



## **Harmony Asset Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(HKEX Stock Code: 428)

(TSX Trading Symbol: HAR)

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2008**

This announcement is made by Harmony Asset Limited on a voluntary basis to cope with the dual listing requirement in Canada.

The financial data for the nine months ended 30th September, 2008 are based on the internal records and management accounts of the Group. These financial 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 are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

#### **FINANCIAL HIGHLIGHTS**

The financial highlights of Harmony Asset Limited and its subsidiaries for the nine months ended 30th September, 2008 are summarised as follows:

- Turnover, other revenue and other losses and gains of the Group for the nine months ended 30th September, 2008 were aggregated resulting in a loss of HK\$5,884,769 as compared to a gain of HK\$20,290,503 in the same period in the prior year, representing a 129% decrease.
- Net loss attributable to shareholders for the nine months ended 30th September, 2008 was HK\$19,248,371 as compared to the profit of HK\$7,938,484 in the same period in the prior year, representing a 342.47% decrease.
- Basic loss per share of the Group was HK cents 49.35 for the nine months ended 30th September, 2008 as compared to the earnings per share of HK cents 24.09 in the same period in the prior year, representing a 304.88% decrease.

The Board of Directors of Harmony Asset Limited (the “Company”) is pleased to present the unaudited, condensed, consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30th September, 2008 with comparative figures for the corresponding period in 2007 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months and nine months ended 30th September, 2008*

	Three months ended 30th September, 2008		Nine months ended 30th September, 2008	
	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited) HK\$	(Unaudited and restated) HK\$
<b>Turnover</b>	<b>1,966,340</b>	946,926	<b>9,678,077</b>	3,571,634
<b>Other revenue</b>	<b>78,415</b>	344,594	<b>531,070</b>	891,799
<b>Other (losses) gains</b>	<b>(35,824,529)</b>	(12,901,378)	<b>(16,093,916)</b>	15,827,070
	<b>(33,779,774)</b>	(11,609,858)	<b>(5,884,769)</b>	20,290,503
<b>Operating expenses</b>				
Employee benefit expenses	(948,982)	(540,838)	(4,765,838)	(2,229,689)
Depreciation of property, plant and equipment	(32,602)	(45,598)	(94,918)	(175,163)
Other operating expenses	(2,900,605)	(2,971,406)	(9,608,096)	(9,641,236)
<b>Operating (loss) profit</b>	<b>(37,661,963)</b>	(15,167,700)	<b>(20,353,621)</b>	8,244,415
Finance costs	—	—	(96)	—
<b>(Loss) profit before income tax</b>	<b>(37,661,963)</b>	(15,167,700)	<b>(20,353,717)</b>	8,244,415
Income tax credit (expenses)	<b>3,417,972</b>	2,940,582	<b>1,105,346</b>	(305,931)
<b>(Loss) profit for the period attributable to equity holders of the Company</b>	<b>(34,243,991)</b>	(12,227,118)	<b>(19,248,371)</b>	7,938,484
<b>Dividend</b>	—	—	—	—
<b>(Loss) earnings per share</b>				
Basic	<b>(87.80) cents</b>	(31.35) cents	<b>(49.35) cents</b>	24.09 cents
Diluted	<b>N/A</b>	N/A	<b>N/A</b>	24.00 cents

\* Basic (loss) earnings per share is calculated by dividing the (loss) profit attributable to equity holders of the Company by the weighted average number of the ordinary shares in issue during the period.

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the period after adjusting for the number of diluted potential ordinary shares granted under the Company’s share option scheme.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September, 2008 and 31st December, 2007

	30th September, 2008 (Unaudited) HK\$	31st December, 2007 (Audited) HK\$
<b>Non-current assets</b>		
Property, plant and equipment	170,995	213,780
Interests in associates	—	—
Available-for-sale financial assets	81,972,497	58,321,923
Loans and receivables	58,135,552	59,097,252
	<u>140,279,044</u>	<u>117,632,955</u>
<b>Current assets</b>		
Accounts receivable and prepayments	31,242,057	28,940,971
Financial assets at fair value through profit or loss	93,083,634	132,070,553
Bank balances and cash	7,014,030	21,698,184
	<u>131,339,721</u>	<u>182,709,708</u>
<b>Current liabilities</b>		
Accounts payable and accruals	2,380,143	2,246,637
Deferred tax liabilities	6,570,721	—
Tax payable	2,206,047	10,048,931
	<u>11,156,911</u>	<u>12,295,568</u>
<b>Net current assets</b>	<u>120,182,810</u>	<u>170,414,140</u>
<b>Net assets</b>	<u>260,461,854</u>	<u>288,047,095</u>
<b>Capital and reserves</b>		
Share capital	39,002,615	39,002,615
Reserves	221,459,239	249,044,480
<b>Total equity</b>	<u>260,461,854</u>	<u>288,047,095</u>

\* The accounting policies adopted in preparing the financial data for the three months and nine months ended 30th September, 2008 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31st December, 2007.

The financial data for the three months and nine months ended 30th September, 2008 are based on the internal records and management accounts of the Group and are unaudited.

## OVERALL PERFORMANCE

For the nine months ended 30th September, 2008, the Group received interest income in the aggregate amount of HK\$3,372,761 as compared to HK\$2,441,634 in the same period in the prior year, representing a 38.14% increase. Dividend income generated from the listed and unlisted securities was HK\$6,305,316 as compared to HK\$1,130,000 in the same period in the prior year, representing a 458% increase. Turnover representing interest and dividend income, for the period was HK\$9,678,077 as compared to HK\$3,571,634 in the same period in the prior year, representing a 170.97% increase. Net realised gain on disposal of listed securities generated HK\$6,006,606 (2007: HK\$3,817,624). The fair value loss on the listed securities reached HK\$22,076,038 as compared to a gain of HK\$14,255,302 in the same period in the prior year, representing a 254.86% decrease. The Group's turnover, other revenue and other losses and gains were aggregated resulting in a loss of HK\$5,884,769 as compared to a gain of HK\$20,290,503 in the same period in the prior year, representing a 129% decrease.

For the nine months ended 30th September, 2008, the loss before income tax was HK\$20,353,717 as compared to the profit of HK\$8,244,415 in the same period in the prior year, representing a 346.88% decrease. The loss attributable to the equity holders of the Company was HK\$19,248,371 as compared to the profit of HK\$7,938,484 in the same period in the prior year, representing a 342.47% decrease.

## 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, 2008 and the financial position as at 30th September, 2008.**

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

By Order of the Board  
**Lee Fong Lit David**  
*Chairman*

Hong Kong, 14th November, 2008

*As at the date of this announcement, the Board of Directors 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 and 3 independent non-executive directors, namely, Mr. TONG Kim Weng Kelly, Dr. WONG Yun Kuen and Mr. HO Man Kai Anthony.*