

\* For identification purpose only



**MASTERMIND CAPITAL LIMITED**  
**慧德投資有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code : 905)

Interim Report 2010

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors:*

Mr. MUNG Kin Keung (*Chairman*)

Mr. HA Wing Ho, Peter

Mr. CHEE Man Sang, Eric

Mr. STOCKFORD Michael

Mr. DESCOURTIEUX Benoit

#### *Independent Non-executive Directors:*

Mr. LEE Patrick

Mr. LO Tak Kin

Ms. YU Tin Yan, Winnie

### COMPANY SECRETARY

Mr. CHAN Wai Man

### INVESTMENT MANAGER

OP Calypso Capital Limited

### PRINCIPAL BANKER

Hang Seng Bank Limited

### AUDITORS

Grant Thornton

Certified Public Accountants

### LEGAL ADVISERS

Hong Kong Law

Mason Ching & Associates

Cayman Islands Law

Maples and Calder

### PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited

Butterfield House, 68 Fort Street

PO Box 609

Grand Cayman, KY1-1107

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

26th Floor, Tesbury Centre

28 Queen's Road East, Wanchai

Hong Kong

### REGISTERED OFFICE

Ugland House

PO Box 309

Grand Cayman, KY1-1104

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

Room 1401-3, 14th Floor

Tower 2, Admiralty Centre

18 Harcourt Road

Hong Kong

### STOCK CODE

The Stock Exchange of Hong Kong

Limited: 905

### COMPANY WEBSITE

[www.mastermindcapitalhk.com](http://www.mastermindcapitalhk.com)

The Board of Directors (the “Board”) of Mastermind Capital Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2010 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2010

	Notes	Six months ended 30th June,	
		2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
<b>Revenue</b>	2	5	9
Administrative expenses		(3,558)	(2,171)
Other operating expenses		(137)	–
<b>Loss from operations</b>		<b>(3,690)</b>	(2,162)
Finance costs		–	–
<b>Loss before income tax</b>	4	<b>(3,690)</b>	(2,162)
<b>Income tax expense</b>	5	–	–
<b>Loss for the period attributable to equity holders of the Company</b>		<b>(3,690)</b>	(2,162)
<b>Loss per share for loss attributable to equity holders of the Company</b>	6		
– Basic (HK cents)		(0.21)	(0.15)
– Diluted (HK cents)		N/A	N/A
<b>Dividends</b>		–	–

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30th June, 2010

	<b>Six months ended</b>	
	<b>30th June,</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss for the period	<b>(3,690)</b>	(2,162)
<b>Other comprehensive income for the period</b>		
Change in fair value of available-for-sale financial assets	-	366
Total comprehensive income for the period attributable to equity holders of the Company	<b>(3,690)</b>	(1,796)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2010

		As at	
		30th June, 2010	31st December, 2009
Notes		HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-Current assets</b>			
Property, plant and equipment	7	1,232	1,375
Available-for-sale financial assets	8	13,733	14,254
		14,965	15,629
<b>Current assets</b>			
Prepayment		151	198
Other receivables		278	278
Cash and cash equivalents		45,006	13,516
		45,435	13,992
<b>Current liabilities</b>			
Other payables and accrued expenses		(281)	(431)
Provision for tax		(79)	(79)
		(360)	(510)
<b>Net current assets</b>		45,075	13,482
<b>Net assets</b>		60,040	29,111
<b>EQUITY</b>			
Share capital	9	44,400	37,200
Reserves		15,640	(8,089)
<b>Total equity</b>		60,040	29,111

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2010

	Equity attributable to equity holders of the Company					
	Share capital HK\$'000	Share premium* HK\$'000	Translation reserve* HK\$'000	Fair value reserve for available-for-sale financial assets* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
As 1st January, 2010 (Audited)	37,200	115,241	(3)	385	(123,712)	29,111
Issue of share capital	7,200	28,800	-	-	-	36,000
Shares issue expenses	-	(996)	-	-	-	(996)
Transactions with owners	7,200	27,804	-	-	-	35,004
Loss for the period	-	-	-	-	(3,690)	(3,690)
Other comprehensive income						
Revaluation of available-for-sale financial assets	-	-	-	(385)	-	(385)
Total comprehensive income for the period	-	-	-	(385)	(3,690)	(4,075)
At 30th June, 2010 (Unaudited)	44,400	143,045	(3)	-	(127,402)	60,040

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Equity attributable to equity holders of the Company				
	Share capital HK\$'000	Share premium* HK\$'000	Fair value reserve for available-for-sale financial assets* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
At 1st January, 2009 (Audited)	36,000	110,501	-	(118,596)	27,905
Loss for the period	-	-	-	(2,162)	(2,162)
Other comprehensive income for the period	-	-	366	-	366
Total comprehensive income for the period	-	-	366	(2,162)	(1,796)
Proceeds from shares issued	1,200	4,800	-	-	6,000
Share issue expenses	-	(58)	-	-	(58)
Transactions with owners	1,200	4,742	-	-	5,942
At 30th June, 2009 (Unaudited)	37,200	115,243	366	(120,758)	32,051

\* These reserve accounts comprise the consolidated reserves of HK\$15,640,000 (2009: deficit of HK\$5,149,000) in the condensed consolidated statement of financial position.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2010

	<b>Six months ended</b>	
	<b>30th June,</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash used in operating activities	<b>(3,506)</b>	(953)
Net cash used in investing activities	<b>(8)</b>	(2,442)
Net cash generated from financing activities	<b>35,004</b>	5,942
Net increase in cash at banks	<b>31,490</b>	2,547
Cash balances at banks at beginning of the period	<b>13,516</b>	27,963
Cash balances at banks at end of the period	<b>45,006</b>	30,510



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2010

### 1. General information and basis of preparation

Mastermind Capital Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Ugland House, PO Box 309, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business is Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong.

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

The unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2010 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial statements are unaudited but have been reviewed by the audit committee of the Company.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s 2009 annual financial statements.

The accounting policies and method of computation adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31st December, 2009.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1st January, 2009. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years except as stated below.

## 1. General information and basis of preparation *(continued)*

### Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2010 were approved for issue by the Board on 23rd August, 2010.

## 2. Revenue

	Six months ended 30th June,	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Interest income	5	9

## 3. Segment information

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

#### 4. Loss before income tax

	Six months ended 30th June,	
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Loss before income tax is arrived at after charging:		
Directors' remuneration	853	693
Depreciation on owned assets	151	–
Investment management fees	325	300
Staff costs	510	221

#### 5. Income tax expense

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred losses for both periods.

#### 6. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$3,690,000 (six months ended 30th June, 2009: loss of approximately HK\$2,162,000) and 1,776,000,000 (six months ended 30th June, 2009: 1,488,000,000) ordinary shares in issue during the period.

Diluted loss per share has not presented as there were no dilutive potential shares for the period ended 30th June, 2009 and 2010.

## 7. Property, plant and equipment

	<b>Motor vehicle</b>
	<b>HK\$'000</b>
<b>At 31st December, 2009 and 1st January, 2010</b>	
Cost	1,500
Accumulated depreciation	(125)
<b>Net book amount</b>	<b>1,375</b>
<b>Period ended 30th June, 2010</b>	
Opening net book amount	1,375
Additions	8
Depreciation	(151)
<b>Closing net book amount</b>	<b>1,232</b>
<b>At 30th June 2010</b>	
Cost	1,508
Accumulated depreciation	(276)
<b>Net book amount</b>	<b>1,232</b>
<b>At 31st December, 2008 and 1st January, 2009</b>	
Cost	–
Accumulated depreciation	–
<b>Net book amount</b>	<b>–</b>
<b>Year ended 31st December, 2009</b>	
Opening net book amount	–
Additions	1,500
Depreciation	(125)
<b>Closing net book amount</b>	<b>1,375</b>
<b>At 31st December, 2009</b>	
Cost	1,500
Accumulated depreciation	(125)
<b>Net book amount</b>	<b>1,375</b>

**8. Available-for-sale financial assets**

	<b>30th June, 2010 (Unaudited) HK\$'000</b>	31st December, 2009 (Audited) HK\$'000
Listed equity securities		
– in Hong Kong	<b>2,049</b>	2,136
– outside Hong Kong	<b>455</b>	889
	<b>2,504</b>	3,025
Unlisted equity securities at cost	<b>14,293</b>	14,293
Accumulated impairment losses	<b>(3,064)</b>	(3,064)
	<b>11,229</b>	11,229
	<b>13,733</b>	14,254

## 9. Share capital

	As at 30th June, 2010		As at 31st December, 2009	
	Number of shares	HK\$'000	Number of shares	HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.025 each At beginning of the period/ year	<b>2,000,000,000</b>	<b>50,000</b>	2,000,000,000	50,000
Increase in authorised ordinary shares ( <i>note (a)</i> )	<b>2,000,000,000</b>	<b>50,000</b>	–	–
	<b>4,000,000,000</b>	<b>100,000</b>	<b>2,000,000,000</b>	<b>50,000</b>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.025 each At beginning of the period/ year	<b>1,488,000,000</b>	<b>37,200</b>	1,440,000,000	36,000
Issue of ordinary shares of HK\$0.025 each ( <i>note (b)</i> )	<b>288,000,000</b>	<b>7,200</b>	48,000,000	1,200
	<b>1,776,000,000</b>	<b>44,400</b>	<b>1,488,000,000</b>	<b>37,200</b>

The share capital of the Company comprises only fully paid ordinary shares with a par value of HK\$0.025 each. All shares are equally eligible to receive dividends and to the repayment of capital and represent one vote at shareholders' meetings of the Company.

### Notes:

- (a) By a special resolution dated 30th June, 2010, the authorised share capital of the Company was increased from HK\$50,000,000 divided into 2,000,000,000 ordinary shares of HK\$0.025 each to HK\$100,000,000 by the creation of a further 2,000,000,000 ordinary shares of HK\$0.025 each ranking pari passu in all respects with the existing shares of the Company.
- (b) On 18th December, 2009, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place 288,000,000 new ordinary shares at a placing price of HK\$0.125 each. On 13th January, 2010, the Company received a net proceed of HK\$35,000,000 from the placing of 288,000,000 new ordinary shares of HK\$0.025 each at the placing price of HK\$0.125 each.

## 10. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties.

### (i) Significant transactions with related parties

	Notes	Six months ended	
		2010	2009
		30th June,	30th June,
		HK\$'000	HK\$'000
Office rental paid/payable to a related company	(a)	137	–
Investment management fees paid/payable to Hua Yu Investment Management Limited (“Hua Yu”)	(b)	258	300
Investment management fees paid/payable to OP Calypso Capital Limited (“OP Calypso”)	(c)	67	–

(a) Office rental paid/payable to a related company, in which Mr. Mung Kin Keung is a common director and a shareholder of the related company and the Company. The office rental was charged in accordance with the terms negotiated between the relevant parties.

(b) On 12th May, 2005, the Company entered into an investment management agreement (the “Agreement”) with Hua Yu for a period of 2 years, with effect from 20th May, 2005. The Agreement was subsequently renewed on 18th April, 2007, 2008 and 17th April, 2009 for a period of 1 year respectively. Hua Yu resigned as the investment manager of the Company with effective from 13th May, 2010.

Investment management fees paid/payable to Hua Yu are calculated at 0.375% of the net asset value per quarter, subject to a minimum of HK\$150,000 for every three months.

(c) OP Calypso has been appointed as investment manager of the Company with effective from 13th May, 2010 to provide asset management services for the Company.

The investment management fee is HK\$500,000 per annum. The fee was agreed after arms-length negotiations between the Company and OP Calypso.

### (ii) Key management personnel compensation

There was no arrangement under which a director waived or agreed to waive any remuneration during the period.

No emolument was paid by the Company to the directors or any of the five highest paid individual as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

## 11. Contingencies

The Group had no material contingent liabilities at the statement of financial position dates.

## INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2009: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

During the period, the Group recorded a loss attributable to shareholders of approximately HK\$3,690,000, compared to a loss attributable to shareholders of approximately HK\$2,162,000 for the last corresponding period.

### Liquidity and Financial Resources

As at 30th June, 2010, there were no material borrowings and there were no charges on the Group's assets (2009: HK\$ Nil).

### Pledge of assets

As at 30th June, 2010, the Group had no property pledged to bank to secure mortgage loan granted to the Group (2009: HK\$ Nil).

### Capital commitment and contingent liabilities

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

### Foreign currency fluctuation

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

### Staff costs

The Group's total staff costs (including directors' emoluments) for the period amounted to approximately HK\$1,363,000 (2009: HK\$914,000).

### Business review and outlook

While the fundamentals of the China economy remain strong, the Chinese Government attempts to control economic overheating. The China economy is expected to grow in 2010. China is still a developing country. It has a lot of room to grow and there are business opportunities in China. The investment portfolio of the Group mainly comprised of listed securities in Hong Kong and unlisted equity securities in China during the period. The Group will continue to take a cautious and prudent approach in managing the Group's investment portfolio and develop the investment strategies. The Group will continue to look for investment opportunities, which offer outstanding returns and within the acceptable risk profile of the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Business review and outlook *(Continued)*

On 18th December, 2009, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place 288,000,000 new ordinary shares at a placing price of HK\$0.125 each with a net proceed of HK\$35,000,000 which will be applied to these investment opportunities as they arise.

In May 2010, the Company has appointed OP Calypso Capital Limited (“OP Calypso”) as the investment manager to provide asset management services. OP Calypso provides asset management services for several funds in Asia with a focus on China. The Board of directors consider that OP Calypso’s expertise will provide valuable contribution to the management of investments of the Company.

## DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th June, 2010, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as follows:

### Interests in Shares of the Company

Name of directors	Capacity	Number of shares held				Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests	Other interests		
MUNG Kin Keung	Interest in controlled corporation	-	-	1,080,000,000 <i>(Note 1)</i>	-	1,080,000,000	60.81%
Asian Special Opportunities Fund	Interest in controlled fund	-	-	-	123,200,000 <i>(Note 2)</i>	123,200,000	6.94%

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS** *(Continued)*

### **Interests in Shares of the Company** *(Continued)*

*Note 1:* These shares were registered in the name of and were beneficially owned by 中國天地行物流控股集團有限公司 (「天地行」), a company in which Mr. MUNG Kin Keung holds 99.99% equity interests. Therefore, Mr. MUNG Kin Keung is deemed to have an interest in the shares in which 天地行 is interested.

*Note 2:* Mr. Michael STOCKFORD, an executive Director, is a director of the Fund. Mr. STOCKFORD and Mr. DESCOURTIEUX, an executive Director, are directors of the investment manager of the Fund.

Save as disclosed above, at no time during the six months ended 30th June, 2010 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or the chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

## **AUDIT COMMITTEE**

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

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report for the six months ended 30th June, 2010 with the directors.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

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

### **Code provision 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 not appointed during the period. The Board considers that based on the existing size and structure of the Company, the appointment of an individual chief executive officer of the Company is not necessary. Furthermore, the Company has engaged OP Calypso Capital Limited as its investment manager.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the period.

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

Hong Kong, 23rd August, 2010