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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)

2011 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Mastermind Capital Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2011

		Six months ended 30th June,	
	<i>Notes</i>	2011	2010
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	13	5
Other net loss	4	(310)	–
Administrative expenses		(15,882)	(3,558)
Other operating expenses		–	(137)
Loss before income tax	6	(16,179)	(3,690)
Income tax expense	7	–	–
Loss for the period attributable to owners of the Company		(16,179)	(3,690)
Loss per share	8		
– Basic (HK cents)		(0.76)	(0.21)
– Diluted (HK cents)		N/A	N/A

* For identification purpose only

	Six months ended 30th June,	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)

Loss for the period	(16,179)	(3,690)
Other comprehensive income		
Change in fair value of available-for-sale financial assets	121	–
Exchange difference on translation of financial statements of foreign subsidiaries	23	–
	<hr/>	<hr/>
Other comprehensive income for the period	144	–
	<hr/>	<hr/>
Total comprehensive income for the period attributable to owners of the Company	(16,035)	(3,690)
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2011

	30th June, 2011	31st December, 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	950	1,096
Available-for-sale financial assets	13,704	13,583
Deposits paid	53,400	30,000
	<u>68,054</u>	<u>44,679</u>
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Current assets		
Prepayments	175	325
Other receivables	1,104	1,432
Financial assets at fair value through profit or loss	6,507	12,400
Cash and cash equivalents	23,210	44,528
	<u>30,996</u>	<u>58,685</u>
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Current liabilities		
Accruals and other payables	(673)	(759)
Amount due to a related company	(125)	(125)
Provision for tax	(73)	(73)
	<u>(871)</u>	<u>(957)</u>
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Net current assets	<u>30,125</u>	<u>57,728</u>
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Total assets less current liabilities/Net assets	<u>98,179</u>	<u>102,407</u>
	=====	=====
EQUITY		
Equity attributable to owners of the Company		
Share capital	53,280	53,280
Reserves	44,899	49,127
	<u>98,179</u>	<u>102,407</u>
	=====	=====
Total equity	<u>98,179</u>	<u>102,407</u>
	=====	=====

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2011

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Mastermind Capital Limited (the “Company”) was incorporated in the Cayman Islands 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 Uglan House, PO Box 309, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong.

Principal activities of the Company and its subsidiaries (the “Group”) include the investments in listed and unlisted companies in Hong Kong and in other parts of the People’s Republic of China (the “PRC”), excluding Hong Kong.

The unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2011 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s 2010 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31st December, 2010.

The Interim Financial Statements were approved for issue by the Board on 30th August, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. The accounting policies adopted in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2010, except for the adoption of the amended Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed below.

Amended HKFRSs – effective from 1st January, 2011

From 1st January, 2011, the Group has applied for the first time the following amended HKFRSs which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1st January, 2011.

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

Other than as noted below, the adoption of these amended HKFRSs did not result in significant changes in the Group’s accounting policies.

Amendment to HKAS 34 – Interim Financial Reporting

It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

HKAS 24 (Revised) – Related Party Disclosures

It clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The Group has not early adopted certain new standards, amendments to standards and interpretations that have been issued at the time of preparing the Interim Financial Statements but are not yet effective. The directors of the Company (the “Directors”) anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the period beginning after the effective date of the pronouncements. The Directors are also currently assessing the impact of these new standards, amendments to standards and interpretations but are not yet in a position to state whether they would have material impact on the results and the financial position of the Group.

3. REVENUE

	Six months ended 30th June,	
	2011	2010
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Interest income	<u>13</u>	<u>5</u>

4. OTHER NET LOSS

	Six months ended 30th June,	
	2011	2010
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Gain on disposal of financial assets at fair value through profit or loss	586	–
Fair value loss on financial assets at fair value through profit or loss	<u>(896)</u>	<u>–</u>
	<u>(310)</u>	<u>–</u>

5. SEGMENT INFORMATION

No segment information is presented as all of the revenue, contribution to operating results, assets and liabilities of the Group are attributable to activities which are carried out or originated principally in Hong Kong.

6. LOSS BEFORE INCOME TAX

	Six months ended 30th June,	
	2011	2010
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Directors’ remuneration	1,020	853
Depreciation on owned assets	153	151
Investment management fees	250	325
Staff costs	655	510
Operating lease charges on an office premise	137	137
Equity-settled share option expense	<u>11,807</u>	<u>–</u>

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30th June 2011 and 2010 as the Group has no assessable profits.

8. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30th June, 2011 is based on the loss attributable to owners of the Company of approximately HK\$16,179,000 (six months ended 30th June, 2010: approximately HK\$3,690,000) and 2,131,200,000 (six months ended 30th June, 2010: 1,776,000,000) ordinary shares in issue during the period.

Diluted loss per share has not presented as there were no dilutive potential shares for the periods ended 30th June, 2010 and 2011.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the period, the Group recorded a loss attributable to owners of the Company of approximately HK\$16,179,000 compared to loss attributable to owners of the Company of approximately HK\$3,690,000 in the corresponding period of 2010. The increase in loss was mainly due to an increase in equity-settled share option expense (non-cash item) of approximately HK\$11,807,000 as a result of the share options granted during the period (six months ended 30th June, 2010: Nil).

Investment review

As at 30th June, 2011, the major investments of the Group were HK\$8,982,000 of a portfolio of listed equity securities and HK\$11,229,000 of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada and the PRC.

Liquidity and Financial Resources

As at 30th June, 2011, the Group had cash and cash equivalents approximately HK\$23,210,000 (as at 31st December, 2010: approximately HK\$44,528,000).

As at 30th June, 2011, the Group had net current assets of approximately HK\$30,125,000, as compared to approximately HK\$57,728,000 as at 31st December, 2010.

As at 30th June, 2011, the current ratio of the Group was 35.59 compared to 61.32 at 31st December, 2010.

The Group had no borrowing as at 30th June, 2011 (as at 31st December, 2010: Nil).

Pledge of assets

As at 30th June, 2011, the Group had no pledged of assets to bank to secure banking facilities (as at 31st December, 2010: Nil).

Capital commitment and contingent liabilities

As at 30th June, 2011 and 31st December, 2010, the Group had no material capital commitment and contingent liabilities.

Foreign exchange exposure

Most of the investments and the business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange exposure is minimal.

Staff costs

The Group's total staff costs (including directors' emoluments) for the six months ended 30th June, 2011 amounted to approximately HK\$1,675,000 (six months ended 30th June, 2010: approximately HK\$1,363,000).

Prospects

Sale and purchase agreements in relation to certain unlisted direct investments have been signed and pending for completion. The Board expects that a stable return can be provided from such investments subsequently.

As European debt crisis, contracting credit markets and the downgrading of sovereign credit rating, the global economy will be slowdown and vulnerable. The Board will be more prudent to seek for investment opportunities in different business sectors at an acceptable risk level.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with Rule 3.21 of the Listing Rules.

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 a general review of the interim report for the six months ended 30th June, 2011 with the Directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has met with the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report except for the following deviation:

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 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 set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

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

Hong Kong, 30th August, 2011

As at the date of this announcement, the board of directors comprises 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 as executive directors; Mr. Lo Tak Kin, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee as independent non-executive directors.