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HARMONY ASSET LIMITED

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock Code: 428)

(TSX Stock Symbol: HAR)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

FINANCIAL HIGHLIGHTS

The financial highlights of Harmony Asset Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2009 are summarised as follows:

- The Group recorded turnover, other revenue, other gains and (losses) totalling HK\$118,953,480 as compared to the loss of HK\$74,822,392 in the previous year.
- Profit attributable to owners of the Company was HK\$84,954,963 as compared to the loss of HK\$88,590,514 in the previous year.
- Proposed dividend was HK\$3,905,861 (2008: Nil) in addition to the interim dividend of HK\$3,905,861 paid on 28th September, 2009 (2008: Nil).
- Basic earnings per share was HK\$2.18 (2008: basic loss per share of HK\$2.27).

The Board of Directors (the “Board”) of the Company announces the consolidated results of the Group for the year ended 31st December, 2009 together with comparative figures for the year ended 31st December, 2008. The following consolidated statement of financial position, consolidated statement of comprehensive income and related notes, including the comparative figures, have been extracted from the Company’s consolidated financial statements for the year ended 31st December, 2009 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and audited by the Company’s auditor, BDO Limited (formerly known as BDO McCabe Lo Limited).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		for the year ended 31st December	
	<i>Note</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Turnover	4	6,089,942	12,916,300
Other revenue	4	273,134	599,451
Other gains and (losses)	4	112,590,404	(88,338,143)
		118,953,480	(74,822,392)
Employee benefits expenses		(2,842,510)	(5,570,840)
Depreciation of property, plant and equipment		(115,724)	(129,027)
Other operating expenses		(16,487,382)	(13,139,975)
Profit (loss) before income tax	5	99,507,864	(93,662,234)
Income tax (expenses) credit	6	(14,552,901)	5,071,720
Profit (loss) for the year attributable to owners of the Company		84,954,963	(88,590,514)
Other comprehensive income:			
Gains (losses) on fair value changes on available-for-sale financial assets		12,891,490	(15,026,387)
Transfer to profit or loss upon disposal of available-for-sale financial assets		(222,002)	–
Impairment loss on available-for-sale financial assets recognised in profit or loss		–	5,399,014
Other comprehensive income for the year		12,669,488	(9,627,373)
Total comprehensive income for the year attributable to owners of the Company		97,624,451	(98,217,887)
Earnings (loss) per share	8		
Basic		HK\$2.18	(HK\$2.27)
Diluted		HK\$2.17	(HK\$2.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		as at 31st December	
		2009	2008
	<i>Note</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current assets			
Property, plant and equipment		1,465,162	136,886
Interests in associates		–	–
Available-for-sale financial assets		110,854,493	68,058,932
Loans and receivables		6,314,135	20,077,507
		<u>118,633,790</u>	<u>88,273,325</u>
Current assets			
Accounts receivable and prepayments	9	17,810,465	19,383,342
Trading securities		44,930,302	72,896,629
Derivative financial instruments		21,322,735	–
Bank balances and cash		98,065,356	10,252,785
		<u>182,128,858</u>	<u>102,532,756</u>
Current liabilities			
Accounts payable and accruals		1,249,956	1,786,655
Amount due to a related company		6,028,948	–
Tax payable		13,569,202	2,825,920
		<u>20,848,106</u>	<u>4,612,575</u>
Net current assets		<u>161,280,752</u>	<u>97,920,181</u>
Total assets less current liabilities		<u>279,914,542</u>	<u>186,193,506</u>
Non-current liabilities			
Deferred tax liabilities		2,413,948	2,651,742
Net assets		<u>277,500,594</u>	<u>183,541,764</u>
Capital and reserves			
Share capital	10	39,058,615	39,002,615
Reserves		238,441,979	144,539,149
Total equity		<u>277,500,594</u>	<u>183,541,764</u>
Net asset value per share		<u>HK\$7.10</u>	<u>HK\$4.71</u>

Notes

1. GENERAL

Harmony Asset Limited is incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Room 1101, St. George's Building, 2 Ice House Street, Central, Hong Kong. Its shares are dual listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Toronto Stock Exchange.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

- (a) The Group has adopted the following new or revised IFRSs issued by the International Accounting Standards Board ("IASB") that are effective for the current accounting period.

IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning on or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 90 of IAS 39
IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 and IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC – Interpretation 9 and IAS 39 (Amendments)	Embedded derivatives
IFRIC – Interpretation 13	Customer Loyalty Programs
IFRIC – Interpretation 15	Agreements for the Construction of Real Estate
IFRIC – Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IFRIC – Interpretation 18	Transfer of Assets from Customers

IAS 1 (Revised) "Presentation of Financial Statements"

The revised standard has introduced a number of terminology changes (including revised titles for financial statements) and has resulted in a number of changes in presentation and disclosure. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. However, the revised standard had no material effect on the reported results and financial position of the Group.

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard also introduces the statement of comprehensive income, with all items of income and expenses recognised in profit or loss, together with other items of recognised income or expenses recognised in other comprehensive income, presented either in one single statement, or in two linked statements. The Group has elected to present one statement.

IFRS 8 “Operating Segments”

IFRS 8 replaces IAS 14 “Segment Reporting”, and requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of IAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by IFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of IFRS 8.

IFRS 7 (Amendments) “Improving Disclosures about Financial Instruments”

The amendments to IFRS 7 expand the disclosures relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities. In particular, a three-level fair value hierarchy has been introduced to categorise the fair value measurements according to the degree they are based on observable market data. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision.

Except for the adoption of the amendments to IFRS 7, comparative information have been restated or presented for the first time in order to achieve a consistent presentation. The adoption of other new or revised IFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods and no prior period adjustment has been recognised.

- (b) The following new or revised IFRSs, potentially relevant to the Group’s operations, have been issued but are not yet effective and have not been early adopted by the Group.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs ¹
IFRSs (Amendments)	Improvements to IFRSs 2009 ²
Amendments to IAS 32	Classification of Rights Issues ⁴
Amendments to IFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions ³
IAS 24 (Revised)	Related Party Disclosures ⁶
IAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
IFRS 3 (Revised)	Business Combinations ¹
IFRS 9	Financial Instruments ⁷
IFRIC – Interpretation 17	Distributions of Non-cash Assets to Owners ¹
IFRIC – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

- ¹ Effective for annual periods beginning on or after 1st July, 2009
- ² Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1st January, 2010
- ⁴ Effective for annual periods beginning on or after 1st February, 2010
- ⁵ Effective for annual periods beginning on or after 1st July, 2010
- ⁶ Effective for annual periods beginning on or after 1st January, 2011
- ⁷ Effective for annual periods beginning on or after 1st January, 2013

The Group is in the process of making an assessment of the potential impact of other new or revised IFRSs and the directors so far concluded that the application of these new or revised IFRSs will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention, except that, available-for-sale financial assets and financial assets at fair value through profit or loss are stated at fair value.

(c) Use of estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Functional and presentation currency

The financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

4. TURNOVER, OTHER REVENUE AND OTHER GAINS AND (LOSSES)

The Group principally invests in securities listed on recognised stock exchanges and unlisted securities, including equity securities and convertible bonds issued by corporate entities. Turnover, other revenue and other gains and losses recognised during the year are as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Turnover:		
Interest income from		
– bank deposits	61,993	334,813
– loans receivable not impaired	1,032,807	2,313,826
– impaired loans receivable	220,010	1,743,089
Dividend income from		
– listed investments	139,132	124,572
– unlisted investments	4,636,000	8,400,000
	<u>6,089,942</u>	<u>12,916,300</u>
Other revenue:		
Service fee income	<u>273,134</u>	<u>599,451</u>
Other gains and (losses):		
Fair value changes on financial assets		
at fair value through profit or loss:		
– trading securities	21,695,001	(44,044,129)
– derivative financial instruments	5,375,317	–
Net realised gain on disposal of trading securities	110,724,365	5,839,602
	<u>137,794,683</u>	<u>(38,204,527)</u>
Recovery of impairment loss on loans and receivables		
previously recognised	54,000	–
Recovery of impairment loss on accounts receivable	8,000,000	–
Impairment loss on accounts receivable	(18,807,483)	(4,703,792)
Impairment loss on loans and receivables	(14,729,472)	(38,219,864)
	<u>(25,482,955)</u>	<u>(42,923,656)</u>
Impairment loss on available-for-sale financial assets:		
– equity investments	–	(5,399,014)
– deposits on investments written off	(600,000)	(200,000)
Net realised gain on disposal of available-for-sale		
financial assets	222,002	–
	<u>(377,998)</u>	<u>(5,599,014)</u>
Exchange gain (loss), net	546,674	(1,610,946)
Gain on disposal of an associate	100,000	–
Gain on disposal of property, plant and equipment	10,000	–
	<u>112,590,404</u>	<u>(88,338,143)</u>

No analysis of the Group's turnover, other revenue and contribution to operating profit (loss) for the year set out by principal activities and geographical markets is provided as the Group has only one single business segment, investment holding, and less than 10% of the turnover and other revenue, results and assets of the Group are attributable to markets outside Hong Kong.

During the year, dividend income from one (2008: three) unlisted investment accounted for 74% (2008: 62%) of the Group's turnover.

5. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax has been arrived at after charging the following:

	2009	2008
	HK\$	HK\$
Auditor's remuneration		
– Current year	780,000	780,000
– Underprovision in prior year	–	63,000
	780,000	843,000
Management fees	3,473,236	4,175,591
Incentive fee	6,028,948	–
Pension costs – contributions to defined contribution plan*	84,537	76,812
Operating leases in respect of land and buildings	2,109,360	2,438,110
Equity-settled share-based payment expenses	–	343,000
	7,375,141	7,375,513

* There was no forfeited contribution in respect of the defined contribution plan available at 31st December, 2009 to reduce future contributions (2008: Nil). There was no outstanding contributions to the plan at 31st December, 2009 (2008: Nil).

6. INCOME TAX EXPENSES (CREDIT)

Provision for Hong Kong Profits Tax has been made at 16.5% (2008:16.5%) of the Group's estimated assessable profits for the year.

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Current tax		
Hong Kong Profits Tax:		
Current year	15,599,334	2,825,920
Overprovision in prior year	(808,639)	(10,549,382)
	<u>14,790,695</u>	<u>(7,723,462)</u>
Deferred taxation		
Current year	(635,252)	(3,546,546)
Under provision in prior year	397,458	6,198,288
	<u>(237,794)</u>	<u>2,651,742</u>
	<u><u>14,552,901</u></u>	<u><u>(5,071,720)</u></u>

7. DIVIDENDS

Dividends paid or payable to shareholders of the Company attributable to the year are as follows:

	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Interim dividend paid – HK10 cents (2008: nil) per share	3,905,861	–
Proposed dividend – HK10 cents (2008: nil) per share (<i>Note</i>)	3,905,861	–
	<u>7,811,722</u>	<u>–</u>

Note:

The Board has recommended a dividend out of the share premium account of the Company of HK10 cents per share (2008: Nil) in respect of the year ended 31st December, 2009, totalling not less than HK\$3,905,861 (2008: Nil) which is subject to approval of shareholders at the forthcoming annual general meeting to be held on 27th May, 2010 and compliance with the Companies Law of the Cayman Islands.

The dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

8. EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the Group's profit attributable to ordinary equity holders of the Company amounting to HK\$84,954,963 (2008: loss of HK\$88,590,514) and on the weighted average of 39,024,093 (2008: 39,002,614) ordinary shares in issue during the year.

(b) **Diluted earnings (loss) per share**

The calculation of diluted earnings per share for the year is based on the Group's profit attributable to ordinary equity holders of the Company amounting to HK\$84,954,963 and the weighted average number of ordinary shares of 39,063,878 calculated as follows:

	2009
Weighted average number of ordinary shares for the purpose of basic earnings per share	39,024,093
Effect of deemed issue of shares under the Company's share option scheme	39,785
	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>39,063,878</u>

Diluted loss per share for the year ended 31st December, 2008 is the same as the basic loss per share as the effect of the assumed conversion of the outstanding share options is anti-dilutive.

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Accounts receivable	1,000	5,184,826
Loan receivable, secured (<i>Note</i>)	15,000,000	8,000,000
Interests receivable	792,808	5,429,015
Other receivables	1,252,668	9,448
	<hr/>	<hr/>
Receivables after allowance for impairment loss	17,046,476	18,623,289
Deposits	606,883	606,883
Prepayments	157,106	153,170
	<hr/>	<hr/>
	<u>17,810,465</u>	<u>19,383,342</u>

Note:

As at 31st December, 2009, the loan is secured by a guarantor's certain equity investments. The loan carries interest at annual fixed rate of 25% and is repayable on 11th January, 2010. The loan is repaid in full in January 2010.

As at 31st December, 2008, the loan was secured on rental receivables and guaranteed by certain related companies of the borrower. The loan carried interest at annual fixed rate of 12%. The repayment date was 30th June 2009 but the borrower failed to repay the loan on time and impairment loss was recognised in the interim financial statements for the six months ended 30th June, 2009. Thereafter, the loan was assigned to another third party at a consideration of HK\$8,000,000 in connection with disposal of an investment to the third party. Impairment loss of HK\$8,000,000 was therefore reversed in the last quarter of 2009.

10. SHARE CAPITAL

	Number of shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$1 each at 1st January, 2008, 31st December, 2008, and 31st December, 2009	100,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK\$1 each at 1st January, 2008 and 2009	39,002,614	39,002,615
Issue of shares of HK\$1 each during the year (<i>Note</i>)	56,000	56,000
Ordinary shares of HK\$1 each at 31st December, 2009	39,058,614	39,058,615

Note:

Exercise of share options

On 14th August, 2009, certain directors of the Company exercised 56,000 share options granted at exercise price of HK\$4.29 per share which resulted in 56,000 new shares of HK\$1 each issued by the Company.

DIVIDEND

The Board has recommended a dividend out of the share premium account of the Company of HK10 cents per share (2008: Nil) in respect of the year ended 31st December, 2009, totalling not less than HK\$3,905,861 (2008: Nil) which is subject to approval of shareholders at the forthcoming annual general meeting to be held on 27th May, 2010 and compliance with the Companies Law of the Cayman Islands.

If approved, the said dividend will be paid on or about 25th June, 2010 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 27th May, 2010.

Including the interim dividend of HK10 cents per share (2008: Nil) paid on 28th September, 2009, total dividends paid and proposed for the year of 2009 are HK20 cents per share.

The dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24th May, 2010 to 27th May, 2010, both days inclusive. In order to qualify for the proposed dividend, all completed transfer forms accomplished by the relevant share certificates must be lodged with the branch share registrars of the Company either (i) the Hong Kong branch share registrars of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) the Canadian branch share registrars of the Company, Computershare Investor Services Inc., 100 University Ave., 9th Floor, Toronto, Ontario, M5J 2Y1, not later than 4:00 p.m. on 20th May, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a gain of HK\$118,953,480 from total turnover, other revenue and other gains and (losses) for the year ended 31st December, 2009. When compared to the last year's loss of HK\$74,822,392.

The increase is solely due to appreciation in value of the Group's investments in listed securities, particularly in Hong Kong stock markets. The Group disposed of certain of its publicly traded securities to realise a substantial gain of HK\$110,724,365 (2008: HK\$5,839,602). Gain on fair value changes on listed securities and derivative financial instruments was HK\$27,070,318 (2008: loss of HK\$44,044,129). The profit before income tax was HK\$99,507,864 when compared to the loss of HK\$93,662,234 in the last year. The profit attributable to owners of the Company was HK\$84,954,963 when compared to the loss of HK\$88,590,514 in the last year.

PROSPECTS AND FUTURE PLANS

The 2008/2009 financial year witnessed unprecedented turmoil in the financial markets, with dramatic impact on the availability of credit, extreme volatility in equity, commodity and currency prices and severely depressed investor sentiment and risk appetite.

The performance and stability of the banking and general financial sector were, as a consequence, very badly affected leading to some companies needing Government subsidies to survive.

Recent global news and in particular Greece's woes have shaken global markets, and a recent survey shows confidence in the world market economy fell for a second month in March 2010. Added to this gloom, in a recent HSBC report, it says the US recovery was of "poor quality, of less intensity, and more disturbingly, still requiring heavy fiscal and monetary stimulus". Further, Federal Reserve chairman Ben Bernanke told Congress on 25th February, 2010 that the US economic recovery was still "nascent" and likely to require "exceptionally low" interest rates for an extended period of time.

Against a background of severe economic downturn and uncertainty, the role the Board plays in reviewing and reinforcing business strategy, monitoring the performance of the management team, understanding risk and reviewing risk controls is of paramount importance.

We have identified some areas for future focus, but will still continue with the Group's core investments which include **resources and real estate development** in Asia and the greater China Region. This year's economic and market turbulence has resulted in a total shareholder return of HK\$84,954,963 when compared to the loss of HK\$88,590,514 last year. The Group has, nevertheless, achieved a substantial profit in a difficult year when some other industry players have reported substantial losses.

We enter 2010 after a year of profound change and unprecedented challenges in both the investment industry and our Group, but we are confident the measures we have taken to reposition ourselves this year will enable us to take maximum advantage of the opportunities that will arise as the global economy recovers.

Despite the continual uncertainties and financial crisis, and, in particular the financial crisis in Dubai and Greece, the Board will still continue to look at good investment opportunities. However, extreme caution must and will be exercised.

The Group will still continue to focus on its core investment pursuits in the fields of resources and real estate developments in Asia and the greater China region. With a profitable year, the Board will continue to seek under value investments with a view that they will increase in value as the economy picks up.

Clearly, the key to our investment strategy is to prudently pick and collect a quality portfolio that will create value and profits for our stakeholders. The Group is financially sound, with no borrowings and with net current assets of HK\$161,280,752, the Group remains positive and well-positioned to take advantage of investment opportunities when the economy recovers and confidence returns.

Financial review

Liquidity and financial resources

The Group had available funds of HK\$98,065,356 which were mainly placed with banks as time deposits. Cash and bank balances held by the Group are mainly denominated in Hong Kong dollars and Canadian dollars.

The Group had shareholders' fund of HK\$277,500,594 at 31st December, 2009 compared to HK\$183,541,764 at 31st December, 2008, a 51% increase.

At present, the Group has unutilised banking facilities of HK\$3,000,000 and requires no significant funding for investment and capital expenditure commitments. The interest rate charged on the banking facilities is 2% per annum over the Prime Lending Rate or 2% per annum over the prevailing overnight Hong Kong Interbank Offered Rate, whichever is higher.

As at 31st December, 2009, the Group had no borrowing (2008: nil). The gearing ratio for the Group was 0% (2008: 0%) which represents the ratio of the Group's borrowings to the net asset value of the Group.

The Group did not have any capital expenditure commitment as at 31st December, 2009.

Capital Structure

There was no significant change in the Group's capital structure for the year ended 31st December, 2009 except that 56,000 share options were exercised by certain directors at exercise price of HK\$4.29 per share which resulted in 56,000 new shares of HK\$1 each issued by the Company.

During the year ended 31st December, 2009, 340,000 share options granted to other parties were lapsed.

There is no outstanding share options can be granted as at 31st December, 2009.

Significant investments held and their performance

For the year ended 31st December, 2009, the Group recorded a turnover of HK\$6,089,942 as compared to HK\$12,916,300 in the last year, representing a 53% decrease. The interest income was HK\$1,314,810 (2008: HK\$4,391,728). Dividends generated from the listed and unlisted securities were HK\$4,775,132 (2008: HK\$8,524,572).

The profit before income tax was HK\$99,507,864 as compared to the loss of HK\$93,662,234 in the last year. The profit attributable to owners of the Company was HK\$84,954,963 as compared to the loss of HK\$88,590,514 in the last year.

The market value of the Group's investments in listed securities have an appreciation in correspondence to the increase in the Hong Kong and overseas stock markets. During the year ended 31st December, 2009, the Group disposed of certain of its publicly traded securities to obtain a substantial realised gain of HK\$110,724,365 as compared to HK\$5,839,602, a 1,796% increase. Gain on fair value changes on listed securities and derivative financial instruments was HK\$27,070,318 (2008: loss of HK\$44,044,129).

During the year ended 31st December, 2009, the Group paid HK\$50,000,000 to acquire convertible bonds with principal amount of HK\$18,200,000 and 50,000,000 shares which were issued by a Hong Kong listed company with engagement of the business of energy and resources development. Thereafter, the Group also paid CAD500,000 equivalent to the amount of HK\$3,601,350 to subscribe for 2,000,000 new shares together with 2,000,000 warrants of a Canadian listed mining company.

As at 31st December, 2009, the Group's unlisted investments, which comprise available-for-sale financial assets ("AFS"), and loans and receivables, amounted to HK\$117,168,628 as compared to HK\$88,136,439 as at 31st December, 2008, representing a 33% increase. The increase mainly comprises (1) new investment deposits of HK\$18,190,000 on estate development projects in PRC, (2) an acquisition of convertible bonds in which the debt element of HK\$13,314,073 recognised as AFS (3) net increase in fair value of HK\$12,891,490 in AFS, (4) grant a loan of HK\$3,120,000 to three investee companies (5) a recognition of net impairment losses of HK\$15,275,472 on loans and receivables and investment deposit, and (6) repayment of HK\$2,207,900 from three investee companies. The Group recorded the impairment losses during the year ended 31st December, 2009, after taking into consideration the financial condition of its investee companies, including, but not limited to, the significant accumulated losses of each particular investee company as well the ability of the investee company to repay its debts obligations by considering the investee company's net asset position.

As at 31st December, 2009, the accounts receivable and prepayments were HK\$17,810,465 as compared to HK\$19,383,342 as at 31st December, 2008, a 8% decrease. This decrease was primarily the result of (1) participation of HK\$15,000,000 in a short term loan, (2) an uncollected balance of HK\$1,186,454 on disposal of a listed security, (3) assignment of a secured loan of HK\$8,000,000 and (4) a recognition of net impairment loss of HK\$10,807,483 for the year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2009, the Group employed a total of 9 full-time employees, including the executive directors of the Company. Employees' remuneration are fixed and determined with reference to the market remuneration.

The remuneration policy of the Company for non-executive directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company and that for the employees, including the executive directors and senior management, is to ensure that the remuneration offered is appropriate for the duties and in line with market practice. The remuneration policy is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. No director, or any of his associates and executive, is involved in deciding his own remuneration.

The key components of the Company's remuneration package include basic salary plus other allowances, discretionary cash bonus and mandatory provident fund. As a long-term incentive plan and with the aim at motivating employees in the continued pursuit of the Company's goal and objectives, the Company has granted share options to subscribe for the shares of the Company to the employees (including directors) of the Company based on their performance and contribution to the Company under the Company's share option scheme.

EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has no significant exposures to fluctuations in foreign exchange rates and, therefore, did not employ any financial instruments to hedge such exposures.

CONTINGENT LIABILITIES

As at 31st December, 2009, the Group has no significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company had met the relevant code provisions set out in the Code on Corporate Governance Practices based on the principles set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the year ended 31st December, 2009.

AUDIT COMMITTEE

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 review of the annual results for the year ended 31st December, 2009.

By Order of the Board

Lee Fong Lit David

Chairman

Hong Kong, 29th March, 2010

As at the date of this announcement, the Board comprises 4 executive directors, namely, Mr. LEE Fong Lit David, Dr. CHOW Pok Yu Augustine, Dr. LAM Andy Siu Wing JP, Mr. CHAN Shuen Chuen Joseph and 3 independent non-executive directors, namely, Mr. TONG Kim Weng Kelly, Dr. WONG Yun Kuen and Mr. HO Man Kai Anthony.