GLOBAL MASTERMIND CAPITAL LIMITED

環 球 大 通 投 資 有 限 公 司*

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

(Stock Code: 905)

2018 INTERIM RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Global Mastermind Capital Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,563**	968
Other income	*5*	**63**	98
Gain/(loss) arising in change at fair value of financial assets at fair value through profit or loss classified as held for trading investments		**(46,886)**	4,338
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		**–**	(21,532)
Cumulative gain reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets		**–**	460
Administrative expenses and other operating expenses		**(11,426)**	(11,349)
Finance costs	*6*	**(178)**	(384)

* *For identification purposes only*

	Notes	Six months ended 30 June **2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Loss before income tax	*7*	**(56,864)**	(27,401)
Income tax expense	*8*	**–**	–
Loss for the period attributable to owners of the Company		**(56,864)**	(27,401)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale financial assets		**–**	(16,673)
Reclassification adjustments relating to available-for-sale financial assets disposed of		**–**	(460)
Reclassification adjustments relating to available-for-sale financial assets impaired of		**–**	21,532
Other comprehensive income/(loss) for the period		**–**	4,399
Total comprehensive loss for the period attributable to owners of the Company		**(56,864)**	(23,002)
Loss per share	*9*		
Basic and diluted *(HK cent(s))*		**(8.12)**	(3.91)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**1,456**	1,719
Intangible assets		**5,785**	5,785
Available-for-sale financial assets	*12*	**–**	137,693
		7,241	145,197
Current assets			
Prepayments		**277**	464
Other receivables		**22,208**	51,021
Deposits paid		**70**	94
Amount due from a related company		**54**	1,727
Financial assets at fair value through profit or loss	*13*	**420,138**	339,954
Cash and cash equivalents		**36,836**	7,017
		479,583	400,277
Current liabilities			
Accruals and other payables		**4,226**	6,202
Loan from a director	*14*	**–**	10,000
Obligation under a finance lease		**28**	192
		4,254	16,394
Net current assets		**475,329**	383,883
Total assets less current liabilities		**482,570**	529,080

	Notes	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Non-current liabilities			
Other financial liability			
– non-convertible bond	*15*	**9,885**	9,862
Net assets		**472,685**	519,218
EQUITY			
Capital and reserve attributable to owners of the Company			
Share capital		**7,003**	7,003
Reserves		**468,682**	512,215
Total equity		**472,685**	519,218
Net asset value per share *(HK$)*		**0.68**	0.74

NOTES

For the six months ended 30 June 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

The unaudited condensed consolidated financial statements of the Group (the "**Interim Financial Information**") have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Interim Financial Information have been prepared in accordance with the same accounting policies applied in 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the Interim Financial Information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**").

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

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

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

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and Interpretations (collectively referred to as the "**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial period beginning from 1 January 2018. A summary of the new and revised HKFRSs applied by the Group is set out as follows:

HKAS 40 (Amendments)	Transfer of Investment Property
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle except HKFRS 12 (Amendments)
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except for application of HKFRS 9 stated below, the application of other new and revised HKFRSs has no material impact on the Interim Financial Information for the current and/or prior periods.

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

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018.

Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for financial assets and financial liabilities in the condensed consolidated statement of financial position that has been impacted by HKFRS 9.

	At 31 December 2017 HK$'000	Impact on initial application of HKFRS 9 HK$'000	At 1 January 2018 HK$'000
Financial assets			
Available-for-sale financial assets	137,693	(137,693)	–
Other receivables	51,021	–	51,021
Deposits paid	94	–	94
Amount due from a related company	1,727	–	1,727
Financial assets at fair value through profit or loss classified as held for trading investments	339,954	148,024	487,978
Cash and cash equivalents	7,017	–	7,017
	537,506	10,331	547,837

	At 31 December 2017 HK$'000	Impact on initial application of HKFRS 9 HK$'000	At 1 January 2018 HK$'000
Financial liabilities			
Accruals and other payables	6,202	–	6,202
Loan from a director	10,000	–	10,000
Obligation under a finance lease	192	–	192
Other financial liability – non-convertible bond	9,862	–	9,862
	26,256	–	26,256

The impact on the Group's reserve due to reclassification and remeasurement of financial instruments at 1 January 2018 is as follows:

	At 31 December 2017	Impact on initial application of HKFRS 9	At 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Equity			
Available-for-sale financial assets revaluation reserve	5,911	(5,911)	–
Accumulated losses	(334,234)	16,242	(317,992)
	(328,323)	10,331	(317,992)

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summaries the impact of transition to HKFRS 9 on available-for-sale financial assets revaluation reserve and accumulated losses at 1 January 2018:

	HK$'000
Closing available-for-sale financial assets revaluation reserve at 31 December 2017	5,911
Restated available-for-sale financial assets revaluation reserve at 31 December 2017	
Reclassified from available-for-sale financial assets revaluation reserve to accumulated loss	(5,911)
Opening available-for-sale financial assets revaluation reserve at 1 January 2018	–

	HK$'000
Closing accumulated losses at 31 December 2017	(334,234)
Restated accumulated losses at 31 December 2017	
Reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss	5,911
Remeasurement of financial assets at fair value through profit or loss	10,331
Opening accumulated losses at 1 January 2018	(317,992)

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVTOCI**") and at fair value through profit or loss ("**FVTPL**"). These supersede HKAS 39's categories of held-maturity investments, loans and receivables, available-for-sale ("**AFS**") financial assets and financial assets measured at FVTPL. The classification of financial asset is based on the business model under which the financial asset is managed and its contractual cash flow characterisrics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other revenue and other income.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost.

Financial assets measured at FVTPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting period; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting period.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or delinquency in interest or principal payments;

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The Gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Transition

Changes in accounting policies resulting from the application of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the application of HKFRS 9 are recognised in accumulated losses at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

– the determination of the business model within which a financial asset is held.

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

3. REVENUE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend income	**1,483**	412
Interest income	**80**	556
	1,563	968

All revenue is recognised at a point in time.

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.

5. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain	**–**	24
Others	**63**	74
	63	98

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
Other financial liability		
– non-convertible bond	**118**	119
Finance lease	**2**	6
Other interest expenses to financial institutions	**58**	259
	178	384

7. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging/(crediting):		
Exchange loss/(gain)	**19**	(24)
Depreciation of property, plant and equipment	**288**	288
Loss on write-off of items of property, plant and equipment	**–**	17
Staff costs	**2,181**	2,881
Directors' remuneration	**4,035**	4,053
Operating lease charges on premise	**19**	17

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax/the People's Republic of China (the "**PRC**") Enterprise Income Tax has been made for the six months ended 30 June 2018 and 30 June 2017 as the Group had no assessable profit arising in or derived from Hong Kong and PRC or the taxable profits was wholly absorbed by estimated tax losses brought forward from prior years.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the period attributable to owners of the Company)	**(56,864)**	(27,401)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**700,334**	700,334

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 June 2018 and 30 June 2017, the exercise of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for both periods.

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired certain items of property, plant and equipment with an aggregate cost of approximately HK$25,000 (six months ended 30 June 2017: approximately HK$4,000).

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity and debt securities, at fair value		
– In Hong Kong	–	96,035
– Outside Hong Kong	–	2,058
	–	98,093
Unlisted equity securities, at cost	–	42,407
Less: Accumulated impairment losses	–	(2,807)
	–	39,600
	–	137,693

Upon application of HKFRS 9 on 1 January 2018, the Group has reclassified all AFS financial assets to financial assets at FVTPL.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity and debt securities classified as held for trading investments:		
– Equity securities in Hong Kong, at fair value	**356,969**	339,174
– Equity securities outside Hong Kong, at fair value	**10,309**	780
	367,278	339,954
Unlisted equity securities:		
– Incorporated in Hong Kong	**21,095**	–
– Incorporated outside Hong Kong	**31,765**	–
	52,860	–
	420,138	339,954

At the end of the reporting period, financial assets at fair value through profit or loss are stated at fair value.

The fair values of listed equity securities (except for the suspended trading security as stated below) are determined based on the quoted market closing prices available on the relevant stock exchanges at the end of the reporting period.

At the end of reporting period, the fair value of suspended trading security listed in Hong Kong with the amount of approximately HK$2,280,000 was reference to the valuation carried out by Graval Consulting Limited, a firm of independent qualified professional valuers. The fair value of suspended trading security listed in Hong Kong was valued by using the market approach with a discount rate of negative 78.8% at 30 June 2018. The discount rate is used to reflect the risk of exposure to corporate governance, illiquidity and financial distress etc. perceived by market participants who hold the suspended shares with remote likelihood of trade resumption.

The fair values of unlisted equity securities was arrived on the basis of valuation carried out by APAC Appraisal and Consulting Limited. The fair value of the the unlisted equity securities was valued by using market approach or asset-based approach as appropriate.

The unlisted equity securities valued by using market approach was valued with average price-to-sale multiples ranging from 4.35 to 10.98 and marketability discount ranging from 25% to 35%.

The unlisted equity securities valued by using asset-based approach was valued with unit rate of property value and minority discount of 5%.

14. LOAN FROM A DIRECTOR

On 30 November 2016, Mr. Mung Kin Keung ("**Mr. Mung**"), a director and shareholder of the Company, as a lender, and the Group, as a borrower, entered into a loan agreement pursuant to which Mr. Mung has agreed to grant a loan (the "**Loan**") to the Group with the amount of HK$10,000,000. During the period ended 30 June 2018, the Group had repaid the entire loan to Mr. Mung with the amount of HK$10,000,000.

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

The Loan is constituted as a connected transaction of the Company which fully exempted from shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

15. OTHER FINANCIAL LIABILITY – NON CONVERTIBLE BOND

On 16 April 2014, the Company issued a non-convertible bond in a principal amount of HK$10,000,000 (the "**Bond**") which is repayable on the date falling 7 years from the date of issue of the Bond (the "**Maturity Date**"). The Company has an option (the "**Prepayment Option**") to repay the outstanding principal amount of the Bond at any time before the Maturity Date, but the bondholder shall not redeem the Bond before the Maturity Date.

The Bond carries interest at the rate of 2% per annum payable annually in arrears on the last day of each year from the date of the Bond, provided that the final repayment of the interest shall be on the Maturity Date. However, for every 10% increase in the net profit in any financial year during the term of the Bond as compared to the immediate previous year, the interest rate shall be increased by 1% for that financial year and with retrospective effect. The following year's interest rate will be reset at 2% subject to adjustment depending on the net profit. The interest rate during the term shall not be less than 2% per annum and not more than 6% per annum (the "**Cap**"). Details of the Bond were set out in the Company's announcement date 16 April 2014.

The Prepayment Option and the Cap are regarded as embedded derivatives in the host contract. The Directors considered that the fair value of the Prepayment Option and the Cap were insignificant on initial recognition and at the end of the reporting period. Accordingly, both fair values were not recognised in the financial statements as at 30 June 2018 and 31 December 2017.

16. CONTINGENCIES

The Group had no material contingent liabilities at the end of the reporting period.

17. INVESTMENTS

Pursuant to the requirements stipulated in Chapter 21.12 of the Listing Rules, the Group discloses its list of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments at 30 June 2018 as follows:

Name of equity securities	Percentage of equity interest held	Net assets attributable to the Company	Cost of investment	Fair value at 30 June 2018	Dividend received
	%	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Listed equity securities in Hong Kong					
Affluent Partners Holdings Limited	2.21	5,219	29,341	**39,323**	–
Beijing Enterprises Water Group Limited	0.04	13,676	19,349	**16,675**	292
Brockman Mining Limited	2.95	13,232	44,597	**49,696**	–
China Information Technology Development Limited	3.33	17,556	26,435	**22,798**	–
China State Construction International Holdings Limited	0.04	14,886	19,562	**15,311**	–
CST Group Limited (formerly known as NetMind Financial Holdings Limited)	1.29	74.632	27,030	**17,500**	–
Frontier Services Group Limited	1.15	13,489	24,462	**36,532**	–
Huayi Tencent Entertainment Company Limited	1.35	11,519	103,487	**68,385**	–
Kingston Financial Group Limited	0.07	15,160	36,608	**22,400**	–
Unlisted equity securities outside Hong Kong					
Click Ventures Segregated Portfolio Company – Fund Series 3T SP	Not applicable	Not applicable	7,800	**17,179**	–
			338,671	**305,799**	

Notes:

(a) Affluent Partners Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 01466). Affluent Partners Holdings Limited is principally engaged in purchasing, processing, designing, production and wholesaling and distribution of pearls and jewellery products and operation of strategic investment and financial service segment.

For the year ended 31 March 2018, the audited consolidated loss attributable to the owners of the company was approximately HK$129,787,000 and its audited consolidated net assets was approximately HK$236,508,000.

(b) Beijing Enterprises Water Group Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00371). Beijing Enterprises Water Group Limited is principally engaged in sewage and reclaimed water treatment and construction services, water distribution services and technical and consultancy services in water business.

For the year ended 31 December 2017, the audited consolidated profit attributable to the owners of the company was approximately HK$3,717,227,000 and its audited consolidated net assets was approximately HK$33,041,323,000.

(c) Brockman Mining Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00159). Brockman Mining Limited is principally engaged in iron mine acquisition, exploration and development in Western Australia and exploitation, processing and sales of copper ore concentrate in the PRC.

For the six months ended 31 December 2017, the unaudited consolidated loss attributable to the owners of the company was approximately HK$16,953,000 and its unaudited consolidated net assets was approximately HK$448,851,000.

(d) China Information Technology Development Limited was incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange (stock code: 08178). China Information Technology Development Limited is principally engaged in the sales of computer hardware and the provision of software development, system integration, as well as technical support and maintenance services and leasing of in-house developed computer hardware.

For the six months ended 30 June 2018, the unaudited consolidated loss attributable to the owners of the company was approximately HK$1,255,000 and its unaudited consolidated net assets was approximately HK$527,851,000.

(e) China State Construction International Holdings Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 03311). China State Construction International Holdings Limited is principally engaged in the infrastructure project investments, facade contracting business and infrastructure operation, building construction, civil and foundation engineering works.

For the six months ended 30 June 2018, the unaudited consolidated profit attributable to the owners of the company was approximately HK$2,522,320,000 and its unaudited consolidated net assets was approximately HK$39,517,112,000.

(f) CST Group Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00985). CST Group Limited is principally engaged in the exploration, mining and sales of minerals, investment in financial instruments, investment in properties, money lending businesses and operation of e-logistics platforms.

For the year ended 31 March 2018, the audited consolidated loss attributable to the owners of the company was approximately US$12,719,000 and its audited net assets was approximately US$740,545,000.

(g) Frontier Services Group Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 00500). Frontier Services Group Limited is principally engaged in provision of aviation and logistics services and the provision of online financial market information.

For the six months ended 30 June 2018, the unaudited consolidated loss attributable to the owners of the company was approximately HK$126,914,000 and its unaudited consolidated net assets was approximately HK$1,169,286,000.

(h) Huayi Tencent Entertainment Company Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 00419). Huayi Tencent Entertainment Company Limited is principally engaged in investment and production of films and television series, provision of online health management services for diabetic patients through its cloud health management platform "Kangxun Xuetang", provision of offline healthcare and wellness services through the operation of a healthcare and wellness center "Beijing Bayhood No.9 Club".

For the six months ended 30 June 2018, the unaudited consolidated loss attributable to the owners of the company was approximately HK$24,030,000 and its unaudited consolidated net assets was approximately HK$852,609,000.

(i) Kingston Financial Group Limited was incorporated in Bermuda and its shares are listed on the Stock Exchange (stock code: 01031). Kingston Financial Group Limited is principally engaged in provision of brokerage, underwriting and placements services for dealings in securities on recognised stock exchanges, provision of credits services in margin and initial public offering financing, provision of corporate finance advisory services, futures brokerage and asset management services, operation of hotels and provision of hotel management services, operation of restaurants in hotels, operation of casino in hotels and trading of listed securities.

For the year ended 31 March 2018, the audited consolidated profit attributable to the owners of the company was approximately HK$1,348,626,000 and its audited net assets was approximately HK$20,639,360,000.

(j) Fund Series 3T SP operates by Click Ventures Segregated Portfolio Company was incorporated in the Cayman Islands. Fund Series 3T SP is principally invested in start-ups at the seed to series A stage in Hong Kong and internationally.

For the six months ended 30 June 2018, the unaudited consolidated net assets attributable to the holders of the fund was approximately US$1,078,000.

18. EVENTS AFTER THE REPORTING PERIOD

There is no significant event took place subsequent to the end of the reporting period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the six months ended 30 June 2018, the Group recorded a loss attributable to owners of the Company of approximately HK$56,864,000, compared to a loss attributable to owners of the Company of approximately HK$27,401,000 in the corresponding period of 2017. Such increase was mainly attributable to the change from gain arising in change in fair value of financial assets at fair value through profit or loss classified as held for trading investments of approximately HK$4,338,000 for the six months ended 30 June 2017 to loss arising in change in fair value of financial assets at fair value through profit or loss classified as held for trading investments of approximately HK$46,886,000 for the six months ended 30 June 2018 which partly offset the absence of impairment loss recognized in respect of available-for-sale financial assets reclassified from equity to profit or loss of approximately HK$21,532,000 as recognized for the six months ended 30 June 2017.

Investment review

As at 30 June 2018, the major investments of the Group were approximately HK$367,278,000 of a portfolio of listed financial instrument and approximately HK$52,860,000 of direct investment in unlisted financial instrument. The investment portfolio of the Group mainly comprises equity securities mainly in Hong Kong, Canada and the United States of America.

Dividend from listed equity investments during the six months ended 30 June 2018 was approximately HK$1,483,000. Interest income from debt securities during the six months ended 30 June 2018 was approximately HK$80,000.

The details of all investments with a value greater than 5% of the Group's gross assets and at least 10 largest investments at 30 June 2018 respectively is set out in note 17.

Liquidity and Financial Resources

As at 30 June 2018, the Group had cash and cash equivalents approximately HK$36,836,000 (as at 31 December 2017: approximately HK$7,017,000).

As at 30 June 2018, the Group had other financial liability, obligation under finance lease and loan from a director of approximately HK$9,885,000 (as at 31 December 2017: approximately HK$9,862,000), approximately HK$28,000 (as at 31 December 2017: approximately HK$192,000) and approximately HK$nil (as at 31 December 2017: approximately HK$10,000,000) respectively.

The gearing ratio (borrowings/total equity) as at 30 June 2018 was 2.1% (as at 31 December 2017: 3.9%). Borrowings included other financial liability, obligation under finance lease and amount due from a director.

As at 30 June 2018, the Group had net current assets of approximately HK$475,329,000, as compared to approximately HK$383,883,000 as at 31 December 2017.

As at 30 June 2018, the current ratio of the Group was 112.74 compared to 24.42 as at 31 December 2017.

Charges on assets

As at 30 June 2018, the Group's obligation under a finance lease is secured by the lessor's charge over the leased asset with the carrying amount of approximately HK$450,000 (31 December 2017: HK$547,000).

Capital commitment and contingent liabilities

As at 30 June 2018 and 31 December 2017, the Group had no material capital commitment and contingent liabilities.

Foreign exchange exposure

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

Share Capital and Capital Structure

As at 30 June 2018, the Company had 700,333,925 shares of HK$0.01 each in issue (31 December 2017: 700,333,925 shares).

Material Acquisitions and Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the six months ended 30 June 2018.

Loan from a Director

On 30 November 2016, Mr. Mung Kin Keung ("**Mr. Mung**"), a director and shareholder of the Company, as a lender, and the Group, as a borrower, entered into a loan agreement pursuant to which Mr. Mung has agreed to grant a loan (the "**Loan**") to the Group with the amount of HK$10,000,000.

During the period ended 30 June 2018, the Group had repaid the Loan to Mr. Mung with the amount of HK$10,000,000.

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

The Loan is constituted as a connected transaction of the Company which fully exempted from shareholders' approval, annual review and all disclosure requirement under the Listing Rules.

Employees and remuneration policy

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

There are 15 employees, including 2 executive Directors and 3 independent non-executive Directors. Remuneration policies are reviewed in accordance with the market situation and the performance of individual directors from time to time. In addition to salaries, the Group provides employee benefits such as medical insurance and mandatory provident fund schemes. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Group's total staff costs (including directors' emoluments) for the six months ended 30 June 2018 under review amounted to approximately HK$6,216,000 (six months ended 30 June 2017: approximately HK$6,934,000).

Prospects

Worldwide stock market were mixed in the first half of 2018, the United States stock market is enjoying the longest bull market on record. However, China's stocks market finished the first half of 2018 as the worst performers among the world, with Hong Kong stock market fared slightly better.

Investors have been worried on a lot of topics, including interest hike cycle, strong the United States dollars, deleveraging China, weakening on the Renminbi, but most importantly, the trade war between China and United States, a new threat that has not been seen for decades.

As mentioned in the 2017 annual report, the Board expects a 5 – 10 % correction in 2018. The Board will maintain its strategy by focusing on assets which offer healthy growth over mid to long term, but also gives us the opportunity to maximize our return in the short future. We believe investment market to be extremely challenging in 2018, and the Board will remain extra cautious.

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**") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2018. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code, a Director is required to notify designated executive directors in writing and obtain a written acknowledgement from the designated executive directors prior to any dealings the Securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has applied the principles and complied with all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules during the period except for the following deviations:

Code provision A.4.1

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

Code provision D.1.4

Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung, Mr. Lei Seng Fat and Mr. Fung Wai Ching). However, the Directors shall be subject to retirement by rotation in accordance with the Bye-laws. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Bye-laws, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statue and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Code provision E.1.2

Code provision E.1.2 of the CG Code states that the chairman of the Board should attend the annual general meeting of the Company. Mr. Mung Kin Keung, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 7 June 2018 (the "**Annual General Meeting**") due to other engagements. However, arrangements including the attendance of another member of the Board had been in place to ensure the Annual General Meeting was in order.

CHANGES IN DIRECTORS' INFORMATION

The change in information on Directors since the date of the 2017 annual report of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:–

Biographical details

Name	**Details of Changes**
Mr. Mung Kin Keung	resigned as an executive director and vice chairman of the board of director of Hong Kong International Construction Investment Management Group Co., Limited (Stock Code: 687) with effect from 3 August 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises 3 independent non-executive Directors, Mr. Poon Wai Hoi, Percy (the chairman of the Audit Committee), Mr. Fung Wai Ching and Mr. Lei Seng Fat. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2018.

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 June 2018.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2018 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.irasia.com/listco/hk/mastermindcap/)* and the 2018 Interim Report containing all the information required by the Listing Rules will be dispatched to shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. MUNG Kin Keung (Chairman) and Mr. MUNG Bun Man, Alan; and three independent non-executive Directors, namely, Mr. FUNG Wai Ching, Mr. LEI Seng Fat and Mr. POON Wai Hoi, Percy.