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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



金利豐證券

KINGSTON SECURITIES

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 31 March 2014 (after trading hours), the Vendor, the Company and Placing Agent entered into the Placing and Subscription Agreement pursuant to which the Vendor agreed to place, through the Placing Agent on a best effort basis, up to an aggregate of 400,000,000 existing Shares to not fewer than six Placees who and whose ultimate beneficial owners shall be third parties independent of the Vendor and the Company and connected persons of the Vendor and the Company and shall not be parties to be acting in concert with the Vendor and their concert parties or any of the director(s), chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates for the purposes of the Takeovers Code at a price of HK\$0.10 per Placing Share.

Pursuant to the Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for up to an aggregate of 400,000,000 Subscription Shares, equal to the number of Placing Shares which will be placed under the Placing, at a price of HK\$0.10 per Subscription Share.

The Placing Price (or the Subscription Price) of HK\$0.10 per Placing Share represents (a) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a discount of approximately 16.39% to the average closing price of HK\$0.1196 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The maximum number of 400,000,000 Placing Shares represents (i) approximately 18.20% of the existing issued share capital of the Company of 2,197,866,000 Shares; and (ii) approximately 15.40% of the issued share capital of the Company of 2,597,866,000 Shares as enlarged by the issue of the 400,000,000 Subscription Shares.

* For identification purposes only

The number of Subscription Shares is equivalent to the number of Placing Shares successfully placed by the Placing Agent, being the maximum number of 400,000,000 new Shares (nominal value being HK\$10,000,000).

DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

As a result of the Placing, if the maximum number of the Placing Shares are placed in full, the aggregate percentage shareholding of the Vendor and parties acting in concert with it will be reduced from approximately 35.49% to approximately 17.29%, and as a result of the Subscription, their aggregate percentage shareholding will be increased from approximately 17.29% to approximately 30.02%. An application will be made to the Executive for granting of the Waiver to make a mandatory general offer for all of the issued Shares other than those already owned by the Vendor and parties acting in concert with it under Note 6 of the Notes on dispensations from Rule 26 of the Takeovers Code. As stated above, completion of the Subscription will be subject to the granting of the Waiver by the Executive to the Vendor and none of the conditions for the Subscription can be waived by the parties to the Placing and Subscription Agreement.

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

The Placing and Subscription Agreement

Date:

31 March 2014

Parties:

The Vendor, the Company and the Placing Agent

As at the date of this announcement, the Vendor held 780,000,000 Shares, representing approximately 35.49% of the existing issued share capital of the Company of 2,197,866,000 Shares. The Vendor is beneficially owned by Mr. Mung Kin Keung, the chairman and the executive Director.

The Placing

Number of Placing Shares

The maximum number of 400,000,000 Placing Shares represents (i) approximately 18.20% of the existing issued share capital of the Company of 2,197,866,000 Shares; and (ii) approximately 15.40% of the issued share capital of the Company of 2,597,866,000 Shares as enlarged by the issue of the 400,000,000 Subscription Shares.

Placing agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

The Placing Agent will be entitled to receive a placing agent commission of 3.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares, which was arrived at after arm's length negotiation between the Company and the Placing Agent.

Placees

The Placing Agent has agreed to place the Placing Shares, on a best effort basis, to not fewer than six Placees. The Placees and their ultimate beneficial owners shall be third parties independent of the Vendor and the Company and the connected persons of the Vendor and the Company and shall not be parties to be acting in concert with the Vendor and their concert parties or any of the director(s), chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates for the purposes of the Takeovers Code.

In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the Listing Rules. It is a term of the Placing and Subscription Agreement that none of the Placees shall become a substantial Shareholder upon completion of the Placing.

Placing Price

The Placing Price (or the Subscription Price) of HK\$0.10 per Placing Share represents (a) a discount of approximately 16.67% to the closing price of HK\$0.120 per Share as quoted on the Stock Exchange on the Last Trading Day; and (b) a discount of approximately 16.39% to the average closing price of HK\$0.1196 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing and Subscription Agreement with reference to the prevailing market price of the Shares. The Directors are of the view that the Placing Price is fair and reasonable.

Ranking of Placing Shares

The Placing Shares rank pari passu in all respects with all Shares in issue as at the date of this announcement.

Condition of the Placing

The Placing is unconditional and shall be completed on or before the fourth Business Day following the date of this announcement or such other date as the Vendor and the Placing Agent shall agree.

Termination

The Placing Agent reserves its right to terminate the arrangements set out in the Placing and Subscription Agreement by notice in writing prior to 10:00 a.m. on the fourth Business Day following the date of this announcement (or such other date as the Vendor and the Placing Agent shall agree), if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a “force majeure event” refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Vendor or the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

The Subscription

Number of Subscription Shares

The number of Subscription Shares is equivalent to the number of Placing Shares successfully placed by the Placing Agent, being the maximum number of 400,000,000 new Shares (nominal value being HK\$10,000,000).

The Subscription Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 439,573,200 new Shares (up to 20% of the issued share capital of the Company as at the date of the annual general meeting held on 21 June 2013 (the “AGM”). The number of issued Shares as at the date of the AGM was 2,197,866,000. The General Mandate has not been utilised as at the date of this announcement and the total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 439,573,200 new Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm’s length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company will pay the costs and expenses of the Placing and Subscription. The net price to the Company of each Subscription Share is approximately HK\$0.096. The Directors are of the view that the Subscription Price is fair and reasonable.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects with all Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription

The Subscription is conditional upon (a) the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; (b) the completion of the Placing; (c) the grant of the Waiver by the Executive; and (d) the Cayman Islands Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

An application will be made to the Executive for the granting of the Waiver. The Placing and Subscription Agreement has not provided for the right of the parties to waive the above conditions.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

The allotment and issue of the Subscription Shares will be issued under the General Mandate and are not subject to additional Shareholders' approval.

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Subscription must be completed within 14 days after the date of the Placing and Subscription Agreement, that is, on or before 14 April 2014.

If completion of the Subscription does not take place on or before 14 April 2014, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the publication of a separate announcement and the approval of the independent Shareholders.

Reason for the Placing and Subscription

The gross proceeds from the Placing will be approximately HK\$40 million. The net proceeds of approximately HK\$38.5 million from the Placing is intended to be used for new investment of the Company. As at the date of this announcement, no investment has been identified by the Board.

In view of the Placing and Subscription would increase the amount of Shares held by potential investors that optimize and diversify the shareholder base of the Company and to enhance the financial position of the Company for future investment, the Directors consider that the terms of the Placing and Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Effects on the shareholding structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing and Subscription are set out as below:

	As at the date of this announcement		Upon completion of the Placing but before the Subscription		Upon completion of the Placing and Subscription	
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
The Vendor	780,000,000	35.49	380,000,000	17.29	780,000,000	30.02
Link Chance Investment (Hong Kong) Limited	300,000,000	13.65	300,000,000	13.65	300,000,000	11.55
Tao Jie	183,950,000	8.37	183,950,000	8.37	183,950,000	7.08
The Placing Agent and/or subscribers procure by it (<i>Note</i>)	–	0.00	400,000,000	18.20	400,000,000	15.40
Other Shareholders	<u>933,916,000</u>	<u>42.49</u>	<u>933,916,000</u>	<u>42.49</u>	<u>933,916,000</u>	<u>35.95</u>
Total	<u><u>2,197,866,000</u></u>	<u><u>100.00</u></u>	<u><u>2,197,866,000</u></u>	<u><u>100.00</u></u>	<u><u>2,597,866,000</u></u>	<u><u>100.00</u></u>

Note:

It is expected that no Placees will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing and Subscription.

Fund raising exercises of the Company

The Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

As a result of the Placing, if the maximum number of the Placing Shares are placed in full, the aggregate percentage shareholding of the Vendor and parties acting in concert with it will be reduced from approximately 35.49% to approximately 17.29%, and as a result of the Subscription, their aggregate percentage shareholding will be increased from approximately 17.29% to approximately 30.02%. An application will be made to the Executive for granting of the Waiver to make a mandatory general offer for all of the issued Shares other than those already owned by the Vendor and parties acting in concert with it under Note 6 of the Notes on dispensations from Rule 26 of the Takeovers Code. As stated above, completion of the Subscription will be subject to the granting of the Waiver by the Executive to the Vendor and none of the conditions for the Subscription can be waived by the parties to the Placing and Subscription Agreement.

GENERAL

The principal activity of the Company is to act as an investment holding company. The Group principally invests in listed and unlisted companies.

Shareholders and potential investors should note that the completion of the Placing and Subscription are subject to the conditions under the Placing and Subscription Agreement to be fulfilled. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Mastermind Capital Limited (慧德投資有限公司*), a company incorporated in Cayman Islands with limited liability and issued Shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 21 June 2013, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

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“Last Trading Day”	31 March 2014, being the date of the Placing and Subscription Agreement, which is a Stock Exchange trading day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to purchase for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of up to an aggregate of 400,000,000 Placing Shares by the Placing Agent, on best effort basis, pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to act as the placing agent pursuant to the Placing and Subscription Agreement
“Placing and Subscription”	the Placing and the Subscription
“Placing and Subscription Agreement”	the placing and subscription agreement dated 31 March 2014 entered into between the Vendor, the Company and the Placing Agent in relation to the Placing and Subscription
“Placing Price”	HK\$0.10 per Placing Share
“Placing Share(s)”	up to 400,000,000 existing Shares beneficially owned by the Vendor and to be placed by the Placing Agent pursuant to terms of the Placing and Subscription Agreement
“Share(s)”	the ordinary share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 400,000,000 Subscription Shares by the Vendor pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Share(s)”	up to 400,000,000 new Shares to be subscribed for by the Vendor pursuant to the terms of the Placing and Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Vendor”	China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), a company beneficially owned by Mr. Mung Kin Keung, the chairman and the executive Director, and a substantial Shareholder holding 780,000,000 Shares, representing approximately 35.49% of the existing issued share capital of the Company as at the date of the Placing and Subscription Agreement
“Waiver”	a waiver application made to the Executive pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code of the obligations on the Vendor and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code for all securities of the Company other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the allotment and issue of the Subscription Shares
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Mastermind Capital Limited
Ha Wing Ho, Peter
Executive Director

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises of five executive directors, namely, Mr. Mung Kin Keung (Chairman), Mr. Ha Wing Ho, Peter, Mr. Chee Man Sang, Eric, Mr. Michael Stockford and Mr. Mung Bun Man, Alan; and three independent non-executive directors, namely, Mr. Lo Tak Kin, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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.