



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 905)

Interim Report

2013

* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. MUNG Kin Keung (*Chairman*)
Mr. TANG Hao (*Chief Executive Officer*)
Mr. HA Wing Ho, Peter
Mr. CHEE Man Sang, Eric
Mr. Michael STOCKFORD

Independent Non-executive Directors:

Mr. LO Tak Kin
Ms. YU Tin Yan, Winnie
Mr. Patrick LEE

COMPANY SECRETARY

Mr. MA Man Pong

INVESTMENT MANAGER

OP Investment Management Limited

PRINCIPAL BANKER

Shanghai Commercial Bank Ltd.

AUDITORS

BDO Limited
Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law
Mason Ching & Associates

Cayman Islands Law
Maples and Calder Asia

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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
P.O. Box 309
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 1102C, 11th Floor
Tower 1, 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, 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2013

	Notes	Six months ended 30th June,	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	3	5	29
Other net income	4	23,310	60
Administrative expenses		(3,195)	(3,837)
Profit/(loss) before income tax	6	20,120	(3,748)
Income tax expense	7	–	(1)
Profit/(loss) for the period attributable to owners of the Company		20,120	(3,749)
Earnings/(loss) per share	8		
– Basic (HK cents)		0.92	(0.17)
– Diluted (HK cents)		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30th June, 2013

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit/(loss) for the period	20,120	(3,749)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	(2,253)	309
Exchange difference on translation of financial statements of foreign subsidiaries	39	7
Other comprehensive income for the period	(2,214)	316
Total comprehensive income for the period attributable to owners of the Company	17,906	(3,433)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2013

	Notes	30th June, 2013 HK\$'000 (Unaudited)	31st December, 2012 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	351	500
Available-for-sale financial assets	10	34,754	37,007
Deposits paid	11	–	–
		<u>35,105</u>	<u>37,507</u>
Current assets			
Deposits paid	11	–	–
Prepayments		177	42
Other receivables		2,219	2,248
Financial assets at fair value through profit or loss	12	525	615
Cash and cash equivalents		22,998	2,857
		<u>25,919</u>	<u>5,762</u>
Current liabilities			
Accruals and other payables		(831)	(982)
Amount due to a related company		(125)	(125)
		<u>(956)</u>	<u>(1,107)</u>
Net current assets		<u>24,963</u>	<u>4,655</u>
Total assets less current liabilities/ Net assets		<u>60,068</u>	<u>42,162</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	54,947	54,947
Reserves		5,121	(12,785)
Total equity		<u>60,068</u>	<u>42,162</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2013

	Attributable to owners of the Company						
	Share capital	Share premium*	Share option reserve*	Translation reserve*	Available-for-sale financial assets revaluation reserve*	Accumulated losses*	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2013 (Audited)	54,947	190,363	11,807	82	506	(215,543)	42,162
Profit for the period	-	-	-	-	-	20,120	20,120
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	-	-	(2,253)	-	(2,253)
Exchange difference on translation of financial statements of foreign subsidiaries	-	-	-	39	-	-	39
Total comprehensive income for the period	-	-	-	39	(2,253)	20,120	17,906
Cancellation of share options	-	-	(1,230)	-	-	1,230	-
At 30th June, 2013 (Unaudited)	54,947	190,363	10,577	121	(1,747)	(194,193)	60,068

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium* HK\$'000	Share option reserve* HK\$'000	Translation reserve* HK\$'000	Available-for-sale financial assets revaluation reserve* HK\$'000	Accumulated losses* HK\$'000	Total HK\$'000
At 1st January, 2012 (Audited)	54,947	190,363	11,807	75	(220)	(151,866)	105,106
Transactions with owners							
Share expense	-	(6)	-	-	-	-	(6)
Loss for the period	-	-	-	-	-	(3,749)	(3,749)
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	-	-	309	-	309
Exchange difference on translation of financial statements of foreign subsidiaries	-	-	-	7	-	-	7
Total comprehensive income for the period	-	-	-	7	309	(3,749)	(3,433)
30th June, 2012 (Unaudited)	54,947	190,357	11,807	82	89	(155,615)	101,667

* These reserve accounts comprise the consolidated reserves of approximately HK\$5,121,000 in the consolidated statement of financial position as at 30th June, 2013 (at 30th June, 2012: approximately HK\$46,720,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30th June, 2013*

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Net cash used in operating activities	(3,298)	(4,030)
Net cash generated from investing activities	23,400	29
Net cash used in financing activities	–	(6)
Net increase/(decrease) in cash and cash equivalents	20,102	(4,007)
Cash and cash equivalents at the beginning of the period	2,857	19,675
Effect of foreign exchange rate changes	39	7
Cash and cash equivalents at the end of the period	22,998	15,675

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2013

1. General information and basis of preparation

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, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands. The principal place of business of the Company is Room 1102C, 11th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong.

The 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 (the "PRC"), excluding Hong Kong.

The unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2013 (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 2012 annual financial statements.

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 31st December, 2012.

The Interim Financial Statements were approved for issue by the Board on 27th August, 2013.

2. Summary of significant accounting policies

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. The accounting policies adopted in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) which are effective for accounting periods beginning on or after 1st January, 2013.

HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	<i>Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	<i>Amendments to a number of HKFRSs issued in June 2012</i>

Other than as further explained below regarding the impact of amendments to HKAS 1 and HKFRS 13, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point of time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance.

2. Summary of significant accounting policies *(Continued)*

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the condensed consolidated interim financial statements. HKFRS 13 has been applied prospectively.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair value.

3. Revenue

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interest income	5	29

4. Other net income

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(90)	60
Written back of provision for impairment loss of deposits paid (note 11)	23,400	–
	23,310	60

5. 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.

6. Profit/(loss) before income tax

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit/(loss) before income tax is arrived at after charging:		
Directors' remuneration	1,031	1,110
Depreciation on owned assets	154	153
Investment management fees	250	250
Staff costs	497	631
Operating lease charges on an office premise	-	137

7. Income tax expense

No Hong Kong profits tax has been provided for the six months ended 30th June, 2013 and 2012 as the Group has no assessable profits.

	Six months ended 30th June,	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Hong Kong		
– Current tax	-	-
– Under-provision in respect of prior year	-	1
Income tax expense	-	1

8. Earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30th June, 2013 is based on the profit attributable to owners of the Company of approximately HK\$20,120,000 (six months ended 30th June, 2012: a loss of approximately HK\$3,749,000) and 2,197,866,000 (six months ended 30th June, 2012: 2,197,866,000) ordinary shares in issue during the period.

Diluted earnings per share for the period ended 30th June, 2013 was not presented as the Group had no dilutive potential ordinary shares during the period.

No adjustment has been made to the loss per share amount presented for the period ended 30th June, 2012 in respect of a dilution as the impact of the exercise of the share options has an anti-dilutive effect on the basic loss per share amount presented.

9. Property, plant and equipment

	Motor vehicle HK\$'000	Office equipment HK\$'000	Total HK\$'000
At 31st December, 2011 and at 1st January, 2012 (Audited)			
Cost	1,500	30	1,530
Accumulated depreciation	(725)	(8)	(733)
Net carrying amount	775	22	797
Year ended 31st December, 2012 (Audited)			
Opening net carrying amount	775	22	797
Additions	–	10	10
Depreciation	(300)	(7)	(307)
Closing net carrying amount	475	25	500
At 31st December, 2012 (Audited)			
Cost	1,500	40	1,540
Accumulated depreciation	(1,025)	(15)	(1,040)
Net carrying amount	475	25	500
At 31st December, 2012 and 1st January, 2013 (Audited)			
Cost	1,500	40	(1,540)
Accumulated depreciation	(1,025)	(15)	(1,040)
Net carrying amount	475	25	500
Period ended 30th June, 2013 (Unaudited)			
Opening net carrying amount	475	25	500
Additions	–	5	5
Depreciation	(150)	(4)	(154)
Closing net carrying amount	325	26	351
At 30th June, 2013 (Unaudited)			
Cost	1,500	45	1,545
Accumulated depreciation	(1,175)	(19)	(1,194)
Net carrying amount	325	26	351

10. Available-for-sale financial assets

	30th June, 2013 HK\$'000 (Unaudited)	31st December, 2012 HK\$'000 (Audited)
Listed equity securities, at fair value	10,058	12,311
Unlisted equity securities, at cost less impairment	24,696	24,696
	34,754	37,007

11. Deposits paid

	30th June, 2013 HK\$'000 (Unaudited)	31st December, 2012 HK\$'000 (Audited)
At 1st January	53,400	53,400
Less: refund	(23,400)	–
	30,000	53,400
Less: provision for impairment loss	(30,000)	(53,400)
	–	–

Notes:

- (i) 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 personnel 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 the vendor to extend the expiry date of one of the MOUs. On 31st December, 2011, the acquisition of equity interest in the investment project has 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 million with a premium of HK\$3 million to the Company on or before 30th June, 2012.

The vendor proposed to introduce other investment projects for the Company's consideration. Additional time is allowed for the proposal. On 29th June, 2012, a supplemental agreement was entered between the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, Mr. Mung and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK\$10 million.

11. Deposits paid (Continued)

Notes: (Continued)

– *Investment 2*

On 8th April, 2011, the Company entered into a sale and purchase agreement (the “Agreement 1”) with an individual and the vendor upon the expiry of one of the MOUs. Pursuant to the Agreement 1, the 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, the individual shall refund the related deposit of HK\$10 million plus a premium of HK\$3 million in total to the Company. Subsequently, the Agreement 1 was not completed as certain conditions precedents to the execution of the Agreement 1 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 million and the premium of HK\$3 million to the Company on or before 30th June, 2012.

The vendor proposed to introduce other investment projects for the Company’s consideration. Additional time is allowed for the proposal. On 29th June, 2012, a supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK\$10 million.

– *Investment 3*

On 8th April, 2011, the Company entered into four other sale and purchase agreements (the “Agreements 2”) with the 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 precedents 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 million and the premium of HK\$3 million to the Company on or before 30th June, 2012.

11. Deposits paid (Continued)

Notes: (Continued)

– Investment 3 (Continued)

The vendor proposed to introduce other investment projects for the Company's consideration. Additional time is allowed for the proposal. On 29th June, 2012, a supplemental agreement was entered between the Company and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 31st December, 2012, which provides that, in the event that the vendor can introduce investment project which is accepted by the Company by 31st December, 2012, it will only be required to refund the deposit of HK\$10 million.

On 31st December, 2012, another supplemental agreement was entered between the Company, the individual and the vendor to extend the refund of the deposit of HK\$10 million and the premium of HK\$3 million on or before 30th September, 2013. Same as the supplemental agreement dated 29th June, 2012, in the event that the vendor can introduce investment project which is accepted by the Company by 30th September, 2013, the vendor will only be required to refund the deposit of HK\$10 million.

The repayment of the above-mentioned deposits (collectively, the "First Deposit") is secured by the personal guarantee from Mr. Mung.

- (ii) On 11th April, 2011, the Company signed a Chinese non-binding framework agreement (the "Framework Agreement") with two vendors for the acquisition of the petrochemical related business in the PRC, with a refundable deposit paid of US\$3 million (equivalent to approximately HK\$23.4 million) (the "Second Deposit"). As at 31st December, 2011, the Framework Agreement has not been completed or executed. On 27th March, 2012, the Company entered into an agreement with the vendors to terminate the acquisition, and the vendors agreed to refund the deposit of HK\$23.4 million to the Company on or before 30th June, 2012.

On 30th June, 2012, a supplemental agreement was entered between the Company and the vendors to extend the deposits refund of HK\$23.4 million on or before 31st December, 2012.

On 30th December, 2012, another supplemental agreement was entered between the Company and the vendors to further extend the refund on or before 30th April, 2013 as the vendors have petrochemical related business in the PRC and the Company intended to continually negotiate with the vendors for the potential opportunity on the investment in the said business. Time is required for negotiation.

11. Deposits paid (Continued)

Notes: (Continued)

As indicated above, there is no interest charged or other compensation payment to the Company for the postponements of the refund of the First Deposit and the Second Deposit (the "Postponements") as there are potential investment opportunities for the Company. The terms of refund of the First Deposit and the Second Deposit were commercial decisions, which were mutually negotiated and agreed. The management of the Company (the "Management") considered that the Postponements are fair and reasonable and in the interest of the Company and its shareholders.

After consideration of the followings and by reference to the accounting standards in Hong Kong, the Management finally decided to make an impairment provision on the First Deposit and the Second Deposit totaling HK\$53,400,000 in the financial statements for the year ended 31st December, 2012:-

- the repayment of the First Deposit and the receipt of the personal guarantee provided on the First Deposit by Mr. Mung are assessed individually and cannot be treated as a whole to evaluate the repayment of First Deposit;
- Mr. Mung is a shareholder of the Company, any amount received from him under the said guarantee will be treated as capital contribution;
- If the default payment of the First Deposit is occurred, Mr. Mung's obligation of his personal guarantee can be considered to recognise; and
- The repayment of the First Deposit and the Second Deposit involved uncertainty.

The Company will enforce the personal guarantee given by Mr. Mung, if the repayment of the First Deposit relating to the above-mentioned Investments 1-3 is in default. Mr. Mung also confirmed that he would fulfill the obligations under the personal guarantee.

Due to the proposed acquisitions as described in notes (i) and (ii) above were confirmed and agreed to terminate during the year ended 31st December, 2012, the respective deposits paid were classified as current assets as at 31st December, 2012.

On 8th May, 2013, the Company and the two vendors as mentioned in note (ii) entered into a settlement agreement to settle the refund of Second Deposit under the Framework Agreement. Pursuant to the Framework Agreement and the supplemental agreements, the two vendors had refunded the Second Deposit, previously paid by the Company to the two vendors under the Framework Agreement, to the Company before 30th April, 2013. As a provision for impairment of the Second Deposit had been made in the financial year ended 31st December, 2012, the receipt of the Second Deposit had been treated as an other income during the period.

12. Financial assets at fair value through profit or loss

	30th June, 2013 HK\$'000 (Unaudited)	31st December, 2012 HK\$'000 (Audited)
Listed equity securities in Hong Kong held for trading, at fair value	525	615

13. Share capital

	30th June, 2013 (Unaudited)		31st December, 2012 (Audited)	
	Number of shares	HK\$'000	Number of shares	HK\$'000
<i>Authorised:</i>				
Ordinary shares of HK\$0.025 each	<u>4,000,000,000</u>	<u>100,000</u>	<u>4,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.025 each	<u>2,197,866,000</u>	<u>54,947</u>	<u>2,197,866,000</u>	<u>54,947</u>

There were no movements of ordinary shares during the period ended 30th June, 2013.

14. Fair value measurements recognised in the consolidated statement of financial position

The Group followed HKFRS 7 Financial Instruments Disclosure which introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1:* quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2:* inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

14. Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	As at 30th June, 2013			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Assets				
Available-for-sale financial assets				
– listed equity securities, at fair value	10,058	–	–	10,058
Financial assets at fair value through profit or loss				
– listed equity securities, at fair value	525	–	–	525
	<u>10,583</u>	<u>–</u>	<u>–</u>	<u>10,583</u>
As at 31st December, 2012				
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Available-for-sale financial assets				
– listed equity securities, at fair value	12,311	–	–	12,311
Financial assets at fair value through profit or loss				
– listed equity securities, at fair value	615	–	–	615
	<u>12,926</u>	<u>–</u>	<u>–</u>	<u>12,926</u>

There have been no significant transfers between levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

The listed equity securities are denominated in HK\$ and CAD. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

15. Related party transactions

The Group had the following significant transactions with related parties during the period.

	Notes	Six months ended 30th June,	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Office rental paid/payable to a related company	(a)	–	137
Investment management fees paid/payable to OP Investment Management Limited (“OPIM”)	(b)	250	250

- (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 30th April, 2010, the Company entered into an investment management agreement (the “Existing Agreement”) with OP Calypso Capital Limited (now known as “OPIM”) for a period of one year, with effect from 13th May, 2010. OPIM was appointed as investment manager of the Company to provide asset management services for the Company. The investment management fee was HK\$500,000 per annum. The fee was charged in accordance with the terms negotiated between the relevant parties.

During the year 2011, the Board has approved the appointment of OPIM as the Company’s investment manager for a period commencing on the expiry of the Existing Agreement, effectively from 13th May, 2011 to 30th September, 2012 as the new investment management agreement was under negotiating between OPIM and the Company. The terms of the appointment during the period are substantially the same as those contained in the Existing Agreement.

During the year 2012, the Board has approved the appointment of OPIM as the Company’s investment manager for a period effectively from 1st October, 2012 to 30th June, 2013. The investment management fee was HK\$500,000 per annum. The terms of the appointment are substantially the same as those contained in the Existing Agreement.

During the year 2013, the Board has approved the appointment of OPIM as the Company’s investment manager for a period from 1st July, 2013 to 30th June, 2013. The investment management fee was HK\$500,000 per annum. The terms of the appointment are substantially the same as those contained in the Existing Agreement.

16. 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 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the period, the Group recorded a profit attributable to owners of the Company of approximately HK\$20,120,000, compared to a loss attributable to owners of the Company of approximately HK\$3,749,000 in the corresponding period of 2012. The profit during the period was mainly due to the written back of provision for impairment loss of deposits paid amounting to approximately HK\$23,400,000 (the "Written Back"), which had been made in the financial year ended 31st December, 2012. Excluding the Written Back, the Group sustained a loss of approximately HK\$3,280,000 during the period.

Investment review

As at 30th June, 2013, the major investments of the Group were HK\$10,583,000 of a portfolio of listed equity securities and HK\$24,696,000 of direct investment in unlisted equity securities. The investment portfolio of the Group comprises equity securities in Hong Kong, Canada and the PRC. No new investment was added to the investment portfolio and no dividend was received from investments during the period.

Liquidity and Financial Resources

As at 30th June, 2013, the Group had cash and cash equivalents approximately HK\$22,998,000 (as at 31st December, 2012: approximately HK\$2,857,000).

As at 30th June, 2013, the Group had net current assets of approximately HK\$24,963,000, as compared to approximately HK\$4,655,000 as at 31st December, 2012.

As at 30th June, 2013, the current ratio of the Group was 27.11 compared to 5.21 at 31st December, 2012.

The Group had no borrowing as at 30th June, 2013 (as at 31st December, 2012: Nil).

Pledge of assets

As at 30th June, 2013, the Group had no pledged of assets to bank to secure any banking facilities (as at 31st December, 2012: Nil).

Capital commitment and contingent liabilities

As at 30th June, 2013 and 31st December, 2012, 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.

Staff costs

The Group's total staff costs (including directors' emoluments) for the period ended 30th June, 2013 amounted to approximately HK\$1,577,000 (six months ended 30th June, 2012 approximately HK\$1,741,000).

Prospects

Looking ahead, the volatility of the global financial market for the coming quarters is expected to remain high in view of the slow pace of global economic recovery, the possibility of the withdrawal of quantitative easing measures in the United States and the risk of reversal movement of capital flow from China, etc. The Board will adopt a conservative approach in managing the existing investments. Beside, the Board still believes that the PRC has a more optimistic outlook and will continue to identify suitable investment opportunities in PRC companies with stable income and potential capital appreciation for the Group.

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

As at 30th June, 2013, the interests and short positions of the directors of the Company (the "Directors") 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:

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

Interests in shares and underlying shares of the Company

Name of directors	Capacity	Number of shares held		Number of share	% of total		Note
		Personal interests	Corporate interests	options held	Total interests	issued shares as at 30th June, 2013	
				Personal interests			
MUNG Kin Keung	Interest in controlled corporation	-	780,000,000	-	780,000,000	35.49	1
	Beneficial owner	-	-	21,000,000	21,000,000	0.95	2
TANG Hao	Beneficial owner	155,200,000	-	17,000,000	172,200,000	7.83	2
HA Wing Ho, Peter	Beneficial owner	-	-	15,000,000	15,000,000	0.68	2
CHEE Man Sang, Eric	Beneficial owner	-	-	15,000,000	15,000,000	0.68	2
Michael STOCKFORD	Beneficial owner	-	-	15,000,000	15,000,000	0.68	2
LO Tak Kin	Beneficial owner	-	-	1,500,000	1,500,000	0.07	2
YU Tin Yan, Winnie	Beneficial owner	-	-	1,500,000	1,500,000	0.07	2
Patrick LEE	Beneficial owner	-	-	1,500,000	1,500,000	0.07	2

Notes:

- These shares were registered in the name of and were beneficially owned by China Tian Di Xing Logistics Holdings Limited ("TDX"), a company in which Mr. MUNG Kin Keung ("Mr. Mung"), an executive director and chairman of the Company, holds 99.99% equity interests. Therefore, Mr. Mung is deemed to have an interest in the shares in which TDX is interested.
- These represented the share options granted by the Company to the respective Directors, the details of which are provided in the section headed "Share Option Scheme" in this report.

Other than those disclosed above and in the section headed "Share Option Scheme", at no time during the six months ended 30th June, 2013 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.

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

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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Other than the interests disclosed under the section "Directors' interests and short positions in shares, underlying shares and debentures of the Company and associated corporations", at 30th June, 2013, so far as was known to the Directors, the Company had been notified of the following substantial shareholders' interests and short position, being 5% or more of the Company's shares and underlying shares to record in the register of substantial shareholders maintained under Section 336 of the SFO:

Name of substantial shareholder	Capacity	Number of shares held	Note	% of issued shares as at 30th June, 2013
Link Chance Investment (Hong Kong) Limited	Beneficial owner	300,000,000	1	13.65%
Searainbow Holding Corporation	Interest in controlled corporation	300,000,000	1	13.65%

Note:

- These shares were registered in the name of and were beneficially owned by Link Chance Investment (Hong Kong) Limited ("Link Chance"), a company in which Searainbow Holding Corporation ("Searainbow"), a company listed on The Shenzhen Stock Exchange, is the parent company of Link Chance. Therefore, Searainbow is deemed to have an interest in the shares in which Link Chance is interested.

SHARE OPTION SCHEME

By passing of an ordinary resolution at the extraordinary general meeting on 12th January, 2009, the Board adopted a new share option scheme (the “New Scheme”) and simultaneously terminated the share option scheme adopted on 23rd May, 2002 (the “Old Scheme”). An ordinary resolution was passed by the shareholders at the annual general meeting of the Company held on 30th June, 2010 to amend the New Scheme.

The purpose of the New Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Participants include (a) any full-time employee, directors (including any non-executive director or independent non-executive director) and part time employee with weekly working hours of 15 hours or above of the Company or of any of its subsidiaries; (b) any adviser or consultant (in the areas of financial or corporate managerial) to the Company or to any of its subsidiaries; and (c) any adviser, consultant, agent, business affiliates or any person or entity who provides research or other support directly or indirectly to the Group, and any employee, adviser or consultant to the investment management company for the Company.

The directors may, at their absolute discretion, make an offer to any participant to take up the options. An offer is deemed to have been accepted by the grantee upon the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee and paying HK\$1 by way of consideration for the grant thereof.

The subscription price for shares in the Company under the New Scheme shall be no less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange on the date on which an option is granted, (ii) the average closing prices of the shares of the Company as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date on which an option is granted, and (iii) the nominal value of a share of the Company on the date on which an option is granted.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 144,000,000 shares of the Company, being 10% of the total number of shares of the Company in issue as at the date of approval of the New Scheme. An option may be exercised during a period to be notified by the directors but may not be exercised after the expiry of 10 years after the date of grant of the option.

The maximum entitlement for any one participant is that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to each participant under the New Scheme in any 12-month period must not exceed 1% of the total number of shares in issue of the Company. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting. The New Scheme will remain in force for a period of 10 years from 12th January, 2009.

SHARE OPTION SCHEME (Continued)

Details of movement of the share options of the Company under the New Scheme for the six months ended 30th June, 2013 are set out below:

Grantees	Date of grant of share options	Expiry date of share options	Exercise price	Number of share options			Balance as at 30th June, 2013	
				Balance as at 1st January, 2013	Granted	Exercised		Cancelled
Directors								
MUNG Kin Keung	15.4.2011	14.04.2021	HK\$0.27	21,000,000	-	-	- 21,000,000	
TANG Hao	15.4.2011	14.04.2021	HK\$0.27	17,000,000	-	-	- 17,000,000	
HA Wing Ho, Peter	15.4.2011	14.04.2021	HK\$0.27	15,000,000	-	-	- 15,000,000	
CHEE Man Sang, Eric	15.4.2011	14.04.2021	HK\$0.27	15,000,000	-	-	- 15,000,000	
Michael STOCKFORD	15.4.2011	14.04.2021	HK\$0.27	15,000,000	-	-	- 15,000,000	
MUNG Bun Man, Alan*	15.4.2011	14.04.2021	HK\$0.27	15,000,000	-	- (15,000,000)	-	
LO Tak Kin	15.4.2011	14.04.2021	HK\$0.27	1,500,000	-	-	- 1,500,000	
YU Tin Yan, Winnie	15.4.2011	14.04.2021	HK\$0.27	1,500,000	-	-	- 1,500,000	
Patrick LEE	15.4.2011	14.04.2021	HK\$0.27	1,500,000	-	-	- 1,500,000	
				<u>102,500,000</u>	<u>-</u>	<u>-</u>	<u>(15,000,000)</u>	<u>87,500,000</u>
Employees								
In aggregate	15.4.2011	14.04.2021	HK\$0.27	<u>30,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000,000</u>
Other grantees								
In aggregate	15.4.2011	14.04.2021	HK\$0.27	<u>11,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,500,000</u>
TOTAL				<u>144,000,000</u>	<u>-</u>	<u>-</u>	<u>(15,000,000)</u>	<u>129,000,000</u>

Note: On 15th April, 2011, the Company granted 144,000,000 share options to the grantees under the New Scheme at the exercise price of HK\$0.27 each. The share options are exercisable for the period from 15th April, 2011 to 14th April, 2021 (both dates inclusive).

The grant of 21,000,000 share options to Mr. Mung was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 15th June, 2011.

* Mr. MUNG Bun Man, Alan resigned as an executive director of the Company with effect from 3rd April, 2013.

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, 2013 with the Directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules during the period 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 three 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 independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to personal commitment, an INED was unable to attend the annual general meeting of the Company held on 21st June, 2013 (the “Annual General Meeting”).

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.

Due to other business commitment, the chairman of the Board 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.

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.

CHANGES IN DIRECTORS' INFORMATION

The changes in information on Directors since the date of the 2012 annual report of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Biographical details

Name	Details of Changes
Mr. TANG Hao	appointed as an executive director of Karce International Holdings Company Limited (Stock Code: 1159) with effect from 22nd July, 2013
Mr. HA Wing Ho, Peter	appointed as an executive director of Bestway International Holdings Limited (Stock Code: 718) with effect from 23rd April, 2013
Mr. MUNG Bun Man, Alan	resigned as an executive director of the Company with effect from 3rd April, 2013

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 period.

By Order of the Board
Mastermind Capital Limited
HA Wing Ho, Peter
Executive Director

Hong Kong, 27th August, 2013