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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 AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 7% EQUITY INTEREST IN GOGC PETROLEUM (CHINA) LIMITED AND RESUMPTION OF TRADING

THE DISPOSAL AGREEMENT

The Board announces that on 19 November 2014 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being 7% equity interest in the Target Company, at a cash consideration of HK\$29,837,500.

The Consideration is HK\$29,837,500, which shall be payable by the Purchaser to the Vendor in the following manner:

- (i) as to HK\$3,500,000 payable in cash as refundable deposit within 7 days from the date of the Disposal Agreement, which shall be applied as part of the Consideration upon Completion; and
- (ii) as to the remaining balance of HK\$26,337,500 payable in cash on the Completion Date.

* For identification purposes only

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceeds 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Asia Pacific has entered into the non-legally binding MOU with the Purchaser pursuant to which Asia Pacific proposed to sell and the Purchaser proposed to purchase 93% equity interest in the Target Company at a consideration of HK\$396,412,500. Mr. Mung Kin Keung owns the entire issued share capital of Asia Pacific and is an executive Director and a substantial Shareholder. Therefore, Mr. Mung Kin Keung is a connected person of the Company. Asia Pacific, being an associate of Mr. Mung Kin Keung, is also a connected person of the Company.

Since the Disposal Agreement and the MOU were entered into with the same Purchaser and related to the same subject matter, i.e. the equity interest in the Target Company, the Disposal Agreement and the MOU fall under the circumstances described in Rule 14A.20(1) of the Listing Rules. As such, the Purchaser is a "deemed connected person" of the Company in respect of the Disposal Agreement pursuant to the same rule.

Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

GENERAL

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Disposal. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Disposal; (iii) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 12 December 2014 in accordance with the Listing Rules.

Mr. Mung King Keung and his associates including Mr. Alan Mung and Asia Pacific are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution(s) proposed to be passed at the EGM for approving the Disposal and the transactions contemplated thereunder.

As the Disposal is subject to a number of conditions precedent, the Disposal may or may not become unconditional or be completed, Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN THE SHARES

Trading of the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on Thursday, 20 November 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Monday, 24 November 2014.

The Board announces that on 19 November 2014 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being 7% equity interest in the Target Company, at a cash consideration of HK\$29,837,500. The principal terms and conditions of the Disposal Agreement are set out below:

THE DISPOSAL AGREEMENT

Date: 19 November 2014 (after trading hours)

Parties: Billion City Investment Limited as the Vendor

Mr. Han Jinfeng as the Purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party. However, as explained in the section headed "Listing Rules Implications" below, the Purchaser is a deemed connected person of the Company in respect of the Disposal Agreement pursuant to Rule 14A.20(1) of the Listing Rules.

Assets to be disposed

Pursuant to the Disposal Agreement, the Purchaser has conditionally agreed to purchase from the Vendor the Sale Shares (representing 7% equity interest in the Target Company), free from all encumbrances and together with all rights attaching thereto including the right to all dividends declared, made or paid in respect thereof after 1 November 2014.

Consideration

The Consideration is HK\$29,837,500, which shall be payable by the Purchaser to the Vendor in the following manner:

- (i) as to HK\$3,500,000 payable in cash as refundable deposit within 7 days from the date of the Disposal Agreement, which shall be applied as part of the Consideration upon Completion; and
- (ii) as to the remaining balance of HK\$26,337,500 payable in cash on the Completion Date.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, among other things, the carrying value of the Sale Shares as at 30 September 2014 and the historical financial performance of the Target Company including its profitability for the two years ended 31 December 2012 and 31 December 2013.

Conditions precedent

Completion shall be conditional upon satisfaction or waiver as applicable of each of the following conditions precedent:

- (i) the Purchaser being satisfied with the due diligence review of the assets, liabilities, operation and business of the Target Company;
- (ii) if required, the passing by the Independent Shareholders at the EGM of relevant ordinary resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder;
- (iii) all necessary consent and approval which are necessary in connection with the Disposal having been obtained by the Vendor;
- (iv) the warranties given by the Vendor as set out in the Disposal Agreement remaining true and accurate in all respects and are not misleading on or at the date of Completion; and
- (v) the warranties given by the Purchaser as set out in the Disposal Agreement remaining true and accurate in all respects and are not misleading on or at the date of Completion.

The Purchaser may at any time waive in whole or in part all or any of the conditions precedent (i) and (iv) by notice in writing to the Vendor while the Vendor may at any time waive in whole or in part all or any of the conditions precedent (v) by notice in writing to the Purchaser. Save for the above, all the other conditions precedent are not capable of being waived. If any of the conditions precedent has not been satisfied (or as the case may be, waived by the Purchaser and/or the Vendor) at or before 12:00 noon on the Long Stop Date (or such later date as may be agreed between the parties in writing), the Vendor shall return the Refundable Deposit without interest in cash to the Purchaser immediately, and the Disposal Agreement shall cease and determine (save and except for clauses relating confidentiality, notice, costs and expenses and governing laws which shall continue to have full force and effect) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place after all the conditions precedent of the Disposal Agreement are satisfied in full (or as the case may be, waived by the Purchaser and/or the Vendor).

Upon Completion, the Company will cease to have any interests in the Target Company and it will no longer be recorded as an investment in the financial statements of the Company.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the Isle of Man and is owned as to 93% by Asia Pacific and as to 7% by the Vendor. The Target Company is principally engaged in the application of enhanced oil recovery in Zhuangxi Buried Hill Oil Field which is located in Shengli Oil Field region of Shandong Province, the PRC.

The Company acquired the Sale Shares from an Independent Third Party in 2011 at the consideration of approximately HK\$20 million which was satisfied as to HK\$200 in cash and as to the balance by issuing consideration shares with fair value of approximately HK\$13,467,000.

Set out below is the audited financial information of the Target Company for the financial years ended 31 December 2012 and 31 December 2013 and the unaudited financial information of the Target Company for the nine months ended 30 September 2014:

	For the year ended		For the
	31 December		nine months
	2012	2013	ended
	<i>Approximately</i>	<i>Approximately</i>	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	2014
	(audited)	(audited)	<i>Approximately</i>
			<i>RMB'000</i>
			(Unaudited)
Revenue	241,469	234,160	163,309
Profit/(loss) before tax	(5,972)	118	(1,459)
Profit/(loss) after tax	(6,494)	88	(1,430)
Total assets	744,752	768,935	797,320
Total liabilities	110,590	134,685	164,499
Net assets	634,162	634,251	632,821

FINANCIAL EFFECT OF THE DISPOSAL

As at 31 December 2013, the Sale Shares carried a book value of approximately HK\$8.1 million in the audited consolidated financial statements of the Company.

Upon Completion, the Company will record a gain of approximately HK\$21.7 million from the Disposal, which is calculated based on the difference between the Consideration and the book value of the Sale Shares in the audited consolidated financial statement of the Company as at 31 December 2013.

USE OF PROCEEDS

The gross proceeds from the Disposal will be approximately HK\$29.8 million. The net proceeds of approximately HK\$29.0 million from the Disposal is intended to be used for new investment of the Company and/or general working capital purpose. As at the date of this announcement, no investment target has been identified by the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is to act as an investment holding company. The Group principally invests in listed and unlisted companies in Hong Kong and in 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 the Disposal provides a good opportunity to the Group to realise its investment in the Target Company so that the Group may utilize its fund for other investment opportunities which could be beneficial to the interests of the Group and the Shareholders as a whole.

Based on the above, the Directors (excluding the independent non-executive Directors whose view will be included in the circular after taken into account the advice from the independent financial adviser) consider that the Disposal is on normal commercial terms and the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Given that Mr. Mung Kin Keung and Mr. Alan Mung (being an associate of Mr. Mung Kin Keung) have a material interest in the Disposal as explained in the section headed “Listing Rules Implications” below, they have, therefore, abstained from voting in respect of the relevant Board resolution approving the Disposal and the transaction contemplated thereunder. Save for Mr. Mung Kin Keung and Mr. Alan Mung, none of the Directors has any material interests in the Disposal and was not required to abstain from voting on the Board resolutions approving the Disposal and the transaction contemplated thereunder.

IMPLICATION OF THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the Disposal exceeds 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Asia Pacific has entered into the non-legally binding MOU with the Purchaser pursuant to which Asia Pacific proposed to sell and the Purchaser proposed to purchase 93% equity interest in the Target Company at a consideration of HK\$396,412,500. Mr. Mung Kin Keung owns the entire issued share capital of Asia Pacific and is an executive Director and a substantial Shareholder. Therefore, Mr. Mung Kin Keung is a connected person of the Company. Asia Pacific, being an associate of Mr. Mung Kin Keung, is also a connected person of the Company.

Since the Disposal Agreement and the MOU were entered into with the same Purchaser and related to the same subject matter, i.e. the equity interest in the Target Company, the Disposal Agreement and the MOU fall under the circumstances described in Rule 14A.20(1) of the Listing Rules. As such, the Purchaser is a “deemed connected person” of the Company in respect of the Disposal Agreement pursuant to the same rule.

Accordingly, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirements thereunder.

GENERAL

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Disposal. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

A circular containing, among other things, (i) further details of the Disposal; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Disposal; (iii) a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 12 December 2014 in accordance with the Listing Rules.

Mr. Mung King Keung and his associates including Mr. Alan Mung and Asia Pacific are regarded as having material interest in the Disposal and therefore they are required to abstain from voting on the resolution(s) proposed to be passed at the EGM for approving the Disposal and the transactions contemplated thereunder.

As the Disposal is subject to a number of conditions precedent, the Disposal may or may not become unconditional or be completed, Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading of the Shares on the Stock Exchange was halted at the request of the Company with effect from 9:00 a.m. on Thursday, 20 November 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Monday, 24 November 2014.

DEFINITIONS

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

“Asia Pacific”	Asia Pacific Resources Group Company Limited (亞太資源集團有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Mung Kin Keung
“Asia Pacific’s Disposal”	the possible disposal of the 93% equity interest in the Target Company by Asia Pacific as contemplated under the MOU
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for normal banking business throughout their normal business hours (excluding a Saturday, Sunday or public holiday)
“Company”	Mastermind Capital Limited (慧德投資有限公司*), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Disposal
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Shares, being HK\$29,837,500 payable by the Purchaser to the Vendor
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of 7% equity interest in the Target Company by the Vendor pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 19 November 2014 (after trading hours) entered into between the Vendor and the Purchaser in relation to the Disposal
“EGM”	the extraordinary general meeting to be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company to be formed by all the independent non-executive Directors, namely Messrs. Man Kong Yui, Fung Wai Ching and Poon Wai Hoi, Percy to advise the Independent Shareholders in respect of the Disposal

“Independent Shareholders”	Shareholders other than Mr. Mung Kin Keung and his respective associates including Mr. Alan Mung and Asia Pacific, who are required by the Listing Rules to abstain from voting on the resolutions approving the Disposal pursuant to the Disposal Agreement and the transactions contemplated thereunder
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	16 January 2015 or such later date as the parties to the Disposal Agreement may mutually agree
“MOU”	the non-legally binding memorandum of understanding dated 19 November 2014 entered into between Asia Pacific, and the Purchaser setting out preliminary understanding in relation to the Asia Pacific’s Disposal
“Mr. Alan Mung”	Mr. Mung Bun Man, Alan, an executive Director
“Mr. Mung Kin Keung”	Mr. Mung Kin Keung, an executive Director, the Chairman and a substantial Shareholder of the Company
“PRC”	The People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Mr. Han Jinfeng
“Sale Shares”	7 issued shares of US\$1.00 each of the Target Company, representing 7% of the equity interest of the Target Company

“Share(s)”	the ordinary share(s) of HK\$0.25 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
“Target Company”	GOGC Petroleum (China) Limited (雲頂石油天然氣(中國)有限公司), a company incorporated in Isle of Man which is owned as to 93% by Asia Pacific and 7% by Billion City
“Vendor”	Billion City Investment Limited (兆都投資有限公司), a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 21 November 2014

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. MUNG Kin Keung (Chairman) and Mr. MUNG Bun Man, Alan; and three independent non-executive Directors, namely, Mr. MAN Kong Yui, Mr. FUNG Wai Ching and Mr. POON Wai Hoi, Percy.