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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this Circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Mastermind Capital Limited, you should at once hand this Circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**PROPOSED SHARE CONSOLIDATION,  
CHANGE IN BOARD LOT SIZE,  
AMENDMENT TO ARTICLES OF ASSOCIATION  
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the Extraordinary General Meeting of the Company to be held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on Thursday, 9 October 2014 at 11:00 a.m. is set out on pages 22 to 24 of this Circular. Whether or not you are able to attend the Extraordinary General Meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the Extraordinary General Meeting or any adjourned meeting (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

*This Circular is published on the HKExnews website at <http://www.hkexnews.hk> and on the website of the Company at [www.mastermindcapitalhk.com](http://www.mastermindcapitalhk.com).*

15 September 2014

\* For identification purposes only

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## DEFINITIONS

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*In this Circular, unless the context otherwise requires, the following expressions shall have the following meanings:–*

“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of directors of the Company
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Consolidated Shares”	ordinary share(s) of HK\$0.25 each in the share capital of the Company after the Share Consolidation becoming effective
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on Thursday, 9 October 2014 at 11:00 a.m. to consider and if thought fit, to approve the Share Consolidation and amendment to Articles
“Existing Shares”	ordinary share(s) of HK\$0.025 each, whether issued or unissued in the share capital of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

\* *For identification purposes only*

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	11 September 2014, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the share(s) of the Company
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share in the issued and unissued share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 12 January 2009
“Shareholder(s)”	Holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

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## EXPECTED TIMETABLE

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*Expected timetable for, among other things, the share consolidation and change in board lot size is set out below:*

Despatch of circular with notice of EGM . . . . .	Monday, 15 September 2014
Latest time for lodging proxy form . . . . .	11:00 a.m. on Tuesday, 7 October 2014
Date of EGM. . . . .	11:00 a.m. on Thursday, 9 October 2014
Announcement on results of EGM. . . . .	Thursday, 9 October 2014
Effective date for the Share Consolidation . . . . .	Friday, 10 October 2014
First day for free exchange of existing share certificates (grey in colour) for new share certificates (blue in colour) . . . . .	Friday, 10 October 2014
Dealing in Consolidated Shares commences . . . . .	9:00 a.m. Friday, 10 October 2014
Original counter for trading in Shares in board lots of 80,000 Shares (in the form of existing share certificates (grey in colour)) temporarily closes . . . . .	9:00 a.m. Friday, 10 October 2014
Temporary counter for trading in Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of existing share certificates (grey in colour)) opens . . . . .	9:00 a.m. Friday, 10 October 2014
Original counter for trading in Consolidated Shares in new board lots of 8,000 Consolidated Shares (in the form of new share certificates (blue in colour)) re-opens . . . . .	9:00 a.m. Friday, 24 October 2014

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## EXPECTED TIMETABLE

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Parallel trading in Consolidated Shares (in the form of new share certificates (blue in colour) and existing share certificates (grey in colour)) commences . . . . .	9:00 a.m. Friday, 24 October 2014
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares . . . . .	9:00 a.m. Friday, 24 October 2014
Temporary counter for trading in Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of existing share certificates (grey in colour)) closes . . . . .	4:00 p.m. Thursday, 13 November, 2014
Parallel trading in Consolidated Shares in the form of new share certificates (blue in colour) and existing share certificates (grey in colour) closes . . . . .	4:00 p.m. Thursday, 13 November, 2014
Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares . . . . .	Thursday, 13 November, 2014
Last day for free exchange of existing share certificates (grey in colour) for new share certificates (blue in colour) . . . . .	Monday, 17 November, 2014

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## LETTER FROM THE BOARD

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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)

*Executive Directors*

Mr. MUNG Kin Keung (*Chairman*)

Mr. HA Wing Ho, Peter

Mr. CHEE Man Sang, Eric

Mr. MUNG Bun Man, Alan

*Registered office*

P.O. Box 309, Umland House

Grand Cayman, KY1-1104

Cayman Islands

*Independent Non-executive Directors*

Mr. LO Tak Kin

Ms. YU Tin Yan, Winnie

Mr. Patrick LEE

*Head office and principal place of  
business in Hong Kong*

Units 2606A-2608, 26th Floor

Island Place Tower

510 King's Road

North Point, Hong Kong

15 September 2014

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION,  
CHANGE IN BOARD LOT SIZE,  
AMENDMENT TO ARTICLES OF ASSOCIATION  
AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to (i) the Company's announcement dated 4 August 2014, in which the Company announced that the Board proposed to (i) implement the Share Consolidation pursuant to which every ten (10) of the issued and unissued Existing Shares of HK\$0.025 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.25 each; and (ii) change the board lot size of the Shares of the Company trading on the Stock Exchange from eighty-thousand (80,000) Existing Shares to eight-thousand (8,000) Consolidated Shares; and (iii) the Company's announcement dated 22 August 2014, in which the Company announced that, among other things, the Board proposed to amend the Articles.

\* For identification purposes only

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## **LETTER FROM THE BOARD**

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The purpose of this Circular is to provide you with the relevant information regarding the proposed Share Consolidation, the change of the board lot size and the proposed amendment to Articles and to give you notice of the EGM at which resolutions will be proposed to consider and, if thought fit, approve in the EGM, the proposed Share Consolidation and the amendment to Articles.

### **PROPOSED SHARE CONSOLIDATION**

The Directors proposed to put forward to the Shareholders the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of HK\$0.025 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.25 each. The Share Consolidation is conditional upon, among other things, the approval of Shareholders at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution in relation to the Share Consolidation.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

The Directors also proposed to change the board lot size of the Shares of the Company trading on the Stock Exchange from eighty-thousand (80,000) Existing Shares to eight-thousand (8,000) Consolidated Shares upon the Share Consolidation becoming effective.

### **EFFECTS OF THE SHARE CONSOLIDATION AND THE CHANGE IN THE BOARD LOT SIZE**

As at the Latest Practicable Date, the authorized share capital of the Company is HK\$100,000,000 divided into 4,000,000,000 Existing Shares of HK\$0.025 each, of which 2,597,866,000 Existing Shares are in issue and fully paid. Assuming that no further Shares will be issued, repurchased, redeemed or surrendered between the date of this Circular and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorized share capital of the Company will be HK\$100,000,000 divided into 400,000,000 Consolidated Shares of HK\$0.25 each, of which 259,786,600 Consolidated Shares will have been issued and fully paid.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum and articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise. The Directors believe that neither the Share Consolidation nor the change of the board lot size will have any material adverse effect on the financial position of the Group.



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## **LETTER FROM THE BOARD**

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Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

### **CONDITIONS OF THE SHARE CONSOLIDATION**

The Share Consolidation is conditional upon the following:

- (1) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM; and
- (2) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the approval of the Shareholders at the EGM, it is expected that the effective date of the Share Consolidation would be 10 October 2014, the next Business Day immediately following the date on which the relevant resolution is passed.

### **APPLICATION FOR THE LISTING AND DEALING OF THE CONSOLIDATED SHARES**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in on which listing or permission to deal is being or is proposed to be sought on other stock exchanges.

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## LETTER FROM THE BOARD

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### EXCHANGE OF SHARE CERTIFICATES

Subject to the Share Consolidation becoming effective, Shareholders may, during the period as specified in this Circular, submit the share certificates for the Existing Shares (the “**Existing Share Certificates**”) in grey colour to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates in blue colour for the Consolidated Shares on the basis of every ten (10) Existing Shares for one (1) Consolidated Share, with new nominal value of HK\$0.25 each, without any fractional Consolidated Share. It is expected that the new certificates in blue colour for the Consolidated Shares will be available for collection within ten (10) Business Days after the submission of the Existing Share Certificates to Tricor Secretaries Limited. Thereafter, the Existing Share Certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for the cancellation of each Existing Share Certificate or the issue of each new share certificate in blue colour for the Consolidated Shares, whichever number of certificates cancelled/issued is higher. The Existing Share Certificates will cease to be valid for trading and settlement purpose; nevertheless, such Existing Share Certificates will remain valid and effective as document of legal title and may be exchanged for share certificates for Consolidated Shares at any time (but are not acceptance for trading, settlement and registration upon completion of the Share Consolidation).

### ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed China Everbright Securities (HK) Ltd., to stand in the market to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from 24 October 2014 to 13 November 2014 (both days inclusive). Holders of odd lots of the Consolidated Shares who wish to take advantage of this facility either to dispose of their odd lots of the Consolidated Shares or top up to a full board lot may, directly or through their brokers, contact Mr. William Cheng of China Everbright Securities (HK) Ltd. at 2530 8378 during this period. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

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## LETTER FROM THE BOARD

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### OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, there are outstanding options granted under the Share Option Scheme to subscribe for 67,000,000 Shares. The Directors will determine according to the rules of the Share Option Scheme any adjustments required to be made in respect of the outstanding options as a result of the Share Consolidation. The Company will make further announcements about the adjustment (if any) in due course.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

### INVESTMENT PORTFOLIO

Set out below are the details of the ten largest investments of the Group as at 30 June 2014, which include all listed investments with a value of more than 5% of the Group's gross assets as at 30 June 2014. Save for the investments disclosed herein, there are no other listed investments or other investments with a value of more than 5% of the Company's gross assets as at 30 June 2014.

Investment	Nature of securities	Number of Shares held	Cost (HK\$)	Market Value (HK\$) as at 30 June 2014	Dividends received during the financial year 2014 (HK\$)	Value to the investment company	Holding interest (units held by the company/ total issued units)
Kunlun Energy (note 1)	Equities	70,000	860,259	894,600	15,932	0.8%	less than 0.01%
Brockman Mining (note 2)	Equities	50,000,000	17,056,250	24,500,000	–	22.7%	0.60%
Kaisun Energy Group (note 3)	Equities	55,550,000	9,999,000	5,832,750	–	5.4%	2.1%
Qihoo 360 Technology Co Ltd (note 4)	Equities	6,000	3,987,945	4,264,416	–	3.9%	less than 0.01%
Texhong (note 5)	Equities	1,126,000	5,865,127	6,609,620	–	6.1%	0.13%
China Lesso (note 6)	Equities	751,000	3,098,497	3,116,650	76,102	2.9%	0.02%
Nexteer (note 7)	Equities	540,000	2,752,785	2,916,000	32,439	2.7%	0.02%
CCB (note 8)	Equities	900,000	5,062,199	5,274,000	–	4.9%	less than 0.01%
WCC (note 9)	Equities	2,400,000	1,901,878	1,728,000	–	1.6%	0.05%
A50 (note 10)	Equities	200,000	1,699,715	1,688,000	–	1.6%	less than 0.01%

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## LETTER FROM THE BOARD

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- Note 1* As of 30 June 2014, the unaudited consolidated net asset value of Kunlun Energy is HK\$70,712 million.
- Note 2* As of 31 December 2013, the unaudited consolidated net asset value of Brockman Mining is HK\$2,612 million.
- Note 3* As of 30 June 2014, the unaudited consolidated net asset value of Kaisun Energy Group is HK\$446 million.
- Note 4* As of 30 June 2014, the unaudited consolidated net asset value of Qihoo 360 Technology Co. Ltd. is US\$963 million.
- Note 5* As of 30 June 2014, the unaudited consolidated net asset value of Texhong is RMB3, 309 million.
- Note 6* As of 30 June 2014, the unaudited consolidated net asset value of China Lesso is RMB2, 631 million.
- Note 7* As of 30 June 2014, the unaudited consolidated net asset value of Nexteer is RMB646 million.
- Note 8* As of 30 June 2014, the unaudited consolidated net asset value of CCB is RMB11, 470,012 million.
- Note 9* As of 30 June 2014, the unaudited consolidated net asset value of WCC is RMB5, 138 million.
- Note 10* As of 31 December 2013, the audited consolidated net asset value of A50 is HK\$52,271 million.

### 1) **Kunlun Energy Co. Ltd (“Kunlun Energy”)**

Kunlun Energy was incorporated in Bermuda, and its shares are listed on the main board of the Stock Exchange (stock code: 0135). The company is engaged on exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan (“Kazakhstan”), the Sultanate of Oman (“Oman”), Peru, the Kingdom of Thailand (“Thailand”) and the Azerbaijan Republic (“Azerbaijan”), and the sales of natural gas, liquefied natural gas (“LNG”) processing, LNG terminal and transmission of natural gas in the PRC.

As at 30 June 2014, the Group held 70,000 shares in Kunlun Energy, representing less than 0.01% interest in the issued share capital of Kunlun Energy. Dividends of HK\$15,932 were received during the financial year 2014. Based on the interim results announcement of Kunlun Energy for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of Kunlun Energy was HK\$3.171 billion with basic earnings per share of HK\$0.393. As at 30 June 2014, the market value of shares in Kunlun Energy held by the Group was approximately HK\$894,600.

### 2) **Brockman Mining Limited (“Brockman”)**

Brockman was incorporated in Bermuda, and its shares are listed on the main board of the Stock Exchange (stock code: 0159). The company is engaged on exploration and development of iron ore mining projects in Western Australia; exploitation, processing and production of copper are concentrates in the PRC.

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## LETTER FROM THE BOARD

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As at 30 June 2014, the Group held 50,000,000 shares in Brockman, representing 0.60% interest in the issued share capital of Brockman. Based on the interim report of Brockman for the six months ended 31 December 2013, the unaudited consolidated loss from attribute to equity holders of Brockman was HK\$105 million with basic loss per share of HK\$0.0133. As at 30 June 2014, the market value of shares in Brockman held by the Group was approximately HK\$2,450,000.

### **3) Kaisun Energy Group Limited (“Kaisun Energy”)**

Kaisun Energy was incorporated in Cayman Islands, and its shares are listed on the GEM board of the Stock Exchange (stock code: 8203). The company is engaged in investments in mining, sale and processing coal in the PRC.

As at 30 June 2014 the Group held 55,550,000 shares in Kaisun Energy, representing 2.1% interest in the issued share capital of Kaisun Energy. Based on the interim report of Kaisun Energy for the six months ended 30 June 2014, the unaudited consolidated loss from attribute to equity holders of Kaisun Energy was HK\$24.996 million with basic loss per share of HK\$0.96 cent. As at 30 June 2014, the market value of shares in Kaisun Energy held by the Group was approximately HK\$5,450,000.

### **4) Qihoo 360 Technology (“Qihoo”)**

Qihoo was incorporated in Cayman Islands, and its shares are listed on the NASDAQ stock market (stock code: QIHU). Qihoo is a China base company. The company provides a series of internet services and sales of third party anti-virus software in the PRC, it also provides internet and mobile security products in China.

As at 30 June 2014, the Group held 6,000 shares in Qihoo, representing less than 0.01% interest in the issued share capital of Qihoo. Based on the 2nd quarter report of Qihoo for the second quarter ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of Qihoo was USD39.1 million with basic profit per share of USD 0.30. As at 30 June 2014, the market value of shares in Qihoo held by the Group was approximately HK\$4,264,416.

### **5) Texhong Textile Group Ltd (“Texhong Textile”)**

Texhong Textile was incorporated in Cayman Islands, and its shares are listed on the main board of the Stock Exchange (stock code: 2678). Texhong is a China and Vietnam base company. The company principally engaged in the manufacture and sale of yarn, grey fabrics and garment fabrics.

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## LETTER FROM THE BOARD

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As at 30 June 2014, the Group held 1,126,000 shares in Texhong Textile, representing 0.13% interest in the issued share capital of Texhong Textile. Based on the interim report of Texhong Textile for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of Texhong Textile was RMB125 million with basic profit per share of RMB0.141. As at 30 June 2014, the market value of shares in Texhong Textile held by the Group was approximately HK\$4,264,416.

**6) China Lesso Group Holdings Limited (“China Lesso”)**

China Lesso was incorporated in Cayman Islands, and its shares are listed on the main board of the Stock Exchange (stock code: 2128). The company is principally engaged in the manufacture and sale of plastic pipes and pipe fittings.

As at 30 June 2014, the Group held 751,000 shares in China Lesso, representing less than 0.02% interest in the issued share capital of China Lesso. Dividends of HK\$76,102 were received during the years. Based on the interim report of China Lesso for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of China Lesso was RMB628 million with basic earnings per share of RMB0.20. As at 30 June 2014, the market value of shares in China Lesso held by the Group was approximately HK\$3,116,650.

**7) Nexteer Automotive Group Limited (“Nexteer”)**

Nexteer was incorporated in Cayman Islands, and its shares are listed on the main board of the Stock Exchange (stock code: 1316). The company is principally engaged in developments, manufactures and supplies advanced steering and driveline systems to original equipment manufacturers throughout the world.

As at 30 June 2014, the Group held 540,000 shares in Nexteer, representing less than 0.02% interest in the issued share capital of Nexteer. Dividends of HK\$32,439 were received during the years. Based on the interim report of Nexteer for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of Nexteer was USD80.9 million with basic earnings per share of USD0.03. As at 30 June 2014, the market value of shares in Nexteer held by the Group was approximately HK\$2,916,000.

**8) China Construction Bank Corporation (“CCB”)**

CCB was incorporated in the PRC, and its shares are listed on the main board of the Stock Exchange (stock code: 0939). The company is principally engaged in a range of banking services and related financial services.

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## LETTER FROM THE BOARD

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As at 30 June 2014, the Group held 900,000 shares in CCB, representing less than 0.01% interest in the issued share capital of CCB. Based on the interim report of CCB for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of CCB was RMB130.66 billion with basic earnings per share of RMB0.52. As at 30 June 2014, the market value of shares in CCB held by the Group was approximately HK\$5,274,000.

### 9) West China Cement Limited (“WCC”)

WCC was incorporated in Jersey, and its shares are listed on the main board of the Stock Exchange (stock code: 2233). The company is engaged in the production and sale of cement in western China.

As at 30 June 2014, the group held 2,400,000 shares in WCC, representing less than 0.05% interest in the issued share capital of WCC. Based on the interim report of WCC for the six months ended 30 June 2014, the unaudited consolidated profit attribute to equity holders of WCC was RMB160.2 million with basic earnings per share of RMB0.035. As at 30 June 2014, the market value of shares in WCC held by the Group was approximately HK\$1,728,000.

### 10) iShares FTSE A50 China Index ETF (“FTSE A50”)

iShares FTSE A50 China Index ETF is a sub-fund of the iShares Asia Trust. The Fund seeks to provide investment results that correspond generally to the performance of publicly traded securities (A-shares) in the China market, as measured by the FTSE China A50 Index (Index).

As at 30 June 2014, the group held 200,000 shares in FTSE A50, representing less than 0.01% interest in the issued share capital of FTSE A50. As at 30 June 2014, the market value of shares in FTSE A50 held by the Group was approximately HK\$1,699,715.

The Company does not currently intend to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals.

## REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

It is expected that the Share Consolidation would bring a corresponding increase in the trading price of the Consolidated Shares. The change in board lot size would lower the trading amount for each board lot and reduce the transaction and handling costs in relation to the dealing in the Consolidated Shares and hence facilitate trading of the Consolidated Shares. The change in board lot size and the Share Consolidation will attract more potential investors, including institutional investors, and expand the shareholder base of the Company. In addition, it will enable greater flexibility in future dividend payments that the Company may choose to distribute. Accordingly, the Board is of the view that the Share Consolidation and change in board lot size are in the interest of the Company and the Shareholders as a whole.

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## **LETTER FROM THE BOARD**

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### **PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

In order to provide flexibility to the management of the Company, the Board proposes to amend the existing Article 81 of the Articles in relation to the borrowing power of the Board.

Under the existing Article 81(a) of the Articles, the Board is required to restrict the borrowings of the Company so that “no borrowing is made if it would result in the aggregate principal amount for the time being remaining undischarged of all moneys borrowed by the Group (which expression means and includes the Company and its subsidiaries for the time being) shall not exceed fifty per cent. of the Net Asset Value.” Under the existing Article 81(b) of the Articles, the Board is required to restrict the borrowings of the Company so that “moneys borrowed are borrowed and applied solely for such purposes as may from time to time be specified in the agreement between the Company and the Investment Manager.” The existing Article 81(c) of the Articles provides that “For the purposes of determining the amount of moneys borrowed, (i) what would otherwise constitute moneys borrowed shall be reduced by any amount for the time being deposited with any lender of those borrowed moneys (or its nominee) and (ii) the amount of moneys borrowed from any particular lender shall be reduced by any balance standing to the credit of any account of the Company with such lender.” Such restrictions and requirements are removed in the proposed amendment to the Articles.

The full text of the proposed amendment to the Articles is set out in the special resolution in the notice of the EGM. The proposed amendment to the Articles is subject to the approval of the Shareholders by way of passing a special resolution to be proposed at the EGM.

### **REASONS FOR THE PROPOSED AMENDMENT TO THE ARTICLES**

Considering the strong growth of the PRC and political trend of the PRC, this has led to more and more investors in the PRC seeking investment opportunities in countries all over the world, among which Hong Kong is a priority. If the Company’s borrowing limitations remain restricted at 50% of its net asset value or capped at any maximum borrowing ratio, the Company may not be able to enjoy opportunities in raising substantial funds through issuing debt securities to potential investors. As a result, the Company may lose its chance to maximize the profit for its Shareholders. In light of the above, the Board considers that the proposed removal of the borrowing restrictions is in the interests of the Company and its Shareholders as a whole because it enable the Board to consider all fund raising methods including any debt financing activities that was in the interest in the Company and the Shareholders and thereby providing flexibility to the Company’s management to capture any good opportunities timely and allow the Company to raise funds to strengthen its cashflow base and improve its financial position for future investments, development and expansion.



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## **LETTER FROM THE BOARD**

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Nevertheless, such removal of the borrowing restrictions shall not mean that the Company can borrow unlimited amount of money. In case of any debt financing, either through borrowing money from financial institutions or issuing debt securities to investors, the Company will need to approach the said financial institutions or investors and will have to pass their stringent credit appraisal procedures before any such debt financing will be made available to the Company, together with the terms of debt financing to be discussed with these financial institutions or the investors. The Board is of the view that it would be better to be regulated by the market itself instead of setting any borrowing restrictions.

The removal of the borrowing restrictions under the existing Article 81(a) and Article 81(b) in its constitutional documents can enable the Board to consider all funding raising methods and sizes available to the Company and apply the funds without restrictions from its own constitutional documents but limiting the application of its funds towards the attainment of its investment objectives. The Company will comply with its investment restrictions at all times. As such, the Board can choose from different fund raising options one which will be most beneficial to the Shareholders, including the issuance of debt securities. Accordingly, the Directors consider that the proposed amendment to the Articles is in the interests of the Company and its Shareholders as a whole.

According to the legal advisers of the Company regarding the Listing Rules and the law of the Cayman Islands, the proposed amendment to the Articles is in compliance with the Listing Rules and permissible under the laws of the Cayman Islands.

### **VOTING BY POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM. An announcement on the poll vote results will be published by the Company after the EGM on the HKExnews website at <http://www.hkexnews.hk> and the website of the Company at [www.mastermindcapitalhk.com](http://www.mastermindcapitalhk.com).

### **EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on Thursday, 9 October 2014 at 11:00 a.m. is set out on pages 22 to 24 of this Circular.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

### RECOMMENDATION

The Board is of the opinion that the proposed Share Consolidation, amendment to the Articles and the change of board lot size are in the best interests of the Company and its Shareholders, and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

## 1. PARTICULARS OF DIRECTORS

<b>Name</b>	<b>Business Address</b>
<i>Executive Directors</i>	
Mr. Mung Kin Keung	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
Mr. Ha Wing Ho, Peter	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
Mr. Chee Man Sang, Eric	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
Mr. Mung Bun Man, Alan	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Lo Tak Kin	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
Ms. Yu Tin Yan, Winnie	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong
Mr. Patrick Lee	Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong

**Brief biographical details*****Executive Directors***

**Mr. Mung Kin Keung (“Mr. Mung”)**, aged 54, has been appointed as an executive director of the Company with effect from 9 March 2007. Mr. Mung holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California.

**Mr. Ha Wing Ho, Peter (“Mr. Ha”)**, aged 51, has been appointed as an executive director of the Company with effect from 9 March 2007. Mr. Ha obtained LLB from the University of Wales in 1984 and PCLL from The University of Hong Kong in 1985.

**Mr. Chee Man Sang, Eric (“Mr. Chee”)**, aged 52, has been appointed as an independent non-executive director of the Company with effect from 9 March 2007 and has been re-designated as an executive director of the Company with effect from 13 May 2010. Mr. Chee is a practicing Certified Public Accountant in Hong Kong and a senior partner of Chan Chee Cheng & Co., a firm of certified public accountants.

**Mr. Mung Bun Man, Alan (“Mr. Alan Mung”)**, aged 27, has been appointed as an executive director of the Company with effect from 31 March 2014. Mr. Alan Mung holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. Mr. Alan Mung is the son of Mr. Mung, the Chairman and the executive director of the Company. Mr. Alan Mung is a director of First Beijing Holdings Limited and a director of Hong Kong Airlines Limited.

***Independent non-executive Directors***

**Mr. Lo Tak Kin (“Mr. Lo”)**, aged 47, has been appointed as an independent non-executive director of the Company with effect from 9 March 2007 and he is also the chairman of remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Mr. Lo is a practising Certified Public Accountant in Hong Kong and an associate member of the Hong Kong Institute of Certified Public Accountants.

**Ms. Yu Tin Yan, Winnie (“Ms. Yu”)**, aged 39, has been appointed as an independent non-executive director of the Company with effect from 9 March 2007 and she is also the chairman of nomination committee and a member of the audit committee and the remuneration committee of the Company. Ms. Yu was admitted as a Solicitor of the High Court of Hong Kong in 1999.

**Mr. Patrick Lee** (“**Mr. Lee**”), aged 49, has been appointed as an independent non-executive director of the Company with effect from 13 May 2010 and he is also the chairman of audit committee and a member of each of remuneration committee and nomination committee of the Company. Mr. Lee is a practicing Certified Public Accountant and he has over 20 years of experience in accounting and auditing.

Save as disclosed, none of the directors or any associate of the directors is or will become entitled to receive any part of any brokerage charged to the investment company, or any re-allowance of other types on purchases charged to the investment company.

## **2. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**

Set out below are the investment objectives, policies and restrictions of the Company:

- i. Investments will normally be made in listed and unlisted companies;
- ii. the Company makes investments with a short to long term perspective with the objective of making capital gain as well as income from dividend or interests. Over the years, the Company invests in listed and unlisted securities, bonds, direct investments, projects, properties and structured products. Investments are also made in special or recovery situations;
- iii. there is no restriction on the proportion of the Company’s assets which may be invested in any specific sector or company save for the restriction that the Company will not make an investment in any company which represents more than 20 per cent. of the consolidated net assets of the Company at the time such investment is made;
- iv. the Company will not either on its own or in conjunction with any connected person take legal, or effective, management control of underlying investments and that in any event the investment company will not own or control more than 30 per cent (or such other percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body; and
- v. the Directors do not intend to seek bank borrowings until substantially all the Company’s funds have been invested and that the Company borrows, the Directors do not intend to borrow amounts representing in aggregate more than the consolidated net assets of the Company at the time the borrowing is made.

All investment objectives or policies or restrictions as set out above can be altered without Shareholders' approval pursuant to the memorandum and articles of association of the Company. However, investment restrictions numbered (iii) and (iv) above are required by Rule 21.04(3)(a) and (b) of the Listing Rules, which must not be changed at all while the Company remains listed on the Stock Exchange.

The Company does not currently have any distribution policy.

### **3. FOREIGN EXCHANGE POLICY**

The Company held equities mostly denominated in Hong Kong Dollars (HKD) and United States Dollars (USD). Since USD has a fixed exchange rate with HKD, the Board believes the risk of foreign exchange exposure is minimal, as the fluctuation of the value of the equities due to the changes in exchange rates is minimal. The Company at present does not have any contracts to hedge against its foreign exchange risks. Should the Company consider its exposure and fluctuation in foreign currency justify hedging, the Company may use forward or hedging contracts to reduce the risks.

### **4. TAXATION**

The principal taxes on income and capital gains of the Company are subject to the fiscal laws and practices of Hong Kong. Prospective investors should consult their own professional advisors on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

### **5. BORROWING POWERS**

The Directors may exercise all the powers of the Company to raise or borrow, or to secure the payment of, any sum of sums of money for the purposes of the Company and to mortgage or charge the undertaking, property and uncalled capital, or any part thereof, and to issue debentures or other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. These powers, as with other provisions in the Articles of Association, maybe altered by a special resolution of the Company.

Since the Company's borrowing powers is limited to 50% of its net asset value, the Company does not have a substantial amount of debt outstanding. The only debt outstanding is the non-convertible bond of HK\$10,000,000 (the "Bond") issued on 16 April 2014, which mature on 7 years from the date of issue of the Bond (the "Maturity Date"). The bondholder shall not redeem the Bond before the Maturity Date, however, the Company has an option to prepay the outstanding principal amount of the Bond at any time before the Maturity Date.

In order to provide flexibility to the management of the Company, the Board proposes to amend the existing Articles in relation to the borrowing power of the Board. For further details, please refer to the paragraph headed “Letter from the Board – Proposed Amendment to the Articles of Association”.

#### **6. INFORMATION ON THE INVESTMENT MANAGER**

The Company does not currently have a custodian, investment adviser, distribution Company, alternate custodian or an investment manager but we are in the process of applying for one with the Stock Exchange. The Company does not currently have any engagement with any custodian, investment advisor, distribution company or alternate custodian.

#### **7. RISK FACTORS OF INVESTING IN THE COMPANY**

Investors should be aware that an investment in the Company involves certain degree of risk. These risks include the following:

- a) The Company’s success is dependent on a number of factors which include the general economic and political conditions in the global capital market and properties market;
- b) It is expected that a significant part of the Company’s investment portfolio can comprise unlisted investments which may not be readily realisable;
- c) The Company’s portfolio comprises significant investments in listed equities in the global market. A significant down turn of the global stock market or any stock market, or any significant rise in interest rate can considerably impair the value of the Group’s equities investments.

In order to retain profit to grow its capital, the Company has not declared dividend in the past, and adopts a stringent dividend policy. Shareholders expecting regular income may find that Shares of the Company may not be able to meet their investment objective.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**Extraordinary General Meeting**”) of MASTERMIND CAPITAL LIMITED 慧德投資有限公司\* (the “**Company**”) will be held at Units 2606A-2608, 26th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on Thursday, 9 October 2014 at 11:00 a.m., for considering and if thought fit, passing, with or without amendments, the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the Consolidated Shares (as defined below):
  - (a) with effect from the day immediately following the date on which this resolution is passed, being a day on which shares are traded on the Stock Exchange, every ten (10) issued and unissued ordinary shares of HK\$0.025 each (each an “**Existing Share**”) in the capital of the Company be consolidated into one (1) ordinary share of HK\$0.25 (each a “**Consolidated Share**”), such Consolidated Shares shall rank pari passu in all respects with each other and have the same rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company, such that following such consolidation, the authorised share capital of the Company shall be HK\$100,000,000 divided into 400,000,000 ordinary shares of HK\$0.25 each;
  - (b) all fractions of the Consolidated Shares to which holders of issued shares of HK\$0.25 each in the capital of the Company would otherwise be entitled, if any, shall be aggregated, sold and retained for the benefit of the Company; and
  - (c) the directors of the Company (the “**Directors**”) be and are authorised to do all such acts and things and execute all such documents, including under the seal of the Company, where applicable, as they consider necessary or expedient to give effect to the foregoing arrangements.”

\* For identification purposes only



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SPECIAL RESOLUTION

To consider and, if thought fit, passing the following resolution as a special resolution of the Company:

2. “**THAT** the articles of association of the Company (the “**Articles**”) currently in effect be and are hereby amended by deleting the existing Article 81 in its entirety and be replaced by the following new Article 81:

“The board of directors of the Company may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company.”.

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

Hong Kong, 15 September 2014

*Head Office and Principal place of  
business in Hong Kong:*

Units 2606A-2608, 26th Floor  
Island Place Tower  
510 King’s Road  
North Point, Hong Kong

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person duly authorized to sign the same.
3. Any shareholder entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or, if he is the holder of more than one share, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. Proxy forms together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and deposit of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.