



MASTERMIND CAPITAL LIMITED
慧德投資有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 905)

Interim Report 2009

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. MUNG Kin Keung (*Chairman*)

Mr. HA Wing Ho, Peter

Mr. LEONG Chi Wai

Mr. LEUNG King Yue, Alex

Independent Non-executive Directors:

Mr. CHEE Man Sang, Eric

Mr. LO Tak Kin

Ms. YU Tin Yan, Winnie

COMPANY SECRETARY

Mr. MA Man Pong

INVESTMENT MANAGER

Hua Yu Investment Management 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

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, 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2009

		Six months ended	
		30th June,	
		2009	2008
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	9	5
Administrative expenses		(2,171)	(1,108)
Loss from operations		(2,162)	(1,103)
Finance costs		–	–
Loss before income tax	5	(2,162)	(1,103)
Income tax expense	6	–	–
Loss for the period attributable to equity holders of the Company		(2,162)	(1,103)
			(Restated)
Loss per share for loss attributable to equity holders of the Company			
– Basic (HK cents)	7	(0.15)	(0.32)
– Diluted (HK cents)		N/A	N/A
Dividends		–	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2009

	Six months ended	
	30th June,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(2,162)	(1,103)
Other comprehensive income for the period		
Change in fair value of available-for-sale financial assets	366	–
Total comprehensive loss for the period attributable to equity holders of the Company	(1,796)	(1,103)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2009

		As at	
		30th June, 2009	31st December, 2008
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-Current asset			
Available-for-sale financial assets	8	3,006	189
Current assets			
Prepayment and other receivables		154	308
Cash at banks		30,510	27,963
		30,664	28,271
Current liability			
Other payables and accrued expenses		1,619	555
Net current assets		29,045	27,716
Net assets		32,051	27,905
EQUITY			
Share capital	9	37,200	36,000
Reserves		(5,149)	(8,095)
Total equity		32,051	27,905

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2009

	Equity attributable to equity holders of the Company				
	Share capital	Share premium*	Fair value reserve for available-for-sale financial assets*	Accumulated losses*	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
At 1st January, 2008 (Audited)	6,000	112,189	-	(116,240)	1,949
Loss for the period	-	-	-	(1,103)	(1,103)
At 30th June, 2008 (Unaudited)	6,000	112,189	-	(117,343)	846

* These reserve accounts comprise the consolidated reserves of (HK\$5,149,000) (2008: (HK\$5,154,000)) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2009

	Six months ended	
	30th June,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(953)	(1,267)
Net cash used in investing activities	(2,442)	–
Net cash generated from financing activities	5,942	–
Net increase/(decrease) in cash at banks	2,547	(1,267)
Cash balances at banks at beginning of the period	27,963	2,323
Cash balances at banks at end of the period	30,510	1,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2009

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, 2009 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 2008 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, 2008 except as stated in note 2 below.

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2009 were approved for issue by the Board on 21st September, 2009.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

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.

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.

3. Revenue

	Six months ended	
	30th June,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	9	5

4. 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.

5. Loss before income tax

	Six months ended	
	30th June,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Directors' remuneration	693	329
Investment management fees	300	300
Staff costs	221	126

6. 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.

7. 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\$2,162,000 (six months ended 30th June, 2008: loss of approximately HK\$1,103,000) and 1,488,000,000 (six months ended 30th June, 2008: 348,000,000 (restated)) 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, 2008 and 2009.

8. Available-for-sale financial assets

	30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
Listed equity securities		
– in Hong Kong	2,513	189
– outside Hong Kong	493	–
	3,006	189

9. Share capital

	Number of shares	HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.025 each		
At 30th June, 2009 and 31st December, 2008	<u>2,000,000,000</u>	<u>50,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.025 each		
At 1st January, 2009	1,440,000,000	36,000
Issue of ordinary shares of HK\$0.025 each (Note a)	<u>48,000,000</u>	<u>1,200</u>
At 30th June, 2009	<u>1,488,000,000</u>	<u>37,200</u>

9. Share capital (continued)

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.

Note a:

On 12th May, 2009, the Company entered into a subscription agreement with Mr. Chen Zhong ("Chen"), an independent third party, where the Company agreed to issue and Chen agreed to subscribe for 48,000,000 new shares at HK\$0.125 per share.

10. Related party transaction

- (i) In addition to the transactions and balances disclosed elsewhere in these unaudited condensed interim financial statements, the Group had the following related party transactions during the period:

	Six months ended 30th June, 2009		2008
	HK\$'000		HK\$'000
	(Unaudited)		(Unaudited)
Investment management fees paid to Hua Yu Investment Management Limited ("Hua Yu")	300		300

On 12th May, 2005, the Company entered into an investment management agreement with Hua Yu. Investment management fees to Hua Yu are calculated at 0.375% of the net asset value of the Group per quarter, subject to a minimum of HK\$150,000 per three months.

- (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 (2008: Nil)

11. Contingencies

The Group had no material contingent liabilities at the balance sheet dates.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the period, the Group recorded a loss attributable to shareholders was approximately HK\$2,162,000, compared to a loss attributable to shareholders of approximately HK\$1,103,000 for the last corresponding period.

Liquidity and Financial Resources

As at 30th June, 2009, there were no material borrowings and there were no charges on the Group's assets (2008: HK\$ Nil).

Pledge of assets

As at 30th June, 2009, the Group had no property pledged to bank to secure mortgage loan granted to the Group (2008: HK\$ Nil).

Capital commitment and contingent liabilities

As at 30th June, 2009, 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\$914,000 (2008: HK\$455,000).

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business review and outlook

The strong performance in the China and Hong Kong markets mainly reflect the strong domestic Chinese economy. In October 2008, amid the global financial slump, the Chinese Government announced a package of stimulus policies worth a staggering four trillion yuan. In the months that followed, Chinese banks are granting unprecedented amount of new loans every month to show support to the policies announced by the government. As of June 2009, the amount of new loans issued was still record-breaking.

Business review and outlook *(Continued)*

The monetary environment in China has been extremely loose with monetary growth reaching almost 30%, one of the highest numbers ever reported. Fixed asset investments, in particular for the rural west, has been growing at over 40%. The all important GDP growth has rapidly accelerated from a trough of 6.1% in first quarter of 2009 to 7.9% for the second quarter of 2009. It looks very likely that the Chinese government will meet its economic growth target of 8% for the full year of 2009.

We have always believed that China will be the first economy to recover out of the global financial crisis. With its strong foreign exchange reserve, a balanced budget and its political landscape, China has the flexibility from a top-down point of view. Chinese banks have been relative immune from toxic assets and the Chinese economy is not the subject of a floating foreign exchange. Together with a stock market that restricts foreign participation, this means the Chinese banking and financial system is able to withstand stormy scenes on the global financial arena with relatively strong footings.

Outlook

The Board is very optimistic on the Chinese economy given the swift and sizeable government stimulus policies. However, we must also be wary of the by-products of intervention by the visible hands and the impact they may exert on the stock markets. The stocks in your portfolio are within the value universe despite the gain they accrued in the past six months. We shall keep hold of those positions while actively looking for new positions that fits into our strictly adhered value strategy.

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

As at 30th June, 2009, 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 (Note 1)	-	1,080,000,000	72.58%

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.

Save as disclosed above, at no time during the six months ended 30th June, 2009 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, 2009 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 Hua Yu Investment Management 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
HA Wing Ho, Peter
Executive Director

Hong Kong, 21st September, 2009