2,904	-	-	2,970
<b>Revenue from other source</b>	<u>-</u>	<u>473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473</u>
External revenue	-	539	2,904	1,988	-	5,431
Inter-segment revenue	<u>-</u>	<u>1,775</u>	<u>-</u>	<u>-</u>	<u>(1,775)</u>	<u>-</u>
Total	<u>-</u>	<u>2,314</u>	<u>2,904</u>	<u>1,988</u>	<u>(1,775)</u>	<u>5,431</u>
Segment (loss)/profit from operations	(9,507)	(957)	(15,696)	2,012	-	(24,148)
Corporate expenses						(11,967)
Corporate income						2,507
Decrease in fair value of investment properties						(1,700)
Finance costs						(8,032)
Share of loss of associates						(5,630)
Share of loss of joint ventures						<u>(11,011)</u>
Loss before taxation						<u>(59,981)</u>

For the six-month period ended 30 September 2022

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Asset, investment and fund management <i>HK\$'000</i>	Distribution of construction and interior decorative materials <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	74,000	–	–	–	–	74,000
Over time	–	63	7,683	–	–	7,746
<b>Revenue from other source</b>	<u>–</u>	<u>1,040</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,040</u>
External revenue	74,000	1,103	7,683	–	–	82,786
Inter-segment revenue	<u>–</u>	<u>1,775</u>	<u>–</u>	<u>–</u>	<u>(1,775)</u>	<u>–</u>
Total	<u><u>74,000</u></u>	<u><u>2,878</u></u>	<u><u>7,683</u></u>	<u><u>–</u></u>	<u><u>(1,775)</u></u>	<u><u>82,786</u></u>
Segment profit/(loss) from operations	7,362	(421)	(1,141)	(269)	–	5,531
Corporate expenses						(22,981)
Corporate income						2,963
Decrease in fair value of investment properties						(6,000)
Finance costs						(5,275)
Share of loss of associates						(7,698)
Share of loss of joint ventures						<u>(21,727)</u>
Loss before taxation						<u><u>(55,187)</u></u>

#### 4. LOSS BEFORE TAXATION

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

	<b>Six-month period ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(a) Finance costs</b>		
Interest on bank loans	8,330	5,314
Interest on lease liabilities	51	–
Less: interest expenses capitalised into properties under development for sale ( <i>Note (i)</i> )	(349)	(39)
	<u>8,032</u>	<u>5,275</u>
<b>(b) Expenses by nature</b>		
Cost of properties for recognised sales	–	62,353
Cost of inventories	1,536	–
Direct cost for management services provided ( <i>Note (ii)</i> )	7,779	7,225
Direct outgoings of rental, property management fee and utilities	81	169
Operating lease payments in respect of leased properties	846	94
Depreciation of other properties, plant and equipment	830	838
Depreciation of right-of use assets	206	–
Reversal of impairment loss on trade receivables	(3,030)	–
Impairment loss on trade receivables	9,210	–
Write-down on properties for sales	9,042	–
Net foreign exchange losses	3,028	12,621
	<u>3,028</u>	<u>12,621</u>

*Notes:*

- (i) Interest was capitalised at an average annual rate of approximately 4.0% (six-month period ended 30 September 2022: 4.0%).
- (ii) Direct cost for management services provided includes staff costs of HK\$7,105,000 (six-month period ended 30 September 2022: HK\$7,225,000).

## 5. INCOME TAX

	Six-month period ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
<b><i>Current tax</i></b>		
Overseas tax		
– Provision for the period	–	243
– Under-provision in respect of prior year	<u>1</u>	<u>43</u>
	<u>1</u>	<u>286</u>
	<u>1</u>	<u>286</u>

No provision for Hong Kong Profits Tax has been made in these consolidated financial statements as the Group did not have any assessable profits for the six-month periods ended 30 September 2023 and 30 September 2022.

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

## 6. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK\$58,610,000 (six-month period ended 30 September 2022: HK\$50,552,000) and 375,447,000 (six-month period ended 30 September 2022: 375,447,000) ordinary shares in issue during the interim period.

### (b) Diluted loss per share

Diluted loss per share is of the same amount as the basic loss per share as there are no potential dilutive ordinary shares in existence during the six-month periods ended 30 September 2023 and 30 September 2022.

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023 (six-month period ended 30 September 2022: HK\$Nil per share).

## 8. INVESTMENT PROPERTIES

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
At valuation:		
At the beginning of the period/year	158,700	362,500
Disposal of interest in subsidiaries	–	(198,000)
Transfer ( <i>Note (i)</i> )	–	116
Decrease in fair value of investment properties	<u>(1,700)</u>	<u>(5,916)</u>
At the end of the period/year	<u><u>157,000</u></u>	<u><u>158,700</u></u>

### Notes:

- (i) During the year ended 31 March 2023, completed properties held for sale at cost of approximately HK\$116,000 were transferred from “properties for sale” to “investment properties” as a result of change in use. The properties were measured at fair value at the time of transfer amounting to HK\$200,000 and revaluation surplus of approximately HK\$84,000 have been dealt with in the consolidated income statement.
- (ii) The investment properties in Hong Kong were revalued at 30 September 2023 by Assets Appraisal Limited (31 March 2023: Assets Appraisal Limited), an independent firm of surveyors who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and categories of properties being valued.
- (iii) At 30 September 2023, the investment properties of HK\$154,300,000 (31 March 2023: HK\$156,400,000) were pledged as securities for bank loans (*Note 13(d)*).

## 9. INTERESTS IN ASSOCIATES

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
Share of net assets	<u>14,683</u>	<u>15,576</u>
Amounts due from associates ( <i>Note</i> )	322,095	323,461
Share of net liabilities	<u>(130,285)</u>	<u>(125,548)</u>
	<u><u>191,810</u></u>	<u><u>197,913</u></u>
	<u><u>206,493</u></u>	<u><u>213,489</u></u>

*Note:* At 30 September 2023 and 31 March 2023, the amounts due from associates are interest-free, unsecured and have no fixed terms of repayment.

## 10. INTERESTS IN JOINT VENTURES

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
Share of net assets	12,969	12,337
Amounts due from joint ventures ( <i>Note</i> )	292,550	292,566
Share of net liabilities	(66,607)	(52,271)
	225,943	240,295
	<b>238,912</b>	<b>252,632</b>

*Note:* At 30 September 2023 and 31 March 2023, the amount due from a joint venture of US\$1,200,000 (equivalent to HK\$9,434,000) (31 March 2023: US\$1,200,000 (equivalent to HK\$9,450,000)) is interest bearing at 5.5% per annum, unsecured and has no fixed terms of repayment while the remaining balance of HK\$283,116,000 (31 March 2023: HK\$283,116,000) is interest-free, unsecured and has no fixed terms of repayment.

## 11. TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables based on invoice date, net of loss allowances, is as follows:

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
1-30 days	1,356	74
31-60 days	652	–
61-90 days	631	–
Over 90 days	20,479	27,883
	<b>23,118</b>	<b>27,957</b>

The Group negotiates with customers on individual basis in accordance with contract terms, i.e. an average credit period of 90 days (31 March 2023: 90 days) after the issuance of invoices, except for sales of properties the proceeds from which are receivable pursuant to the terms of agreements, rental income which are receivable in the month the tenants use the premises and property management fee and utility income and asset, investment and fund management income which are receivable in the month the Group provides the services.

## 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 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
1-30 days	–	847
31-60 days	–	–
61-90 days	–	–
Over 90 days	33	35
	<u>33</u>	<u>35</u>
	<u><u>33</u></u>	<u><u>882</u></u>

## 13. BANK LOANS

The analysis of the carrying amount of bank loans is as follows:

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
<b>Current liabilities</b>		
Portion of bank loans due for repayment within one year	94,118	60,108
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	153,474	156,769
	<u>247,592</u>	<u>216,877</u>
	<u><u>247,592</u></u>	<u><u>216,877</u></u>
<b>Non-current liabilities</b>		
Bank loans	81,251	95,922
	<u>81,251</u>	<u>95,922</u>
	<u><u>81,251</u></u>	<u><u>95,922</u></u>

At 30 September 2023, the bank loans are due for repayment as follows:

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
Portion of bank loans due for repayment within one year	94,118	60,108
Bank loans due for repayment after one year ( <i>Notes (f) and (g)</i> ):		
After one year but within two years	127,725	142,141
After two years but within five years	107,000	104,210
After five years	—	6,340
	<u>234,725</u>	<u>252,691</u>
	<u>328,843</u>	<u>312,799</u>

At 30 September 2023, the secured bank loans and unsecured bank loans are as follows:

	At 30 September 2023 <i>HK\$'000</i>	At 31 March 2023 <i>HK\$'000</i>
Secured bank loans	208,843	192,799
Unsecured bank loans	120,000	120,000
	<u>328,843</u>	<u>312,799</u>

*Notes:*

- (a) At 30 September 2023, bank loans drawn in Hong Kong bear interest at rates ranging from 1.7% to 2.3% (31 March 2023: 1.7% to 2.3%) per annum over Hong Kong Interbank Offer Rate. The interests are repriced every month.
- (b) At 30 September 2023, bank loan drawn in Macau bears interest at 1.25% (31 March 2023: 1.25%) per annum below the prime rate determined by the lending bank.
- (c) At 30 September 2023, bank loans drawn in the U.S.A. bear interest at rates ranging from 3.8% to 4.0% (31 March 2023: 3.8% to 4.0%) per annum.



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

	<b>At</b>	<b>At</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2023</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Investment properties	<b>154,300</b>	156,400
Buildings	<b>33,926</b>	34,640
Properties for sale	<b>190,653</b>	192,436
	<u><b>378,879</b></u>	<u>383,476</u>

Such banking facilities amounted to HK\$223,219,000 (31 March 2023: HK\$279,097,000) were utilised to the extent of HK\$208,843,000 at 30 September 2023 (31 March 2023: HK\$192,799,000).

- (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 was to breach the covenants, the utilised facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants.

None of the covenants relating to the utilised facilities had been breached for the six-month periods ended 30 September 2023 and 30 September 2022.

- (f) The amounts due are based on the scheduled repayment dates set out in bank loan agreements and ignored the effect of any repayment on demand clause.
- (g) Certain of the Group's bank loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.

The Group does not consider it probable that banks will exercise their discretion to demand immediate repayment so long as the Group continues to meet the scheduled repayment obligations.

## BUSINESS AND FINANCIAL REVIEW

### Overview

Subdued property demand, aggressive interest rate hikes and ongoing geopolitical tensions continued to affect investor and consumer sentiment during the interim period. Amidst the challenging macro environment, the Group pushed forward its diversified property redevelopment projects.

Despite near-term market volatilities, the Group's long-term strategy remains the same – acquiring prospective projects and investments in its portfolio, efficiently growing their asset value and monetising them within a three-to-five-year horizon.

In Hong Kong, following the completion of the Wong Chuk Hang and the Jaffe Road Projects, the Group has started to hand over pre-sold units while carrying out additional marketing launches for the remaining units. Our projects incorporate new design and sustainable building principles; in particular, the Wong Chuk Hang Project has won three prestigious industry awards. These attributes encouraged buying interest despite soft market conditions.

Elsewhere, the Group's diversified property redevelopment projects in the United States of America (the "U.S.A.") and the Graphite Project in the United Kingdom (the "U.K.") in which it has a minority stake have also progressed as planned.

The Group has always been cautious and prudent in searching for and evaluating real estate investment opportunities in Hong Kong and overseas. In light of rising interest rates and the slowdown in the property market, the Group continues to abide by its financial discipline and robust risk management to mitigate the challenges. The Group also continues to prudently manage its asset, investment and fund management business to optimise its recurring revenue.

During the six months under review, the Group's investments included commercial and residential property redevelopments in Hong Kong, the U.S.A. and the U.K. It also invested in a leading international producer and distributor of construction and interior decorative materials and hospitality operations.

As of 30 September 2023, the Group's total assets were valued at HK\$1,313 million (31 March 2023: HK\$1,358 million), of which HK\$672 million (31 March 2023: HK\$698 million) were current assets, approximately 2.57 times (31 March 2023: 3.01 times) of its current liabilities. Equity attributable to the equity shareholders of the Company was HK\$975 million (31 March 2023: HK\$1,036 million).

## **Overall Performance**

During the six-month period ended 30 September 2023, the Group's consolidated revenue amounted to HK\$5 million (six-month period ended 30 September 2022: HK\$83 million). The consolidated revenue was mainly attributable to the recurring income generated from the Group's asset, investment and fund management business. The Group recorded a gross loss of HK\$13 million (six-month period ended 30 September 2022: gross profit of HK\$13 million). The decline was mostly attributable to a high base effect related to a one-off gain from the monetisation of a property redevelopment project in Hong Kong during the six-month period ended 30 September 2022 and writing down of a property redevelopment project during the six-month period under review.

The Group recorded a loss for the period of HK\$60 million (six-month period ended 30 September 2022: HK\$55 million), while the loss attributable to equity shareholders of the Company was HK\$59 million (six-month period ended 30 September 2022: HK\$51 million).

Further to the aforementioned gross loss, the loss was mainly attributable to the absorption of losses incurred by associates and joint ventures as a result of the challenging macro environment, the increase in finance costs due to increase in interest rates and the recognition of impairment losses net of reversal on trade receivables.

Basic and diluted loss per share for the six-month period ended 30 September 2023 was HK15.6 cents (six-month period ended 30 September 2022: HK13.5 cents).

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 September 2023.

## **Material Acquisition and Disposal**

There was no material acquisition and disposal during the period.

## **Investment Portfolio**

As at 30 September 2023, the Group's bank deposits and cash was HK\$128 million (31 March 2023: HK\$167 million), representing 9.7% (31 March 2023: 12.3%) of the Group's total assets.

The following table shows the Group's investments as at 30 September 2023.

***Real estate investments***

<b>Investment</b>	<b>Location</b>	<b>Type</b>	<b>Group's interest</b>	<b>Status as of 30/9/2023</b>	<b>Area</b>	<b>Attributable area</b>
Winston Project	1135 Winston Avenue, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	4,021 square feet (gross floor)	4,021 square feet (gross floor)
Monterey Park Towne Centre Project	100, 120, 150, 200 South Garfield and 114 East Garvey and City Parking Lot, Monterey Park, CA 91755, the U.S.A.	Residential and retail property	100%	Under planning	237,644 square feet (gross floor)	237,644 square feet (gross floor)
Anoakia Project	701 Anoakia Lane, Arcadia, CA 91006, the U.S.A.	Residential property	100%	Under construction. Expected to be completed in January 2024	11,335 square feet (gross floor)	11,335 square feet (gross floor)
Virginia Project	1470 Virginia Road, San Marino, CA 91108, the U.S.A.	Residential property	100%	Completed and being marketed to buyers	7,877 square feet (gross floor)	7,877 square feet (gross floor)
Broadway Project	216-220 East Broadway, San Gabriel, CA 91776, the U.S.A.	Residential property	50%	Under planning	28,004 square feet (land)	14,002 square feet (land)
Graphite Project	Graphite Square, Vauxhall, London SE11, the U.K.	Residential and commercial property	21.25%	Under construction. Expected to be completed in December 2024	27,523 square metres (gross floor)	5,849 square metres (gross floor)
Jaffe Road Project	216, 216A, 218, 220 and 222A Jaffe Road, Wanchai, Hong Kong	Commercial and retail property	3.55%	Completed and being marketed to buyers	10,792 square feet (saleable)	383 square feet (saleable)
Wong Chuk Hang Project	23 Wong Chuk Hang Road, Hong Kong	Commercial and retail property	24.21%	Completed and being marketed to buyers	41,371 square feet (saleable)	10,016 square feet (saleable)

<b>Investment</b>	<b>Location</b>	<b>Type</b>	<b>Group's interest</b>	<b>Status as of 30/9/2023</b>	<b>Area</b>	<b>Attributable area</b>
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)	13,467 square feet (gross floor)	13,467 square feet (gross floor)
Various car parking spaces of Rykadan Capital Tower	135 Hoi Bun Road, Kwun Tong, Kowloon	Commercial property	100%	Completed (classified as properties for sale)	N/A	N/A
Shouson Hill Project	House 11 (including two car parking spaces), No. 1 Shouson Hill Road East, Shouson Hill, Hong Kong	Residential property	20%	Investment properties	2,657 square feet (saleable)	531 square feet (saleable)

*Note:* The above gross floor area is calculated based on the Group's development plans, which may be subject to change.

### ***Other investments***

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

## Summary and Review of Investments

### *Property development/Asset, investment and fund management*

During the six-month period under review, the Group capitalised on the Hong Kong and Mainland China border reopening to accelerate sales launches for completed projects in Hong Kong.

In Hong Kong, the Group completed the construction of the Jaffe Road Project and the Wong Chuk Hang Project. As of 30 September 2023, over 75% of the available-for-sale units of the Jaffe Road Project were sold and handed over to buyers, while over 40% of the available-for-sale units and car parking spaces of the Wong Chuk Hang Project were sold. The remaining units of these projects will continue to be marketed to potential buyers in the coming quarters.

In the U.S.A., the Group continues to assess potential divestment opportunities for the Broadway Project, an approved multi-family project. Meanwhile, both the Winston Project and the Virginia Project are completed and being marketed to buyers, and the Anokiam Project is on schedule to be completed by the first quarter of 2024. These properties are located in California, the U.S.A..

Given new zoning policy and changes in market conditions, the Group's Monterey Park Towne Centre Project ("MPTC") remains in the planning phase. In order to create long-term value, the Group has been in ongoing discussions with city planners to explore incorporating potential affordable housing elements with a higher-density redevelopment. The Group anticipates approvals of a revised plan by early 2024.

In the U.K., the Group's minority stake in the Graphite Project has attracted strong interest from offshore buyers within Asia. As a result, a significant portion of the available-for-sale units has been pre-sold to buyers in Asia. The Graphite Project is currently under construction and expected to be completed early by the end of 2024. The development partner is planning a second phase of marketing targeting affluent buyers from the Middle East and other regions.

The Group strives to enhance shareholders' returns by furthering its asset, investment and fund management business and broadening its capital base. The better-than-expected sales launches for the Hong Kong projects highlighted the Group's resilience and operational agility, its ability to mitigate the challenges posed by softened market conditions, the slowdown in the property sector and tightened credit.

Net proceeds from asset sales will be redeployed into high-potential redevelopment projects in the future as the Group continues to identify new opportunities to build a well-diversified and balanced asset portfolio amidst an elevated rate environment.

## ***Property investment***

The Group also holds several properties as investments in Hong Kong and Bhutan.

In Hong Kong, the Group retains two floors and various car parking spaces of Rykadan Capital Tower and a minority stake of the Shouson Hill property for its own use and/or for earning stable rental income or potential capital appreciation.

In Bhutan, the Group holds an investment in a 24-suite boutique resort located in Punakha Valley, operated by RS Hospitality. With reviving tourism, the turnover of the boutique resort has gradually rebounded.

## ***Distribution of construction and interior decorative materials***

Quarella, controlled by Quarella Holdings Limited, a joint-venture of the Group, is a world leader in the design and manufacturing of quartz and marble-based engineered stone composite surfaces products. Backed by advanced factories and research and development centres in Italy, its products are used in a number of prominent hotels, airports, train stations, commercial buildings and shopping malls in markets around the world.

During the six-month period under review, the pace of macro-recovery remains challenging due to economic slowdown and global credit tightening. Quarella, nevertheless, is responding to the market challenges by developing a new line of price-competitive products targeting middle-income consumers and interior design communities across China, Southeast Asia and other developed markets.

## **Outlook**

The Group holds a conservative view on the near-term property market outlook in the face of macro-financial headwinds, intensified geopolitical tensions and high interest rates. It will focus on completing the delivery of the existing projects while keeping an eye on new opportunities when they arise.

Whereas market uncertainties and property price adjustments are expected to continue in the second half of the year, the Group will keep proactively evaluating opportunities to acquire value-adding assets and property projects. Backed by an experienced management team with a strong track record and access to capital, the Group will seek to collaborate with its business partners to capture business opportunities in Hong Kong and overseas as they arise.

Besides property development and investment, the Group remains cautiously optimistic about the longer-term prospects of its hospitality investment due to the gradual revival in tourism. At the same time, the Group's distribution of construction and interior decorative material business, albeit being affected by a slowdown in the property market, will likely see opportunities due to China's strengthening construction pipeline for hotels and favourable policy on One Belt One Road with extensive transport links to be built in the coming years.

## **CORPORATE FINANCE AND RISK MANAGEMENT**

### **Liquidity and Financial Resources**

The Group adheres to the principle of prudent financial management to minimise financial and operational risks across its various business units in Hong Kong and overseas. In order to implement this principle, the control of the Group's financial, capital management and external financing functions are centralised at its headquarters in Hong Kong.

The Group mainly relies upon internally generated funds and bank borrowings to finance its operations and expansion.

As of 30 September 2023, the Group's total debts (representing total interest-bearing bank borrowings) to total assets ratio was 25.0% (31 March 2023: 23.0%). 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 20.6% (31 March 2023: 14.0%) as the Group has net debts of HK\$201 million as at 30 September 2023 (31 March 2023: HK\$145 million).

As of 30 September 2023, the total bank borrowings of the Group amounted to HK\$329 million (31 March 2023: HK\$313 million). The bank borrowings of the Group were mainly used to finance the retaining of two floors of Rykadan Capital Tower, the property development projects, its investment in Quarella and the Shouson Hill Project. Certain of the bank borrowings were secured by investment properties, properties for sale and buildings. Further costs for developing the property redevelopment projects and the Quarella business will be financed by unutilised banking facilities or internally generated funds.

As of 30 September 2023, the Group's current assets and current liabilities were HK\$672 million (31 March 2023: HK\$698 million) and HK\$262 million (31 March 2023: HK\$232 million) respectively. The Group's current ratio decreases to 2.57 (31 March 2023: 3.01). 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 and Financial Guarantee**

At the end of the reporting period, the Company has issued guarantees to banks in respect of banking facilities granted to certain indirect subsidiaries and an associate of HK\$217,021,000 (31 March 2023: HK\$217,219,000) and HK\$12,600,000 (31 March 2023: HK\$12,600,000) respectively. Such banking facilities were utilised by the subsidiaries and the associate to the extent of HK\$143,843,000 (31 March 2023: HK\$140,300,000) and HK\$11,844,000 (31 March 2023: HK\$12,096,000) respectively.

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 Arrangements**

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

Certain of 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 Group's management will monitor foreign currencies and interest rates exposures of each business segment and consider appropriate hedging policies in the future when necessary.

### **Credit Exposure**

The Group continues to prudently monitor and review from time to time the credit policies to deal with credit exposure in the macroeconomic environment in order to minimise the credit risk exposure of the Group. For trade receivables, the Group's management regularly assesses the recoverability and the financial position of its customers, the majority of whom are institutional organisations and reputable property developers, such that the Group is not exposed to significant credit risk.

### **Employees and Remuneration Policies**

As at 30 September 2023, the total number of employees of the Group is 24 (31 March 2023: 26). The Group is committed to the concept of fair and responsible remuneration for its executive members and prescribed officers in line with the Company's and individual performance, market trends and in the context of overall employee remuneration. Total remuneration for employees (including the directors' remuneration) was HK\$14 million for the period (six-month period ended 30 September 2022: HK\$15 million).

## **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 2023.

### **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 for the following deviation:

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 C.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, 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 of conduct regarding securities transactions of the directors, senior management and relevant employees (who, because of their office or employment, is likely to possess inside information in relation to the Company or its securities) of the Group (the “Securities Code”) with terms no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries, all of the 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 comprises three independent non-executive directors, namely Mr. Ho Kwok Wah, George (Chairman of the Audit Committee), Mr. To King Yan, Adam and Ms. Khan Sabrina, with the chairman possessing the appropriate professional qualifications and accounting expertise, 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 viewing 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 2023 of the Company containing all 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 2023

*As at the date of this announcement, the Board comprises Mr. Chan William (Chairman and Chief Executive Officer) and Mr. Lo Hoi Wah, Heywood (Chief Financial Officer) as executive directors, Mr. Ng Tak Kwan as a non-executive director and Mr. To King Yan, Adam, Mr. Ho Kwok Wah, George and Ms. Khan Sabrina as independent non-executive directors.*