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HARMONY ASSET LIMITED
亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)
(HKEX Stock Code: 428)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2013

FINANCIAL HIGHLIGHTS

The financial highlights of Harmony Asset Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "We") for the year ended 31st December, 2013 are summarised as follows:

– The Group recorded a loss of HK$21,107,516 in turnover, other revenue, other gains and losses as compared to a gain of HK$26,962,375 in the last year.

– Loss attributable to owners of the Company was HK$38,961,850 as compared to the profit of HK$9,530,972 in the last year.

– The Board does not recommend payment of dividend for the year ended 31st December, 2013 (2012: nil).

– Basic losses per share was HK$1.00 (Basic earnings per share for 2012 was HK$0.24).

The Board of Directors of the Company (the "Board") announces the consolidated results of the Group for the year ended 31st December, 2013 together with comparative figures for the corresponding year ended 31st December, 2012. The following consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes, including the comparative figures, have been extracted from the Company's audited consolidated financial statements for the year ended 31st December, 2013 which have been prepared in accordance with International Financial Reporting Standards.

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31st December

	Note	2013 HK$	2012 HK$
Turnover	4	**7,637,209**	10,275,453
Other revenue	4	**37,401**	136,592
Other gains and (losses)	4	**(28,782,126)**	16,550,330
		(21,107,516)	26,962,375
Employee benefits expenses		**(3,802,023)**	(3,431,119)
Depreciation of property, plant and equipment		**(711,839)**	(707,068)
Other operating expenses		**(13,340,472)**	(13,293,216)
(Loss) profit before income tax expense	5	**(38,961,850)**	9,530,972
Income tax expense	6	**–**	–
(Loss) profit for the year attributable to owners of the Company		**(38,961,850)**	9,530,972
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Losses on fair value changes on available-for-sale financial assets		**(4,503,499)**	(7,050,811)
Items reclassified to profit or loss:			
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets		**(2,363,350)**	(1,018,508)
Impairment losses on available-for-sale financial assets recognised in profit or loss		**4,726,655**	12,624,729
Other comprehensive income for the year		**(2,140,194)**	4,555,410
Total comprehensive income for the year attributable to owners of the Company		**(41,102,044)**	14,086,382
(Losses) earnings per share	7		
Basic		**(HK$1.00)**	HK$0.24
Diluted		**(HK$1.00)**	HK$0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	2013 HK$	2012 HK$
Non-current assets			
Property, plant and equipment		**689,397**	1,036,403
Available-for-sale financial assets		**71,150,303**	85,610,660
Loans and receivables		**25,181,913**	27,676,654
Deposits for investments		**3,883,515**	–
		100,905,128	114,323,717
Current assets			
Loans and receivables		**17,896,798**	22,268,845
Accounts receivable and prepayments	8	**30,910,631**	12,438,006
Financial assets at fair value through profit or loss		**54,235,622**	87,031,396
Derivative financial instruments		**14,383,832**	18,228,808
Tax recoverable		**–**	2,661,127
Bank balances and cash		**30,878,872**	34,096,412
		148,305,755	176,724,594
Current liabilities			
Accounts payable and accruals	9	**7,529,196**	7,205,583
Amount due to a related company		**–**	1,058,997
		7,529,196	8,264,580
Net current assets		**140,776,559**	168,460,014
Total assets less current liabilities/Net assets		**241,681,687**	282,783,731
Capital and reserves			
Share capital	10	**39,058,615**	39,058,615
Reserves		**202,623,072**	243,725,116
Total equity		**241,681,687**	282,783,731
Net asset value per share		**HK$6.19**	HK$7.24

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 in Hong Kong was changed from Room 1902, Cheung Kong Center, 2 Queen's Road Central, Hong Kong to Suite 2806, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong with effect from 18th November, 2013. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were previously listed on Toronto Stock Exchange (the "TSX"). On 24th January, 2013, the Company announced that it applied for voluntary delisting of its shares from the TSX. The Company's application was approved by the TSX and the trading of the shares of the Company ceased on the TSX and the Company was delisted from the TSX at the close of business on 22nd July, 2013.

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

(a) Adoption of new/revised IFRSs – effective 1st January, 2013

IFRSs (Amendment)	Annual Improvements 2010-2012 Cycle
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31st December, 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance. The title used by IAS 1 for the statement of comprehensive income has been changed to "Statement of profit or loss and other comprehensive income". The Group has chosen to use this new title.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

(a) Adoption of new/revised IFRSs – effective 1st January, 2013 (Continued)

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in IAS 27 (2008) on other consolidation related matters are carried forward unchanged. The adoption does not change any of the control conclusion by the Group in respect of its involvement with other entities as at 1st January, 2013.

IFRS 13 – Fair Value Measurement

IFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with IFRS 7 "Financial Instruments: Disclosures". IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. IFRS 13 is applied prospectively.

IFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance.

2. **ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)**

(b) New or revised IFRSs that have been issued but are not yet effective

The following new or revised IFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

IFRS 9	Financial Instruments
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

[1] Effective for annual periods beginning on or after 1st January, 2014

[2] Effective for annual periods beginning on or after 1st July, 2014

[3] Effective for annual periods beginning, or transactions occurring, on or after 1st July, 2014

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have an irrevocable election in initial recognition, on an investment-by-investment basis, to recognise the gains and losses in other comprehensive income. There is no recycling of such fair value gains or losses to profit or loss. IFRS 9 carries forward the recognition and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in IFRS 10 "Consolidated Financial Statements" and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

(b) New or revised IFRSs that have been issued but are not yet effective (Continued)

Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are effective for annual periods commencing on or after 1st January, 2014.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among them IAS 16 "Property, Plant and Equipment" has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The directors are in process of making an assessment of the potential impacts of these pronouncements. The directors so far concluded that the application of these pronouncements will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(b) Basis of measurement

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

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:

	2013	2012
	HK$	*HK$*
Turnover:		
Interest income from:		
– bank deposits	**47,276**	192,233
– loans receivable and convertible bonds	**4,427,545**	7,716,793
Dividend income from:		
– listed investments	**162,388**	863,441
– unlisted investments	**3,000,000**	1,502,986
	7,637,209	10,275,453
Other revenue:		
Service fee income	**37,401**	136,592
Other gains and (losses):		
Fair value (losses) gains on financial assets at fair value through profit or loss:		
– trading securities	**(12,462,244)**	8,317,936
– derivative financial instruments	**(6,282,568)**	12,796,455
Fair value loss on a convertible bond designated as at fair value through profit or loss	**(463,251)**	–
Net realised gain on disposals of financial assets at fair value through profit or loss		
– trading securities	**3,094,469**	5,522,640
Net (loss) gain on financial assets at fair value through profit or loss	**(16,113,594)**	26,637,031
Impairment losses on loans and receivables	**(13,384,734)**	(1,708,524)
Recovery of impairment losses on loans and receivables previously recognised	**4,825,000**	1,225,864
Recovery of loans and receivables previously written off	**124,381**	406,201
Realised gain on disposal of a convertible bond	**125,541**	–
Recovery of impairment loss on accounts receivable previously recognised	**–**	1,487,971
Impairment losses on accounts receivable	**(2,260,000)**	–
Net (loss) gain on loans and receivables	**(10,569,812)**	1,411,512
Impairment losses on available-for-sale financial assets:		
– equity investments	**(4,726,655)**	(12,624,729)
Realised gain on disposal of available-for-sale financial assets	**2,363,350**	1,018,508
Net loss on available-for-sale financial assets	**(2,363,305)**	(11,606,221)
Net exchange gain on financial instruments not at fair value through profit or loss	**264,585**	108,008
	(28,782,126)	16,550,330

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

For management purposes, the Group's business activity is organised into one main operating segment, investment holding.

The following table provides an analysis of the Group's turnover, other revenue and other gains and losses by geographical location which is based on the domicile country or place of listing of the investees or counterparties as appropriate.

	2013	2012
	HK$	*HK$*
Turnover and other revenue		
Hong Kong	**4,334,729**	6,528,718
Canada	**70,382**	813,394
Other countries	**3,269,499**	3,069,933
	7,674,610	10,412,045

	2013	2012
	HK$	*HK$*
Other gains and (losses)		
Hong Kong	**(11,092,749)**	(12,115,544)
Canada	**(15,429,554)**	28,833,607
Other countries	**(2,259,823)**	(167,733)
	(28,782,126)	16,550,330

During the year, dividend income from one (2012: two) unlisted investment accounted for 39% (2012: 15%) of the Group's turnover.

5. (LOSS) PROFIT BEFORE INCOME TAX EXPENSE

(Loss) profit before income tax expense has been arrived at after charging the following:

	2013	2012
	HK$	*HK$*
Auditor's remuneration	**798,000**	770,000
Management fees	**3,906,350**	3,915,231
Incentive fee	**–**	1,058,997
Contributions to defined contribution plan*	**98,907**	86,921
Operating leases in respect of land and buildings	**3,024,089**	2,777,112

* There was no forfeited contribution in respect of the defined contribution plan available at 31st December, 2013 and 2012 to reduce future contributions. There was no outstanding contribution to the plan at 31st December, 2013 and 2012.

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the year ended 31st December, 2013 and 2012 as the Group has sustained estimated tax losses or has no estimated assessable profit after offsetting tax losses brought forward from prior years.

The directors consider that the Group has no income subject to taxation in other jurisdictions.

7. (LOSSES) EARNINGS PER SHARE

(a) Basic (losses) earnings per share

The calculation of basic (losses) earnings per share is based on the Group's loss attributable to owners of the Company amounting to HK$38,961,850 (2012: profit of HK$9,530,972) and on the weighted average number of ordinary shares of 39,058,614 (2012: 39,058,614) in issue during the year.

(b) Diluted (losses) earnings per share

Diluted (losses) earnings per share for the years ended 31st December 2013 and 2012 are the same as the basic (losses) earnings per share as there is no potential dilutive shares in issue during both years.

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2013	2012
	HK$	*HK$*
Accounts receivable	**25,516,764**	4,606,250
Interest receivable	**457,232**	703,908
Other receivables	**2,095,300**	5,139,824
Receivables after allowance for impairment losses	**28,069,296**	10,449,982
Deposits	**2,091,649**	743,194
Prepayments	**749,686**	1,244,830
	30,910,631	12,438,006

Note:

The aging analysis of the receivables (after allowance for impairment losses) based on due date is as follows:

	2013	2012
	HK$	*HK$*
Balances neither past due nor impaired	**28,069,296**	6,543,732
Balances past due over 30 days and less than 90 days but not impaired	**–**	3,906,250
Receivables after allowance for impairment losses	**28,069,296**	10,449,982

9. ACCOUNTS PAYABLE AND ACCRUALS

	2013	2012
	HK$	*HK$*
Accruals and other payables	**7,369,905**	7,046,153
Unclaimed dividend payable	**159,291**	159,430
	7,529,196	7,205,583

The aging analysis of accounts payable is as follows:

	2013	2012
	HK$	*HK$*
Current	**7,369,905**	7,131,053
Over 1 year	**159,291**	74,530
	7,529,196	7,205,583

10. SHARE CAPITAL

	Number of shares	**Amount**
		HK$
Authorised:		
Ordinary shares of HK$1 each at 1st January, 2012, 31st December, 2012, and 31st December, 2013	100,000,000	100,000,000
Issued and fully paid:		
Ordinary shares of HK$1 each at 1st January, 2012, 31st December, 2012, and 31st December, 2013	39,058,614	39,058,615

11. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31st December, 2013 (2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31st December, 2013, the Group recorded a turnover of HK$7,637,209 as compared to HK$10,275,453 in the prior year, representing a decrease of 26%. The reduction in turnover was due to lower interest income received during the year. The Group recorded a realised gain of HK$3,094,469 as compared to HK$5,522,640 in the prior year, representing a decrease of 44%. With the impact of unfavourable performance of certain publicly traded securities held by the Group during the year, the Group recorded a significant unrealised loss of HK$18,744,812 (2012: net gain of HK$21,114,391) on its publicly traded securities and the derivative financial instruments. Fair value loss on a convertible bond designated as at fair value through profit or loss was HK$463,251. Those losses resulted in the Group having to post aggregate losses of HK$21,107,516 with the inclusion of other revenue, other gains and losses as compared to a gain of HK$26,962,375 in the prior year.

After deducting of employee benefits expenses, depreciation expenses and other operating expenses totaling to HK$17,854,334 (2012: HK$17,431,403), the Group recorded a loss of HK$38,961,850 before income tax expense as compared to a profit of HK$9,530,972 in the prior year. Loss attributable to owners of the Company was HK$38,961,850 as compared to a profit of HK$9,530,972 reported for 2012.

PROSPECTS AND FUTURE PLANS

Last year, global economy was in a period of Goldilocks ie. stabilizing and improving growth, low and falling inflation and very accommodating monetary conditions, all of which proved very favorable for equity markets, particularly for developed markets, such as the United States ("US") and Europe. Returns from world equities, represented by the MSCI World Index, have exceeded 20%, while the S&P 500 index which tracks the US equities returned over 27%. The laggards, however, have been Asia and the emerging markets. The MSCI Emerging Markets Index, in contrast, fell by 4%.

After the strong run up in share prices in 2013, what can we expect to see this year in the macro picture of the financial world? We believe that we are likely to see the next 12 months as the year of the Taper verses the year of the galloping Horse. The process of tapering by the Federal Reserve Bank will lead to a rising yield curve on US interest rates which will pull liquidity back to the US. The result will be still more financial pressure on the emerging markets, many of which are set to underperform in 2014.

Still, according to a recent study released by the World Bank, the global economy is on course for a smooth recovery in 2014. It posited that as advanced economies healed from the global crises, the recovery is gaining momentum and will pull along emerging economies that have slowed.

For Asian markets, volatility is likely to rise due to the Federal's policy to shift to taper territory. We will steel our investments for increased volatility, thus avoiding the kind of shocks suffered by emerging market shares last year when tapering was first mooted.

China remains a favorite in terms of our asset allocation and a key source of value. We are cognizant that the market condition in China has been and still is a very policy driven market. However, the results of the 3rd Plenum, the shift to more of a market focus and the ongoing reform programs are improving the long term quality of growth, which we believe will eventually result in a market rerating. The government is expected to announce detailed structural reform measures to address the local government debt problems at the upcoming National People's Congress. We believe current valuations have yet to reflect the benefits of progress to be announced in March.

As the year of Taper progresses, we will keep a balance among assets in our portfolio and never go to the extreme of risk taking. Our investment philosophy has always been based on the use of rigorous, disciplined fundamental research coupled with appropriate risk management tools. We have identified several sectors which warrant our further attention and investment: Biotechnology, Healthcare, Natural Resources, Commercial Property Development in China to name but a few. As we position ourselves for the growth in these industries, we are conscience of the stakeholders' support and will strive to deliver positive results to our shareholders. To this end, my fellow directors and I are committed to work with the management, employees and business partners for a successful year.

Financial review

Liquidity and financial resources

The Group had available funds of HK$30,878,872 which were mainly placed with banks as time deposits. Cash and bank balances held by the Group are mainly denominated in Hong Kong dollar and Canadian dollar.

The Group had shareholders' funds of HK$241,681,687 at 31st December, 2013 compared to HK$282,783,731 at 31st December, 2012, representing a 15% decrease.

At present, the Group has unutilised banking facilities of HK$10,000,000 and the Group requires no borrowings for investment and capital expenditure commitments. The interest rate charged on the banking facilities is 3% per annum over the applicable Hong Kong Interbank Rate.

As at 31st December, 2013, the Group had no borrowing (2012: nil). The gearing ratio for the Group was 0% (2012: 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, 2013.

Capital Structure

There was no significant change in the Group's capital structure for the year ended 31st December, 2013.

During the year, no share options were granted, exercised, lapsed or cancelled under the share option scheme adopted by the Company at annual general meeting on 28th June, 2005.

Significant investments held and their performance

For the year ended 31st December, 2013, the Group recorded a turnover of HK$7,637,209 as compared to HK$10,275,453 in the prior year, representing a 26% decrease, which was primarily due to lower interest income received during the year. Income from interest amounted to HK$4,474,821 (2012: HK$7,909,026). Dividends income received from listed and unlisted investments were HK$3,162,388 (2012: HK$2,366,427).

For the year ended 31st December, 2013, gains on disposal of listed investments amounted to HK$3,094,469 (2012: HK$5,522,640). With the impact of unfavourable performance of certain publicly traded securities held by the Company during the year, the Group recorded a significant unrealised loss of HK$18,744,812 (2012: net gain of HK$21,114,391) on its publicly traded securities and the derivative financial instruments. Fair value loss on a convertible bond designated as at fair value through profit or loss was HK$463,251.

The Group recorded a net realised gain on disposal of an unlisted investment of HK$2,363,350 (2012: HK$1,018,508) for the year ended 31st December, 2013. Recovery of impairment losses on loans and receivables previously recognised and written off were HK$4,949,381 (2012: HK$1,632,065). The impairment losses on unlisted investments were HK$4,726,655 (2012: HK$12,624,729). The impairment losses on loans and receivables were HK$13,384,734 (2012: HK$1,708,524). The impairment loss on accounts receivable was HK$2,260,000 (2012: nil). The Group recorded the turnover, other revenue and other gains and losses in an aggregate loss of HK$21,107,516 for the year ended 31st December, 2013 as compared to the total gain of HK$26,962,375 in the prior year.

For the year ended 31st December, 2013, the total operating expenses was HK$17,854,334 (2012: HK$17,431,403). For the year ended 31st December, 2013, the loss before income tax expense was HK$38,961,850 as compared to the profit of HK$9,530,972 in the prior year. The loss attributable to owners of the Company was HK$38,961,850 as compared to the profit of HK$9,530,972 in the prior year.

As at 31st December, 2013, the Group's unlisted investments (comprised of available-for-sale financial assets ("**AFS**") and loans and receivables) were HK$114,229,014 as compared to HK$135,556,159 as at 31st December, 2012, representing a 16% decrease. The investments comprised the following activities: (1) net decrease in fair value of HK$2,140,194; (2) purchase of AFS of HK$19,472,712; (3) subscription of convertible bonds of HK$15,609,373; (4) advances to two investees of HK$1,565,000; (5) repayment from convertible bonds of HK$8,731,838; (6) repayment from three investees of HK$6,285,968; (7) total impairment loss of HK$13,384,734 was made on loans and receivables and (8) decrease in aggregate amount of AFS of HK$31,109,746 by disposal of seven investments.

As at 31st December, 2013, accounts receivable and prepayments was HK$30,910,631 as compared to HK$12,438,006 as at 31st December, 2012, representing a 149% increase. The net increase was the result of (1) balance of sale proceeds of HK$22,516,764 from disposal of three private investments; (2) outstanding amount of HK$3,000,000 from repayment of a convertible bond; (3) transfer of HK$5,000,000 to a convertible bond; (4) repayment of accounts receivable and prepayments of amount of HK$3,683,959 due from last year; (5) net increase of amount of HK$1,994,212 due from securities firms; (6) impairment loss of HK$2,260,000 due from a private company and (7) a net decrease in interest receivable and prepayment of HK$741,820.

As at 31st December, 2013, the Group held trading securities and a convertible bond designated as at fair value through profit or loss in an aggregate amount of HK$54,235,622 as compared to HK$87,031,396 as at 31st December, 2012, representing a 38% decrease. The decrease was primarily due to: (1) purchases of securities for an aggregate amount of HK$29,625,168; (2) the disposals of certain securities which had an aggregate cost of HK$49,495,447; (3) net decrease in market value in the amount of HK$12,462,244 of the listed securities held by the Group and (4) fair value loss on a convertible bond designated as at fair value through profit or loss of HK$463,251.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2013, 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 may grant 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, 2013, the Group had no significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

CORPORATE GOVERNANCE

The Company had met the relevant code provisions set out in the Corporate Governance Code based on the principles set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange during the year.

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, 2013.

By Order of the Board
Harmony Asset Limited
Lee Fong Lit David
Chairman

Hong Kong, 28th March, 2014

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. LEE Fong Lit David, Dr. CHOW Pok Yu Augustine, Mr. CHAN Shuen Chuen Joseph and Mr. CHENG Ming Shun; and three independent non-executive directors, namely, Mr. TONG Kim Weng Kelly, Dr. WONG Yun Kuen and Mr. HO Man Kai Anthony.