MASTERMIND CAPITAL LIMITED
慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

ANNOUNCEMENT OF 2011 FINAL RESULTS

The Board of Directors (the "Board") of Mastermind Capital Limited (the "Company") presents the annual consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2011 and the consolidated statement of financial position of the Group as at 31st December, 2011 together with the comparative figures for the year ended 31st December, 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	5	**1,033**	1,046
Other revenue	5	**586**	–
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(3,284)**	1,400
Administrative expenses and other operating expense		**(20,176)**	(8,759)
Loss before income tax	6	**(21,841)**	(6,313)
Income tax expense	7	**–**	–
Loss for the year, attributable to owners of the Company		**(21,841)**	(6,313)
Other comprehensive income			
Loss on change in fair value of available-for-sale financial assets		**(768)**	(671)
Reclassification relating to impairment loss on available-for-sale financial assets		**–**	834
Exchange difference on translation of financial statements of foreign subsidiaries		**34**	44
Other comprehensive income for the year		**(734)**	207
Total comprehensive income for the year, attributable to owners of the Company		**(22,575)**	(6,106)
Loss per share for loss attributable to owners of the Company during the year	8		
Basic (HK cents)		**(1.02)**	(0.34)
Diluted (HK cents)		**(1.02)**	N/A

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st December, 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**797**	1,096
Available-for-sale financial assets	*9*	**26,282**	13,583
Deposits paid	*10*	**53,400**	30,000
		80,479	44,679
Current assets			
Prepayments		**43**	325
Other receivables		**1,897**	1,432
Financial assets at fair value through profit or loss	*11*	**4,119**	12,400
Cash and cash equivalents		**19,675**	44,528
		25,734	58,685
Current liabilities			
Accruals and other payables		**909**	759
Amount due to a related company		**125**	125
Provision for income tax		**73**	73
		1,107	957
Net current assets		**24,627**	57,728
Total assets less current liabilities/Net assets		**105,106**	102,407
EQUITY			
Equity attributable to the Company's owners			
Share capital		**54,947**	53,280
Reserves		**50,159**	49,127
Total equity		**105,106**	102,407
Net asset value per share (HK$)	*12*	**0.05**	0.05

Notes:

1. GENERAL INFORMATION

Mastermind Capital Limited (the "Company") was domiciled in Hong Kong and incorporated in the Cayman Islands on 21st April, 1998, 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 and its principal place of business is situated at Room 1401-3, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The principal activity of the Company is to act as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") principally invest in listed and unlisted companies.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial statements have been prepared on the historical cost basis except for certain available-for-sale financial assets and financial assets at fair value through profit or loss, which are stated at fair values.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards has no material impact on the Group's financial statements.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

(b) New/revised HKFRSs that have been issued but are not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued, but are not yet effective in these financial statements.

Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets[1]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
Amendments to HKFRS 7 (2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Information on new and amended HKFRSs that are expected to affect the Group is as follows:

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs but not yet in a position to state whether they could have material financial impact on the Group's results and financial position.

4. 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.

At the reporting date, non-current assets included property, plant and equipment of approximately HK$797,000 (2010: HK$1,096,000) and deposits paid of approximately HK$53,400,000 (2010: HK$30,000,000) are located in Hong Kong (domicile) and the People's Republic of China, except Hong Kong (the "PRC") respectively. The place of domicile is determined based on the location of central management.

The Group's dividend income and interest income are derived from the PRC and Hong Kong (domicile) respectively.

5. REVENUE AND OTHER REVENUE

The Group's principal activities are disclosed in note 1. Turnover of the Group is the revenue from these activities.

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Dividend income	**1,000**	1,017
Interest income	**33**	29
	1,033	1,046
Other revenue		
Gain on disposal of financial assets at fair value through profit or loss	**586**	–

6. LOSS BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
Auditor's remuneration	**270**	250
Depreciation	**305**	303
Impairment loss on available-for-sale financial assets	**–**	834
Investment management fees	**500**	575
Operating lease charges on office premises	**281**	274

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the year (2010: 16.5%). Also, the Group has no profits subject to the PRC enterprise income tax ("EIT") during the year (2010: Nil).

	2011	2010
	HK$'000	*HK$'000*
Hong Kong		
– Current tax	**–**	73
– Under-provision in respect of prior year	**–**	6
	–	79
The PRC EIT		
– Over-provision in respect of prior year	**–**	(79)
Income tax expense	**–**	–

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of HK$21,841,000 (2010: HK$6,313,000) and the weighted average number of 2,131,382,647 (2010: 1,830,000,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31st December, 2011 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.

Diluted loss per share for the year ended 31st December, 2010 was not presented as there was no dilutive potential ordinary share in existence during the year.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011	2010
	HK$'000	*HK$'000*
Listed equity securities, at fair values	**1,586**	2,354
Unlisted equity securities, at cost less impairment	**24,696**	11,229
	26,282	13,583

10. DEPOSITS PAID

	2011	2010
	HK$'000	*HK$'000*
At 1st January *(Note (i))*	**30,000**	–
Additions *(Note (ii))*	**23,400**	30,000
At 31st December	**53,400**	30,000

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 personnel 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. At the reporting date, 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 with a premium of HK$3 million to the Company on or before 30th June, 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. At the reporting date, 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 and the premium of HK$3 million to the Company on or before 30th June, 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. At the reporting date, 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 and the premium of HK$3 million to the Company on or before 30th June 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). As at 31st December, 2011, 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.

All the above proposed acquisitions were confirmed and agreed to terminate after 31st December, 2011, the respective deposits paid were still recognised as non-current assets.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	HK$'000	*HK$'000*
Listed equity securities in Hong Kong held for trading, at fair value	**4,119**	12,400

12. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31st December, 2011 of HK$105,106,000 (2010: HK$102,407,000) and the 2,197,866,000 (2010: 2,131,200,000) ordinary shares in issue.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment review

As at 31st December, 2011, the major investments of the Group were HK$5.71 million of a portfolio of listed equity securities and HK$24.70 million of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada and China.

The listed equity securities held by the Group during the year were shares in Shougang Concord Technology Holdings Limited, APAC Resources Limited, Medifocus Inc. and National Arts Holdings Limited.

The Group had made direct investments in unlisted equity securities in Ruyan Yao Autonomous Country hydro-electricity power plants (the "Power Plants") in the PRC and Genting Oil & Gas (China) Limited. Dividend from the Power Plants during the year was approximately HK$1 million.

Financial review

During the year, the Group recorded a loss of approximately HK$21,841,000 (2010: approximately HK$6,313,000) after deducting administrative expenses and other operating expenses of approximately HK$20,176,000 (2010: approximately HK$8,759,000). The increase in loss was mainly due to an increase in equity-settled share based payment expenses (non-cash item) of approximately HK$11,807,000 as a result of the share options granted during the year (2010: Nil) and a fair value loss (non-cash item) of approximately HK$3,284,000 on financial assets at fair value through profit or loss as at 31st December, 2011 (As at 31st December, 2010: a fair value gain of approximately HK$1,400,000 on financial assets at fair value through profit or loss).

Financial position

As at 31st December, 2011, the Group had cash and cash equivalents approximately HK$19,675,000 (2010: approximately HK$44,528,000).

The Group had no borrowing as at 31st December, 2011 (2010: Nil).

As at 31st December, 2011, the Group had net current assets of approximately HK$24,627,000, as compared to approximately HK$57,728,000 as at 31st December, 2010.

As at 31st December, 2011, the current ratio of the Group was 23.25 compared to 61.32 at 31st December, 2010.

Charges on assets

As at 31st December, 2011, there were no charges on the Group's assets (2010: Nil).

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.

Contingent liabilities

The Group had no contingent liabilities as at 31st December, 2011 (2010: Nil).

Employees and remuneration policy

The Group ensured that its employees are remunerated according to the prevailing manpower market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

There are four employees, six executive directors and three independent non-executive directors. Remuneration policies are reviewed by the remuneration committee in accordance with the market situation and the performance of individual directors from time to time.

The Group's total staff costs (including directors' emoluments) for the year under review amounted to approximately HK$14,574,000 (2010: approximately HK$3,252,000).

Prospects

As the investment environment is deeply worsening and market risk aversion is likely to grow fuelling bigger market uncertainty and volatility, non-binding memorandum of understandings and sale and purchase agreements signed in 2011 in relation to certain unlisted direct investments have been mutually agreed to terminate.

The US Federal Open Market Committee anticipating that interest rates would remain low through at least late 2014 and the Chinese Government may be less hawkish to further tighten the current macro policy in the near term. The Board expect to see various government measures to boost the PRC economy and Stock Market. All are favorable to the equity investments. The Board will adopt cautious measures to re-implement a diversified strategy and investment portfolio and expect to bring a better return for the shareholders of the Company.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

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 the review of annual results and consolidated financial statements for the year ended 31st December, 2011.

CHANGE OF CHAIRMEN OF REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

In order to comply with the forthcoming amendments to the Listing Rules which will be effective on 1st April, 2012, the Board has approved the following changes of the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee") with effect from 28th March, 2012:

(a) Mr. LO Tak Kin, who is an independent non-executive director of the Company and a member of the Remuneration Committee, has been appointed as the chairman of the Remuneration Committee in place of Mr. MUNG Kin Keung ("Mr. Mung"), an executive director and the chairman of the Company and Mr. Mung remains as a member of the Remuneration Committee; and

(b) Ms. YU Tin Yan, Winnie, who is an independent non-executive director of the Company and a member of the Nomination Committee, has been appointed as the chairman of the Nomination Committee in place of Mr. Mung, an executive director and the chairman of the Company and Mr. Mung remains as a member of the Nomination Committee.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st December, 2011, except for certain deviations which are summarised below:

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 subject to election.

All independent non-executive directors are not appointed for specific term. They are, however, subject to retirement by rotation at least once every three years in accordance with the CG Code.

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 the other business commitment, Mr. MUNG Kin Keung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 24th June, 2011 (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by directors and by relevant employees (as defined in the Code). All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the shareholders as well as published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
MUNG Kin Keung
Chairman and
Executive Director

Hong Kong, 28th March, 2012

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 and three independent non-executive directors, namely, Mr. LO Tak Kin, Ms. YU Tin Yan, Winnie and Mr. Patrick LEE.