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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 2014 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, 2014 and the consolidated statement of financial position of the Group as at 31st December, 2014 together with the comparative figures for the year ended 31st December, 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Revenue	5	1,759	1,027
Write back of impairment provision on deposits paid	12	1,500	26,400
Fair value (loss)/gain on financial assets at fair value through profit or loss		(2,213)	89
Impairment provision on available-for-sale financial assets, at cost		(4,779)	(5,374)
Reclassification from equity to profit or loss on impairment of available-for-sale financial assets, at fair value		(5,221)	(357)
Reclassification from equity to profit or loss on disposal of available-for-sale financial assets, at fair value		74	–
Administrative expenses and other operating expenses		(8,367)	(7,359)
Finance costs	6	(357)	–
(Loss)/Profit before income tax	7	(17,604)	14,426
Income tax expense	8	–	–
(Loss)/Profit for the year, attributable to owners of the Company		(17,604)	14,426

* *For identification purposes only*

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain/(Loss) on change in fair value of available-for-sale financial assets		4,884	(3,665)
Reclassification relating to impairment provision on and disposal of available-for-sale financial assets		5,147	357
Exchange difference on translation of financial statements of foreign subsidiaries		<u>(43)</u>	<u>50</u>
Other comprehensive income for the year		<u>9,988</u>	<u>(3,258)</u>
Total comprehensive income for the year, attributable to owners of the Company		<u>(7,616)</u>	<u>11,168</u>
(Losses)/Earnings per share for (loss)/profit attributable to owners of the Company during the year	<i>9</i>		(Restated)
Basic (HK cent(s))		<u>(6.74)</u>	<u>6.47</u>
Diluted (HK cent(s))		<u>(6.74)</u>	<u>6.47</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2014

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		41	197
Club membership		2,720	–
Available-for-sale financial assets	<i>11</i>	<u>85,541</u>	<u>27,968</u>
		88,302	28,165
Current assets			
Prepayments		766	41
Other receivables		4,907	2,195
Deposits paid	<i>12</i>	–	3,000
Financial assets at fair value through profit or loss		56,046	704
Cash and cash equivalents		<u>104,632</u>	<u>20,343</u>
		166,351	26,283
Current liabilities			
Accruals and other payables		6,726	993
Unsecured loan	<i>13</i>	80,000	–
Amount due to a director		2,000	–
Amount due to a related company		<u>5</u>	<u>125</u>
		88,731	1,118
Net current assets		<u>77,620</u>	<u>25,165</u>
Total assets less current liabilities		165,922	53,330
Non-current liability			
Other financial liability – non-convertible bond		<u>9,751</u>	–
Net assets		<u>156,171</u>	<u>53,330</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		77,935	54,947
Reserves		<u>78,236</u>	<u>(1,617)</u>
Total equity		<u>156,171</u>	<u>53,330</u>
Net asset value per share (HK\$)		<u>0.50</u>	<u>0.02</u>

Notes:

1. GENERAL INFORMATION

The Company was domiciled in Hong Kong and 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 address of 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 situated at Unit 1611, 16/F, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is to act as an investment holding company. The Company and its subsidiaries principally invest in listed and unlisted companies.

The financial statements for the year ended 31st December, 2014 were authorised and approved for issue by the Board on 27th March, 2015.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

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

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) *Adoption of new/revised HKFRSs – effective on 1st January, 2014*

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

Except as explained below, the adoption of these amendments has no material impact on the Group’s financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding application guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group has no impaired non-financial assets.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity’s business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity as defined in HKFRS 10.

(b) *New/revised HKFRSs that have been issued but are not yet effective*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
Amendments to HKFRS 10 and HKFRS 12, and HKAS 28 (2011)	Investment Entities: Applying the Consolidated Exception ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1st July, 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1st July, 2014

³ Effective for annual periods beginning on or after 1st January, 2016

⁴ Effective for annual periods beginning on or after 1st January, 2017

⁵ Effective for annual periods beginning on or after 1st January, 2018

Except as explained below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial statements.

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 – Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) – Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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 with the exception of available-for-sale financial assets included property, plant and equipment and club membership of approximately HK\$41,000 (2013: HK\$197,000) and HK\$2,720,000 (2013: Nil) which are located in Hong Kong. The Company's place of domicile is in Hong Kong which 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.

5. REVENUE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividend income	1,743	1,000
Interest income	<u>16</u>	<u>27</u>
	<u>1,759</u>	<u>1,027</u>

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on unsecured loan		
– wholly repayable within five years (<i>Note</i>)	189	–
Interest on other financial liability – non-convertible bond	<u>168</u>	<u>–</u>
	<u>357</u>	<u>–</u>

Note: The interest on unsecured loan contains a repayment on demand clause.

7. (LOSS) /PROFIT BEFORE INCOME TAX

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) /Profit before income tax is arrived at after charging:		
Auditor's remuneration	320	293
Depreciation	187	309
Operating lease charges on office premises	243	422
Write off of other receivables	–	906
Loss on disposal of property, plant and equipment	13	–
	<u> </u>	<u> </u>

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the year (2013: Nil). Also, the Group has no profits subject to the PRC enterprise income tax during the year (2013: Nil).

9. (LOSSES) /EARNINGS PER SHARE

The calculation of the basic (losses)/earnings per share is based on the loss for the year attributable to owners of the Company of HK\$17,604,000 (2013: profit of HK\$14,426,000) and the weighted average number of 261,315,000 (2013: 222,949,000 (restated)) ordinary shares in issue during the year. The weighted average number of ordinary shares adopted in calculation of the basic (losses)/earnings per share for the years ended 31st December, 2014 and 2013 have been adjusted to reflect the impact of the share consolidation and open offer with effect on 10th October, 2014 and 14th January, 2015 respectively.

The computation of diluted (losses)/earnings per shares does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price per share for the years ended 31st December, 2014 and 2013.

10. DIVIDENDS

No dividend was paid or proposed during the years ended 31st December, 2014 and 2013, nor has any dividend been proposed since the end of the reporting period.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Listed equity securities, at fair value	70,998	8,646
Unlisted equity securities, at cost less impairment	<u>14,543</u>	<u>19,322</u>
	<u>85,541</u>	<u>27,968</u>

12. DEPOSITS PAID

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Deposits paid	–	30,000
Less: provision for impairment loss	<u>–</u>	<u>(27,000)</u>
At 31st December	<u>–</u>	<u>3,000</u>

The movement in provision for impairment of deposits paid is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1st January	27,000	53,400
Recovery of impairment loss previously recognised	(1,500)	(26,400)
Written off	<u>(25,500)</u>	<u>–</u>
At 31st December	<u>–</u>	<u>27,000</u>

Notes:

- (i) On 11th April, 2011, the Company signed a Chinese non-binding framework agreement with two vendors for the acquisition of the petrochemical related business in the PRC, and paid a refundable deposit of US\$3,000,000 (equivalent to approximately HK\$23,400,000).

In March 2012, the Company and the vendors agreed to terminate the acquisition. Since the repayment of the deposits involved uncertainty, provision for impairment of HK\$23,400,000 was made for the year ended 31st December, 2012.

In April 2013, the deposit of HK\$23,400,000 was refunded to the Company and recognised as a write back of impairment provision on deposits paid for the year ended 31st December, 2013.

- (ii) On 16th 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 of the investment projects. According to the MOUs, Mr. Mung Kin Keung (“Mr. Mung”), a director 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 fulfil their responsibilities under the MOUs.

– ***Investment 1***

On 8th April, 2011, the Company entered into a letter of intent with a vendor to extend the expiry date of one of the MOUs. On 31st December, 2011, the acquisition of equity interest in the investment project had not been executed or completed. On 21st March, 2012, the Company and the vendor entered into an agreement to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10,000,000 with a premium of HK\$3,000,000 to the Company on or before 30th June, 2012.

On 29th June, 2012, a supplemental agreement was entered into among the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 31st December, 2012. In the event that the vendor could introduce investment project which is accepted by the Company by 31st December, 2012, the vendor would only be required to refund the deposit of HK\$10,000,000.

On 31st December, 2012, another supplemental agreement was entered into among the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 30th September, 2013. Other terms in this agreement are the same as the supplemental agreement dated 29th June, 2012.

– ***Investment 2***

On 8th April, 2011, the Company entered into a sale and purchase agreement (the “Agreement 1”) with an individual and a vendor upon the expiry of one of the MOUs. Pursuant to the Agreement 1, this individual provided personal guarantee in favour of the Company the due and punctual performance of the Agreement 1. In the event that completion of Agreement 1 does not take place, this individual should refund the related deposit of HK\$10,000,000 plus a premium of HK\$3,000,000 in total to the Company. Subsequently, the Agreement 1 was not completed as certain conditions precedent to the execution of the Agreement 1 had not been fulfilled. On 21st March, 2012, the Company entered into an agreement with the vendor to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10,000,000 with a premium of HK\$3,000,000 to the Company on or before 30th June, 2012.

On 29th June, 2012, a supplemental agreement was entered into among the Company, the individual and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 31st December, 2012. In the event that the vendor could introduce investment project which was accepted by the Company by 31st December, 2012, the vendor would only be required to refund the deposit of HK\$10,000,000.

On 31st December, 2012, another supplemental agreement was entered among the Company, the individual and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 30th September, 2013. Other terms in this supplemental agreement are the same as the supplemental agreement dated 29th June, 2012.

– ***Investment 3***

On 8th April, 2011, the Company entered into four other sale and purchase agreements (the “Agreements 2”) with a vendor upon the expiry of the remaining MOU. According to the Agreements 2, two individuals provided personal guarantees in favour of the Company the due and punctual performance of the Agreements 2. On 31st December, 2011, the Agreements 2 was not completed as certain conditions precedent to the execution of the Agreements 2 have not been fulfilled. On 21st March, 2012, the Company entered into an agreement with the vendor to terminate the acquisition, and the vendor agreed to refund the deposit of HK\$10,000,000 with a premium of HK\$3,000,000 to the Company on or before 30th June, 2012.

On 29th June, 2012, a supplemental agreement was entered among the Company and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 31st December, 2012. In the event that the vendor could introduce investment project which is accepted by the Company by 31st December, 2012, the vendor would only be required to refund the deposit of HK\$10,000,000.

On 31st December, 2012, another supplemental agreement was entered among the Company, the individual and the vendor to extend the refund of the deposit of HK\$10,000,000 and the premium of HK\$3,000,000 on or before 30th September, 2013. Other terms in this supplemental agreement are same as the supplemental agreement dated 29th June, 2012.

The repayment of the above deposits is secured by a personal guarantee from Mr. Mung.

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

The vendors of investments 1, 2 and 3 did not repay the deposits during the year ended 31st December, 2013. In addition, as impairment provision had been made for the deposits resulted from uncertainty of recoverability, the premium in aggregate of HK\$9,000,000 will only be recognised as other revenue by the Group until the premium received by the Group.

Upon the failure of refund by the vendors by 30th September, 2013 as mentioned above, the management further negotiated with the vendors for the refund schedule of the deposits. On 6th January, 2014, settlement agreements (the “Settlement Agreements”) for refund of the deposits were entered into between the Company and the vendors. Pursuant to the Settlement Agreements, the deposits refund together with the premium should be due on 28th February, 2014. If the vendors fail to repay, 36% annual interest rate would be charged to the vendors for the total outstanding balance accordingly.

In January 2014, part of deposits amounting to HK\$3,000,000 were refunded by the vendors. It was recognised as a write back of impairment provision on deposits paid for the year ended 31st December, 2013.

However, the vendors did not refund the remaining balance of deposits amounting to HK\$27,000,000 by 28th February, 2014. On 28th March, 2014, the directors resolved to take legal action to recover the remaining balance of deposits. In addition, once the directors considered the deposits could not be recovered from vendors, the personal guarantee from Mr. Mung would be executed by the Company. On 15th July, 2014, the vendors refunded part of deposits amounting to HK\$500,000 to the Company. It was recognised as a write back of impairment provision on deposits paid for the year.

On 29th August, 2014, the Company instructed its legal advisor to take the necessary actions against the vendors. On 2nd September, 2014, the vendors further repaid part of deposits amounting to HK\$1,000,000 to the Company. It was also recognised as a write back of impairment provision on deposits paid for the year. As the vendors failed to repay the remaining balance of the deposits, the premium and the interests after the Group has taken legal actions, Mr. Mung had fulfilled his responsibility as a personal guarantee and paid all outstanding balance and interest agreed on the Settlement Agreements on 30th December, 2014.

The personal guarantee from Mr. Mung was provided for preventing the Group from suffering loss of deposits paid for the investments 1, 2 and 3, and Mr. Mung is a substantial shareholder of the Company. Therefore, the total amount of HK\$45,330,000 of the outstanding balance and interest paid by Mr. Mung should be recognised as a capital contribution (the “Capital Contribution”) to the Group and the Company. Part of the Capital Contribution of HK\$18,124,000 was utilised by the Group to repay an unsecured loan and the related interest expenses in December 2014.

13. UNSECURED LOAN

On 4th December, 2014, 21 Holdings Limited (the “Lender”) and the Company entered into a loan agreement, pursuant to which the Lender agreed to make available to the Company a loan of HK\$80,000,000 (the “Loan”) for the purpose of financing the investment and the working capital of the Company. On 30th December, 2014 (the “Drawdown Date”), the Company has drawn the Loan in full. The Loan is unsecured, interest bearing at 8% per annum and repayable in the second year from the Drawdown Date.

The Loan contained a repayment on demand clause and therefore classified as current liability at the end of the reporting period.

14. EVENTS AFTER THE REPORTING DATE

On 14th January, 2015, the Company completed the open offer by issuing 155,869,300 offer shares on the basis of 1 offer share for every 2 existing shares, at a subscription price of HK\$0.45 per offer share. The Company received total proceeds of approximately HK\$70,141,000. Upon the completion of the offer share, the exercise price and number of share options outstanding under the share options scheme are adjusted to HK\$2.644 and 3,319,149 respectively. Details of the open offer were set out in the Company’s announcements dated 25th November, 2014 and 9th January, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and investment review

As at 31st December, 2014, the major investments of the Group were HK\$127,044,000 of a portfolio of listed equity securities and HK\$14,543,000 of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada, the United States of America and China.

Dividend from listed equity investments during the year was approximately HK\$1,301,000.

The Group had made direct investments in unlisted equity securities in Ruyan Yao Autonomous Country hydro-electricity power plants (the “Power Plants”) in the PRC and GOGC Petroleum (China) Limited. Dividend from the Power Plants during the year was approximately HK\$442,000.

On 19th November, 2014, Billion City Investment Limited, a direct wholly-owned subsidiary of the Company, as the vendor and Mr. Han Jinfeng, an independent third party, as the purchaser entered into a disposal agreement in relation to the disposal of 7% equity interest of GOGC Petroleum (China) Limited at a cash consideration of HK\$29,837,500. On 12th January, 2015, the vendor and the purchaser entered into a deed of termination to terminate the disposal agreement as both the vendor and the purchaser expected that the long stop date of 16th January, 2015 will be lapsed before all conditions precedent as set out in the disposal agreement have been satisfied, and did not reach an agreement on the extension of the long stop date to proceed with the disposal.

On 16th 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 of the investment projects. According to the MOUs, Mr. Mung Kin Keung (“Mr. Mung”), a director 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 fulfil their responsibilities under the MOUs. Prior to 30th December, 2014, the outstanding deposits paid was HK\$25,500,000. Mr. Mung had fulfilled his responsibility as a personal guarantee and paid all outstanding balances and interest of approximately HK\$45,330,000 on 30th December, 2014. The details are set out in note 12 “Deposits Paid” in this announcement.

On 6th October, 2014, Mega Way International Limited, a direct wholly-owned subsidiary of the Company, as the borrower and Ms. Zhang Jin as the lender entered into a loan agreement in relation to an unsecured loan in the principal amount of HK\$18,000,000 granted by the lender to the borrower with an interest rate of 3% per annum. The loan was repaid on December 2014.

On 25th November, 2014, the Company and an underwriter entered into an underwriting agreement for open offer. Under the open offer, the Company proposed to raise not less than approximately HK\$70,141,000 and not more than approximately HK\$70,400,000 before expenses by issuing not less than 155,869,300 offer shares and not more than 156,444,300 offer shares at the subscription price of HK\$0.45 per offer share on the basis of one offer share for every two existing shares held on the record date. Details of the Open Offer was set out in the Company's announcement dated 25th November, 2014 and Company's prospectus dated 16th December, 2014.

The open offer was completed and 155,869,300 shares was issued on 14th January, 2015. The net proceeds of approximately HK\$67,600,000. It was intended the net proceeds of approximately HK\$60,000,000 will be reserved for future investment activities. The remaining net proceeds will be reserved for general working capital.

Financial review

During the year, the Group recorded a loss attributable to owners of the Company of approximately HK\$17,604,000, compared to a profit attributable to owners of the Company of approximately HK\$14,426,000 in the corresponding period of 2013. The increase in loss was mainly due to (i) the write back of impairment provision on deposits paid decreased by approximately HK\$24,900,000 for the year ended 31st December, 2014; and (ii) reclassification from equity to profit or loss on impairment of available-for-sale financials assets at fair value increased by approximately HK\$4,864,000 for the year ended 31st December, 2014.

Financial position

As at 31st December, 2014, the Group had cash and cash equivalents of approximately HK\$104,632,000 (2013: approximately HK\$20,343,000).

As at 31st December, 2014, the Group had other financial liability and unsecured loan of approximately HK\$9,751,000 (2013: Nil) and HK\$80,000,000 (2013: Nil) respectively.

The gearing ratio (borrowings/total equity) at 31st December, 2014 was 57.5% (2013: N/A). Borrowings included other financial liability and unsecured loan.

As at 31st December, 2014, the Group had net current assets of approximately HK\$77,620,000, as compared to approximately HK\$25,165,000 as at 31st December, 2013.

As at 31st December, 2014, the current ratio of the Group was 1.87 compared to 23.51 as at 31st December, 2013.

Capital structure

On 31st March, 2014, the Company, a placing agent and China Tian Di Xing Logistics Holdings Limited entered into a placing and subscription agreement in relation to the placing of 400,000,000 existing shares of HK\$0.025 each and the subscription of new shares of HK\$0.025 each on a best effort basis to places at the placing and subscription price of HK\$0.10 per share of HK\$0.025. The closing price of the shares was HK\$0.12 per share as quoted on the Stock Exchange on 31st March, 2014, being the date of the placing and subscription agreement. The net proceeds of approximately 38,500,000 was used for new investment of the Company in listed securities in Hong Kong and the United States of America. The net price to the Company of each new share under the placing was HK\$0.096. Details of the placing and subscription were set out in the Company's announcement dated 31st March, 2014.

On 16th April, 2014, the Company as issuer and an independent third party as subscriber entered into a subscription agreement in relation to the subscription of the 2% (subject to adjustment) unsecured and non-convertible bond in the aggregate principal amount of HK\$10,000,000. As at 31st December, 2014, the liability portion of the unsecured and non-convertible bond was approximately HK\$9,751,000.

On 4th August, 2014, the directors proposed to implement a share consolidation on the basis that every ten issued and unissued existing shares of HK\$0.025 each in the share capital of the Company be consolidated into one consolidated share of HK\$0.25 each. The existing shares are currently traded on the Main Board of the Stock Exchange in board lot size of 80,000 Shares. The Directors also proposed to change the board lot size of the consolidated shares of the Company from 80,000 existing shares to 8,000 consolidated shares upon the share consolidation became unconditional. Details of the share consolidation and change in board lot size were set out in the Company's announcement dated 4th August, 2014 and Company's circular dated 15th September, 2014. The share consolidation was approved in the extraordinary meeting on 9th October, 2014. The share consolidation and change in board lot size took effect on 10th October, 2014.

On 16th October, 2014, the Company, a placing agent and China Tian Di Xing Logistics Holdings Limited entered into a placing and subscription agreement in relation to the placing of 51,952,000 existing shares and the subscription of new shares each on a best effort basis to placees at the placing and subscription price of HK\$0.54 per share. The closing price of the shares was HK\$0.65 per share as quoted on the Stock Exchange on 16th October, 2014, being the date of the placing and subscription agreement. The net proceeds of approximately HK\$26,700,000 was used for new investment of the Company in listed securities in Hong Kong and the United States of America and general working capital. The net price of the Company of each new share under the placing was HK\$0.514. Details of the placing and subscription were set out in the Company's announcement dated 16th October, 2014.

On 29th October, 2014, the directors proposed to increase the authorised share capital of the Company from HK\$100,000,000 divided into 400,000,000 shares to HK\$1,000,000,000 divided into 4,000,000,000 shares by the creation of an additional 3,600,000,000 shares, which will rank pari passu with all existing shares. On 21st November, 2014, the increase of authorized share capital was approved in the extraordinary general meeting.

On 25th November, 2014, the directors announced that the board lot size of the shares for trading on the Stock Exchange will be changed from 8,000 shares to 16,000 shares with effect from 14th January, 2015.

On 4th December, 2014, the Company as the borrower and 21 Holdings Limited, a company of which its shares are listed on the Main Board of the Stock Exchange (Stock code: 1003), as the lender entered into a loan agreement in relation to an unsecured loan in the principal amount of HK\$80,000,000 conditionally granted by the lender to the borrower for a term of two years from the date of drawdown with an interest rate of 8% per annum. The loan was drawdown on 30th December, 2014.

Charges on assets

As at 31st December, 2014, there were no charges on the Group's assets (2013: 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, 2014 (2013: 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 six employees, two 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\$3,989,000 (2013: approximately HK\$3,009,000).

Prospects

Looking ahead, the Board expects the investment market in 2015 to be challenging. The Board will pay attention to the changes in global economy and continue to seek for business opportunities available in the market which can enhance shareholders' value and strengthen the financial position of the Group.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2014 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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 the review of annual results and consolidated financial statements for the year ended 31st December, 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 year except for the following deviations:

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 to election.

After the expiry of the service contract, the appointment of the independent non-executive directors of the Company (the “INEDs”) shall continue with no specific term. They are, however, subject to retirement by rotation at least once every two years in accordance with the articles of association of the Company (the “Articles of Association”).

Each INED has, pursuant to the guidelines set out in Rule 3.13 of the Listing Rules, confirmed he/she is independent of the Company and the Company also considers that they are independent. The term of office of each INED is not more than three years from date of appointment subject to the requirement that one-third of all the directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association.

Code provision A.6.7

The code provision A.6.7 of the CG Code states that INED should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to personal commitment, two INEDs, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee, were unable to attend the annual general meeting of the Company held on 25th June, 2014 (the “Annual General Meeting”).

Due to personal commitment, an INED, Mr. Lo Tak Kin, was unable to attend the extraordinary general meeting held on 9th October, 2014.

Due to personal commitment, three INEDs, Mr. Man Kong Yui, Mr. Fung Wai Chung, and Mr. Poon Wai Hoi, Percy, were unable to attend the extraordinary general meeting held on 21st November, 2014.

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, the chairman of the Board, Mr. Mung Kin Keung, was unable to attend 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.

Code provision A.2.1

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

Mr. Tang Hao has resigned as an executive director and the chief executive officer of the Company with effect from 31st March 2014. The position of chief executive officer remained vacant until Mr. Mung Bun Man, Alan was appointed as the chief executive officer of the Company on 9th February, 2015.

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 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 during the year.

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.

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
Mastermind Capital Limited
Mung Kin Keung
Chairman and Executive Director

Hong Kong, 27th March, 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.