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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)

**(1) CONDITIONAL CASH OFFER
BY DONGXING SECURITIES (HONG KONG) COMPANY LIMITED
ON BEHALF OF RYKADAN CAPITAL LIMITED
TO BUY-BACK UP TO 102,000,000 SHARES
AT HK\$0.68 PER SHARE**

(2) APPLICATION FOR WHITEWASH WAIVER

(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

AND

(4) RESUMPTION OF TRADING

Financial Adviser to the Company



Independent Financial Adviser



THE OFFER

The Board announces that an offer will be made by Dongxing Securities on behalf of the Company, subject to the fulfilment of the Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 102,000,000 Shares, representing approximately 21.36% of the total issued Shares as at the date of this announcement at the price of HK\$0.68 per Share. The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Offer.

The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of HK\$69,360,000 if the Offer is accepted in full, will be paid in cash, which will be funded by internal resources of the Group.

The Offer Price represents:

- (i) a premium of approximately 51.11% over the closing price of the Shares of HK\$0.4500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 50.78% over the average price of HK\$0.4510 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 51.45% over the average price of HK\$0.4490 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 55.55% over the average price of approximately HK\$0.4372 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 75.47% to the Group's net asset value attributable to owners of the Company of approximately HK\$2.77 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 March 2020.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Chan Concert Group (i.e. CHAN William and Tiger Crown Limited) together beneficially owned 130,804,000 Shares, representing approximately 27.40% of all issued Shares as at the date of this announcement. Of those 130,804,000 Shares, (i) 33,700,000 Shares (representing approximately 7.06% of all issued Shares as at the date of this announcement) are beneficially owned by CHAN William and (ii) 97,104,000 Shares (representing approximately 20.34% of all issued Shares as at the date of this announcement) are beneficially owned by Tiger Crown Limited (which is 100% owned by Rykadan Holdings Limited, which in turn is 100% held under the Rykadan Trust of which HSBC International Trustee Limited is the trustee and CHAN William is the settlor and protector and one of the discretionary beneficiaries).

Each member of the Chan Concert Group has irrevocably undertaken to the Company that each of them will not, and will procure the holders of Shares whose Shares he or it is deemed to be interested in by virtue of the SFO (other than Shares in which either member of the Chan Concert Group is deemed to be interested by virtue of the agreement with Scenemay Holdings Limited, LI Chu Kwan and LI Wing Yin under sections 317 and 318 of the SFO) not to, accept the Offer.

WHITEWASH WAIVER

Pursuant to Rule 32.1 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Consequently, depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and taking into account the fact that each member of the Chan Concert Group has irrevocably undertaken to the Company that each of them will not, and will procure the holders of Shares whose Shares he or it is deemed to be interested in by virtue of the SFO (other than Shares in which either member of the Chan Concert Group is deemed to be interested by virtue of the agreement with Scenemay Holdings Limited, LI Chu Kwan and LI Wing Yin under sections 317 and 318 of the SFO) not to, accept the Offer, the aggregate interests in the total issued Shares held by the (i) Chan Concert Group may increase from the current level of approximately 27.40% to a maximum level of approximately 34.84%; (ii) Scenemay Holdings Limited may increase from the current level of approximately 18.35% to a maximum level of approximately 23.33%; (iii) the Controlling Shareholders may increase from the current level of approximately 45.74% to a maximum level of approximately 58.17%; and (iv) the Controlling Shareholders and parties acting in concert with any of them may increase from the current level of approximately 58.95% to a maximum level of approximately 74.96%, in each case upon completion of the Offer, thereby triggering an obligation by the Controlling Shareholders under Rule 26 of the Takeovers Code to make a mandatory general offer for all Shares not beneficially owned by them unless the Whitewash Waiver is obtained.

Accordingly, an application for the Whitewash Waiver will be made by the Controlling Shareholders to the Executive.

GENERAL

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. Tiger Crown Limited, Scenemay Holdings Limited and CHAN William and parties acting in concert with any of them and any Shareholder who has a material interest in the Offer or the Whitewash Waiver that is different from all other Shareholders or who is involved in or interested in the Offer and/or the Whitewash Waiver (other than as a Shareholder), will be required to abstain from voting on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM.

The Offer Document, which will contain, amongst others, details and timetable of the Offer and the Whitewash Waiver, a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the EGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

Innovax Capital has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

WARNING: The Offer is subject to all of the Conditions being fulfilled in full. If the resolution to approve the Offer is not passed by the Independent Shareholders, or if the resolution to approve the Whitewash Waiver is not passed by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among others, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding how to vote on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. Shareholders should also note that their voting decision on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM will be separate from their decision as to whether to accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted on the Stock Exchange with effect from 9:00 a.m. on 16 September 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 29 September 2020.

INTRODUCTION

The Board announces that an offer will be made by Dongxing Securities on behalf of the Company, subject to the fulfilment of the Conditions, to buy-back for cancellation up to the Maximum Number of Shares, being 102,000,000 Shares, representing approximately 21.36% of the total issued Shares as at the date of this announcement at the price of HK\$0.68 per Share. The Shares to be bought-back by the Company will not exceed the Maximum Number of Shares and there is no minimum number of Shares proposed to be bought-back under the Offer.

The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of HK\$69,360,000 if the Offer is accepted in full, will be paid in cash, which will be funded by internal resources of the Group.

PRINCIPAL TERMS OF THE OFFER

The salient terms of the Offer are as follows:

- (i) Dongxing Securities will make the Offer to the Shareholders on behalf of the Company, subject to fulfilment of the Conditions, to buy-back up to the Maximum Number of Shares at the Offer Price;
- (ii) Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down described under the section headed “*Common pool method for scaling down excess acceptances*” below);
- (iii) The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (iv) All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number of Shares. If the number of Shares validly tendered exceeds the Maximum Number of Shares, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate will not exceed the Maximum Number of Shares. Further details of the procedures for scaling down are described under the section headed “*Common pool method for scaling down excess acceptances*” below;

- (v) Acceptance Forms which have been duly completed and received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has become or been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (vi) Shares will be bought-back in cash, free of brokerage commission, Stock Exchange transaction levies and trading charges, save that the amount of seller's ad valorem stamp duty due on the Shares bought-back attributable to the Accepting Shareholders and calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought-back under the Offer or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted by the Company from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders in respect of the Offer;
- (vii) Shares bought-back will be treated as cancelled and will not be entitled to any dividend or distribution declared for any record date set on or after the date of their cancellation. Accordingly, the issued share capital of the Company will be diminished by the nominal value of the Shares being bought-back; and
- (viii) Shares will be bought-back free from all liens, charges, encumbrances, equitable claims or adverse interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of an Acceptance Form by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to Dongxing Securities and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable claims or adverse interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching or accruing thereto (including the right to any dividend or distribution that may be declared for any record date set on or after the date of cancellation as referred to in (vii) above).

In compliance with Rule 3 of the Share Buy-backs Code, the Offer will be subject to the approval by the Independent Shareholders in general meeting by a majority of votes by way of poll. The Offer will also be subject to the other terms and conditions referred to under the section headed "*Conditions of the Offer*" below.

The detailed terms of the Offer will be set out in the Offer Document.

THE OFFER PRICE

The Offer Price of HK\$0.68 per Share values the entire issued Shares as at the date of this announcement at approximately HK\$324.7 million.

The Offer Price represents:

- (i) a premium of approximately 51.11% over the closing price of the Shares of HK\$0.4500 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 50.78% over the average price of HK\$0.4510 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 51.45% over the average price of HK\$0.4490 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 55.55% over the average price of approximately HK\$0.4372 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 75.47% to the Group's net asset value attributable to owners of the Company of approximately HK\$2.77 per Share pursuant to the latest audited consolidated financial statements of the Company as at 31 March 2020.

The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company and the prevailing market conditions and sentiments, with reference to share buy-back transactions in Hong Kong in recent years.

CONFIRMATION OF FINANCIAL RESOURCES

At the Offer Price, the Offer, if accepted in full, will result in the Company paying HK\$69,360,000 in aggregate to the Accepting Shareholders in cash which will be funded by the internal resources of the Group. Dongxing Securities is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

CONDITIONS OF THE OFFER

The Offer will be conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of poll having been obtained at the EGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders, voting in person or by proxy, by way of poll having been obtained at the EGM in respect of the Whitewash Waiver; and

(c) the Executive granting the Whitewash Waiver and the satisfaction of any conditions attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the Conditions can be waived.

WARNING: The Offer is subject to all of the Conditions being fulfilled in full. If the resolution to approve the Offer is not passed by the Independent Shareholders, or if the resolution to approve the Whitewash Waiver is not passed by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed and will immediately lapse.

It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.

Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among others, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding how to vote on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. Shareholders should also note that their voting decision on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM will be separate from their decision as to whether to accept the Offer. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional, Shareholders who have not tendered their Shares for acceptance will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

Acceptance Forms which have been duly completed and received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has become or been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code. All Shares bought-back under the Offer will be cancelled.

The Offer will not be conditional on any minimum number of acceptances.

COMMON POOL METHOD FOR SCALING DOWN EXCESS ACCEPTANCES

Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances received are fewer than or equal to the Maximum Number of Shares, all Shares validly accepted will be bought-back. However, if valid acceptances received in total exceed the Maximum Number of Shares, the number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula, save that the Company may, in its absolute discretion, round such figure up or down to the nearest whole number with the intention of avoiding (as far as practicable) Shares being held by Accepting Shareholders in fractional entitlements of a Share:

$$\frac{A}{B} \times C$$

A = 102,000,000 Shares, being the Maximum Number of Shares

B = Total number of Shares tendered by valid acceptances received from all Accepting Shareholders under the Offer

C = Total number of Shares tendered by valid acceptances received from the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number of Shares. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

ODD LOTS

The Shares are currently traded in board lot of 1,000 Shares each. The Company has no intention to change the board lot size as a result of the Offer. Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. The Company will make arrangements to appoint a designated broker to match sales and purchases of odd lot holdings of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangements will be included in the Offer Document and will be disclosed by way of separate announcement as and when appropriate.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Chan Concert Group, comprising CHAN William (the Chairman and Chief Executive Officer of the Company) and Tiger Crown Limited, together beneficially owned 130,804,000 Shares, representing approximately 27.40% of all issued Shares as at the date of this announcement. Of those 130,804,000 Shares, (i) 33,700,000 Shares (representing approximately 7.06% of all issued Shares as at the date of this announcement) are beneficially owned by CHAN William and (ii) 97,104,000 Shares (representing approximately 20.34% of all issued Shares as at the date of this announcement) are beneficially owned by Tiger Crown Limited (which is 100% owned by Rykadan Holdings Limited, which in turn is 100% held under the Rykadan Trust of which HSBC International Trustee Limited is the trustee and CHAN William is the settlor and protector and one of the discretionary beneficiaries).

Each member of the Chan Concert Group has irrevocably undertaken to the Company that each of them will not, and will procure the holders of Shares whose Shares he or it is deemed to be interested in by virtue of the SFO (other than Shares in which either member of the Chan Concert Group is deemed to be interested by virtue of the agreement with Scenemay Holdings Limited, LI Chu Kwan and LI Wing Yin under sections 317 and 318 of the SFO) not to, accept the Offer. The Irrevocable Undertakings will be binding until the closing, lapse or withdrawal of the Offer.

OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to the Overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer. The Company reserves the right, subject to the consent of the Executive and the relevant legal requirements, (i) to make special arrangements with respect to the Overseas Shareholders whose receipt of the Offer Document and the Acceptance Form is subject to the laws of the overseas jurisdiction, and (ii) to apply for exclusion and waiver with respect to the Overseas Shareholders whose receipt of the Offer Document and/or the Acceptance Form is subject to prohibitive restrictions that are unduly burdensome. Details of the Overseas Shareholders will be set out in the Offer Document. The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of the Overseas Shareholders.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. Shareholders should consult their professional advisers if in doubt.

The Company shall give notice of any matter in relation to the Offer to the Shareholders by issuing announcements or advertisements in accordance with its articles, the Codes and the Listing Rules and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any Overseas Shareholder to receive the same.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Shareholders, those registered holders of the Shares who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names (including those whose interest in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer as early as possible.

WHITEWASH WAIVER

As at the date of this announcement,

- (i) the Chan Concert Group, comprising CHAN William and Tiger Crown Limited together beneficially owned 130,804,000 Shares (representing approximately 27.40% of all issued Shares as at the date of this announcement);
- (ii) Scenemay Holdings Limited beneficially owned 87,604,000 Shares (representing approximately 18.35% of all the issued Shares as at the date of this announcement);
- (iii) the Controlling Shareholders are together interested in 218,408,000 Shares (representing approximately 45.74% of all issued Shares as at the date of this announcement); and
- (iv) the Controlling Shareholders and parties acting in concert with any of them are together interested in 281,432,000 Shares (representing approximately 58.95% of all issued Shares as at the date of this announcement).

Pursuant to Rule 32.1 of the Takeovers Code and Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Consequently, depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and taking into account the fact that each member of the Chan Concert Group has irrevocably undertaken to the Company that each of them will not, and will procure the holders of Shares whose Shares he or it is deemed to be interested in by virtue of the SFO (other than Shares in which either member of the Chan Concert Group is deemed to be interested by virtue of the agreement with Scenemay Holdings Limited, LI Chu Kwan and LI Wing Yin under sections 317 and 318 of the SFO) not to, accept the Offer, the aggregate interests in the total issued Shares held by (i) the Chan Concert Group may increase from the current level of approximately 27.40% to a maximum level of approximately 34.84%; (ii) Scenemay Holdings Limited may increase from the current level of

approximately 18.35% to a maximum level of approximately 23.33%; (iii) the Controlling Shareholders may increase from the current level of approximately 45.74% to a maximum level of approximately 58.17%; and (iv) the Controlling Shareholders and parties acting in concert with any of them may increase from the current level of approximately 58.95% to a maximum of approximately 74.96%, in each case upon completion of the Offer, thereby triggering an obligation by the Controlling Shareholders under Rule 26 of the Takeovers Code to make a mandatory general offer for all Shares not already beneficially owned by them and parties acting in concert with any of them unless the Whitewash Waiver is obtained.

Accordingly, an application for the Whitewash Waiver will be made by the Controlling Shareholders to the Executive.

The Offer will be conditional upon approval of the Independent Shareholders by way of poll at the EGM and the Whitewash Waiver being granted by the Executive, such waiver will also be subject to the approval of the Independent Shareholders by way of poll at the EGM.

If the Whitewash Waiver is not granted by the Executive or if the resolution to approve the Offer or the Whitewash Waiver is not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.

As at the date of this announcement, the Company does not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concern in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

DEALINGS IN SHARES

The Company has not bought-back any Shares in the six-month period prior to the date of this announcement, and will not conduct any on-market share buy-back from the date of this announcement and up to and including the date the Offer closes, lapses or is withdrawn, as the case may be.

Each member of the Controlling Shareholders (for itself/himself/herself and its/his/her concert parties) has confirmed that it/he/she and persons acting in concert with it/him/her have no dealings in the Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in the six months immediately prior to and up to the date of this announcement.

OTHER ARRANGEMENTS

As at the date of this announcement and save for the Irrevocable Undertakings, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Controlling Shareholders which might be material to the Offer or the Whitewash Waiver.

As at the date of this announcement and save for the Conditions, there is no agreement or arrangement, to which any of the Company or the Controlling Shareholders is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver.

As at the date of this announcement, none of the Company, the Controlling Shareholders and persons acting in concert with any of them has borrowed or lent any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Save for the Irrevocable Undertakings, there is no understanding, arrangement or agreement which may constitute a special deal between any Shareholder on the one hand; and (i) the Company, its subsidiaries or associated companies; or (ii) the Controlling Shareholders or any party acting in concert with any of them, on the other hand.

Apart from the consideration calculated at the Offer Price payable by the Company in respect of relevant acceptances of the Offer, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Company or any member of the Controlling Shareholders or parties acting in concert with any of them to any Shareholder or any party acting in concert with any of them in connection with the Offer.

SHAREHOLDING STRUCTURE

As at the date of this announcement, there are 477,447,000 Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights on the holder(s) thereof to subscribe for, convert or exchange into Shares.

Set out below is a table showing the shareholding structure of the Company (A) as at the date of this announcement and (B) immediately after the completion of the Offer on the assumptions that no additional Shares will be issued from the date of this announcement up to and including the date of completion of the Offer and that (i) all Shareholders other than the Chan Concert Group accept the Offer in respect of all of their Shares; or (ii) neither Scenemay Holdings Limited nor NG Tak Kwan tender any Share for acceptance and the public Shareholders accept the Offer in full:–

Name of Shareholders	(A) As at the date of this announcement		(B) Immediately after completion of the Offer			
	<i>Number of Shares</i>	<i>Approximate %</i>	(i) Where all Shareholders other than the Chan Concert Group accept the Offer in respect of all of their Shares		(ii) Where neither Scenemay Holdings Limited nor NG Tak Kwan tender any Share for acceptance and the public Shareholders accept the Offer in full	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Tiger Crown Limited (Note 1 and 4)	97,104,000	20.34	97,104,000	25.86	97,104,000	25.86
CHAN William (Notes 2 and 4)	33,700,000	7.06	33,700,000	8.98	33,700,000	8.98
Aggregate number of Shares held by the Chan Concert Group	130,804,000	27.40	130,804,000	34.84	130,804,000	34.84
Scenemay Holdings Limited (Notes 3, 4 and 5)	87,604,000	18.35	61,826,448	16.47	87,604,000	23.33
Aggregate number of Shares held by the Controlling Shareholders	218,408,000	45.75	192,630,448	51.31	218,408,000	58.17
NG Tak Kwan (Notes 6 and 7)	63,024,000	13.20	44,479,134	11.85	63,024,000	16.79
Aggregate number of Shares held by the Controlling Shareholders and parties acting in concert with any of them	281,432,000	58.95	237,109,582	63.16	281,432,000	74.96
Public Shareholders	<u>196,015,000</u>	<u>41.05</u>	<u>138,337,418</u>	<u>36.84</u>	<u>94,015,000</u>	<u>25.04</u>
Total	<u>477,447,000</u>	<u>100.00</u>	<u>375,447,000</u>	<u>100.00</u>	<u>375,447,000</u>	<u>100.00</u>

Notes:

1. Tiger Crown Limited is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust. Each of HSBC International Trustee Limited and Rykadan Holdings Limited is therefore deemed to be interested in the 97,104,000 Shares beneficially owned by Tiger Crown Limited.
2. Tiger Crown Limited, which beneficially owned 97,104,000 Shares is 100% owned by Rykadan Holdings Limited which in turn is 100% held by HSBC International Trustee Limited as the trustee of Rykadan Trust. CHAN William is the settlor and protector and one of the discretionary beneficiaries of Rykadan Trust. CHAN William is also the sole director of Tiger Crown Limited and Rykadan Holdings Limited. Therefore, in addition to the 33,700,000 Shares beneficially owned by CHAN William, he is deemed to be interested in the 97,104,000 Shares beneficially owned by Tiger Crown Limited.
3. As the entire issued share capital of Scenemay Holdings Limited is owned by LI Chu Kwan and LI Wing Yin in equal shares, each of LI Chu Kwan and LI Wing Yin is deemed to be interested in the Shares beneficially owned by Scenemay Holdings Limited, being 87,604,000 Shares as at the date of this announcement.
4. Since Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin are regarded as a group of shareholders acting in concert to exercise their voting rights in the Company and are parties to an agreement under section 317 of the SFO, pursuant to the provisions of the SFO, each of them is deemed to be interested in the Shares owned by the other parties to the agreement.
5. The number of Shares and shareholding percentage held by Scenemay Holdings Limited immediately after completion of the Offer will be (i) less/lower than those shown in the table if, for instance, Scenemay Holdings Limited accepts the Offer in respect of all the Shares beneficially owned by it but all valid acceptances received are fewer than the Maximum Number of Shares; or (ii) more/higher than those shown in the table if, for instance, Scenemay Holdings Limited accepts the Offer in respect of only part of the Shares beneficially owned by it and all valid acceptances received are more than the Maximum Number of Shares, or it does not accept the Offer at all and valid acceptances are received from the other Shareholders. For illustration purposes only, (i) the number of Shares and shareholding percentage held by Scenemay Holdings Limited may at most drop to zero (assuming that it accepts the Offer in respect of all the Shares beneficially owned by it but no other valid acceptance is received) or (ii) its shareholding percentage may at most increase to 23.33% while maintaining its shareholding at 87,604,000 Shares (assuming that it does not accept the Offer and valid acceptances received in total equal to or exceed the Maximum Number of Shares).
6. The number of Shares and shareholding percentage held by NG Tak Kwan immediately after completion of the Offer will be (i) less/lower than those shown in the table if, for instance, NG Tak Kwan accepts the Offer in respect of all the Shares beneficially owned by him but all valid acceptances received are fewer than the Maximum Number of Shares; or (ii) more/higher than those shown in the table if, for instance, NG Tak Kwan accepts the Offer in respect of only part of the Shares beneficially owned by him and all valid acceptances received are more than the Maximum Number of Shares, or he does not accept the Offer at all and valid acceptances are received from the other Shareholders. For illustration purposes only, (i) the number of Shares and shareholding percentage held by NG Tak Kwan may at most drop to zero (assuming that he accepts the Offer in respect of all the Shares beneficially owned by it but no other valid acceptance is received) or (ii) his shareholding percentage may at most increase to 16.79% while maintaining his shareholding at 63,024,000 Shares (assuming that he does not accept the Offer and valid acceptances received in total equal to or exceed the Maximum Number of Shares).
7. NG Tak Kwan is a non-executive Director. As at the date of this announcement, NG Tak Kwan is interested in 63,024,000 Shares.

As illustrated in column (B)(ii) of the table above, even if the shareholding of public Shareholders decreases to the extent as shown in column (B)(ii) above, over 25% of the issued Shares will still be held by public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

As at the date of this announcement, save as disclosed above, none of the Company, the Controlling Shareholders or parties acting in concert with any of them holds, owns, controls or has direction over any Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

As at the date of this announcement, neither the Company nor parties acting in concert with it has received any irrevocable commitment to accept the Offer.

REASONS FOR AND FINANCIAL EFFECTS OF THE OFFER

The price of the Shares has historically been traded at a significant discount to the Group's net asset value attributable to owners of the Company per Share. Taking the closing price of the Shares of HK\$0.4500 on the Last Trading Day as the reference date, the discounts to the Group's net asset value attributable to owners of the Company per Share of approximately HK\$2.77 as at 31 March 2020 for the below periods are as follows:

- (a) discount to the Group's net asset value attributable to owners of the Company per Share as at 31 March 2020 based on the closing price of the Shares of HK\$0.4500 on the Last Trading Day: approximately 83.77%;
- (b) discount to the Group's net asset value attributable to owners of the Company per Share as at 31 March 2020 based on the average closing price of the Shares of approximately HK\$0.4313 as quoted on the Stock Exchange for the three months up to and including the Last Trading Day: approximately 84.44%;
- (c) discount to the Group's net asset value attributable to owners of the Company per Share as at 31 March 2020 based on the average closing price of the Shares of approximately HK\$0.4566 as quoted on the Stock Exchange for the six months up to and including the Last Trading Day: approximately 83.53%; and
- (d) discount to the Group's net asset value attributable to owners of the Company per Share as at 31 March 2020 based on the average closing price of the Shares of approximately HK\$0.5493 as quoted on the Stock Exchange for the twelve months up to and including the Last Trading Day: approximately 80.18%.

In view of the above, the Board (other than the members of the Independent Board Committee who will express their opinion in the Offer Document) considers that the Offer is in the best interest of the Shareholders with the following reasons:

- (a) Premium valuation: The Offer provides an opportunity for the Shareholders to sell their Shares at a premium to the prevailing market prices of the Shares and receive cash proceeds in return. In particular, the closing price of the Shares has never exceeded the Offer Price after 27 September 2019 for almost 12 months. The Offer Price represented a premium of approximately 55.55% over the average closing price during the last 30 trading days immediately prior to and including the Last Trading Day; and
- (b) Certain and immediate value: The Shares have been traded on the Stock Exchange at an average daily trading volume of approximately 71,397 Shares for the 6 months up to and including the Last Trading Day, representing less than 0.02% of the total issued Shares as at the Last Trading Day. The Offer presents an immediate opportunity for the Shareholders to dispose of their Shares, not constrained by trading liquidity, and exit their investment for cash proceeds.

Therefore, the Directors (other than the independent non-executive Directors, whose views will be set out in the Offer Document after considering the view of the Independent Financial Adviser) believe that the Offer provides an immediate opportunity for the Shareholders to dispose part of their Shares at a premium to the prevailing market prices or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group, and that the Offer, if completed, is accretive to the net asset value attributable to owners of the Company per Share and, with less Shares in issue, the market price per Share, thus benefiting all the Shareholders and enhancing the future financing capability of the Company through secondary issuances.

In determining the Maximum Number of Shares to be bought-back by the Company, the Board has taken into account the internal financial resources of the Group available to satisfy the Offer. Assuming that the Maximum Number of Shares will be bought-back by the Company and based on the audited consolidated net assets of the Group as at 31 March 2020, it is expected that the net assets of the Group will decrease, whilst the net asset value attributable to owners of the Company per Share will increase, upon completion of the Offer. Further details of the financial effects of the Offer, including the effects of the Offer on the net asset value of the Group, the net asset value attributable to owners of the Company per Share, the loss of the Group and the loss per Share to owners of the Company, will be set out in the Offer Document.

INFORMATION ON THE GROUP

The Company is incorporated in Cayman Islands with limited liabilities and the Shares are listed on the Main Board of the Stock Exchange. The Group operates and invests in real estate development, real estate investment, distribution of building materials and asset, investment and fund management.

FUTURE INTENTIONS OF THE GROUP

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major change will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed, as a result of the Offer.

The Company has no current plan to declare or pay any dividend or distribution from the date of this announcement until the closing, lapse or withdrawal of the Offer.

GENERAL

The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. Tiger Crown Limited, Scenemay Holdings Limited and CHAN William and parties acting in concert with any of them and any Shareholder who has a material interest in the Offer or the Whitewash Waiver that is different from all other Shareholders or who is involved in or interested in the Offer and/or the Whitewash Waiver (other than as a Shareholder), will be required to abstain from voting on the respective resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the EGM. Each of CHAN William (being the applicant in the Whitewash Waiver) and NG Tak Kwan (being presumed to be acting in concert with CHAN William in the context of the Offer and the Whitewash Waiver under the Takeovers Code) has also abstained from voting at the board meeting of the Company approving the Offer.

The Offer Document, which will contain, amongst others, details and timetable of the Offer and the Whitewash Waiver, a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a notice convening the EGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. The only non-executive Director, namely, NG Tak Kwan, is deemed to be party acting in concert with CHAN William and therefore is considered to have interests in the Offer and the Whitewash Waiver and cannot be a member of the Independent Board Committee.

Innovax Capital has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

Dongxing Securities has been appointed as the financial adviser to the Company in respect of the Offer.

DEALINGS DISCLOSURE

The associates (including any person who owns or controls 5% or more of a class of the relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) of the Company) of the Company are reminded to disclose their dealings in the securities of the Company in accordance with Rule 22 of the Takeovers Code.

For this purpose, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted on the Stock Exchange with effect from 9:00 a.m. on 16 September 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 29 September 2020.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acceptance Form(s)”	form(s) to be sent to the Shareholders as part of the Offer Document for acceptance of the Offer
“Accepting Shareholder(s)”	Shareholder(s) who accept(s) the Offer by submitting the duly completed Acceptance Form(s)
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors

“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Chan Concert Group”	CHAN William and Tiger Crown Limited
“Codes”	the Takeovers Code and the Share Buy-backs Code
“Company”	Rykadan Capital Limited 宏基資本有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 27 April 2009, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2288)
“Conditions”	conditions to which the Offer is subject, as set out under the heading “CONDITIONS TO THE OFFER” in this announcement
“Controlling Shareholders”	Tiger Crown Limited, Scenemay Holdings Limited, CHAN William, LI Chu Kwan and LI Wing Yin
“Dongxing Securities”	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), being the financial adviser to the Company in respect of the Offer
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the respective resolutions in respect of the Offer and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely TO King Yan, Adam, WONG Hoi Ki and HO Kwok Wah, George, who have no interest in the Offer and the Whitewash Waiver, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver
“Independent Financial Adviser” or “Innovax Capital”	Innovax Capital Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) Tiger Crown Limited, Scenemay Holdings Limited and CHAN William and parties acting in concert with any of them in the context of the Offer and the Whitewash Waiver, (ii) any Shareholder who has a material interest in the Offer or the Whitewash Waiver different from all other Shareholders, and (iii) any Shareholder who is involved in or interested in the Offer and/or Whitewash Waiver (other than as a Shareholder)
“Irrevocable Undertakings”	the irrevocable undertakings given by each member of the Chan Concert Group that he or it will not, and will procure the holders of Shares whose Shares he or it is deemed to be interested in by virtue of the SFO (other than Shares in which either member of the Chan Concert Group is deemed to be interested by virtue of the agreement with Scenemay Holdings Limited, LI Chu Kwan and LI Wing Yin under sections 317 and 318 of the SFO) not to, accept the Offer
“Last Trading Day”	15 September 2020, being the last trading day prior to the suspension of trading in the Shares pending the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Number of Shares”	the maximum number of the Shares to be bought-back pursuant to the Offer, being 102,000,000 Shares in aggregate, representing approximately 21.36% of the total issued Shares as at the date of this announcement
“Offer”	a conditional cash offer by Dongxing Securities on behalf of the Company to buy-back the Maximum Number of Shares at the Offer Price from the Shareholders

“Offer Document”	a circular to the Shareholders (comprising, amongst others, the offer document, the notice of the EGM, the proxy form for voting at the EGM and the Acceptance Form) to be issued by the Company in connection with the Offer and the Whitewash Waiver;
“Offer Price”	HK\$0.68 being the buy-back price under the Offer
“Overseas Shareholders”	Shareholder(s), whose addresses, as shown in the register of members of the Company, are outside Hong Kong
“Record Date”	the proposed record date for ascertaining entitlements in respect of the Offer which will be set out in the Offer Document;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Buy-backs Code”	the Code on Share Buy-backs of Hong Kong
“Share(s)”	the ordinary share(s) of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Controlling Shareholders to make a mandatory general offer for all the Shares not held by members of the Controlling Shareholders and the parties acting in concert with any of them under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of the completion of the Offer
“%”	per cent.

By Order of the Board
Rykadan Capital Limited
CHAN William
Chairman and Chief Executive Officer

Hong Kong, 28 September 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.