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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2013

This announcement is made by Harmony Asset Limited (the “Company”) in accordance with Canadian Securities Law.

The financial data for the nine months ended 30th September, 2013 are based on the internal records and management accounts of the Company and its wholly owned subsidiaries (the “Group”). The financial data and statements have not been audited, reviewed or otherwise verified for accuracy and completeness of information by the auditor of the Company.

The Company’s shareholders and potential investors are urged to exercise caution in dealing in the shares of the Company and should consult their own professional advisers if they are in doubt as to their investment position.

FINANCIAL HIGHLIGHTS

The financial highlights of the Group for the nine months ended 30th September, 2013 are summarised as follows:

- Turnover of the Group for the nine months ended 30th September, 2013 was HK\$4,586,731 as compared to HK\$6,777,777 in the same period last year.
- Loss attributable to owners of the Company for the nine months ended 30th September, 2013 was HK\$32,610,296 as compared to HK\$13,200,067 in the same period last year.
- Basic loss per share of the Group was HK cents 83.49 for the nine months ended 30th September, 2013 as compared to HK cents 33.80 in the same period last year.

* For identification purpose only

The Board of Directors of the Company (the “Board”) presents the unaudited, condensed, consolidated results of the Group for the nine months ended 30th September, 2013 with comparative figures for the corresponding period in 2012 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2013**

	Three months ended 30th September,		Nine months ended 30th September,	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Turnover	2,033,863	3,588,886	4,586,731	6,777,777
Other revenue	117	4,421	3,240	11,566
Other gains and (losses)	(4,886,704)	(413,056)	(25,757,725)	(8,739,451)
	(2,852,724)	3,180,251	(21,167,754)	(1,950,108)
Employee benefits expenses	(851,165)	(806,090)	(2,678,249)	(2,391,744)
Depreciation of property, plant and equipment	(172,796)	(167,646)	(519,175)	(505,454)
Other operating expenses	(2,944,529)	(2,588,038)	(8,245,118)	(8,352,761)
Loss before income tax	(6,821,214)	(381,523)	(32,610,296)	(13,200,067)
Income tax expense	—	—	—	—
Loss for the period attributable to owners of the Company	(6,821,214)	(381,523)	(32,610,296)	(13,200,067)
Other comprehensive income:				
Loss on fair value changes on available-for-sale financial assets	(2,447,337)	(6,486)	(2,623,337)	(2,326,365)
Transfer of fair value gains to profit or loss upon disposals of available-for-sale financial assets	(3,657,105)	—	(3,702,105)	—
	(6,104,442)	(6,486)	(6,325,442)	(2,326,365)
Total comprehensive income for the period attributable to owners of the Company	(12,925,656)	(388,009)	(38,935,738)	(15,526,432)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share				
Basic	(17.46)	(0.98)	(83.49)	(33.80)
Diluted	(17.46)	(0.98)	(83.49)	(33.80)

The calculation of basic loss per share is based on the Group’s loss attributable to owners of the Company and the weighted average number of the ordinary shares in issue during the period.

Diluted loss per share for the period is the same as basic loss per share as there are no potential dilutive shares in issue during the period.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER, 2013 AND 31ST DECEMBER, 2012

	30th September,	31st December,
	2013	2012
	(Unaudited)	(Audited)
	HK\$	HK\$
Non-current assets		
Property, plant and equipment	517,228	1,036,403
Available-for-sale financial assets	98,067,429	85,610,660
Loans and receivables	33,031,712	27,676,654
	<u>131,616,369</u>	<u>114,323,717</u>
Current assets		
Loans and receivables	11,742,700	22,268,845
Accounts receivable and prepayments	16,164,835	12,438,006
Financial assets at fair value through profit or loss	58,253,045	87,031,396
Derivative financial instruments	13,700,319	18,228,808
Tax recoverable	–	2,661,127
Bank balances and cash	18,438,807	34,096,412
	<u>118,299,706</u>	<u>176,724,594</u>
Current liabilities		
Accounts payable and accruals	6,068,082	7,205,583
Amount due to a related company	–	1,058,997
	<u>6,068,082</u>	<u>8,264,580</u>
Net Current assets	<u>112,231,624</u>	<u>168,460,014</u>
Total assets less current liabilities/Net assets	<u><u>243,847,993</u></u>	<u><u>282,783,731</u></u>
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	204,789,378	243,725,116
Total equity	<u><u>243,847,993</u></u>	<u><u>282,783,731</u></u>
Net asset value per share	<u><u>HK\$6.24</u></u>	<u><u>HK\$7.24</u></u>

OVERALL PERFORMANCE

For the nine months ended 30th September, 2013, the Group received interest income in the aggregate amount of HK\$1,572,843 as compared to HK\$4,550,482 in the same period last year, representing a 65% decrease. The interest income comprises HK\$21,365 (2012: HK\$161,584) earned from bank deposits and HK\$1,551,478 (2012: HK\$4,388,898) earned from loans receivable and convertible bonds. Dividend income generated from the listed and unlisted securities increased to HK\$3,013,888 (2012: HK\$2,227,295). Such increase was mainly due to the dividend of HK\$3,000,000 received from an investee company during this period, as compared to HK\$1,500,000 in dividends paid by that investee company in the same period last year. Turnover was HK\$4,586,731 as compared to HK\$6,777,777 in the same period last year, representing a 32% decrease.

For the nine months ended 30th September, 2013, the Group disposed of certain of its publicly traded securities to obtain a net realised gain of HK\$9,180,198 (2012: HK\$3,949,473). With the impact of unfavourable performance of certain trading securities and derivative financial instruments in the third quarter of 2013, the Group recorded a significant unrealised loss of HK\$26,211,625 (2012: HK\$14,396,401). No recovery of impairment losses on accounts receivable previously recognised was recorded (2012: HK\$1,487,971). Recovery of impairment losses on loans and receivables previously recognised was HK\$884,381 (2012: HK\$282,245). Provision for impairment loss on certain loans and receivables were HK\$8,593,872 (2012: nil). Net gain on disposal of unlisted investments was HK\$3,702,105 (2012: nil). Net exchange loss was HK\$190,423 (2012: HK\$62,739).

Loss before income tax was HK\$32,610,296 for the nine months ended 30th September, 2013 as compared to HK\$13,200,067 in the same period last year. The loss attributable to owners was HK\$32,610,296 as compared to HK\$13,200,067 in the same period last year. The loss for the nine months ended 30th September, 2013 was mainly due to a decrease in the fair value of the Group's trading securities and derivative financial instruments.

CAUTION STATEMENT

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited. Accordingly, figures contained in this announcement should in no way be regarded as any assurance on the financial results of the Group for the period ended 30th September, 2013 and the financial position as at 30th September, 2013.

The Company's shareholders and potential investors are urged to exercise caution in dealing in the shares of the Company and consult their own professional advisers if they are in doubt as to their investment position.

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

Hong Kong, 13th November, 2013

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.