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If you have sold or transferred all your shares in Mastermind Capital Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**MASTERMIND CAPITAL LIMITED****慧德投資有限公司****(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 905)****PROPOSED GRANT OF SHARE OPTIONS
TO A SUBSTANTIAL SHAREHOLDER AND DIRECTOR****AND****NOTICE OF EXTRAORDINARY GENERAL MEETING****Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders****粵海證券有限公司****GUANGDONG SECURITIES LIMITED**

A letter from the Independent Board Committee (as defined in this circular) is set out on page 12 of this circular. A letter from Guangdong Securities (as defined in this circular), the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined in this circular), is set out on pages 13 to 20 of this circular.

A notice convening the EGM (as defined in this circular) to be held at Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong on Wednesday, 15 June 2011, at 11:00 a.m. is set out on pages 21 to 22 of this circular. A form of proxy for the EGM is enclosed. Whether or not you intend to attend and vote at the EGM or any adjournment thereof in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *for identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Mastermind Capital Limited (慧德投資有限公司*), a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Wednesday, 15 June 2011 for the Shareholders to consider and, if thought fit, approve the grant of Share Options to Mr. Mung
“Grant Date”	15 April 2011, being the date of the meeting of the Board held for approving (i) granted the Share Options to certain eligible individuals except Mr. Mung; and (ii) conditionally granted the Share Options to Mr. Mung
“Group”	the Company and its subsidiaries from time to time
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of Share Options to Mr. Mung
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising Mr. LO Tak Kin, Ms. YU Tin Yan, Winnie and Mr. Patrick LEE to advise the Independent Shareholders in relation to the grant of Share Options to Mr. Mung
“Independent Shareholder(s)”	all Shareholders other than TDX, Mr. TANG Hao and Greater China Special Value Fund and their respective associates

* for identification purpose only

DEFINITIONS

“Latest Practicable Day”	26 May 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Mung”	Mr. MUNG Kin Keung, an executive Director and the chairman of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of a nominal value of HK\$0.025 each in the share capital of the Company
“Share Options”	share options granted or proposed to be granted to certain eligible individuals under the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted and amended on 12 January 2009 and 30 June 2010
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TDX”	China Tian Di Xing Logistics Holdings Limited (中國天地行物流控股集團有限公司), a company incorporated in Hong Kong with limited liability.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

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
Mr. MUNG Bun Man, Alan

Independent Non-executive Directors:

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

Registered office:

Ugland House
P.O. Box 309
Grand Cayman, KY1-1104
Cayman Islands

*Principal place of business
in Hong Kong:*

Room 1401-03, 14th Floor
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

Hong Kong, 30 May 2011

To the Shareholders

Dear Sir or Madam,

PROPOSED GRANT OF SHARE OPTIONS TO A SUBSTANTIAL SHAREHOLDER AND DIRECTOR

INTRODUCTION

Reference is made to the announcement of the Company dated 15 April 2011 in relation to the grant of Share Options to certain eligible individuals (the “**Grantees**”) under the Share Option Scheme.

On 15 April 2011, the Board has resolved to grant an aggregate of 144,000,000 Share Options to the Grantees under the Share Option Scheme, details of which is set out in the table under the section headed “The Share Options” below. The grant of Share Options to Mr. Mung is subject to the Independent Shareholders’ approval to be obtained by the Company in accordance with the Listing Rules and details of which are set out in the paragraph headed “Relevant Requirements of the Listing Rules” below.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) the information relating to the grant of Share Options to Mr. Mung; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the grant of Share Options to Mr. Mung; and (iii) a letter from Guangdong Securities containing its advice to the Independent Board Committee and the Independent Shareholders regarding the grant of Share Options to Mr. Mung; and (iv) a notice of EGM.

THE SHARE OPTIONS

The Share Options shall entitle the Grantees to subscribe for a total of 144,000,000 Shares. The Grantees are all either Directors, staffs and consultants of the Company. The Share Options granted or proposed to be granted to the Grantees in recognition of their past contribution, effort and time spent to the business development of the Group. A summary of such grant is set out below:

Date of Grant	:	15 April 2011
Exercise price of Share Options granted	:	HK\$0.27 per Share, which is the highest of (i) the closing price of HK\$0.27 per Share as stated in the Stock Exchange's daily quotation sheet on the Grant Date; (ii) the average closing price of HK0.264 per Share as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Grant Date; and (iii) the nominal value of HK\$0.025 per Share
Number of Share Options granted	:	144,000,000 Share Options (each Share Option shall entitle the holder of the Share Option to subscribe for one Share)
Closing price of a Share on the Grant Date	:	HK\$0.27
Validity period of the Share Options	:	Valid for 10 years, exercisable from 15 April 2011 to 14 April 2021 (both dates inclusive)

No vesting conditions and performance targets are imposed to the Share Options granted or proposed to be granted to the Grantees as the Board considers that the economic benefits of the grant of Share Options will be realised relying on improvement in the Share price. Thus, the Share Options are granted or proposed to be granted as an incentive for their continuing commitment and contribution to drive business growth, to deliver enhanced returns to the Group and the Shareholders and then to improve the Share price in the future.

LETTER FROM THE BOARD

Among the Share Options offered to the Grantees, 102,500,000 Share Options were granted to the following Directors, details of which are as follows:

Name	Position	Number of Share Options granted
Mr. MUNG Kin Keung	Executive Director, chairman and substantial shareholder of the Company	21,000,000
Mr. TANG Hao	Executive Director and chief executive officer	17,000,000
Mr. HA Wing Ho, Peter	Executive Director	15,000,000
Mr. CHEE Man Sang, Eric	Executive Director	15,000,000
Mr. Michael STOCKFORD	Executive Director	15,000,000
Mr. MUNG Bun Man, Alan	Executive Director	15,000,000
Mr. LO Tak Kin	Independent non-executive Director	1,500,000
Ms. YU Tin Yan, Winnie	Independent non-executive Director	1,500,000
Mr. Patrick LEE	Independent non-executive Director	1,500,000

RELEVANT REQUIREMENTS OF THE LISTING RULES

In accordance with rule 17.04(1) of the Listing Rules, the grant of Share Options to each of the above Directors had been approved by the independent non-executive Directors respectively (excluding the independent non-executive Director who is the grantee of the Share Options). Save as disclosed above, the Grantees are neither Director, chief executive nor substantial Shareholders nor any of their respective associates (as defined under the Listing rules).

As at the Grant Date, TDX holding 1,080,000,000 Shares representing approximately 50.68% of the issued share capital of the Company, a company in which Mr. Mung, an executive director and the 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.

Pursuant to Rule 17.04(1) of the Listing Rules, the Share Options granted to Mr. Mung, being a substantial Shareholder, exceeds 0.1% of the Shares in issue and have an aggregate value (based on the closing price of the Shares on the Grant Date) in excess of HK\$5 million, the proposed grant of Share Options to Mr. Mung is conditional upon the approval of the Independent Shareholders at an extraordinary general meeting. All connected persons of the Company (including Mr. Mung and his associates) shall abstain from voting in respect of the resolution approving the grant of the Share Options to Mr. Mung.

LETTER FROM THE BOARD

As such, the grant of Share Options to Mr. Mung must be approved by Independent Shareholders at the EGM with all connected persons of the Company abstaining from voting. As at the Latest Practicable Date, save and except for TDX, Mr. TANG Hao and Greater China Special Value Fund (the “Fund”), Mr. Michael STOCKFORD, an executive Director, is a director of the Fund and a director of the investment manager of the Fund, who hold a total interest of 278,400,000 Shares representing approximately 13.06% of the issued share capital of the Company, no connected persons of the Company are Shareholders.

INFORMATION OF THE GROUP AND USE OF PROCEEDS FROM EXERCISE OF SHARE OPTIONS

The Company is an investment holding Company listed under chapter 21 of the Listing Rules. The Group principally invests in listed and unlisted companies in Hong Kong and other parts of the PRC.

Upon exercise of the Share Options granted or to be granted to the Grantees, the Company will raise a maximum of approximately HK\$38,880,000 to which the entire amount will be used for general working capital and future investments of the Group.

INFORMATION ON MR. MUNG

Mr. Mung, aged 50, has been appointed as an executive director of the Company with effect from 9 March 2007. Mr. Mung holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has over 10 years’ experience in areas of business management, strategic planning and development. Mr. Mung was appointed as an executive director of Hong Kong Resources Holdings Company Limited (Stock Code: 2882) on 27 November, 2008. He was also appointed as an executive director and was redesignated as the vice-chairman of Shougang Concord Technology Holdings Limited (Stock Code: 521) (“Shougang”) on 16 February 2009 and 10 May 2010.

REASONS AND CONSIDERATION FOR THE GRANT OF SHARE OPTIONS

The Board has considered Mr. Mung’s time spent, past and future contribution to the business development of the Group and therefore 21,000,000 Share Options are proposed to be granted to Mr. Mung as an appreciation on his great efforts in the past years and continuing his commitment in the future development of the Group.

Past contribution

Mr. Mung was appointed as an executive director of the Company and a new composition of the Board was also formed in March 2007. The cash balance and the net asset value of the Group as at 31 December 2007 was approximately HK\$2.32 million and HK\$1.95 million respectively. Under the situation at that moment, no favourable investment could be made for generating significant income or growth. An open offer was announced to raise fund in August

LETTER FROM THE BOARD

2008 for the purpose to improve financial position of the Group (Mr. Mung has undertaken to subscribe for the open offer Shares to which TDX is entitled pursuant to the said open offer) and the three new Shares issuances to investors, in which some were introduced by Mr. Mung, to raise fund in 2009 and 2010 were for the purpose of enhancement of the capital base of the Group for future investment. After the completion of open offer and the issuance of new Shares, the cash and cash equivalents and the net asset value of the Group as at 31 December 2010 was approximately HK\$44.53 million and HK\$102.41 million respectively. Further, Mr. Mung has also recommended certain investments (without any interests of Mr. Mung) to the Board for consideration. The recommended investments by Mr. Mung are (i) listed equity securities and (ii) unlisted direct investments in the PRC with guaranteed returns which are summarized as follows:

Date of recommendation	Particulars	Investment amount	Latest value of investment as at the Latest Practicable Date
<i>Listed equity securities</i>			
2008	Shougang	Approximately HK\$0.61 million	Approximately HK\$0.67 million
2009	APAC Resources Limited	Approximately HK\$0.69 million	Approximately HK\$1.04 million
2010	National Arts Holdings Limited	Approximately HK\$6.57 million	Approximately HK\$7.22 million
<i>Unlisted direct investments in the PRC with guaranteed returns</i>			
2009	Four hydro-electricity power plants	Approximately HK\$11.23 million	Approximately HK\$11.23 million
2010	Four restaurants being operating under the brand name and the management of Chiuchow Garden (潮江春) [#]	HK\$10 million	HK\$10 million
2010	A data communication company principally engaged in the business of research and development and providing network technique services [#]	HK\$10 million	HK\$10 million

[#] Sale and purchase agreement has been signed and is subject to completion as at the Latest Practicable Date

LETTER FROM THE BOARD

Future development of the Group

The major functional role and responsibility of Mr. Mung in the Group is giving direction and leadership toward the achievement of the Group's objectives and strategy.

As the Group intends to put more focus on the investments in the PRC, the Board believes that Mr. Mung's PRC experience, relationship and networking can seek more investment opportunities with sustainable income and potential of asset appreciation in different business sectors in the PRC for the Group and his leadership can continue for the expansion of the Group in the long run, with an aim to enhance the value and return of the Group and the Shareholders.

Other methods of incentive to Mr. Mung

The Board has considered several methods of providing an incentive to Mr. Mung for his past contribution and future development of the Group, including lump sum cash bonuses, remuneration increment and profit sharing schemes as well as the grant of Share Options.

Reason for the grant of the Share Options

Taking into careful consideration the aforesaid reasons and the various methods of incentive, the Board believes that the grant of the 21,000,000 Share Options to Mr. Mung, be the most appropriate and in the best interests of the Group given that, as opposed to the other alternatives, the grant of Share Options will enable the Group to conserve its cash resources while allowing added incentive to Mr. Mung to make more contribution to the Group. Since the economic benefits of the grant of Share Options rely on improvement in the price of the Share, the economic benefits of the grant of Share Options will only be realised when all the Shareholders are also in a position to benefit.

Further, the Board has considered and believes that Mr. Mung's PRC experience, relationship, networking and his leadership are more critical and significant than his investment management experience for the expansion of the Group in the long run. As a result, the Board has decided to grant the most Share Options to Mr. Mung among the board members as an incentive for him to continue his commitment in the future development of the Group.

INFORMATION ON SHARE OPTIONS GRANTED UNDER SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company has granted or proposes to grant in aggregate 144,000,000 Share Options to the Grantees, representing approximately 6.76% of the total issued share capital of the Company. The grant of the 144,000,000 Share Options to the Grantees will not exceed 30% of the Shares in issue as at the Latest Practicable Date. Save as the aforesaid Share Options, the Company has no other options granted as at the Latest Practicable Date.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates changes in shareholdings of Mr. Mung and his associates in the issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) upon exercise in full of the Share Options granted to Mr. Mung:

Shareholder	As at the Latest Practicable Date		Upon exercise of the Share Options granted to Mr. Mung (subject to approval at the EGM) in full	
	No. of Shares	%	No. of Shares	%
TDX (Note 2)	1,080,000,000	50.68	1,080,000,000	50.18
Mr. Mung	–	–	21,000,000	0.98
TDX and parties acting in concert with it	1,080,000,000	50.68	1,101,000,000	51.16
Greater China Special Value Fund (Note 3)	123,200,000	5.78	123,200,000	5.72
TANG Hao	155,200,000	7.28	155,200,000	7.21
Sub-total for Directors (other than Mr. Mung)	278,400,000	13.06	278,400,000	12.93
Other public Shareholders	772,800,000	36.26	772,800,000	35.91
Total	2,131,200,000	100.00	2,152,200,000	100.00

Note 1: As at the Latest Practicable Date, the total number of Shares in issue was 2,131,200,000.

Note 2: These Shares were registered in the name of and were beneficially owned by TDX, a company in which Mr. Mung, an executive director and the 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.

Note 3: Mr. Michael STOCKFORD, an executive Director, is a director of Greater China Special Value Fund (the “Fund”) and a director of the investment manager of the Fund.

LETTER FROM THE BOARD

EGM

A notice of the EGM is set out on pages 21 to 22 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. In that event, your form of proxy will be deemed to have been revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolution put to the vote at the EGM will be taken by way of poll.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, that there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendations to the Independent Shareholders as to voting at the EGM regarding the grant of Share Options to Mr. Mung and the letter received from Guangdong Securities set out on pages 13 to 20 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation with the grant of Share Options to Mr. Mung. The grant of Share Options provides an incentive for Mr. Mung to actively involve and contribute to the Group in order to make the Group more profitable and eventually benefits the share price of the Company. The Directors (including the independent non-executive Directors) consider that the granting of the Share Options to Mr. Mung is fair and reasonable and is in the interests of the Company and the Shareholders as a whole, and therefore recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board
Mastermind Capital Limited
HA Wing Ho, Peter
Executive Director



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

30 May 2011

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF SHARE OPTIONS
TO A SUBSTANTIAL SHAREHOLDER AND DIRECTOR**

We refer to the circular to the Shareholders dated 30 May 2011 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the proposed grant of 21,000,000 Share Options to Mr. Mung is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Guangdong Securities as set out on pages 13 to 20 of the Circular and the letter from the Board as set out on pages 3 to 11 of the Circular.

Having considered, among other things, the factors and reasons considered by, and the opinion of Guangdong Securities as stated in its letter of advice, we consider that the proposed grant of 21,000,000 Share Options to Mr. Mung is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the proposed grant of 21,000,000 Share Options to Mr. Mung at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

LO Tak Kin

Independent

non-executive Director

YU Tin Yan, Winnie

Independent

non-executive Director

LEE Patrick

Independent

non-executive Director

* *for identification purpose only*

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Proposed Grant for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

30 May 2011

*To: The independent board committee and the independent shareholders
of Mastermind Capital Limited*

Dear Sirs,

PROPOSED GRANT OF SHARE OPTIONS TO A SUBSTANTIAL SHAREHOLDER AND DIRECTOR

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Share Options to Mr. Mung (the “**Proposed Grant**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 May 2011 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announced that on 15 April 2011, the Board had resolved to grant 144,000,000 Share Options to the Grantees, subject to their acceptance, under the Share Option Scheme of the Company adopted and amended on 12 January 2009 and 30 June 2010 respectively. The Proposed Grant of 21,000,000 Shares Options to Mr. Mung (the “**Proposed Grant Share Options**”) is subject to the Independent Shareholder’s approval at the EGM.

As at the Grant Date, TDX, a company in which Mr. Mung, an executive Director and the chairman of the Company, holds 99.99% equity interests, was interested in 1,080,000,000 Shares representing approximately 50.68% of the issued share capital of the Company. Therefore, Mr. Mung is deemed to have an interest in the Shares in which TDX is interested.

Pursuant to Rule 17.04(1) of the Listing Rules, the Proposed Grant Share Options granted to Mr. Mung, being a substantial Shareholder, exceeds 0.1% of the Shares in issue and have an aggregate value (based on the closing price of the Shares on the Grant Date) in excess of HK\$5 million, the Proposed Grant to Mr. Mung is conditional upon the approval of the Independent Shareholders at the EGM. All connected persons of the Company (including Mr. Mung and his associates) shall abstain from voting in respect of the resolution approving the Proposed Grant to Mr. Mung.

LETTER FROM GUANGDONG SECURITIES

An Independent Board Committee comprising Mr. Lo Tak Kin, Ms. Yu Tin Yan, Winnie and Mr. Patrick Lee, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of the Proposed Grant is on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Proposed Grant is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Proposed Grant and the respective transactions contemplated thereunder at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Mr. Mung or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Grant. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM GUANGDONG SECURITIES

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Grant, we have taken into consideration the following principal factors and reasons:

(1) Background of and reasons for the Proposed Grant

Business overview of the Group

The Company is an investment holding Company listed under Chapter 21 of the Listing Rules. The Group principally invests in listed and unlisted companies in Hong Kong and other parts of the PRC.

Reasons for the Proposed Grant

With reference to the Board Letter, in view of Mr. Mung's contribution, effort and time spent to the business development of the Group, the Proposed Grant to him is served as an appreciation on his great efforts to improve the financial position of the Group and introduce certain investments in the past years. The Proposed Grant Share Options will also provide an incentive to Mr. Mung for his continuing leadership, experience, relationship and networking in the expansion of the Group in the long run (as the Group intends to put more focus on the investments in the PRC), with an aim to enhance the value and return of the Shareholders. Details of the past contribution of Mr. Mung, the functional role and responsibility of Mr. Mung in the Group and future development of the Group are set out under the section headed "Reasons and consideration for the grant of share options" of the Board Letter.

We have further enquired into the Directors regarding the benefits of the Proposed Grant as incentive scheme and were advised that a merit-based incentive scheme will further align the interests of Mr. Mung with the Company. In this regard, the Directors have considered several methods of providing incentives to Mr. Mung, including lump sum cash bonuses, remuneration increment, profit sharing schemes as well as the Proposed Grant. After careful consideration of the various alternatives, the Directors consider that the Proposed Grant to be most appropriate given that, as opposed to the other alternatives, the Proposed Grant will enable the Group to conserve its cash resources while allowing added incentives to Mr. Mung to make more contribution to the Group. Since the economic benefits of the Proposed Grant Share Options rely on improvement in the price of the Share, the economic benefits of the Proposed Grant Share Options will only be realised when all the Shareholders are also in a position to benefit.

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Upon exercise of the Proposed Grant Share Options, it will generate a maximum of approximately HK\$5.67 million to the Company. Furthermore, the Directors are of the view that the Proposed Grant is a comparatively more suitable method than awarding cash bonuses to Mr. Mung, which prevents cash outflow and the instant effect on cash position of the Company. In this regards, we are of the view that the Proposed Grant will prevent cash outflow of the Group and enhance the cash flow position of the Group upon exercise of the Proposed Grant Share Options.

In view of the foregoing, including (i) the past contribution of Mr. Mung which attributed to the improvement of the Group's financial position; (ii) the significant role of Mr. Mung in the Group to the future development of the Group; and (iii) the Proposed Grant to be most appropriate incentive alternative among others, we are of the opinion that the Proposed Grant is in the interest of the Company and the Shareholders as a whole.

(2) Principal terms of the Proposed Grant

The table below summarises the major terms of the Proposed Grant:

Date of Grant:	15 April 2011
Exercise price of the Proposed Grant Share Options:	HK\$0.27 per Share (the "Exercise Price")
Number of Proposed Grant Share Options to be granted:	21,000,000 Shares Options to Mr. Mung
Validity and exercise period:	Valid for 10 years, exercisable from 15 April 2011 to 14 April 2021 (both dates inclusive)

We have enquired into the Directors regarding the basis of determining the number of the Proposed Grant Share Options to be granted to Mr. Mung and were advised by the Directors that the number of the Proposed Grant Share Options to be granted to Mr. Mung was determined based on the effort, time spent, contribution of Mr. Mung and the future prospects of the Company. Details of the past contribution of Mr. Mung and future development of the Group are set out under the section headed "Reasons and consideration for the grant of share options" of the Board Letter. We have discussed the aforesaid details with the Directors and we are of the view that the basis of determining the number of the Proposed Grant Share Options to be granted to Mr. Mung is justifiable.

With reference to the circular of the Company dated 10 September 2008, eligible participants under the Share Option Scheme include, among others, any full-time employee, Director (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. As an executive Director, Mr. Mung is an eligible participant.

LETTER FROM GUANGDONG SECURITIES

Although there is no vesting conditions and performance targets imposed to the Proposed Grant Share Options, we concur with the Directors' view that the economic benefits of the Proposed Grant Share Options can be materialized through Mr. Mung's continuing contribution to the Group, including but not limited to seeking/introducing projects or investments with sustainable income and potential of appreciation which will improve the performance of the Group.

The Exercise Price of HK\$0.27 per Proposed Grant Share Options represents:

- (i) a premium of approximately 25.58% to the closing price of HK\$0.215 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Grant Date; and
- (iii) a premium of approximately 2.27% to the average closing price of approximately HK\$0.264 per Share for the last five consecutive trading days immediately preceding the Grant Date as quoted on the Stock Exchange up to and including the trading day immediately preceding the Grant Date.

Under the Share Option Scheme and the Listing Rules, the Exercise Price must be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Date of Grant (the "**Requirements**"). As advised by the Directors, the Exercise Price can provide incentive for Mr. Mung to actively involve and contribute to the Group in order to make the Group profitable and eventually benefit the Share price. The Directors also confirmed that the determination of the Exercise Price is in compliance with the Requirements.

LETTER FROM GUANGDONG SECURITIES

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each of the 12 months during the period commencing from 1 April 2010 up to and including the Grant Date (the “**Review Period**”) are shown as follows:

Month	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average daily closing price (HK\$)	No. of trading days in each month
2010				
April	0.144	0.121	0.131	19
May	0.140	0.098	0.121	20
June	0.108	0.095	0.101	21
July	0.100	0.083	0.092	21
August	0.110	0.088	0.095	22
September	0.115	0.100	0.105	21
October	0.187	0.100	0.141	20
November	0.250	0.168	0.186	22
December	0.270	0.227	0.246	22
2011				
January	0.280	0.234	0.250	21
February	0.310	0.270	0.290	18
March	0.295	0.235	0.265	23
April (up to and including the Grant Date)	0.270	0.240	0.257	10

Source: the Stock Exchange web-site (www.hkex.com.hk)

During the Review Period, the average daily closing price of the Shares ranged from HK\$0.092 to HK\$0.290 per Share in each month. The highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.310 per Share recorded on 17 February 2011 and HK\$0.083 per Share recorded on 15 July 2010 respectively (the “**Range**”). The Exercise Price is within the Range.

Given the above, we are of the view that the terms of the Proposed Grant (including the Exercise Price) are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GUANGDONG SECURITIES

(3) Potential dilution of the shareholding interests of the public Shareholders

The table below demonstrates the possible shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full exercise of the Proposed Grant Share Options:

	As at Latest Practicable Date		Upon full exercise of the Proposed Grant Share Options	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
TDX and Mr. Mung (<i>Note 1</i>) Greater China Special Value Fund and parties acting in concert with it (<i>Note 2</i>)	1,080,000,000	50.68	1,101,000,000	51.16
Tang Hao	123,200,000	5.78	123,200,000	5.72
Other public Shareholders	155,200,000	7.28	155,200,000	7.21
	772,800,000	36.26	772,800,000	35.91
Total	<u>2,131,200,000</u>	<u>100.00</u>	<u>2,152,200,000</u>	<u>100.00</u>

Note:

- These shares were registered in the name of and were beneficially owned by TDX, a company in which Mr. Mung, an executive Director and the 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.
- Mr. Michael Stockford, an executive Director, is a director of Greater China Special Value Fund (the “**Fund**”) and a director of the investment manager of the Fund.

As demonstrated by the above table, the shareholding interests of the existing public Shareholders in the Company would be diluted by approximately 0.35 percent point as a result of the full exercise of the Proposed Grant Share Options. Taking into account (i) the reasons for the Proposed Grant and the possible benefits of the Proposed Grant to the Group; and (ii) the terms of the Proposed Grant being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

(4) Possible financial effects of the Proposed Grant

Effect on net asset value

According to the announcement of the Company dated 13 May 2011, the unaudited consolidated net asset value per Share was approximately HK\$0.047 as at 30 April 2011. The Directors expected that the Proposed Grant would not have material impact on the net asset value of the Group.

LETTER FROM GUANGDONG SECURITIES

Effect on gearing

According to the annual report of the Company for the year ended 31 December 2010, the Group had no borrowing as at 31 December 2010. The Directors expected that the Proposed Grant would not increase the borrowing of the Group and thus the gearing level (as calculated by total borrowing over total equity) of the Group would not be affected upon the Proposed Grant.

Effect on working capital

As advised by the Directors, the Proposed Grant would not have material impact on the working capital of the Group.

Having considered the above possible financial effects of the Proposed Grant and the benefits of the Proposed Grant, we are of the view that the Proposed Grant is in the interest of the Company and the Shareholders as a whole.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon the Proposed Grant.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the terms of the Proposed Grant are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Grant is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Proposed Grant and the respective transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

NOTICE OF EGM



MASTERMIND CAPITAL LIMITED

慧德投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Mastermind Capital Limited (the “**Company**”) will be held at Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong on Wednesday, 15 June 2011, at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the grant of share options to Mr. MUNG Kin Keung (“**Mr. Mung**”) (details of which are included in the circular to the shareholders of the Company dated 30 May 2011) pursuant to the Share Option Scheme which will entitle Mr. Mung to subscribe for 21,000,000 shares of the Company be and is hereby confirmed, approved and ratified and that the directors of the Company be and are hereby authorized to issue and allot shares of the Company to Mr. Mung pursuant to the exercise of such share options and to do all such acts and things and to execute all such documents and deeds as they in their absolute discretion consider necessary, desirable or expedient to give effect to the foregoing.”

By Order of the Board
Mastermind Capital Limited
MA Man Pong
Company Secretary

Hong Kong, 30 May 2011

* *For identification purpose only*

NOTICE OF EGM

Notes:

1. Pursuant to the Listing Rules, the resolution set out in the notice is to be voted by poll at the EGM.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one proxy or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the principal place of business of the Company in Hong Kong at Room 1401-03, 14th Floor, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof.
4. In the case of joint holders of a share, any one of such joint holders may vote, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.