

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



RYKADAN CAPITAL LIMITED

宏基資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2288)

DISCLOSEABLE TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 21 January 2021 (Canada time 20 January 2021), the Lender, an indirect wholly-owned subsidiary of the Company, entered into Loan Agreement 1 with Loan 1 Borrower and the Guarantors and Loan Agreement 2 with Loan 2 Borrower and the Guarantors. Pursuant to the Loan Agreements, the Lender has agreed to grant the Loans in the aggregate principal amount of CAD8,000,000 (equivalent to HKD48,400,000), of which CAD6,500,000 under Loan Agreement 1 and CAD1,500,000 under Loan Agreement 2, subject to fulfilment of the conditions and upon the terms set out therein respectively. Both Loan 1 and Loan 2 are for a term of 12 months (subject to extension or renewal). The Borrowers and the Guarantors are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

The grant of the Loans requires aggregation under Rule 14.22 of the Listing Rules. As one or more percentage ratios (as defined under the Listing Rules) in respect of the aggregate amount of the Loans exceeds 5% but all such ratios are less than 25%, the grant of the Loans constitutes discloseable transactions for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the option of the Lender as disclosed in the section headed “Loan Agreement 2 – Option to take assignment of Property 2 SPA” in this announcement is exercisable at the discretion of the Lender and no premium is payable by the Lender for such option, the acquisition of such option by the Lender does not subject the Company to any reporting, announcement or shareholders’ approval requirements under Chapter 14 of the Listing Rules at the time of acquisition of such option. In the event the Lender exercises such option and if required, the Company will comply with the requirements under Chapter 14 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 21 January 2021 (Canada time 20 January 2021), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreements, pursuant to which the Lender has agreed to grant the Loans in the aggregate principal amount of CAD8,000,000 (equivalent to HKD48,400,000), of which CAD6,500,000 to Loan 1 Borrower under Loan Agreement 1 and CAD1,500,000 to Loan 2 Borrower under Loan Agreement 2, subject to the fulfilment of the conditions and upon the terms set out therein respectively. Both Loan 1 and Loan 2 are for a term of 12 months (subject to extension or renewal) and are guaranteed by the Guarantors. The conditions to closing of Loan Agreement 1 had been fulfilled by Loan 1 Borrower and closing took place on the same date. The conditions to closing of Loan Agreement 2 should be fulfilled by Loan 2 Borrower.

Summarised below are the principal terms of the Loan Agreements.

LOAN AGREEMENT 1

Date of agreement	:	20 January 2021 (Canada time)
Closing date	:	20 January 2021 (Canada time)
Lender	:	Triple-I Capital Partners Limited
Borrowers	:	Customer A and Customer B
Guarantors	:	(1) Majid Sarkar Tavakoli, (2) Kasey Ho-Cheung Wong, and (3) Jedidiah Kit Wah Liu, who joint and severally guaranteed Loan 1
Principal	:	CAD6,500,000 (equivalent to HKD39,325,000)

Term	:	12 months from the closing date, such term is extendable or renewable for a period of one year at the sole and absolute discretion of the Lender upon request of the Loan 1 Borrower made at least sixty days prior to the maturity date, under the same terms and conditions except that during the extended or renewed term (i) there shall be no requirement for prepayment of interest, and (ii) the Loan 1 Borrower shall continue to have the right to prepay the principal amount of Loan 1 then outstanding in full
Interest rate	:	12% per annum on the principal amount of Loan 1, calculated monthly (i.e. CAD65,000 per month (equivalent to HKD393,250) with the first payment date falling on 20 February 2021
Security	:	A first mortgage/charge of land in favour of the Lender against Property 1, which was valued at approximately CAD15,000,000 (equivalent to HKD90,750,000) as at 7 December 2020 by an independent property valuer
Repayment	:	The principal amount of Loan 1 is required to be paid in full on the maturity date or is repayable in full, at the Lender's option, where there is any act or event of default by the Loan 1 Borrower under the terms of Loan Agreement 1 or security documentation in respect of Loan 1
Prepayment	:	No prepayment during the first 6 months of the term of Loan 1 is allowed Thereafter, provided that there is no default by the Loan 1 Borrower under Loan Agreement 1, prepayment of the principal amount of Loan 1 then outstanding in full is allowed upon payment of three months' interest on the principal being prepaid as of the date of prepayment
Fees and taxes	:	Loan 1 Borrower is responsible for the payment of certain taxes and fees, including without limitation, lender fees, brokerage fee, realty taxes with respect to Property 1 (together with any applicable penalties), legal costs of the Lender (plus applicable taxes) and other administrative and administration fees chargeable by the Lender
Cross default	:	Default by Loan 2 Borrower in Loan Agreement 2 and other security documentation with respect to Loan 2 will constitute a default in respect of Loan 1, whereupon, the Lender is at liberty to enforce Loan 1 and Loan 2 or either of them

LOAN AGREEMENT 2

Date of agreement	:	20 January 2021 (Canada time)
Closing date	:	25 February 2021 (Canada time)
Lender	:	Triple-I Capital Partners Limited
Borrowers	:	Customer A and Customer C
Guarantors	:	(1) Majid Sarkar Tavakoli, (2) Kasey Ho-Cheung Wong, and (3) Jedidiah Kit Wah Liu who jointly and severally guaranteed Loan 2
Principal	:	CAD1,500,000 (equivalent to HKD9,075,000)
Term	:	12 months from the closing date, such term is extendable or renewable for a period of one year at the sole and absolute discretion of the Lender upon request of the Loan 2 Borrower made at least sixty days prior to the maturity date, under the same terms and conditions except that during the extended or renewed term (i) there shall be no requirement for prepayment of interest, and (ii) the Loan 2 Borrower shall continue to have the right to prepay the principal amount of Loan 2 then outstanding in full
Interest rate	:	12% per annum on the principal amount of Loan 2, calculated monthly (i.e. CAD15,000 per month (equivalent to HKD90,750) with the first payment date falling on one month after the closing date
Security	:	A mortgage/charge of land in favour of the Lender against Property 2, which was valued at approximately CAD5,700,000 (equivalent to HKD34,485,000) as at 7 December 2020 by an independent property valuer
Repayment	:	The principal amount of Loan 2 is required to be paid in full on the maturity date or is repayable in full, at the Lender's option, where there is any act or event of default by the Loan 2 Borrower under the terms of Loan Agreement 2 or security documentation in respect of Loan 2

- Prepayment : No prepayment during the first 6 months of the term of Loan 2 is allowed
- Thereafter, provided that there is no default by the Loan 2 Borrower under Loan Agreement 2, prepayment of the principal amount of Loan 2 then outstanding in full is allowed upon payment of three months' interest on the principal being prepaid as of the date of prepayment
- Fees and taxes : Loan 2 Borrower is responsible for the payment of certain taxes and fees, including without limitation, lender fees, brokerage fee, realty taxes with respect to Property 2 (together with any applicable penalties), legal costs of the Lender (plus applicable taxes) and other administrative and administration fees chargeable by the Lender
- Cross default : Default by the Loan 2 Borrower in the performance of any obligations under Loan Agreement 2 or security documentation in respect of Loan 2 or other credit facility agreement or guarantee between the Loan 2 Borrower and the Lender or between any Guarantor and Lender, whether or not in that person's capacity as a guarantor of the Loan 2 Borrower will constitute a default in respect of Loan 2
- Option to take assignment of Property 2 SPA : Pursuant to Loan Agreement 2, it is a condition precedent that the Loan 2 Borrower shall satisfy the Lender (acting reasonably) that Loan 2 Borrower will have the funds necessary to complete Property 2 SPA, failing which the Lender at its sole and unfettered discretion may terminate Loan Agreement 2 and may take an assignment, transfer and conveyance from Loan 2 Borrower to the Lender or as the Lender may direct Property 2 SPA and in which event, the duties and obligation to close the sale and purchase of Property 2 will pass to the Lender

FUNDING OF THE LOANS

The Group will finance the Loans with its internal resources.

INFORMATION OF THE BORROWERS AND THE GUARANTORS

Customer A is a company incorporated in Canada and is principally engaging in the business of investment holding company. Customer B is a company incorporated in Canada and is principally engaging in the business of property acquisition and investment holding company. Customer C is a company incorporated in Canada and is principally engaging in the business of property development and investment holding company. The Guarantors are directors, officers and ultimate beneficial owners of Customer A, Customer B and Customer C.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Borrowers and the Guarantors (being the ultimate beneficial owners of the Borrowers) are Independent Third Parties and not connected with the Group.

INFORMATION OF THE GROUP AND THE LENDER

The Lender is a company incorporated in Canada, being an indirect wholly-owned subsidiary of the Company. The Group operates and invests in real estate development, real estate investment and distribution of building materials.

REASONS AND BENEFITS FOR ENTERING INTO THE LOAN AGREEMENTS

Property 1 is currently a vacant site with potential to develop a high density residential development together with Property 2 and Property 2 is currently a single-family residential dwelling with a potential to develop a high density residential development together with Property 1. Property 1 and Property 2 are adjacent to each other. According to the independent valuation obtained by the Group, the aggregate value of Property 1 and Property 2 as at 7 December 2020, on the basis that they are being sold together, would be CAD21,000,000 (equivalent to HKD127,050,000), which is higher than the aggregate of the individual value of Property 1 and that of Property 2 as disclosed in the sections headed "Loan Agreement 1" and "Loan Agreement 2". As such, in order to maximize the value of the security interests of (and thus better protect the interests of) the Group in relation to the Loans, it is a term of Loan Agreement 2 that the Lender shall have the option to take an assignment of the Property 2 SPA and to close the sale and purchase transaction therein contemplated in the event that the Loan 2 Borrower is unable or failed to close such transaction.

Having considered (i) the value of the securities provided by the Borrowers, (ii) the terms of the Loans and (iii) the return on the Loans, the Directors is of the view that the advancement of the Loans will bring a stable interest income to the Group with an acceptable protection over the Group's interest over the Loans being lent.

The terms of the Loan Agreements (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice in the market concerned. The Directors consider that the terms of the Loan Agreements are on normal commercial terms and fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The grant of the Loans requires aggregation under Rule 14.22 of the Listing Rules. As one or more percentage ratios (as defined under the Listing Rules) in respect of the aggregate principal amount of the Loans exceeds 5% but all such ratios are less than 25%, the grant of the Loans constitutes discloseable transactions for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the option of the Lender as disclosed in the section headed “Loan Agreement 2 – Option to take assignment of Property 2 SPA” above is exercisable at the discretion of the Lender and no premium is payable by the Lender for such option, the acquisition of such option by the Lender does not subject the Company to any reporting, announcement or shareholders’ approval requirements under Chapter 14 of the Listing Rules at the time of acquisition of such option. In the event the Lender exercises such option and if required, the Company will comply with the requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Borrowers”	Loan 1 Borrower and Loan 2 Borrower
“CAD”	Canadian dollar, the lawful currency of Canada
“Company”	Rykadan Capital Limited, an exempt company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 2288)
“Customer A”	Terra Bona Cacoeli 7115 Yonge Ltd., a company incorporated in Canada with limited liability, being a borrower under both Loan Agreement 1 and Loan Agreement 2
“Customer B”	Terra Bona Acquisition Ltd., a company incorporated in Canada with limited liability
“Customer C”	Terra Bona Developments Ltd., a company incorporated in Canada with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guarantors”	(1) Majid Sarkar Tavakoli, (2) Kasey Ho-Cheung Wong, and (3) Jedidiah Kit Wah Liu
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties who are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Lender”	Triple-I Capital Partners Limited, a company incorporated in Canada, being an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement 1”	the mortgage loan commitment dated 20 January 2021 (Canada time) entered into between the Lender as the lender, Loan 1 Borrower as the borrower, and the Guarantors as the guarantors, principal terms of which are summarised in the section headed “Loan Agreement 1” in this announcement
“Loan Agreement 2”	the mortgage loan commitment dated 20 January 2021 (Canada time) entered into between the Lender as the lender, Loan 2 Borrower as the borrower, and the Guarantors as the guarantors, principal terms of which are summarised in the section headed “Loan Agreement 2” in this announcement
“Loan Agreements”	Loan Agreement 1 and Loan Agreement 2
“Loan 1”	the mortgage loan with the principal amount of CAD6,500,000 (equivalent to HKD39,325,000) granted by the Lender to Loan 1 Borrower pursuant to Loan Agreement 1
“Loan 1 Borrower”	Customer A and Customer B
“Loan 2”	the mortgage loan with the principal amount of CAD1,500,000 (equivalent to HKD9,075,000) granted by the Lender to Loan 2 Borrower pursuant to Loan Agreement 2
“Loan 2 Borrower”	Customer A and Customer C

“Loans”	Loan 1 and Loan 2
“Property 1”	7115 Yonge Street, Markham, Ontario L3T 2A8, Canada
“Property 2”	8 Grandview Ave, Markham, Ontario L3T 1G8, Canada
“Property 2 SPA”	the agreement of purchase and sale entered into by Customer C for the acquisition of Property 2 at the consideration CAD3,000,000 (equivalent to HKD18,150,000), of which a deposit of CAD100,000 (equivalent to HKD605,000) has been paid by Customer C
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 21 January 2021

Translations of CAD into HKD in this announcement are based on the exchange rate of CAD1.00 = HKD6.05. No representation is made that any amount of CAD or HKD can be or could have been converted at the relevant dates at such rate or any other rates or at all.

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 Director.