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, 2014

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, 2014 are summarised as follows:

- The Group recorded a loss of HK$20,272,531 in turnover, other revenue, other gains and losses as compared to a loss of HK$21,107,516 in the last year.
- Loss attributable to owners of the Company was HK$36,569,431 as compared to HK$38,961,850 in the last year.
- The Board does not recommend payment of dividend for the year ended 31st December, 2014 (2013: nil).
- Basic losses per share was HK$0.94 (2013: HK$1.00).

The Board of Directors of the Company (the "Board") announces the consolidated results of the Group for the year ended 31st December, 2014 together with comparative figures for the corresponding year ended 31st December, 2013. 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, 2014 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	**2014**	2013
		HK$	*HK$*
Turnover	4	**3,477,510**	7,637,209
Other revenue	4	**147,248**	37,401
Other gains and (losses)	4	**(23,897,289)**	(28,782,126)
		(20,272,531)	(21,107,516)
Employee benefits expenses		**(3,386,236)**	(3,802,023)
Depreciation of property, plant and equipment		**(397,607)**	(711,839)
Other operating expenses		**(12,513,057)**	(13,340,472)
Loss before income tax expense	5	**(36,569,431)**	(38,961,850)
Income tax expense	6	**–**	–
Loss for the year attributable to owners of the Company		**(36,569,431)**	(38,961,850)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Losses on fair value changes on available-for-sale financial assets		**(7,489,675)**	(4,503,499)
Items reclassified to profit or loss:			
Transfer of fair value gain to profit or loss upon disposal of available-for-sale financial assets		**(25,753,887)**	(2,363,350)
Impairment losses on available-for-sale financial assets recognised in profit or loss		**980,000**	4,726,655
Other comprehensive income for the year		**(32,263,562)**	(2,140,194)
Total comprehensive income for the year attributable to owners of the Company		**(68,832,993)**	(41,102,044)
Losses per share	7		
Basic		**(HK$0.94)**	(HK$1.00)
Diluted		**(HK$0.94)**	(HK$1.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December

	Note	**2014**	2013
		HK$	*HK$*
Non-current assets			
Property, plant and equipment		**308,470**	689,397
Available-for-sale financial assets		**3,560,022**	71,150,303
Loans and receivables		**1,858,944**	25,181,913
Deposits for investments		**–**	3,883,515
		5,727,436	100,905,128
Current assets			
Loans and receivables		**–**	17,896,798
Accounts receivable and prepayments	8	**86,378,191**	30,910,631
Financial assets at fair value through profit or loss		**33,975,705**	54,235,622
Derivative financial instruments		**–**	14,383,832
Bank balances and cash		**54,143,413**	30,878,872
		174,497,309	148,305,755
Current liabilities			
Accounts payable and accruals	9	**7,376,051**	7,529,196
Net current assets		**167,121,258**	140,776,559
Total assets less current liabilities/Net assets		**172,848,694**	241,681,687
Capital and reserves			
Share capital		**39,058,615**	39,058,615
Reserves		**133,790,079**	202,623,072
Total equity		**172,848,694**	241,681,687
Net asset value per share		**HK$4.43**	HK$6.19

Notes:

1. GENERAL

Harmony Asset Limited was 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 Suite 2806, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") AND DISCLOSURE REQUIREMENTS OF NEW HONG KONG COMPANIES ORDINANCE

(a) Adoption of new or revised IFRSs – effective 1st January, 2014

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
IFRIC 21	Levies

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

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the Group's financial statements as the Group does not have any offsetting arrangements.

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 applied retrospectively.

The adoption of the amendments has no impact on the Group's financial statements.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the Group's financial statements as the Group does not apply hedge accounting.

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.

The adoption of the amendments has no impact on the Group's financial statements as the Company is not an investment entity.

IFRIC 21 – Levies

IFRIC 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of IFRIC 21 has no impact on the Group's financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(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.

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
IFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10, IFRS 12 and IAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[3]
IFRS 9 (2014)	Financial Instruments[5]
IFRS 15	Revenue from Contracts with Customers[4]

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

2 Effective for annual periods beginning, or transactions occurring, on or after 1st July, 2014

3 Effective for annual periods beginning on or after 1st January, 2016

4 Effective for annual periods beginning on or after 1st January, 2017

5 Effective for annual periods beginning on or after 1st January, 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to IAS 1 – Disclosure Initiative

The amendments to IAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to IAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

IFRS 9 (2014) – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the 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 28 (2011) – Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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

(c) Disclosure requirements of new Hong Kong Companies Ordinance

The disclosure requirements of the new Hong Kong Companies Ordinance, Cap. 622, will apply to the Company in its first financial year beginning on or after 3rd March, 2014 (i.e. the financial year ending 31st December, 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs 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:

	2014	2013
	HK$	*HK$*
Turnover:		
Interest income from:		
– bank deposits	**81,455**	47,276
– loans receivable and convertible bonds	**3,127,118**	4,427,545
Dividend income from:		
– listed investments	**268,937**	162,388
– unlisted investments	**–**	3,000,000
	3,477,510	7,637,209
Other revenue:		
Service fee income	**147,248**	37,401
Other gains and (losses):		
Fair value losses on financial assets at fair value through profit or loss:		
– trading securities	**(23,938,101)**	(12,462,244)
– derivative financial instruments	**(12,005,338)**	(6,282,568)
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	**836,245**	3,094,469
Net loss on financial assets at fair value through profit or loss	**(35,107,194)**	(16,113,594)
Impairment losses on loans and receivables	**(7,956,835)**	(13,384,734)
Recovery of impairment losses on loans and receivables previously recognised	**–**	4,825,000
Recovery of loans and receivables previously written off	**–**	124,381
Realised gain on disposal of a convertible bond	**–**	125,541
Impairment losses on accounts receivable	**(5,336,749)**	(2,260,000)
Net loss on loans and receivables	**(13,293,584)**	(10,569,812)
Impairment losses on available-for-sale financial assets:		
– equity investments	**(980,000)**	(4,726,655)
Realised gain on disposal of available-for-sale financial assets	**25,753,887**	2,363,350
Net gain (loss) on available-for-sale financial assets	**24,773,887**	(2,363,305)
Net exchange (loss) gain on financial instruments not at fair value through profit or loss	**(270,398)**	264,585
	(23,897,289)	(28,782,126)

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 and counterparties as appropriate.

	2014	2013
	HK$	*HK$*
Turnover and other revenue		
Hong Kong	**2,122,171**	4,334,729
Canada	**763,568**	70,382
Other countries	**739,019**	3,269,499
	3,624,758	7,674,610

	2014	2013
	HK$	*HK$*
Other gains and (losses)		
Hong Kong	**(1,983,850)**	(11,092,749)
Canada	**(33,273,301)**	(15,429,554)
Other countries	**11,359,862**	(2,259,823)
	(23,897,289)	(28,782,126)

During the year ended 31st December, 2013, dividend income from one unlisted investment amounted for 39% of the Group's turnover for that year. During the year ended 31st December, 2014, there is no dividend income from the Group's unlisted investments.

5. LOSS BEFORE INCOME TAX EXPENSE

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

	2014	2013
	HK$	*HK$*
Auditor's remuneration	**680,000**	798,000
Management fees	**3,328,177**	3,906,350
Contributions to defined contribution plan*	**76,095**	98,907
Operating leases in respect of land and buildings	**1,954,800**	3,024,089

* There was no forfeited contribution in respect of the defined contribution plan available at 31st December, 2014 and 2013 to reduce future contributions. There was no outstanding contribution to the plan at 31st December, 2014 and 2013.

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for the years ended 31st December, 2014 and 2013 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 PER SHARE

(a) Basic losses per share

The calculation of basic losses per share is based on the loss attributable to owners of the Company amounting to HK$36,569,431 (2013: HK$38,961,850) and on the weighted average number of ordinary shares of 39,058,614 (2013: 39,058,614) in issue during the year.

(b) Diluted losses per share

Diluted losses per share for the years ended 31st December, 2014 and 2013 are the same as the basic losses per share as there is no potential dilutive shares in issue during both years.

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2014	2013
	HK$	*HK$*
Accounts receivable	**85,649,223**	25,516,764
Interest receivable	**3,562**	457,232
Other receivables	**206,856**	2,095,300
Receivables after allowance for impairment losses *(note)*	**85,859,641**	28,069,296
Deposits	**365,044**	2,091,649
Prepayments	**153,506**	749,686
	86,378,191	30,910,631

Note:

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

	2014	2013
	HK$	*HK$*
Balances neither past due nor impaired	**85,859,641**	28,069,296

9. ACCOUNTS PAYABLE AND ACCRUALS

	2014	2013
	HK$	*HK$*
Accruals and other payables	**7,217,095**	7,369,905
Unclaimed dividend payable	**158,956**	159,291
	7,376,051	7,529,196

The aging analysis of accounts payable is as follows:

	2014	2013
	HK$	*HK$*
Current	**7,217,095**	7,369,905
Over 1 year	**158,956**	159,291
	7,376,051	7,529,196

10. DISPOSAL OF SUBSIDIARIES

On 19th December, 2014, the Group disposed of two of its subsidiaries, Gwynneth Gold Limited and Techlink Venture Limited, which are engaged in investment holding in Hong Kong. The net assets of Gwynneth Gold Limited and Techlink Venture Limited at the date of disposal were as follows:

Gwynneth Gold Limited

	19th December, 2014	
	HK$	***HK$***
Listed investments	13,805,045	
Unlisted investments	6,195,741	
Convertible bonds	5,038,547	
Other receivables	638,784	
Bank balances	501,425	
Derivative financial instruments	2,378,494	
Shareholder's loan	(10,279,549)	
Total consideration		18,278,487
Satisfied by:		
Cash	5,000,000	
The balance of consideration *(note)*	13,278,487	
		18,278,487
Net cash inflow arising on disposal:		
Cash consideration received	5,000,000	
Bank balances disposed of	(501,425)	
		4,498,575

Note: The consideration will be settled in cash by stage payments by the purchaser on or before 28th May, 2015.

Techlink Venture Limited

	19th December, 2014	
	HK$	*HK$*
Listed investments	541,678	
Unlisted investments	6,679,530	
Other receivables	1,124,434	
Bank balances	3,559	
Shareholder's loan	(8,349,193)	
Total consideration		8
Settlement of shareholder's loan		8,349,193
Total		8,349,201
Satisfied by:		
Cash		8,349,201
Net cash inflow arising on disposal:		
Cash consideration received	8	
Settlement of shareholder's loan	8,349,193	
Bank balances disposed of	(3,559)	
		8,345,642

11. DIVIDEND

The Board does not recommend the payment of any dividend for the years ended 31st December, 2014 and 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31st December, 2014, the Group recorded a turnover of HK$3,477,510 as compared to HK$7,637,209 in the prior year, representing a decrease of 54%. The reduction in turnover was due to lower interest income received and no dividend income from unlisted investment during the year. The Group recorded a realised gain of HK$836,245 (2013: HK$3,094,469) on listed securities. With the impact of unfavourable performance of certain publicly traded securities held by the Group during the year, the Group posted an aggregate loss of HK$20,272,531 with the inclusion of turnover, other revenue, other gains and losses as compared to a loss of HK$21,107,516 in the prior year.

After deducting of employee benefits expenses, depreciation and other operating expenses totaling to HK$16,296,900 (2013: HK$17,854,334), the Group recorded a loss before income tax expense of HK$36,569,431 as compared to HK$38,961,850 in the prior year. Loss attributable to owners of the Company was HK$36,569,431 as compared to HK$38,961,850 in 2013.

PROSPECTS AND FUTURE PLANS

The year 2014 was quite a volatile year for investors of different asset classes. Global market did not seem promising at all as it was burdened by the tapering of the U.S. Federal Reserve's quantitative easing program, plagued by wild currency swings in emerging markets and weighed down by geopolitical tensions in Eastern Europe. But global equity prices soon rebounded in the second half of the year on the back of plummeting oil prices. U.S. economy demonstrated firm recovery with little sign of inflation and U.S. stocks raced ahead chalking up one record after another. Will U.S. equities continue their winning streak in 2015 amidst such rich valuations? Will interest rate hikes in the U.S. lead to a flight of capital from emerging markets back to the U.S.? We don't have a crystal ball to provide the answers but can make a fair prediction that as Fed Chairwoman Yellen laid the groundwork to raise interest rates around mid year, she will bring to an end a nearly seven-year era of interest rates near zero. Such change could be unsettling to say the least.

The outlook for China is less sanguine in 2015 after decades of growth averaging 10%. Most indictions are that growth will weaken to its new target of 7% economic growth. Rebalancing an economy with 1.4 billion people to rely more on domestic consumption is as challenging as difficult. However we view this as a positive development because SOE reforms could re-rate selected companies and open up private equity opportunities in non-listed markets. The government is committed to deregulation and has been promoting private equity participation among selected SOEs. The Board will pay close attention to these macro trends and seek out opportunities to invest in China.

Financial review

Liquidity and financial resources

As at 31st December, 2014, the Group had available funds of HK$54,143,413 which were mainly placed with banks as time deposits. Cash and bank balances held by the Group were mainly denominated in Hong Kong dollars and Canadian dollars.

The Group had shareholders' funds of HK$172,848,694 at 31st December, 2014 compared to HK$241,681,687 at 31st December, 2013, a 28% 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, 2014, the Group had no borrowing (2013: nil). The gearing ratio for the Group was 0% (2013: 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, 2014.

Capital Structure

There was no significant change in the Group's capital structure for the year ended 31st December, 2014.

During the period, 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, 2014, the Group recorded a turnover of HK$3,477,510 as compared to HK$7,637,209 in the prior year, representing a decrease of 54%. The reduction in turnover was due to lower interest received and no dividend income from unlisted investment during the year.

The Group recorded a realised gain of HK$836,245 (2013: HK$3,094,469) on listed securities. With the impact of unfavourable performance of certain publicly traded securities held by the Group during the year, the Group recorded an unrealised loss of HK$35,943,439 (2013: HK$18,744,812) on its publicly traded securities and the derivative financial instruments.

Impairment losses of HK$7,956,835 (2013: HK$13,384,734) and HK$980,000 (2013: HK$4,726,655) were made on loans and receivables and an unlisted investment respectively. Realised gain on disposal of unlisted investments was HK$25,753,887 (2013: HK$2,363,350). As a result, the Group posted an aggregate loss of HK$20,272,531 with the inclusion of turnover, other revenue, other gains and losses as compared to a loss of HK$21,107,516 in the prior year.

For the year ended 31st December, 2014, the total operating expenses was HK$16,296,900 (2013: HK$17,854,334). For the year ended 31st December, 2014, the loss before income tax expense was HK$36,569,431 as compared to HK$38,961,850 in the prior year. Loss attributable to owners of the Company was HK$36,569,431 as compared to HK$38,961,850 in 2013.

As at 31st December, 2014, the Group's unlisted investments (comprised of available-for-sale financial assets ("**AFS**") and loans and receivables) were HK$5,418,966 (2013: HK$114,229,014). The decrease in value of unlisted investments comprised the following activities: (1) acquisition of AFS of HK$7,772,465; (2) disposal of AFS of HK$59,934,078; (3) redemption of a private fund of HK$7,938,993; (4) decrease in fair value of AFS recognised in other comprehensive income of HK$6,509,675; (5) impairment loss on AFS of HK$980,000; (6) increase in imputed interest of HK$153,491; (7) assignment of loans to investees of HK$18,929,850 to third parties; (8) disposal of convertible bonds of HK$14,486,573; and (9) impairment losses on loans and receivables of HK$7,956,835.

As at 31st December, 2014, accounts receivable and prepayments was HK$86,378,191 (2013: HK$30,910,631). The net increase was the result of (1) outstanding balance of sale proceeds of HK$70,347,695 from disposal of three private investments; (2) outstanding balance from redemption of a private fund of HK$7,938,993; (3) outstanding amount of HK$4,536,749 from an expired convertible bond; (4) outstanding amount of HK$7,000,000 from disposal of a convertible bond; (5) repayment of total amount of HK$25,516,764 due from last year; (6) impairment loss of HK$5,336,749 on accounts receivable; (7) a net decrease in other receivables, deposits and prepayment of HK$3,048,694; and (8) net decrease in interest receivable of HK$453,670.

As at 31st December, 2014, the Group held trading securities of HK$33,975,705 (2013: HK$49,698,873). The decrease was primarily due to: (1) purchases of trading securities for an aggregate amount of HK$42,388,130; (2) the disposals of certain trading securities which had an aggregate amount of HK$35,009,442; (3) net realised gain on disposals of trading securities of HK$836,245; and (4) fair value losses on trading securities of HK$23,938,101.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2014, the Group employed a total of 7 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 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 had 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, 2014, 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, 2014.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31st December, 2014 have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31st December, 2014. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 30th March, 2015

As at the date hereof, the Board comprises three executive directors, namely Mr. Lee Fong Lit David, Dr. Chow Pok Yu Augustine and Mr. Cheng Ming Shun; two non-executive directors, namely Mr. Chu To Jonathan and Mr. William Keith Jacobsen; and three independent non-executive directors, namely Mr. Ho Man Kai Anthony, Mr. Sio Chan In Devin and Mr. Mak Hing Keung Thomas.