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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)

(TSX Trading Symbol: HAR)

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2012**

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

The financial data for the nine months ended 30th September, 2012 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, 2012 are summarised as follows:

- Turnover, other revenue and other gains and losses of the Group for the nine months ended 30th September, 2012 were aggregated resulting in a loss of HK\$1,950,108 as compared to a loss of HK\$30,893,877 in the same period last year.
- Loss attributable to owners of the Company for the nine months ended 30th September, 2012 was HK\$13,200,067 as compared to a loss of HK\$41,980,903 in the same period last year.
- Basic loss per share of the Group was HK33.80 cents for the nine months ended 30th September, 2012 (2011: the basic loss per share of HK107.48 cents).

\* for identification purpose only

The Board of Directors of the Company (the “Board”) presents the unaudited, condensed, consolidated interim results of the Group for the nine months ended 30th September, 2012 with comparative figures for the corresponding period in 2011 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2012**

	Three months ended 30th September, 2012 (Unaudited) HK\$		Nine months ended 30th September, 2012 (Unaudited) HK\$	
		2011 (Unaudited) HK\$		2011 (Unaudited) HK\$
<b>Turnover</b>	<b>3,588,886</b>	1,984,302	<b>6,777,777</b>	8,857,410
Other revenue	<b>4,421</b>	203	<b>11,566</b>	27,402
Other gains and (losses)	<b>(413,056)</b>	(20,715,105)	<b>(8,739,451)</b>	(39,778,689)
	<b>3,180,251</b>	(18,730,600)	<b>(1,950,108)</b>	(30,893,877)
Employee benefits expenses	<b>(806,090)</b>	(740,274)	<b>(2,391,744)</b>	(1,988,184)
Depreciation of property, plant and equipment	<b>(167,646)</b>	(93,131)	<b>(505,454)</b>	(274,787)
Other operating expenses	<b>(2,588,038)</b>	(3,132,106)	<b>(8,352,761)</b>	(8,824,055)
<b>Loss before income tax</b>	<b>(381,523)</b>	(22,696,111)	<b>(13,200,067)</b>	(41,980,903)
Income tax expense	<b>—</b>	—	<b>—</b>	—
<b>Loss for the period attributable to owners of the Company</b>	<b>(381,523)</b>	(22,696,111)	<b>(13,200,067)</b>	(41,980,903)
<b>Other comprehensive income:</b>				
(Loss) gains on fair value changes on available-for-sale financial assets	<b>(6,486)</b>	26,197	<b>(2,326,365)</b>	4,227,062
Transfer to profit or loss upon disposals of available-for-sale financial assets	<b>—</b>	—	<b>—</b>	(3,420,171)
	<b>(6,486)</b>	26,197	<b>(2,326,365)</b>	806,891
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>(388,009)</b>	(22,669,914)	<b>(15,526,432)</b>	(41,174,012)
	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
<b>Loss per share</b>				
Basic	<b>(0.98)</b>	(58.11)	<b>(33.80)</b>	(107.48)
Diluted	<b>(0.98)</b>	(58.11)	<b>(33.80)</b>	(107.48)

- 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 nine months ended 30th September, 2012 is the same as the basic loss per share as there is no share option outstanding during the period.

Diluted loss per share for the nine months ended 30th September, 2011 was the same as the basic loss per share as the effect of the assumed conversion of the outstanding share options was anti-dilutive.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH SEPTEMBER, 2012 AND 31ST DECEMBER, 2011**

	<b>30th September, 2012 (Unaudited) HK\$</b>	<b>31st December 2011 (Audited) HK\$</b>
<b>Non-current assets</b>		
Property, plant and equipment	<b>1,238,017</b>	1,706,494
Interest in an associate	<b>–</b>	6,681,887
Available-for-sale financial assets	<b>89,319,700</b>	81,497,676
Loans and receivables	<b>49,956,186</b>	32,208,444
	<b>140,513,903</b>	122,094,501
<b>Current assets</b>		
Accounts receivable and prepayments	<b>16,719,040</b>	6,414,293
Trading securities	<b>63,886,729</b>	65,365,498
Derivative financial instruments	<b>3,581,809</b>	3,581,809
Tax recoverable	<b>2,661,127</b>	2,661,127
Bank balances and cash	<b>31,939,989</b>	75,404,609
	<b>118,788,694</b>	153,427,336
<b>Current liabilities</b>		
Accounts payable and accruals	<b>6,131,680</b>	6,824,488
<b>Net Current assets</b>	<b>112,657,014</b>	146,602,848
<b>Total assets less current liabilities/Net assets</b>	<b>253,170,917</b>	268,697,349
<b>Capital and reserves</b>		
Share capital	<b>39,058,615</b>	39,058,615
Reserves	<b>214,112,302</b>	229,638,734
<b>Total equity</b>	<b>253,170,917</b>	268,697,349
<b>Net asset value per share</b>	<b>HK\$6.48</b>	HK\$6.88

## OVERALL PERFORMANCE

For the nine months ended 30th September, 2012, the Group recorded a turnover of HK\$6,777,777 as compared to HK\$8,857,410 in the same period last year, representing a decrease of 23%. Such decrease was due to less interest income and less dividend income received during the period. The Group received interest income in the aggregate amount of HK\$4,550,482 as compared to HK\$5,787,620 in the same period last year, representing a 21% decrease. The interest income comprises HK\$161,584 earned from bank deposits and HK\$4,388,898 earned from loans receivable and convertible bonds. Dividend income generated from the listed and unlisted securities was reduced to HK\$2,227,295 (2011: HK\$3,069,790).

For the nine months ended 30th September, 2012, the Group disposed of certain of its publicly traded securities to obtain a net realised gain of HK\$3,949,473 (2011: HK\$5,875,464). It appeared the uncertainty in the European financial markets stabilised to a certain extent in the second half of 2012, and the prices of certain securities held by the Group as of 30th September, 2012 were increased. The Group recorded an reduced unrealised loss on trading securities of HK\$14,396,401 (2011: HK\$50,498,151). Recovery of impairment losses on accounts receivable previously recognised was HK\$1,487,971 (2011: nil). Recovery of impairment losses on loans and receivables previously recognised was HK\$282,245 (2011: HK\$1,103,620). Net exchange loss was HK\$62,739 (2011: HK\$50,064). For the nine months ended 30th September, 2012, the Group recorded turnover, other revenue and other gains and losses in a loss position of HK\$1,950,108 as compared to a loss position of HK\$30,893,877 in the same period last year.

For the nine months ended 30th September, 2012, the loss before income tax was HK\$13,200,067 as compared to the loss of HK\$41,980,903 in the same period in the prior year. The loss attributable to owners of the Company was HK\$13,200,067 as compared to loss of HK\$41,980,903 in the same period in the prior year. The loss for the nine months ended 30th September, 2012 was mainly due to a decrease in the fair value of the Group's trading securities. The improvement in the nine months of 2012 was mainly due to the reduction of unrealised loss on trading securities.

## 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, 2012 and the financial position as at 30th September, 2012.**

**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, 14th November, 2012

*As at the date of this announcement, the executive directors are Mr. Lee Fong Lit David, Dr. Chow Pok Yu Augustine, Mr. Chan Shuen Chuen Joseph and Mr. Cheng Ming Shun; and the independent non-executive directors are Mr. Tong Kim Weng Kelly, Dr. Wong Yun Kuen and Mr. Ho Man Kai Anthony.*