MASTERMIND CAPITAL LIMITED
慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

ANNOUNCEMENT OF 2012 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, 2012 and the consolidated statement of financial position of the Group as at 31st December, 2012 together with the comparative figures for the year ended 31st December, 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December, 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	5	**1,030**	1,033
Other revenue	5	**–**	586
Fair value loss on financial assets at fair value through profit or loss		**(3,504)**	(3,284)
Impairment provision on deposits paid	10	**(53,400)**	–
Administrative expenses and other operating expense		**(7,802)**	(20,176)
Loss before income tax	6	**(63,676)**	(21,841)
Income tax expense	7	**(1)**	–
Loss for the year, attributable to owners of the Company		**(63,677)**	(21,841)
Other comprehensive income			
Gain/(Loss) on change in fair value of available-for-sale financial assets		**726**	(768)
Exchange difference on translation of financial statements of foreign subsidiaries		**7**	34
Other comprehensive income for the year		**733**	(734)
Total comprehensive income for the year, attributable to owners of the Company		**(62,944)**	(22,575)
Losses per share for loss attributable to owners of the Company during the year	8		
Basic (HK cents)		**(2.90)**	(1.02)
Diluted (HK cents)		**(2.90)**	(1.02)

* *for identification purpose only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**500**	797
Available-for-sale financial assets	*9*	**37,007**	26,282
Deposits paid	*10*	**–**	53,400
		37,507	80,479
Current assets			
Deposits paid	*10*	**–**	–
Prepayments		**42**	43
Other receivables		**2,248**	1,897
Financial assets at fair value through profit or loss	*11*	**615**	4,119
Cash and cash equivalents		**2,857**	19,675
		5,762	25,734
Current liabilities			
Accruals and other payables		**982**	909
Amount due to a related company		**125**	125
Provision for income tax		**–**	73
		1,107	1,107
Net current assets		**4,655**	24,627
Total assets less current liabilities/Net assets		**42,162**	105,106
EQUITY			
Equity attributable to the Company's owners			
Share capital		**54,947**	54,947
Reserves		**(12,785)**	50,159
Total equity		**42,162**	105,106
Net asset value per share (HK$)	*12*	**0.02**	0.05

Notes:

1. GENERAL INFORMATION

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 1102C, 11th Floor, Tower 1, 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 principally invest in listed and unlisted companies.

The financial statements for the year ended 31st December, 2012 were approved by the Board on 27th March, 2013.

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 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 on 1st January, 2012

Amendments to HKFRS 1	Severe Hyper Information and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosure – Transfers of Financial Assets
Amendments to HKAS12	Income Taxes – Deferred Tax: Recovery of Underlying Assets

Except as explained below, the adoption of these amendments has no material on the Group's financial statements.

Amendments to HKFRS 7-Disclosures-Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 19 (2011)	Employee Benefits[2]
Amendments to HKFRS 1	Government Loans[2]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle [2]
HKAS 32 (Amendments)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1st July, 2012
2 Effective for annual periods beginning on or after 1st January, 2013
3 Effective for annual periods beginning on or after 1st January, 2014
4 Effective for annual periods beginning on or after 1st January, 2015

The Group is in the process of making an assessment of the potential impact of these pronouncements.

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$500,000 (2011: HK$797,000) and deposits paid of nil (2011: HK$53,400,000) 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.

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Dividend income	**1,000**	1,000
Interest income	**30**	33
	1,030	1,033
Other revenue		
Gain on disposal of financial assets at fair value through profit or loss	**–**	586

6. LOSS BEFORE INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
Auditor's remuneration	**275**	270
Depreciation	**307**	305
Investment management fees	**500**	500
Operating lease charges on office premises	**137**	281

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 (2011: Nil). Also, the Group has no profits subject to the PRC enterprise income tax during the year (2011: Nil).

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Under-provision in respect of prior year	**1**	–

8. LOSSES PER SHARE

The calculation of the basic losses per share is based on the loss for the year attributable to owners of the Company of HK$63,677,000 (2011: HK$21,841,000) and the weighted average number of 2,197,866,000 (2011: 2,131,383,000) ordinary shares in issue during the year.

No adjustment has been made to the basic losses per share amount presented for the years ended 31st December, 2012 and 2011 in respect of a dilution as the impact of the exercise of the share options has an anti-dilutive effect on the basic losses per share amount presented.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012 *HK$'000*	2011 *HK$'000*
Listed equity securities, at fair value	**12,311**	1,586
Unlisted equity securities, at cost less impairment	**24,696**	24,696
	37,007	26,282

10. DEPOSITS PAID

	2012 *HK$'000*	2011 *HK$'000*
At 1st January	**53,400**	30,000
Additions	**–**	23,400
Less: provision for impairment loss	**(53,400)**	–
At 31st December	**–**	53,400

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 ("Mr. Mung"), a director and a substantial shareholder of the Company, has a personnel guarantee on the deposits paid as security in the event that the vendors are unable to fulfil their responsibilities under the MOUs.

– *Investment 1*

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. On 31st December, 2011, the 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 29th June, 2012, a supplemental agreement was entered between the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK$10 million.

– *Investment 2*

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. Subsequently, 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 29th June, 2012, a supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK$10 million.

– *Investment 3*

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. On 31st December, 2011, 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.

On 29th June, 2012, a supplemental agreement was entered between the Company and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK$10 million and the premium of HK$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK$10 million.

The repayment of the above-mentioned deposits is secured by the personal guarantee from Mr. Mung.

(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.

On 30th June, 2012, a supplemental agreement was entered between the Company and the vendors to extend the deposits refund of HK$23.4 million on or before 31st December, 2012.

On 30th December, 2012, another supplemental agreement was entered between the Company and the vendors to further extend the refund on or before 30th April, 2013.

As the repayment of the above deposits involved uncertainty at the reporting date, provision for impairment of HK$53,400,000 was made in the financial statements for the year ended 31st December, 2012.

The Company will enforce the personal guarantee given by Mr. Mung, if the repayment of the deposits relating to the above-mentioned Investments 1-3 is in default. Mr. Mung also confirmed that he would perform the obligations under the personal guarantee.

Due to the proposed acquisitions as described in notes (i) and (ii) above were confirmed and agreed to terminate during the year ended 31st December, 2012, the respective deposits paid were classified as current assets as at 31st December, 2012.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	HK$'000	*HK$'000*
Listed equity securities in Hong Kong held for trading, at fair value	**615**	4,119

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, 2012 of HK$42,162,000 (2011: HK$105,106,000) and the 2,197,866,000 (2011: 2,197,866,000) ordinary shares in issue.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment review

As at 31st December, 2012, the major investments of the Group were HK$12,926,000 of a portfolio of listed equity securities and HK$24,696,000 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., National Arts Holdings Limited and Kaisun Energy Group Limited. No dividend income was received from the listed equity securities during the year.

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$63,677,000 (2011: approximately HK$21,841,000) after deducting provision for impairment on deposits paid of approximately HK$53,400,000 (2011: Nil) and administrative expenses and other operating expenses of approximately HK$7,802,000 (2011: approximately HK$20,176,000). The increase in loss was mainly due to the provision for impairment mentioned above.

Financial position

As at 31st December, 2012, the Group had cash and cash equivalents approximately HK$2,857,000 (2011: approximately HK$19,675,000).

The Group had no borrowing as at 31st December, 2012 (2011: Nil).

As at 31st December, 2012, the Group had net current assets of approximately HK$4,655,000, as compared to approximately HK$24,627,000 as at 31st December, 2011.

As at 31st December, 2012, the current ratio of the Group was 5.21 compared to 23.25 at 31st December, 2011.

Charges on assets

As at 31st December, 2012, there were no charges on the Group's assets (2011: 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, 2012 (2011: 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$3,572,000 (2011: approximately HK$14,574,000).

Prospects

Looking ahead, global economy is expected to improve in 2013 compared to 2012. However, the anxiety over the Eurozone, the anaemic recovery in the US, challenging operating conditions and the uncertainty will persist in 2013.

The Board believes that the PRC has a more optimistic outlook among other emerging economies as the Chinese government accelerated the transformation of the economic growth model, reinforced and improved macro control in time and will continue the improvement of the quality and efficiency of economic growth. The Board will focus to identify suitable investment opportunities in PRC companies with potential of asset appreciation to bring about better return to the Group and 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, 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited 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, 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (effective until 31st March, 2012) and the Corporate Governance Code (effective from 1st April, 2012) (the "CG Code") as set out in Appendix 14 of the Listing Rules during the year except for the following deviations:

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 to election.

After the expiry of the service contract, the appointment of the independent non-executive directors of the Company (the "INEDs") shall continue with no specific term. They are, however, subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles of Association").

Each INED has, pursuant to the guidelines set out in Rule 3.13 of the Listing Rules, confirmed he/she is independent of the Company and the Company also considers that they are independent. The term of office of each INED is not more than three years from date of appointment subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association.

Code provision A.6.7

The code provision A.6.7 of the CG Code states that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to personal commitment, an INED was unable to attend the annual general meeting of the Company held on 22nd June, 2012 (the "Annual General Meeting").

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, the chairman of the Board was unable to attend 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 during the year.

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, 27th March, 2013

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.