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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)

2016 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 2016 together with comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	<i>Notes</i>	Six months ended 30 June	
		2016	2015
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	1,474	1,130
Other income		69	–
(Loss)/gain arising in change in fair value of financial assets at fair value through profit or loss		(60,892)	21,133
Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss		(2,500)	–
Cumulative gain/(loss) reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets		402	(3,188)
Gain on disposal of subsidiaries	5	–	19,404
Administrative expenses and other operating expenses		(13,746)	(5,934)
Finance costs	6	(3,240)	(3,336)

* *For identification purposes only*

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
(Loss)/profit before income tax	7	(78,433)	29,209
Income tax expense	8	—	(1,709)
(Loss)/profit for the year attributable to owners of the Company		(78,433)	27,500
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		(58,357)	49,693
Reclassification adjustments relating to available-for-sale financial assets disposed of		(360)	3,188
Reclassification adjustments relating to available-for-sale financial assets impaired of		2,500	—
Reclassification adjustments relating to foreign operations disposed of during the period		—	(89)
Other comprehensive (loss)/income for the period		(56,217)	52,792
Total comprehensive (loss)/income for the period attributable to owners of the Company		(134,650)	80,292
			(restated)
(Loss)/earnings per share	9		
Basic and diluted (HK cent(s))		(19.84)	22.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,674	1,811
Intangible assets		5,785	2,720
Available-for-sale financial assets		130,337	191,440
		<u>137,796</u>	<u>195,971</u>
Current assets			
Prepayments		284	439
Other receivables		3,493	4,812
Deposits paid		26	32
Financial assets at fair value through profit or loss		299,253	371,075
Cash and cash equivalents		37,392	20,882
		<u>340,448</u>	<u>397,240</u>
Current liabilities			
Accruals and other payables		1,401	4,337
Unsecured loan	11	47,610	87,000
Obligation under a finance lease		318	313
		<u>49,329</u>	<u>91,650</u>
Net current assets		<u>291,119</u>	<u>305,590</u>
Total assets less current liabilities		<u>428,915</u>	<u>501,561</u>
Non-current liabilities			
Obligation under a finance lease		355	515
Other financial liability – non-convertible bond		9,807	9,788
		<u>10,162</u>	<u>10,303</u>
Net assets		<u>418,753</u>	<u>491,258</u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		5,048	350,706
Reserves		413,705	140,552
Total equity		<u>418,753</u>	<u>491,258</u>
Net asset value per share (HK\$)		<u>0.83</u>	<u>0.35</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 1611, 16/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 companies in Hong Kong, the United States of America and the other parts of the People's Republic of China (the "PRC"), excluding Hong Kong.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 (the "Interim Financial Statements") 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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Interim Financial Statements are unaudited but have been reviewed by the audit committee of the Company.

The 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 2015 annual financial statements.

The Interim Financial Statements 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 accounting policies and method of computation adopted in the preparation of the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in 2015 annual financial statements, except for the impact of the adoption of the new and revised Hong Kong Accounting Standards, Hong Kong Financial Reporting Standards and Interpretations (collectively referred to as the “new and revised HKFRSs”) described below.

In the current period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial period beginning from 1 January 2016. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

The adoption of the new and revised HKFRSs has no significant effect on the Interim Financial Statements for the current 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.

3. REVENUE

	Six months ended 30 June	
	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Unaudited)
Dividend Income	1,158	1,061
Interest income	316	69
	<u>1,474</u>	<u>1,130</u>

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. NET GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2015, the Group disposed its subsidiaries, Billion City Investment Limited, Ocean Power Limited and Excellent Base Development Limited which are engaged in investment holding. The investment held by Billion City Investment Limited is unlisted equity interest of 7% in GOGC Petroleum (China) Limited, which is principally engaged in the business of oil and gas development and production in the PRC. The investments held by Ocean Power Limited and Excellent Base Development Limited are unlisted equity interest of 30% in 乳源瑤族自治縣二灣水電站, 乳源瑤族自治縣坪坑仔水電站, 乳源瑤族自治縣天泉水電站 and 乳源瑤族自治縣上山水電站, which are principally engaged in the operation of hydro-electricity power plants in the PRC. The net assets of Billion City Investment Limited, Ocean Power Limited and Excellent Base Development Limited based on their unaudited management account at the date of disposal were as follows:

	Six months ended 30 June 2015			Total <i>HK\$'000</i> (Unaudited)
	Billion City Investment Limited <i>HK\$'000</i> (Unaudited)	Ocean Power Limited <i>HK\$'000</i> (Unaudited)	Excellent Base Development Limited <i>HK\$'000</i> (Unaudited)	
Available-for-sale financial assets	8,093	3,225	3,225	14,543
Cash and cash equivalents	14	17	40	71
Other receivable	–	1,146	1,238	2,384
Other payable	–	(200)	(113)	(313)
Exchange difference	–	(32)	(57)	(89)
	8,107	4,156	4,333	16,596
Gain/(loss) on disposal	21,893	(1,156)	(1,333)	19,404
Total consideration	<u>30,000</u>	<u>3,000</u>	<u>3,000</u>	<u>36,000</u>

	Six months ended 30 June 2015			
	Billion City		Excellent Base	
	Investment	Ocean Power	Development	Total
	Limited	Limited	Limited	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Satisfied by:				
Cash	30,000	3,000	500	33,500
Other receivable	–	–	2,500	2,500
	<u>30,000</u>	<u>3,000</u>	<u>3,000</u>	<u>36,000</u>
Net cash inflow arising on disposal:				
Cash consideration	30,000	3,000	500	33,500
Cash and cash equivalents disposed of	(14)	(17)	(40)	(71)
	<u>29,986</u>	<u>2,983</u>	<u>460</u>	<u>33,429</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Unsecured loan	3,037	3,174
Other financial liability		
– non-convertible bond	119	117
Finance lease	11	–
Other interest expenses to financial institution	73	45
	<u>3,240</u>	<u>3,336</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit before income tax is arrived at after charging:		
Exchange loss	360	12
Directors' remuneration	3,990	1,380
Depreciation of property, plant and equipment	203	51
Staff costs	2,463	1,660
Operating lease charges on an office premise	860	197
	<u>860</u>	<u>197</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	<u>-</u>	<u>1,709</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2016 and 2015. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the six months ended 30 June 2015.

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong for the six months ended 30 June 2016 and 2015.

No provision for PRC Enterprise Income Tax has been made as the Group had no assessable profit arising in PRC for the period from 1 January 2015 to the respective date of disposal of PRC subsidiaries.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2016 is based on the loss attributable to owners of the Company of approximately HK\$78,433,000 (six months ended 30 June 2015: profit of approximately HK\$27,500,000) and the weighted average number of 395,318,233 (six months ended 30 June 2015: 123,580,652 (restated)) ordinary shares in issue during the six months ended 30 June 2016. For the six months ended 30 June 2015, the weighted average number of ordinary shares have also been retrospectively adjusted to reflect the impact of issue of new shares upon open offer and capital reorganisation which took place on 24 August 2015 and 12 January 2016 respectively. Accordingly, the basic and diluted earnings per share for the year ended 30 June 2015 have been restated.

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 these options is higher than the average market price for shares for six months ended 30 June 2016 and 2015.

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

11. UNSECURED LOAN

	30 June 2016 <i>HK\$'000</i> (Unaudited)	31 December 2015 <i>HK\$'000</i> (Audited)
Unsecured loan	<u>47,610</u>	<u>87,000</u>

The unsecured loan is unsecured, interest bearing at 8% per annum (2015: 8% per annum) and repayable on the falling 24 months from the drawdown date.

The unsecured loan contained a repayment on demand clause and therefore classified as current liability at 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 2016 (six months ended 30 June 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the six months ended 30 June 2016, the Group recorded a loss attributable to owners of the Company of approximately HK\$78,433,000, compared to a profit attributable to owners of the Company of approximately HK\$27,500,000 in the corresponding period of 2015. Such change was mainly attributable to (i) change from gain arising in change in fair value of financial assets at fair value through profit or loss of approximately HK\$21,133,000 for six months ended 30 June 2015 to loss arising in change in fair value of financial assets at fair value through profit or loss of approximately HK\$60,892,000 and (ii) the absence of gain on disposal of subsidiaries of approximately HK\$19,404,000 as recognized for the six months ended 30 June 2015.

Investment review

As at 30 June 2016, the major investments of the Group were approximately HK\$429,033,000 of a portfolio of listed equity securities and approximately HK\$557,000 of direct investment in unlisted securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada, the United States of America and the PRC.

Dividend from listed equity investments during the period was approximately HK\$1,158,000. Interest income from bond during the period was approximately HK\$316,000.

Liquidity and Financial Resources

As at 30 June 2016, the Group had cash and cash equivalents approximately HK\$37,392,000 (as at 31 December 2015: approximately HK\$20,882,000).

As at 30 June 2016, the Group had other financial liability, obligation under finance lease and unsecured loan of approximately HK\$9,807,000 (as at 31 December 2015: approximately HK\$9,788,000), approximately HK\$673,000 (as at 31 December 2015: HK\$828,000) and approximately HK\$47,610,000 (as at 31 December 2015: approximately HK\$87,000,000) respectively.

The gearing ratio (borrowings/total equity) as at 30 June 2016 was 13.9% (as at 31 December 2015: 19.9%). Borrowings included other financial liability, obligation under finance lease and unsecured loan.

As at 30 June 2016, the Group had net current assets of approximately HK\$291,119,000, as compared to approximately HK\$305,590,000 as at 31 December 2015.

As at 30 June 2016, the current ratio of the Group was 6.90 compared to 4.33 as at 31 December 2015.

Charges on assets

As at 30 June 2016, there were no charges on the Group's assets (as at 31 December 2015: Nil).

Capital commitment and contingent liabilities

As at 30 June 2016 and 31 December 2015, 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

Pursuant to an extraordinary general meeting (the “EGM”) held on 23 November 2015, a capital reorganization was duly passed in which every four issued shares of HK\$0.25 each in the Company will be consolidated into one consolidated share of HK\$1.00 each and the paid-up capital of the consolidated shares will be reduced from HK\$1.00 each to HK\$0.01 each by cancelling HK\$0.99 thereof so as to form the reorganized shares of HK\$0.01 each. The capital reorganization was effective on 12 January 2016. Details of the capital reorganization were set out in the Company’s announcements dated 30 September 2015, 19 October 2015, 22 October 2015, 22 December 2015 and 12 January 2016, the circular of the Company dated 26 October 2015 and the announcement of the Company relating to the poll results of the EGM dated 23 November 2015.

On 17 March 2016, the Company raised approximately HK\$28.1 million before expenses by the way of placing (the “Placing”) issuing 70,128,000 placing shares at the placing price of HK\$0.40 per placing share. The net proceeds from the Placing was approximately HK\$26.9 million of which had been used for investment of the financial instruments available in Hong Kong financial markets. Details of the Placing were set out in the Company’s announcements dated 29 February 2016 and 17 March 2016.

On 21 June 2016, the Company raised approximately HK\$35.28 million before expenses by the way of subscription (the “Subscription”) issuing 84,000,000 subscription shares at the subscription price of HK\$0.42 per subscription share. The net proceeds from the Subscription was approximately HK\$35.24 million of which was intended to be used for investment of the financial instruments available in Hong Kong financial markets. Details of the Subscription were set out in the Company’s announcements dated 8 June 2016 and 21 June 2016. On 30 June 2016, the net proceeds has not been utilized.

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 2016.

Staff costs

As at 30 June 2016, head count of the Group was 17 (as at 30 June 2015: 15) employees. The Group's total staff costs (including directors' emoluments) for the six months ended 30 June 2016 amounted to approximately HK\$6,453,000 (six months ended 30 June 2015: approximately HK\$3,040,000).

Prospects

The first half of 2016 was unquestionably a very challenging year, with the sharp retreat in China's stock market in the first quarter of 2016, and British exiting the European Union in June 2016. Market volatility had led investors to stay away from equities, and switch to more defensive asset.

Despite the uncertain situation, we are expecting the stock market to stabilize in the short term, as the central banks are cutting interest rates to record low to stimulate the economy. Also, with the Shenzhen– Hong Kong connect trading scheme taking place later this year, we are expecting an increase in liquidity for the Hong Kong market.

The board will carefully monitor the market dynamics and adopt a very conservative approach on investment.

SUBSEQUENT EVENT

There have been no significant events which have taken place subsequent to the end of the reporting period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

In the opinion of the Board, the Company has complied with the CG Code during the period under review, 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. All the independent non-executive Directors are not appointed for a specific term but are 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. As such, the Board considers that such provision is sufficient to meet the underlying objective of this code provision.

- 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 3 June 2016 (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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as 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 six months ended 30 June 2016.

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 2016.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, Mr. Poon Wai Hoi, Percy (chairman of the Audit Committee), Mr. Fung Wai Ching and Mr. Man Kong Yui. The Audit Committee has reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2016.

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

Hong Kong, 24 August 2016

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.