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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, 2011

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, 2011 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, 2011 are summarised as follows:

- Turnover, other revenue and other gains and losses of the Group for the nine months ended 30th September, 2011 were aggregated resulting in a loss of HK\$30,893,877 as compared to a gain of HK\$46,073,785 in the same period last year.
- Loss attributable to owners of the Company for the nine months ended 30th September, 2011 was HK\$41,980,903 (2010: profit of HK\$36,075,021).
- Basic loss per share of the Group was HK cents 107.48 for the nine months ended 30th September, 2011 (2010: the basic earnings per share of HK cents 92.36).

* 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, 2011 with comparative figures for the corresponding period in 2010 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30TH SEPTEMBER, 2011**

	Three months ended 30th September,		Nine months ended 30th September,	
	2011 (Unaudited) HK\$	2010 (Unaudited) HK\$	2011 (Unaudited) HK\$	2010 (Unaudited) HK\$
Turnover	1,984,302	27,845,200	8,857,410	36,973,204
Other revenue	203	30,000	27,402	90,005
Other gains (losses)	(20,715,105)	(10,319,887)	(39,778,689)	9,010,576
	(18,730,600)	17,555,313	(30,893,877)	46,073,785
Employee benefits expenses	(740,274)	(567,138)	(1,988,184)	(1,839,062)
Depreciation of property, plant and equipment	(93,131)	(79,016)	(274,787)	(237,449)
Other operating expenses	(3,132,106)	(2,277,920)	(8,824,055)	(7,457,692)
(Loss) Profit before income tax	(22,696,111)	14,631,239	(41,980,903)	36,539,582
Income tax expenses	–	(296,944)	–	(464,561)
(Loss) Profit for the period attributable to owners of the Company	(22,696,111)	14,334,295	(41,980,903)	36,075,021
Other comprehensive income:				
Gains (losses) on fair value changes on available-for-sale financial assets	26,197	(18,630,397)	4,227,062	(2,599,044)
Transfer to profit or loss upon disposals of available-for-sale financial assets	–	(2,514,580)	(3,420,171)	(14,015,560)
	26,197	(21,144,977)	806,891	(16,614,604)
Total comprehensive income for the period attributable to owners of the Company	(22,669,914)	(6,810,682)	(41,174,012)	19,460,417
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share				
Basic	(58.11)	36.70	107.48	92.36
Diluted	(58.11)	36.70	107.48	92.36

- The calculation of basic (loss) earnings per share is based on the Group’s (loss) profit attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the period.
- Diluted (loss) earnings per share for the period is the same as basic (loss) 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, 2011 AND 31ST DECEMBER, 2010

	30th September, 2011 (Unaudited) <i>HK\$</i>	31st December 2010 (Audited) <i>HK\$</i>
Non-current assets		
Property, plant and equipment	2,119,918	1,160,398
Available-for-sale financial assets	72,913,073	60,201,831
Loans and receivables	37,480,376	24,796,040
Deferred tax assets	4,002,372	4,002,372
	116,515,739	90,160,641
Current assets		
Accounts receivable and prepayments	28,219,966	25,089,549
Trading securities	66,879,517	65,956,302
Derivative financial instruments	758,330	758,330
Bank balances and cash	59,286,131	141,083,888
	155,143,944	232,888,069
Current liabilities		
Accounts payable and accruals	6,381,546	6,809,600
Amount due a related company	–	3,928,169
Tax payable	3,021,429	3,021,429
	9,402,975	13,759,198
Net Current assets	145,740,969	219,128,871
Total assets less current liabilities	262,256,708	309,289,512
Net assets	262,256,708	309,289,512
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	223,198,093	270,230,897
Total equity	262,256,708	309,289,512
Net asset value per share	HK\$6.71	HK\$7.92

The accounting policies adopted to prepare the financial statements for the nine months ended 30th September, 2011 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31st December, 2010.

The financial statements for the nine months ended 30th September, 2011 are unaudited and based on the internal records and management accounts of the Group.

OVERALL PERFORMANCE

For the nine months ended 30th September, 2011, the Group recorded a turnover of HK\$8,857,410 as compared to HK\$36,973,204 in the same period of the prior year, representing a 76% decrease, which was primarily due to record substantial dividend income of HK\$4,608,272 and HK\$25,847,546 from two unlisted securities recorded in the same period last year. Income from interest was amounted to HK\$5,787,620 (2010: HK\$4,469,453). Dividends received from listed and unlisted investments were HK\$3,069,790 (2010: HK\$32,503,751).

For the nine months ended 30th September, 2011, gains on disposal of listed investments amounted to HK\$5,875,464 (2010: HK\$13,005,508), representing a 55% decrease from the same period of the prior year which was due to exceptional increases in the prices of particular shares held by the Group in 2010. With the impact of the ongoing general downturn of global stock markets in the third quarter of 2011, the prices of certain listed securities held by the Group as at 30th September, 2011 were significantly decreased. The Group recorded a net unrealized loss of HK\$50,498,151 (2010: HK\$14,925,737) on its publicly traded securities. The Group recorded a net realized gain on disposal of an unlisted investment of HK\$3,420,171 (2010: HK\$14,015,560) for the nine months ended 30th September, 2011. Recovery of impairment loss on loans and receivables was HK\$1,103,620 (2010: nil).

The Group recorded the turnover, other revenue and other gains and losses in an aggregate loss of HK\$30,893,877 for the nine months ended 30th September, 2011 as compared to the total gain of HK\$46,073,785 in the same period of the prior year.

For the nine months ended 30th September, 2011, the loss before income tax was HK\$41,980,903 as compared to profit of HK\$36,539,582 in the same period of the prior year. The loss attributable to owners of the Company was HK\$41,980,903 as compared to the profit of HK\$36,075,021 in the prior year. The significant loss for the nine months ended 30th September, 2011 was primarily caused by the unrealised loss of publicly traded securities in the stock markets.

CAUTION STATEMENT

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited. Investors are cautioned not to rely on the third quarter results for the nine months ended 30th September 2011.

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, 2011

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. LEE Fong Lit David, Dr. CHOW Pok Yu Augustine and Mr. CHAN Shuen Chuen Joseph; one non-executive director, namely, Dr. LAM Andy Siu Wing JP; and three independent non-executive directors, namely, Mr. TONG Kim Weng Kelly, Dr. WONG Yun Kuen and Mr. HO Man Kai Anthony.