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## MASTERMIND CAPITAL LIMITED

### 慧德投資有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

### 2012 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Mastermind Capital Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2012 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2012

		<b>Six months ended 30th June,</b>	
	<i>Notes</i>	<b>2012</b>	<b>2011</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	3	<b>29</b>	13
Other net income/(loss)	4	<b>60</b>	(310)
Administrative expenses		<u><b>(3,837)</b></u>	<u>(15,882)</u>
<b>Loss before income tax</b>	6	<b>(3,748)</b>	(16,179)
Income tax expense	7	<u><b>(1)</b></u>	<u>–</u>
<b>Loss for the period attributable to owners of the Company</b>		<u><b>(3,749)</b></u>	<u>(16,179)</u>
<b>Loss per share</b>	8		
– Basic (HK cents)		<u><b>(0.17)</b></u>	<u>(0.76)</u>
– Diluted (HK cents)		<u><b>N/A</b></u>	<u>N/A</u>

\* For identification purpose only

**Six months ended 30th June,**  
**2012**                      2011  
*HK\$'000*                      *HK\$'000*  
**(Unaudited)**              (Unaudited)

Loss for the period	<b>(3,749)</b>	(16,179)
<b>Other comprehensive income</b>		
Change in fair value of available-for-sale financial assets	<b>309</b>	121
Exchange difference on translation of financial statements of foreign subsidiaries	<u>7</u>	<u>23</u>
Other comprehensive income for the period	<u><b>316</b></u>	<u>144</u>
Total comprehensive income for the period attributable to owners of the Company	<u><b>(3,433)</b></u>	<u>(16,035)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2012

		30th June, 2012	31st December, 2011
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		644	797
Available-for-sale financial assets	9	26,592	26,282
Deposits paid	10	53,400	53,400
		<u>80,636</u>	<u>80,479</u>
<b>Current assets</b>			
Prepayments		171	43
Other receivables		1,800	1,897
Financial assets at fair value through profit or loss	11	4,179	4,119
Cash and cash equivalents		15,675	19,675
		<u>21,825</u>	<u>25,734</u>
<b>Current liabilities</b>			
Accruals and other payables		(669)	(909)
Amount due to a related company		(125)	(125)
Provision for tax		–	(73)
		<u>(794)</u>	<u>(1,107)</u>
<b>Net current assets</b>		<u>21,031</u>	<u>24,627</u>
<b>Total assets less current liabilities/Net assets</b>		<u>101,667</u>	<u>105,106</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		54,947	54,947
Reserves		46,720	50,159
<b>Total equity</b>		<u>101,667</u>	<u>105,106</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30th June, 2012*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is Room 1102C, 11th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

Principal activities of the Company and its subsidiaries (the "Group") include the investments in listed and unlisted companies in Hong Kong and in other parts of the People's Republic of China (the "PRC"), excluding Hong Kong.

The unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2012 (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Interim Financial Statements are unaudited but have been reviewed by the audit committee of the Company.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2011 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31st December, 2011.

The Interim Financial Statements were approved for issue by the Board on 29th August, 2012.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. The accounting policies adopted in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2011, except for the adoption of the amended Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed below.

### **Adoption of Revised HKFRSs – effective from 1st January, 2012**

In the current period, the Group has applied for the first time the following amendments to HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1st January, 2012.

### **Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets**

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of the amendments to HKFRS 7 did not result in significant changes in the Group's accounting policies.

### 3. REVENUE

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income	<u>29</u>	<u>13</u>

### 4. OTHER NET GAIN/(LOSS)

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Fair value gain/(loss) on financial assets at fair value through profit or loss	60	(896)
Gain on disposal of financial assets at fair value through profit or loss	<u>-</u>	<u>586</u>
	<u>60</u>	<u>(310)</u>

### 5. SEGMENT INFORMATION

No segment information is presented as all of the revenue, contribution to operating results, assets and liabilities of the Group are attributable to activities which are carried out or originated principally in Hong Kong.

### 6. LOSS BEFORE INCOME TAX

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Directors' remuneration	1,110	1,020
Depreciation on owned assets	153	153
Investment management fees	250	250
Staff costs	631	655
Operating lease charges on an office premise	137	137
Equity-settled share option expense	<u>-</u>	<u>11,807</u>

### 7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30th June 2012 and 2011 as the Group has no assessable profits.

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong		
- Current tax	-	-
- Under-provision in respect of prior year	<u>1</u>	<u>-</u>
Income tax expense	<u>1</u>	<u>-</u>

## 8. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30th June, 2012 is based on the loss attributable to owners of the Company of approximately HK\$3,749,000 (six months ended 30th June, 2011: approximately HK\$16,179,000) and 2,197,866,000 (six months ended 30th June, 2011: 2,131,200,000) ordinary shares in issue during the period.

No adjustment has been made to the loss per share amount presented for the periods ended 30th June 2011 and 2012 in respect of a dilution as the impact of the exercise of the share options has an anti-dilutive effect on the basic loss per share amount presented.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30th June, 2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31st December, 2011 <i>HK\$'000</i> <b>(Audited)</b>
Listed equity securities, at fair values	<b>1,896</b>	1,586
Unlisted equity securities, at cost less impairment	<b>24,696</b>	24,696
	<b>26,592</b>	26,282

## 10. DEPOSITS PAID

	<b>30th June, 2012</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31st December, 2011 <i>HK\$'000</i> <b>(Audited)</b>
At 1st January ( <i>Note (i)</i> )	<b>53,400</b>	30,000
Additions ( <i>Note (ii)</i> )	–	23,400
	<b>53,400</b>	53,400

### *Notes:*

- (i) On 16th September, 2010, the Company entered into non-binding memorandum of understandings (“MOUs”) with vendors for the acquisition of equity interests in three investment projects in the PRC, with deposits paid of HK\$10,000,000 for each of the investment projects. According to the MOUs, Mr. MUNG Kin Keung, an executive director and the chairman of the Company, has provided a personal guarantee on the deposits paid as security in the event that the vendors are unable to fulfil their responsibilities under the MOUs.

On 8th April, 2011, the Company entered into a letter of intent with the vendor to extend the expiry date of one of the MOUs. Subsequently, the respective acquisition of equity interest in the investment project has not been executed or completed. On 21st March, 2012, the Company and the vendor entered into an agreement to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10 million and the premium of HK\$3 million to the Company on or before 30th June, 2012. On 29th June, 2012, a supplemental agreement was entered between the Company and vendor to extend the refund of the said deposit and premium on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

No premium has been recognised as income during the period as the Board is in the view that investment project is more likely to be introduced on or before 31st December, 2012.

On 8th April, 2011, the Company entered into a sale and purchase agreement (the “Agreement 1”) with an individual and the vendor upon the expiry of one of the MOUs. Pursuant to the Agreement 1, the individual provided personal guarantee in favour of the Company the due and punctual performance of the Agreement 1. In the event that completion of Agreement 1 does not take place, the individual shall refund the related deposit of HK\$10 million plus a premium of HK\$3 million in total to the Company. Subsequently, the Agreement 1 was not completed as certain conditions precedents to the execution of the Agreement 1 have not been fulfilled. On 21st March, 2012, the Company entered into an agreement with the vendor to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10 million, the premium of HK\$3 million and an equivalent to dividend amounting to approximately HK\$0.9 million to the Company on or before 30th June, 2012. On 29th June, 2012, a supplemental agreement was entered between the Company and vendor to extend the refund of the said deposit and returns on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

No said returns has been recognised as income during the period as the Board is in the view that investment project is more likely to be introduced on or before 31st December, 2012.

On 8th April, 2011, the Company entered into four other sale and purchase agreements (the “Agreements 2”) with the vendor upon the expiry of the remaining MOU. According to the Agreements 2, two individuals provided personal guarantees in favour of the Company the due and punctual performance of the Agreements 2. Subsequently, the Agreements 2 was not completed as certain conditions precedents to the execution of the Agreements 2 have not been fulfilled. On 21st March, 2012, the Company entered into an agreement with the vendor to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10 million, the premium of HK\$3 million and an equivalent to dividend amounting to approximately HK\$6.27 million to the Company on or before 30th June 2012. On 29th June, 2012, a supplemental agreement was entered between the Company and vendor to extend the refund of the said deposit and returns on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

No said returns has been recognised as income during the period as the Board is in the view that investment project is more likely to be introduced on or before 31st December, 2012.

- (ii) On 11th April, 2011, the Company signed a Chinese non-binding framework agreement (the “Framework Agreement”) with two vendors for the acquisition of the petrochemical related business in the PRC, with a refundable deposit paid of US\$3 million (equivalent to approximately HK\$23.4 million). Subsequently, the Framework Agreement has not been completed or executed. On 27th March, 2012, the Company entered into an agreement with the vendors to terminate the acquisition, and the vendors agreed to refund the deposit of HK\$23.4 million to the Company on or before 30th June, 2012. A supplemental agreement was entered on 30th June, 2012 between the Company and vendors to extend the refund of the said deposit on or before 31st December, 2012.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30th June, 2012</b>	31st December, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Listed equity securities in Hong Kong held for trading, at fair value	<b>4,179</b>	4,119

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the period (2011: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review**

During the period, the Group recorded a loss attributable to owners of the Company of approximately HK\$3,749,000, compared to loss attributable to owners of the Company of approximately HK\$16,179,000 in the corresponding period of 2011.

### **Investment review**

As at 30th June, 2012, the major investments of the Group were HK\$6,075,000 of a portfolio of listed equity securities and HK\$24,696,000 of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada and the PRC.

### **Liquidity and Financial Resources**

As at 30th June, 2012, the Group had cash and cash equivalents approximately HK\$15,675,000 (as at 31st December, 2011: approximately HK\$19,675,000).

As at 30th June, 2012, the Group had net current assets of approximately HK\$21,031,000, as compared to approximately HK\$24,627,000 as at 31st December, 2011.

As at 30th June, 2012, the current ratio of the Group was 27.49 compared to 23.25 at 31st December, 2011.

The Group had no borrowing as at 30th June, 2012 (as at 31st December, 2011: Nil).

### **Pledge of assets**

As at 30th June, 2012, the Group had no pledged of assets to bank to secure any banking facilities (as at 31st December, 2011: Nil).

### **Capital commitment and contingent liabilities**

As at 30th June, 2012 and 31st December, 2011, the Group had no material capital commitment and contingent liabilities.

### **Foreign exchange exposure**

Most of the investments and the business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange exposure is minimal.

### **Staff costs**

The Group's total staff costs (including directors' emoluments) for the period ended 30th June, 2012 amounted to approximately HK\$1,741,000 (six months ended 30th June, 2011: approximately HK\$1,675,000).



## **Prospects**

The European debt crisis, the concern over the slow down of United States, Europe and the PRC are still major obstacles for the global economy. Under such atmosphere, the Board will be more prudent to seek for investment opportunities in different business sectors at an acceptable risk level with a view of improving its business performance.

## **AUDIT COMMITTEE**

The Company has established an audit committee in accordance with Rule 3.21 of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report for the six months ended 30th June, 2012 with the Directors.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) (the “CG Code”) as set out in Appendix 14 of the Listing Rules during the period except for the following deviations: -

### **Code provision A.4.1**

The code provision A.4.1 of the CG Code states that non-executive directors should be appointed for a specific term to election.

After the expiry of the service contract, the appointment of the independent non-executive directors of the Company (the “INEDs”) shall continue with no specific term. They are, however, subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the “Articles of Association”).

Each INED has, pursuant to the guidelines set out in Rule 3.13 of the Listing Rules, confirmed he/she is independent of the Company and the Company also considers that they are independent. The term of office of each INED is not more than three years from date of appointment subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association.

### **Code provision A.6.7**

The code provision A.6.7 of the CG Code states that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to her personal commitment, Ms. Yu Tin Yan, Winnie, an INED, was unable to attend the annual general meeting of the Company held on 22nd June, 2012 (the “Annual General Meeting”).

### **Code provision E.1.2**

The code provision E.1.2 of the CG code states that the chairman of the Board should attend the annual general meeting of the Company.

Due to other business commitment, Mr. Mung Kin Keung, the chairman of the Board, was unable to attend the Annual General Meeting. However, arrangements including the attendance of another member of the Board had been in place to ensure the Annual General Meeting was in order.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board  
**Mastermind Capital Limited**  
**Mung Kin Keung**  
*Chairman and Executive Director*

Hong Kong, 29th August, 2012

*As at the date of this announcement, the board of directors comprises Mr. Mung Kin Keung (Chairman), Mr. Tang Hao (Chief Executive Officer), Mr. Ha Wing Ho, Peter, Mr. Chee Man Sang, Eric, Mr. Michael Stockford and Mr. Mung Bun Man, Alan as executive directors; Mr. Lo Tak Kin, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee as independent non-executive directors.*