

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HARMONY ASSET LIMITED

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock Code: 428)

(TSX Trading Symbol: HAR)

THIRD QUARTER RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2010

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, 2010 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, 2010 are summarized as follows:

- Turnover, other revenue and other gains and losses of the Group for the nine months ended 30th September, 2010 were aggregated resulting in a gain of HK\$46,073,785 as compared to HK\$107,309,912 in the same period last year, representing a 57% decrease.
- Profit attributable to owners of the Company for the three months ended 30th September, 2010 was HK\$14,334,295 (2009: loss of HK\$15,816,991).
- Profit attributable to owners of the Company for the nine months ended 30th September, 2010 was HK\$36,075,021 as compared to HK\$77,512,813 in the same period last year, representing a 53% decrease.
- Basic earnings per share of the Group was HK cents 36.70 for the three months ended 30th September, 2010 (2009: basic loss of HK cents 40.52 per share).
- Basic earnings per share of the Group was HK cents 92.36 for the nine months ended 30th September, 2010 as compared to HK cents 198.69 in the same period last year, representing a 54% decrease.

The Board of Directors (the “Board”) of the Company presents the unaudited, condensed, consolidated results of the Group for the nine months ended 30th September, 2010 with comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30th September, 2010

	Three months ended		Nine months ended	
	30th September,		30th September,	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$
Turnover	27,845,200	812,693	36,973,204	5,562,492
Other revenue	30,000	2,999,333	90,005	3,132,452
Other gains (losses)	(10,319,887)	(14,554,878)	9,010,576	98,614,968
	17,555,313	(10,742,852)	46,073,785	107,309,912
Employee benefits expenses	(567,138)	(557,502)	(1,839,062)	(1,874,460)
Depreciation of property, plant and equipment	(79,016)	(7,016)	(237,449)	(60,574)
Other operating expenses	(2,277,920)	(5,580,697)	(7,457,692)	(12,755,170)
Profit (loss) before income tax	14,631,239	(16,888,067)	36,539,582	92,619,708
Income tax (expenses) credit	(296,944)	1,071,076	(464,561)	(15,106,895)
Profit (loss) for the period attributable to owners of the Company	14,334,295	(15,816,991)	36,075,021	77,512,813
Other comprehensive income:				
Gains (losses) on fair value changes on available-for-sale financial assets	(18,630,397)	(318,236)	(2,599,044)	51,070
Transfer to profit or loss upon disposals of available-for-sale financial assets	(2,514,580)	–	(14,015,560)	–
	(21,144,977)	(318,236)	(16,614,604)	51,070
Total comprehensive income for the period attributable to owners of the Company	(6,810,682)	(16,135,227)	19,460,417	77,563,883
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share				
Basic ¹	36.70	(40.52)	92.36	198.69
Diluted ²	36.70	N/A	92.36	198.52

1. Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the period.
2. Diluted earnings per share is calculated same as basic earnings per share as the effect of the assumed conversion of the outstanding share options is anti-dilutive.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2010 and 31st December, 2009

	30th September, 2010 (Unaudited) HK\$	31st December, 2009 (Audited) HK\$
Non-current assets		
Property, plant and equipment	1,227,713	1,465,162
Available-for-sale financial assets	48,858,468	110,854,493
Loans and receivables	24,000,779	6,314,135
	74,086,960	118,633,790
Current assets		
Accounts receivable and prepayments	75,896,685	17,810,465
Trading securities	66,762,120	44,930,302
Derivative financial instruments	–	21,322,735
Bank balances and cash	98,046,292	98,065,356
	240,705,097	182,128,858
Current liabilities		
Accounts payable and accruals	5,289,196	1,249,956
Amount due to a related company	–	6,028,948
Tax payable	16,447,711	13,569,202
	21,736,907	20,848,106
Net current assets	218,968,190	161,280,752
Total assets less current liabilities	293,055,150	279,914,542
Non-current liabilities		
Deferred tax liabilities	–	2,413,948
Net assets	293,055,150	277,500,594
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	253,996,535	238,441,979
	293,055,150	277,500,594

The accounting policies adopted to prepare the financial statements for the nine months ended 30th September, 2010 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31st December, 2009.

The financial statements for the nine months ended 30th September, 2010 are unaudited and based on the internal records and management accounts of the Group.

OVERALL PERFORMANCE

For the nine months ended 30th September, 2010, the Group recorded a turnover of HK\$36,973,204 as compared to HK\$5,562,492 in the same period of the prior year, representing a 565% increase. Income from interest amounted to HK\$4,469,453 (2009: HK\$926,492). Dividend received from listed and unlisted investments was HK\$32,503,751 (2009: HK\$4,636,000). Gains on disposal of listed investments amounted to HK\$13,005,508 (2009: HK\$105,418,596). With the impact of general downturn of global stock markets in the second quarter of 2010, the prices of certain listed shares were lagging. The Group recorded a net unrealized loss of HK\$14,925,737 (2009: net unrealized gain of HK\$19,782,881) on its publicly traded securities. In addition, the Group recorded an unrealized gain of HK\$6,991,713 on the derivative financial instruments during the interim period. The Group disposed some of the private investments resulting in a net realized gain of HK\$14,015,560 for the nine months ended 30th September, 2010.

The profit before income tax was HK\$36,539,582 as compared to HK\$92,619,708 in the same period of the prior year, representing a 61% decrease. Such decrease was due to exceptional increase of the prices of the particular shares in 2009 that we held in the previous year. We took advantage of upside and realised a strong gain last year. The profit attributable to owners of the Company was HK\$36,075,021 as compared to HK\$77,512,813 in the prior period, representing a 53% 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, 2010 and the financial position as at 30th September, 2010.

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
LEE Fong Lit David
Chairman

Hong Kong, 12th November, 2010

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