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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)**

### **VOLUNTARY ANNOUNCEMENT DEPOSITS REFUNDED ON 3 INVESTMENT ACQUISITION OF EQUITY INTEREST IN PRC COMPANIES**

Reference is made to the deposits paid as stated in the “Mastermind Capital Limited 2014 Interim Report” dated 29 August 2014. Deposits refund has been received and accounted for the outstanding deposits on “Investment 1”, “Investment 2”, and “Investment 3” (collectively the “**Investments**”). Deposits outstanding for the Investments are now well received in accordance with the terms of the agreements and supplemental agreements.

#### **INFORMATION ABOUT THE DEPOSITS REFUNDED**

On 16 September 2010, the Company entered into non-binding memorandum of understandings (“**MOUs**”) with vendors for the acquisition of equity interests in three investment projects in the PRC, with deposits paid of HK\$10,000,000 for each investment project. According to the MOUs, Mr. Mung Kin Keung (“**Mr. Mung**”), an executive director, the chairman and a substantial shareholder of the Company, has a personal guarantee on the deposits paid as security in the event that the vendors are unable to fulfill their responsibilities under the MOUs.

\* *For identification purposes only*

On 21 March 2012, the Company and the vendors entered into an agreement to terminate the Investments, and the vendors agreed to refund the deposit of HK\$10 million with a premium of HK\$3 million to the Company on each of the project on or before 30 June 2012.

On 29 June 2012, a supplemental agreement was entered into between the Company, Mr. Mung and the vendors to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million for the Investments on or before 31 December 2012. In the event that the vendor could introduce investment project which is accepted by the Company by 31 December 2012, the vendors could only be required to refund the deposit of HK\$10 million for each investment project.

On 31 December 2012, another supplemental agreement was entered into between the Company, Mr. Mung and the vendors to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million for each investment project on or before 30 September 2013. Other terms in this supplemental agreement are same as the supplemental agreement dated 29 June 2012.

As the repayment of the deposits involved uncertainty as at 31 December 2012, provision for impairment of HK\$30,000,000 was therefore made in the audited financial statements for the year ended 31 December 2012.

The vendors of the Investments did not repay the deposits during the year ended 31 December 2013. In addition, as impairment provision had been made for the deposits resulted from uncertainty of recoverability, the premium for the Investments in an aggregate of HK\$9 million will only be recognized as other revenue by the Group until the premium received by the Group accordingly.

Upon the failure of refund by the vendors by 30 September 2013 as mentioned above, the management further negotiated with the vendors for the refund schedule of the deposits. On 6 January 2014, settlement agreements (the “**Settlement Agreements**”) for refund of the deposits were entered into between the Company and the vendors, the vendors agreed to refund the deposit of HK\$10 million and a premium of HK\$3 million for each investment project. Pursuant to the Settlement Agreements, the deposits refund should be due on 28 February 2014. If the vendor failed to refund the deposit and the premium on or before 28 February 2014, the vendors will be liable to a 36% annual interest rate for the Investments.

On January 2014, part of the deposits amounting to HK\$3 million was refunded by the vendors. It was recognized as a write back of impairment provision on deposits paid in the audited financial statements for the year ended 31 December 2013.

On 15 July 2014, the vendors refunded part of deposits amounting to HK\$0.5 million for the Investments.

On 2 September 2014, the vendors refunded part of deposits amounting to HK\$1 million for the Investments.

As the vendors failed to refund the rest of the deposits and the accrued interest, on 30 December 2014, Mr. Mung had fulfilled his responsibility as a personal guarantee on the Investments and refunded all the outstanding deposits and interest agreed on the Settlement Agreements on the Investments. The deposits refunded and accrued interest settled by Mr. Mung was in an aggregate sum of HK\$45,329,589.

By Order of the Board  
**MASTERMIND CAPITAL LIMITED**  
**MUNG BUN MAN, ALAN**  
*Executive Director*

Hong Kong, 8 January 2015

*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. MAN Kong Yui, Mr. FUNG Wai Ching and Mr. POON Wai Hoi, Percy.*