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GLOBAL MASTERMIND CAPITAL LIMITED

環球大通投資有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

2017 INTERIM RESULTS ANNOUNCEMENT

The board (the “Board”) of directors (the “Directors”) of Global Mastermind Capital Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	968	1,474
Other income	5	98	69
Gain/(loss) arising in change in fair value of financial assets at fair value through profit or loss classified as held for trading investment		4,338	(60,892)
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		(21,532)	(2,500)
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets		460	402
Administrative expenses and other operating expenses		(11,349)	(13,746)
Finance costs	6	(384)	(3,240)

* For identification purposes only

	<i>Note</i>	Six months ended 30 June	
		2017	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss before income tax	7	(27,401)	(78,433)
Income tax expense	8	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company		<u>(27,401)</u>	<u>(78,433)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		(16,673)	(58,315)
Reclassification adjustments relating to available-for-sale financial assets disposed of		(460)	(402)
Reclassification adjustments relating to available-for-sale financial assets impaired of		<u>21,532</u>	<u>2,500</u>
Other comprehensive income/(loss) for the period		<u>4,399</u>	<u>(56,217)</u>
Total comprehensive loss for the period attributable to owners of the Company		<u>(23,002)</u>	<u>(134,650)</u>
Loss per share	9		
Basic and diluted (<i>HK cent(s)</i>)		<u>(3.91)</u>	<u>(19.84)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,007	2,308
Intangible assets		5,785	5,785
Deposit paid for investment		–	904
Available-for-sale financial assets		142,009	138,627
		149,801	147,624
Current assets			
Prepayments		244	125
Other receivables		30,702	36
Deposits paid		25	37
Financial assets at fair value through profit or loss		304,952	393,821
Cash and cash equivalents		9,288	7,016
		345,211	401,035
Current liabilities			
Accruals and other payables		6,611	37,115
Loan from a director	10	10,000	10,000
Obligation under a finance lease		327	323
		16,938	47,438
Net current assets		328,273	353,597
Total assets less current liabilities		478,074	501,221
Non-current liabilities			
Obligation under a finance lease		27	192
Other financial liability – non-convertible bond		9,845	9,825
		9,872	10,017
Net assets		468,202	491,204
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		7,003	7,003
Reserves		461,199	484,201
Total equity		468,202	491,204
Net asset value per share (HK\$)		0.67	0.70

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was domiciled in Hong Kong and incorporated in the Cayman Islands on 21 April 1998, as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. On 21 December 2015 (Bermuda time) (or 22 December 2015 (Hong Kong time)), the Company has been deregistered in the Cayman Islands and continued in Bermuda as an exempted company under the Companies Act 1981 of Bermuda. 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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is situated at Unit 3107, 31/F, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

The principal activities of the Company and its subsidiaries (the "Group") include the investments in listed and unlisted companies.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 (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 "HKICPA"). 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 2016 annual financial statements.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 31 December 2016.

The Interim Financial Statements are presented in Hong Kong dollar and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in 2016 annual financial statements, except for the impact of the application of the new and amendments to Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and Interpretations (collectively referred to as the “new and amendments to HKFRSs”) described below.

In the current period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial period beginning from 1 January 2017. A summary of the new and amendments to HKFRSs adopted by the Group is set out as follows:

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle

The adoption of the new and amendments to HKFRSs has no significant effect on the Interim Financial Statements for the current or prior periods.

The Group has not applied any new and amendments to HKFRSs that have been issued but not yet effective for the current accounting period.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company’s executive directors. The Group’s principal activity is investment in listed and unlisted companies. The executive directors regard it as a single business segment and no segment information is presented.

4. REVENUE

	Six months ended 30 June	
	2017 <i>HK\$’000</i> (Unaudited)	2016 <i>HK\$’000</i> (Unaudited)
Dividend income	412	1,158
Interest income	556	316
	<u>968</u>	<u>1,474</u>

5. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net foreign exchange gain	24	–
Others	74	69
	<u>98</u>	<u>69</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Unsecured loan	–	3,037
Other financial liability		
– non-convertible bond	119	119
Finance lease	6	11
Other interest expenses to financial institution	259	73
	<u>384</u>	<u>3,240</u>

7. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Exchange loss	–	360
Directors' remuneration	4,053	3,990
Depreciation of property, plant and equipment	288	203
Loss on write-off of items of property, plant and equipment	17	–
Staff costs	2,881	2,463
Operating lease charges on an office premise	17	860
	<u>17</u>	<u>860</u>

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2017 and 30 June 2016. The People's Republic of China (the "PRC") subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 June 2017 and 30 June 2016.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2017 and 30 June 2016 as the Group had no assessable profit arising in or derived from Hong Kong.

No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2017 and 30 June 2016 as the Group had no assessable profit arising in or derived from PRC.

9. LOSS PER SHARE

The computations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	<u>(27,401)</u>	<u>(78,433)</u>
	2017	2016
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>700,334</u>	<u>395,318</u>

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 June 2017 and 30 June 2016, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for both periods.

10. LOAN FROM A DIRECTOR

On 30 November 2016, Mr. Mung Kin Keung ("Mr. Mung"), a director and shareholder of the Company, as a lender, and the Group, as a borrower, entered into a loan agreement pursuant to which Mr. Mung has agreed to grant a loan (the "Loan") to the Group with the amount of HK\$10,000,000. During the year ended 31 December 2016, the Group drawn down a Loan with the amount of HK\$10,000,000. The Loan is constituted as a connect transaction of the Company which fully exempted from shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

The Loan is unsecured, interest free and repayable on demand.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the six months ended 30 June 2017, the Group recorded a loss attributable to owners of the Company of approximately HK\$27,401,000, compared to a loss attributable to owners of the Company of approximately HK\$78,433,000 in the corresponding period of 2016. Such decrease was mainly attributable to (i) change from loss arising in change in fair value of financial assets at fair value through profit or loss classified as held for trading investment of approximately HK\$60,892,000 for the six months ended 30 June 2016 to gain arising in change in fair value of financial assets at fair value through profit or loss classified as held for trading investment of approximately HK\$4,338,000 for the six months ended 30 June 2017; (ii) the decrease in finance costs of approximately HK\$2,856,000; and (iii) the decrease in the administrative expenses and other operating expenses approximately HK\$2,397,000 which partly offset the increase in impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss of approximately HK\$19,032,000.

Investment review

As at 30 June 2017, the major investments of the Group were approximately HK\$404,597,000 of a portfolio of listed equity and debt securities and approximately HK\$42,364,000 of direct investment in unlisted securities. The investment portfolio of the Group mainly comprises equity securities mainly in Hong Kong, Canada and the United States of America.

Dividend from listed equity investments during the six months ended 30 June 2017 was approximately HK\$556,000. Interest income from debt securities during the six months ended 30 June 2017 was approximately HK\$412,000.

Liquidity and Financial Resources

As at 30 June 2017, the Group had cash and cash equivalents approximately HK\$9,288,000 (as at 31 December 2016: approximately HK\$7,016,000).

As at 30 June 2017, the Group had other financial liability, obligation under finance lease and loan from a director of approximately HK\$9,845,000 (as at 31 December 2016: approximately HK\$9,825,000), approximately HK\$354,000 (as at 31 December 2016: approximately HK\$515,000) and approximately HK\$10,000,000 (as at 31 December 2016: approximately HK\$10,000,000) respectively.

The gearing ratio (borrowings/total equity) as at 30 June 2017 was 4.4% (as at 31 December 2016: 4.1%). Borrowings included other financial liability, obligation under finance lease and unsecured loan.

As at 30 June 2017, the Group had net current assets of approximately HK\$328,273,000, as compared to approximately HK\$353,597,000 as at 31 December 2016.

As at 30 June 2017, the current ratio of the Group was 20.38 compared to 8.45 as at 31 December 2016.

Charges on assets

As at 30 June 2017, there were no charges on the Group's assets (as at 31 December 2016: Nil).

Capital commitment and contingent liabilities

As at 30 June 2017 and 31 December 2016, 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.

Share Capital and Capital Structure

As at 30 June 2017, the Company had 700,333,925 shares of HK\$0.01 each in issue (31 December 2016: 700,333,925 shares).

Material Acquisitions and Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2017.

Staff costs

As at 30 June 2017, head count of the Group was 16 (as at 30 June 2016: 17) employees. The Group's total staff costs (including directors' emoluments) for the six months ended 30 June 2017 amounted to approximately HK\$6,934,000 (six months ended 30 June 2016: approximately HK\$6,453,000).

Prospects

We believe that Hong Kong's market is currently in a bull market, however, we believe that it will be short lived. The current pricing had reflected the significant improvement companies had made in the second half of 2016, and a rising commodity prices. However, with a tightening monetary policy, we believe valuation will become more attractive in the short future.

The board had decided to stay focused on identifying companies that are undervalued, and offers bright prospects in the medium to long term.

SUBSEQUENT EVENT

There have been no significant events which have taken place subsequent to the end of the reporting period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

In the opinion of the Board, the Company has complied with the CG Code during the period under review, except for the following deviations:

- Code provision A.4.1

Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. Mr. Poon Wai Hoi, Percy, the independent non-executive Director, is not appointed for a specific term but is subject to retirement from office by rotation and re-election at least once every three years in accordance with the bye-laws of the Company. As such, the Board considers that such provision is sufficient to meet the underlying objective of this code provision.

- Code provision E.1.2

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. Mr. Mung Kin Keung, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 9 June 2017 (the “Annual General Meeting”) due to other engagements. However, arrangements including the attendance of another member of the Board had been in place to ensure the Annual General Meeting was in order.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as 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 six months ended 30 June 2017.

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 six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, Mr. Poon Wai Hoi, Percy (chairman of the Audit Committee), Mr. Fung Wai Ching and Mr. Lei Seng Fat. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2017.

By Order of the Board
Global Mastermind Capital Limited
Mung Kin Keung
Chairman

Hong Kong, 28 August 2017

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. LEI Seng Fat, Mr. FUNG Wai Ching and Mr. POON Wai Hoi, Percy.