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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)**

### **MAJOR TRANSACTION**

## **ACQUISITION OF SALE SHARES IN THE TARGET COMPANY**

## **ISSUANCE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

### **THE ACQUISITION**

The Board is pleased to announce that on 13 April 2011, after the trading hours of the Stock Exchange, the Company entered into the Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at a consideration of HK\$20 million. The Consideration shall be settled by the Company by way of the issuance of 66,666,000 Consideration Shares at the issue price of HK\$0.3 per Consideration Share and cash upon Completion.

The Consideration Shares shall be issued and allotted under the general mandate of the Company which was refreshed by a resolution of the Shareholders passed on 31 January 2011 and the issuance is therefore not subject to further shareholders' approval of the Company. Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules, which is subject to notification, publication and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no Shareholders had an interest in the Agreement and therefore no Shareholder is required to abstain from voting on the proposed resolution approving the Acquisition at the EGM if convened.

\* *for identification purpose only*

A Shareholder, namely China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), holding 1,080,000,000 Shares representing approximately 50.68% of the total issued share capital in the Company, has indicated that it will give a written Shareholder's approval of the Acquisition and the transactions contemplated thereunder which may be accepted in lieu of holding of an EGM pursuant to Rule 14.44 of the Listing Rules and in such case, no EGM will be convened for approval of the Acquisition.

## **GENERAL**

A circular containing, among other things, further details of the Acquisition and a notice of the EGM (if applicable), will be dispatched to the Shareholders as soon as practicable and in accordance with the requirements of the Listing Rules.

**As completion of the Acquisition is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

The Board is pleased to announce that on 13 April 2011, after the trading hours of the Stock Exchange, the Company entered into the Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares at a consideration of HK\$20 million.

## **THE AGREEMENT**

**Date** 13 April 2011

### **Parties**

1. Purchaser: Mastermind Capital Limited
2. Vendor: Parkdale Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Assets agreed to be acquired by the Company under the Agreement**

Pursuant to the Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares free from all encumbrances at the Consideration. The Sale Shares represents 7% of the total issued share capital of the Target Company.

### **Consideration**

The Consideration for the Acquisition is HK\$20 million which will, subject to satisfaction of the Conditions, be satisfied by (a) the allotment and issuance of 66,666,000 Consideration Shares, credited as fully paid, at an issue price of HK\$0.3 per Consideration Share to the Vendor or its nominee; and (b) HK\$200 in cash at Completion.

## **Basis of Determination of the Consideration**

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company. It was determined with reference to (i) the potential value of the Target Company; and (ii) the method of settlement of the Consideration, including the issuance of the Consideration Shares at an issue price with reference to the closing price per Share on the date of the Agreement. The Directors consider that the terms of the Acquisition (including the basis of determination of the Consideration), which are determined at an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent**

Completion of the Agreement is conditional upon certain conditions being fulfilled or waived in writing, including but not limited to:

- (i) the Company is satisfied with the results of the due diligence carried on in respect of all the aspects of the Target Company and its business;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Consideration Shares whether subject to condition(s) or not;
- (iii) if required under the Listing Rules, approval by the Stock Exchange of the issuance by the Company of a circular to the Shareholders in respect of the Agreement and the transactions contemplated hereunder;
- (iv) if required under the Listing Rules, the passing by the Shareholders in accordance with the Listing Rules, the Articles of Association of the Company and all applicable laws at an extraordinary general meeting of resolutions approving the Agreement and the transaction contemplated hereunder including the allotment and issuance of the Consideration Shares;
- (v) compliance by the Company of any applicable laws of Cayman Islands;
- (vi) change of name of the Target Company to eliminate the word "Genting"; and
- (vii) the representations, warranties and undertakings contained in the Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Agreement and the date of Completion.

The Company shall have the right to waive conditions (i) or (vii) above. Save as aforesaid, if the conditions precedent as set out in the Agreement have not been fulfilled (or, where applicable, waived by the Company) on or before the Long Stop Date, then the Agreement shall cease and determine and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

## **Completion**

Completion shall take place within ten Business Days after fulfillment or waiver of all the Conditions.

## **Consideration Shares**

Subject to satisfaction of the Conditions, a total of 66,666,000 Consideration Shares will be issued at an issue price of HK\$0.3, which:

- (i) represents a premium of approximately 11.11% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a premium of approximately 15.38% to the average closing price per Share of approximately HK\$0.26 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) represents a premium of approximately 18.11% to the average closing price per Share of approximately HK\$0.254 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) represents a premium of approximately 525% to the net asset value per Share of approximately HK\$0.048 based on the unaudited financial statements of the Group as at 28 February 2011.

The Consideration Shares represent approximately:

- (i) 3.13% of the existing issued share capital of the Company; and
- (ii) 3.03% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The total nominal value of the Consideration Shares is HK\$1,666,650. The issuance of the Consideration Shares will be applied in satisfaction of HK\$19,999,800 out of the Consideration, with a net price per Consideration Share of HK\$0.3. The Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls on or after the date of such issuance and allotment.

## **General Mandate**

The Consideration Shares will be issued pursuant to the general mandate which was refreshed by a resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 31 January 2011, pursuant to which, the Directors are allowed to allot and issue a total of 426,240,000 Shares. As at the date of this announcement, no part of the refreshed general mandate has been utilized by the Directors.

## **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

## Post-Completion Obligations of the Vendor

- (i) The Vendor undertakes to the Company that the Petroleum Contract shall be in full force and effect for a period of 25 years, until the year 2024.
- (ii) The Vendor undertakes to procure that the Target Company shall declare and pay dividends for all the profits of the Company for each financial year.

## SHAREHOLDING STRUCTURE

For illustrative purpose, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of all the Consideration Shares, which are prepared on the assumptions that there would be no changes in the issued share capital of the Company from the date of this announcement to the date of issuance of all the Consideration Shares:

	As at the date of this announcement		Immediately after the allotment and issuance of all Consideration Shares	
	Number of Shares	Approx. %	Number of Shares	Approx. %
China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司) <sup>(1)</sup>	1,080,000,000	50.68	1,080,000,000	49.14
Tang Hao	155,200,000	7.28	155,000,000	7.06
Greater China Special Value Fund <sup>(2)</sup>	123,200,000	5.78	123,200,000	5.61
Sub-total	<u>1,358,400,000</u>	<u>63.74</u>	<u>1,358,400,000</u>	<u>61.81</u>
Public Shareholders				
The Vendor or its nominee	–	–	66,666,000	3.03
Other shareholders	<u>772,800,000</u>	<u>36.26</u>	<u>772,800,000</u>	<u>35.16</u>
Sub-total of public Shareholders	<u>772,800,000</u>	<u>36.26</u>	<u>839,466,000</u>	<u>38.19</u>
Total:	<u><u>2,131,200,000</u></u>	<u><u>100.00</u></u>	<u><u>2,197,866,000</u></u>	<u><u>100.00</u></u>

### Notes:

- (1) These Shares were registered in the name of and were beneficially owned by China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司) (“TDX”), a company in which Mr. Mung Kin Keung (“Mr. Mung”) holds 99.99% equity interests. Therefore, Mr. Mung, an executive director and the chairman of the Company, is deemed to have an interest in the Shares in which TDX is interested.
- (2) Mr. Michael Stockford, an executive director of the Company, is a director of Greater China Special Value Fund (the “Fund”) and a director of the investment manager of the Fund.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Apart from the fund raising activity mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the date of this announcement.

<b>Date of Announcement</b>	<b>Fund raising activity</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
14 October 2010	Issue of 355,200,000 subscription Shares at the subscription price of HK\$0.125 per Share	Approximately HK\$44.37 million for general working capital and future investment purpose	Approximately HK\$14 million was retained as general working capital and approximately HK\$30.37 million was reserved for future investment of the Group as at the date of this announcement

## **INFORMATION ON THE COMPANY**

The Company is an investment holding company listed under chapter 21 of the Listing Rules. The Group principally invests in listed and unlisted companies in Hong Kong and other parts of the PRC.

## **INFORMATION ON THE VENDOR**

The Vendor is a limited company incorporated in Hong Kong on 11 April 1996. The principal activity of the Vendor is investment holding.

## **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited company incorporated in the Isle of Man on 19 June 1997 and is principally engaged in the business of oil & gas development and production. In 1999, the Target Company signed the Petroleum Contract with China Petrochemical Corporation (“Sinopec”) for the development of the Zhuangxi Buried Hill Oilfield (“ZBH Oilfield”) of Shengli in Shandong Province, the PRC under which the Target Company is entitled to operate the ZBH Oilfield and share the oil production with Sinopec. The Target Company maintains a field office in Dongying City, Shandong which is dedicated to running of the ZBH Oilfield. The term of the Petroleum Contract is 25 years, until the year 2024.

## Financial Information

Set out below is some financial information of the Target Company:

	<b>For the year ended 31 December 2010 (unaudited) RMB'000</b>	For the year ended 31 December 2009 (audited) RMB'000
Revenue	<b>257,084</b>	277,856
Profit before tax	<b>37,610</b>	91,235
Profit after tax	<b>27,842</b>	68,362

As at 31 December 2010, the unaudited total asset value and net asset value of the Target Company was approximately RMB520.5 million (equivalent to approximately HK\$619.4 million) and RMB435.1 million (equivalent to approximately HK\$517.8 million) respectively.

As at 31 December 2009, the audited total asset value and net asset value of the Target Company was approximately RMB659.9 million (equivalent to approximately HK\$785.3 million) and RMB591.4 million (equivalent to approximately HK\$703.8 million) respectively.

## REASONS FOR THE ACQUISITION

The Company is an investment holding company listed under chapter 21 of the Listing Rules. The Group principally invests in listed and unlisted companies in Hong Kong and other parts of the PRC.

The Company is actively exploring opportunities to expand its investment horizon and to enhance the investment returns of the Group and its Shareholders as a whole.

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to broaden its source of income. In light of the increase in oil prices from the second half of 2010 onwards, the Directors are optimistic about the future prospects of oil. The Directors consider that the Acquisition can broaden the income base of the Group, and thereby enhancing the Group's future financial performance and profitability.

The investment in the Target Company will be treated as an investment in the financial statements of the Company.

## LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules, which is subject to notification, publication and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, no Shareholders had an interest in the Agreement and therefore no Shareholder is required to abstain from voting on the proposed resolution approving the Acquisition at the EGM if convened.



A Shareholder, namely China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), holding 1,080,000,000 Shares representing approximately 50.68% of the total issued share capital in the Company, has indicated that it will give a written Shareholder's approval of the Acquisition and the transactions contemplated thereunder which may be accepted in lieu of holding of an EGM pursuant to Rule 14.44 of the Listing Rules and in such case, no EGM will be convened for approval of the Acquisition.

## **GENERAL**

A circular containing, among other things, further details of the Acquisition and a notice of the EGM (if applicable), will be dispatched to the Shareholders as soon as practicable and in accordance with the requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement entered into between the Company and the Vendor dated 13 April 2011 in respect of the Acquisition
“Board”	the board of Directors
“Business Days”	days on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	Mastermind Capital Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Conditions”	the conditions precedent for completion of the Agreement
“Consideration”	consideration for acquisition of the Sale Shares under the Agreement
“Consideration Shares”	66,666,000 new Shares to be allotted and issued to the Vendor as part of the Consideration pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company, if convened, to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	such person who is independent of and not connected nor acting in concert with the Directors, chief executive or substantial shareholders of the Group, or any of their respective associates, or parties acting in concert with any of them



“Last Trading Day”	13 April 2011, being the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	1 August 2011, or such later date as the relevant parties to the Agreement may agree in writing
“Petroleum Contract”	the Petroleum Contract entered into between China Petrochemical Corporation and the Target Company for the enhanced oil recovery in the Zhuangxi Buried Hill Oil Field of Shengli of the PRC dated 2 July 1999
“PRC”	the People’s Republic of China
“Sale Shares”	7 shares of US\$1.00 each in the issued share capital of the Target Company, representing 7% of the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) having a par value of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Genting Oil & Gas (China) Limited, a company incorporated under the laws of the Isle of Man with limited liability
“Vendor”	Parkdale Limited, a company incorporated in Hong Kong with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.19. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 13 April 2011

*As at the date of this announcement, the Board comprises of six executive directors, namely, 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 (formerly known as Mung Chiu Yu, Alan) and three independent non-executive directors, namely, Mr. Lo Tak Kin, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee.*