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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)

ANNOUNCEMENT OF 2010 FINAL RESULTS

The Board of Directors (the “Board”) of Mastermind Capital Limited (the “Company”) presents the annual consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2010 and the consolidated statement of financial position of the Group as at 31st December, 2010 together with the comparative figures for the year ended 31st December, 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
Revenue	5	1,046	11
Other revenue and net income	5	1,400	341
Administrative expenses and other operating expenses		<u>(8,759)</u>	<u>(5,389)</u>
Loss before income tax	6	(6,313)	(5,037)
Income tax expense	7	<u>–</u>	<u>(79)</u>
Loss for the year, attributable to the owners of the Company		<u>(6,313)</u>	<u>(5,116)</u>
Other comprehensive income			
(Loss)/gain on change in fair value of available-for-sale financial assets		(671)	385
Reclassification relating to impairment loss on available-for-sale financial assets		834	–
Exchange difference on translation of financial statements of foreign subsidiaries		<u>44</u>	<u>(3)</u>
Other comprehensive income for the year		<u>207</u>	<u>382</u>
Total comprehensive income for the year, attributable to the owners of the Company		<u>(6,106)</u>	<u>(4,734)</u>
Loss per share for loss attributable to the owners of the Company during the year	8		
Basic (HK cents)		<u>(0.34)</u>	<u>(0.35)</u>
Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

* for identification purpose only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2010

	Notes	2010 HK\$'000	2009 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,096	1,375
Available-for-sale financial assets	9	13,583	14,254
Deposits paid	10	30,000	–
		<u>44,679</u>	<u>15,629</u>
Current assets			
Prepayments		325	198
Other receivables		1,432	278
Financial assets at fair value through profit or loss	11	12,400	–
Cash and cash equivalents		44,528	13,516
		<u>58,685</u>	<u>13,992</u>
Current liabilities			
Accruals and other payables		(759)	(431)
Amount due to a related company		(125)	–
Provision for tax		(73)	(79)
		<u>(957)</u>	<u>(510)</u>
Net current assets		<u>57,728</u>	<u>13,482</u>
Total assets less current liabilities/Net assets		<u>102,407</u>	<u>29,111</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital		53,280	37,200
Reserves		49,127	(8,089)
Total equity		<u>102,407</u>	<u>29,111</u>
Net asset value per share (HK\$)	12	<u>0.05</u>	<u>0.02</u>

Notes:

1. GENERAL INFORMATION

Mastermind Capital Limited (the “Company”) is domiciled in Hong Kong and was incorporated in the Cayman Islands on 21st April, 1998, as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s registered office is Uglan House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is Room 1401-3, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The directors of the Company consider China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), a company incorporated in Hong Kong, to be the ultimate holding company.

The principal activity of the Company is to act as an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) principally invest in listed and unlisted companies.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The financial statements have been prepared on the historical cost basis except for financial assets classified as available-for-sale financial assets and financial assets at fair value through profit or loss, which are stated at fair values.

3. ADOPTION OF NEW OR AMENDED HKFRSs

Adoption of new/revised HKFRSs – effective 1st January, 2010

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations

The adoption of these new/revised standards and interpretations has no significant impact on the Group’s financial statements.

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

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ^{1&2}
HKFRS 9	Financial Instruments ³

¹ Effective for annual periods beginning on or after 1st July, 2010

² Effective for annual periods beginning on or after 1st January, 2011

³ Effective for annual periods beginning on or after 1st January, 2013

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company's executive directors. The Group's principal activity is investment in listed and unlisted companies. The executive directors regard it as a single business segment and no segment information is presented.

At the reporting date, non-current assets included property, plant and equipment of approximately HK\$1,096,000 (2009: 1,375,000) and deposits paid of approximately HK\$30,000,000 (2009: Nil) are located in Hong Kong (domicile) and the People's Republic of China ("PRC") respectively. The place of domicile is determined based on the location of central management.

The Group's dividend income and interest income are derived from the PRC and Hong Kong (domicile) respectively.

5. REVENUE AND OTHER REVENUE AND NET INCOME

The Group's principal activities are disclosed in note 1. Turnover of the Group is the revenue from these activities.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue		
Dividend income	1,017	–
Interest income	29	11
	<u>1,046</u>	<u>11</u>
Other revenue and net income		
Other revenue		
– Sundry income	–	341
Net income		
– fair value gain on financial assets at fair value through profit or loss	1,400	–
	<u>1,400</u>	<u>341</u>

6. LOSS BEFORE INCOME TAX

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Loss before income tax is arrived at after charging:		
Auditor's remuneration	250	240
Depreciation on owned assets	303	125
Impairment loss on available-for-sale financial assets	834	–
Investment management fees	575	600
Operating lease charges on an office premise	274	114
Loss on disposal of a subsidiary	–	2
	<u>–</u>	<u>2</u>

7. INCOME TAX EXPENSE

Taxation on profits arising in Hong Kong has been calculated on the assessable profits for the year at the rate of 16.5% (2009: Nil). The Group has no profits subject to the PRC corporate income tax during the year (2009: 25%).

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong		
– Current tax	73	–
– Under-provision in respect of prior year	6	–
	<u>79</u>	–
The PRC		
– Current tax	–	79
– Over-provision in respect of prior year	(79)	–
	<u>–</u>	<u>79</u>
Income tax expense	<u>–</u>	<u>79</u>

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to the owners of the Company of HK\$6,313,000 (2009: HK\$5,116,000) and the weighted average number of 1,830,000,000 (2009: 1,472,000,000) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31st December, 2009 and 2010 is not presented as there is no dilutive potential ordinary share in existence during the years.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Listed equity securities, at fair value	2,354	3,025
Unlisted equity securities, at cost	11,229	11,229
	<u>13,583</u>	<u>14,254</u>

10. DEPOSITS PAID

On 16 September 2010, the Company signed non-binding memorandum of understandings (“MOUs”) with vendors for the acquisition of equity interests in three investment projects in the PRC, with deposits paid of HK\$10,000,000 for each of the investment projects (2009: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Listed equity securities held for trading, at fair value	<u>12,400</u>	<u>–</u>

12. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31st December, 2010 of HK\$102,407,000 (2009: HK\$29,111,000) and the 2,131,200,000 (2009: 1,488,000,000) ordinary shares in issue.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the year (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment review

As at 31st December, 2010, the major investments of the Group were HK\$14.75 million of a portfolio of listed equity securities and HK\$11.23 million of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada and China.

The listed equity securities held by the Group during the year were shares in Shougang Concord Technology Holdings Limited, APAC Resources Limited, Medifocus Inc. and National Arts Holdings Limited.

The Group had made a direct investment in unlisted equity securities in Ruyan Yao Autonomous Country hydro-electricity power plants (the “Power Plants”) in the PRC. Dividend from the Power Plants during the year was approximately HK\$1 million.

Financial review

During the year, the Group recorded a loss of approximately HK\$6,313,000 (2009: approximately HK\$5,116,000) after deducting administrative expenses of approximately HK\$7,925,000 (2009: approximately HK\$5,389,000).

Financial position

As at 31st December, 2010, the Group had cash and cash equivalents approximately HK\$44,528,000 (2009: approximately HK\$13,516,000).

The Group had no borrowing as at 31st December, 2010 (2009: Nil).

As at 31st December, 2010, the Group had net current assets of approximately HK\$57,728,000, as compared to approximately HK\$13,482,000 as at 31st December, 2009.

As at 31st December, 2010, the current ratio of the Group was 61.32 compared to 27.43 at 31st December, 2009.

Charges on assets

As at 31st December, 2010, there were no charges on the Group's assets (2009: Nil).

Foreign exchange exposure

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

Contingent liabilities

The Group had no contingent liabilities as at 31st December, 2010 (2009: Nil).

Employees and remuneration policy

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

There are four employees, six executive directors and three independent non-executive directors. Remuneration policies are reviewed by the remuneration committee in accordance with the market situation and the performance of individual directors from time to time.

The Group's total staff costs (including directors' emoluments) for the year under review amounted to approximately HK\$3,252,000 (2009: approximately HK\$2,357,000).

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of annual results for the year ended 31st December, 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the financial year ended 31st December, 2010, except for certain deviations which are summarised below:

Code provision A.2.1

The code provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

An individual chief executive officer was appointed on 12th November, 2010. The deviation from the code provision A.2.1 of the Code was upto 11th November, 2010.

Code provision A.4.1

The code provision A.4.1 of the CG Code states that non-executive directors should be appointed for a specific term subject to election.

All independent non-executive directors are not appointed for specific term. They are, however, subject to retirement by rotation at least once every three years in accordance with the Company's Articles of Association.

Code provision E.1.2

The code provision E.1.2 of the CG Code states that the Chairman of the Board should attend the annual general meeting of the Company.

Due to the other business commitment, Mr. MUNG Kin Keung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 30th June, 2010. However, arrangements including the attendance of another member of the Board had been in place to ensure the annual general meeting was in order.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by directors and by relevant employees (as defined in the Code). All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year 2010.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to the shareholders as well as published on the websites of the Stock Exchange of Hong Kong Limited and the Company in due course.

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

Hong Kong, 30th March, 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, Mr. MUNG Bun Man, Alan (formerly known as MUNG Chiu Yu, Alan), as executive directors; Mr. LO Tak Kin, Ms. YU Tin Yan, Winnie and Mr. Patrick LEE as independent non-executive directors.