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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2014

This announcement is made by Harmony Asset Limited (the “Company”) to comply with Canadian securities law requirements.

The financial data for the three months ended March 31, 2014 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 three months ended March 31, 2014 are summarised as follows:

- The Group recorded a loss of HK\$2,606,028 in turnover, other revenue and other gains and losses as compared to HK\$7,297,141 in the same period last year.
- Loss attributable to owners of the Company was HK\$5,821,887 as compared to HK\$10,599,134 in the same period last year.
- Basic loss per share of the Group was HK\$0.15 for the three months ended March 31, 2014 (2013: HK\$0.27).

* For identification purpose only

The Board of Directors of the Company (the “Board”) is pleased to present the unaudited, condensed, consolidated results of the Group for the three months ended March 31, 2014 with comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2014

	2014 (Unaudited) HK\$	2013 (Unaudited) HK\$
Turnover	887,043	1,952,238
Other revenue	174	3,000
Other gains and (losses)	(3,493,245)	(9,252,379)
	(2,606,028)	(7,297,141)
Employee benefits expenses	(690,729)	(895,955)
Depreciation of property, plant and equipment	(111,018)	(173,189)
Other operating expenses	(2,414,112)	(2,232,849)
Loss before income tax	(5,821,887)	(10,599,134)
Income tax expense	—	—
Loss for the period attributable to owners of the Company	(5,821,887)	(10,599,134)
Other comprehensive income:		
Losses on fair value changes on available-for-sale financial assets	(829,217)	(264,926)
Other comprehensive income for the period	(829,217)	(264,926)
Total comprehensive income for the period attributable to owners of the Company	(6,651,104)	(10,864,060)
Loss per share		
Basic	(HK\$0.15)	(HK\$0.27)
Diluted	(HK\$0.15)	(HK\$0.27)

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

Diluted loss per share for the three months ended March 31, 2014 and 2013 are the same as the basic loss per share as there is no potential dilutive shares in issue during both periods.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2014 and December 31, 2013

	March 31 2014 (Unaudited) HK\$	December 31 2013 (Audited) HK\$
Non-current assets		
Property, plant and equipment	595,059	689,397
Available-for-sale financial assets	78,093,551	71,150,303
Loans and receivables	22,861,912	25,181,913
Deposits for investments	3,883,515	3,883,515
	105,434,037	100,905,128
Current assets		
Loans and receivables	38,496,798	17,896,798
Accounts receivable and prepayments	19,678,509	30,910,631
Financial assets at fair value through profit or loss	54,293,509	54,235,622
Derivative financial instruments	14,383,832	14,383,832
Bank balances and cash	9,199,611	30,878,872
	136,052,259	148,305,755
Current liabilities		
Accounts payable and accruals	6,455,713	7,529,196
	6,455,713	7,529,196
Net current assets	129,596,546	140,776,559
Total assets less current liabilities/Net assets	235,030,583	241,681,687
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	195,971,968	202,623,072
Total equity	235,030,583	241,681,687
Net asset value per share	HK\$6.02	HK\$6.19

* The accounting policies adopted in preparing the financial data for the three months ended March 31, 2014 are consistent with those used in the annual consolidated financial statements of the Group for the year ended December 31, 2013.

The financial data for the three months ended March 31, 2014 are unaudited and based on the internal records and management accounts of the Group.

OVERALL PERFORMANCE

For the three months ended March 31, 2014, the Group received interest income in the aggregate amount of HK\$887,043 as compared to HK\$452,238 in the same period last year, representing a 96% increase. No cash dividend was received from investments (2013: HK\$1,500,000). Turnover was HK\$887,043 for the three months ended March 31, 2014 as compared to HK\$1,952,238 in the same period last year, representing a 55% decrease. For the period ended March 31, 2014, the Group recorded a loss on fair value changes on trading securities of HK\$4,231,760 (2013: HK\$9,289,389). Realized gain on listed securities was HK\$742,114 (2013: nil). Net exchange loss for the period ended March 31, 2014 was HK\$3,599 (2013: gain of HK\$37,010). The Group recorded a loss of HK\$2,606,028 in turnover, other revenue and other gains and losses for the three months ended March 31, 2014 as compared to HK\$7,297,141 in the same period last year.

For the three months ended March 31, 2014, the loss before income tax was HK\$5,821,887 as compared to HK\$10,599,134 in the same period last year. The loss attributable to owners was HK\$5,821,887 as compared to HK\$10,599,134 in the same period last year. The loss for the three months ended March 31, 2014 was mainly due to a decrease in the fair value of the Group's trading securities.

CAUTION STATEMENT

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited (except otherwise stated). 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 March 31, 2014 and the financial position as at March 31, 2014.

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 positions.

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

Hong Kong, May 15, 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.