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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2013

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 three months ended March 31, 2013 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, 2013 are summarised as follows:

- The Group recorded a loss of HK\$7,297,141 in aggregate of turnover, other revenue and other gains and losses, as compared to a gain of HK\$8,398,003 in the same period last year.
- Loss attributable to owners of the Company was HK\$10,599,134 as compared to a profit of HK\$4,753,828 in the same period last year.
- Basic loss per share of the Group was HK\$0.27 for the three months ended March 31, 2013 (2012: Basic earnings per share was HK\$0.12).

* for identification purpose only

The Board of Directors of the Company (the “Board”) announces the unaudited, condensed, consolidated results of the Group for the three months ended March 31, 2013 with comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2013

	2013 (Unaudited) HK\$	2012 (Unaudited) HK\$
Turnover	1,952,238	617,879
Other revenue	3,000	6,968
Other gains and (losses)	(9,252,379)	7,773,156
	(7,297,141)	8,398,003
Employee benefits expenses	(895,955)	(719,342)
Depreciation of property, plant and equipment	(173,189)	(168,891)
Other operating expenses	(2,232,849)	(2,755,942)
(Loss) profit before income tax	(10,599,134)	4,753,828
Income tax expense	—	—
(Loss) profit for the period attributable to owners of the Company	(10,599,134)	4,753,828
Other comprehensive income:		
Losses on fair value changes on available-for-sale financial assets	(264,926)	(1,017,144)
Transfer to profit or loss upon disposal of available-for-sale financial assets	—	—
Other comprehensive income for the period	(264,926)	(1,017,144)
Total comprehensive income for the period attributable to owners of the Company	(10,864,060)	3,736,684
(Loss) earnings per share		
Basic	(HK\$0.27)	HK\$0.12
Diluted	(HK\$0.27)	HK\$0.12

* 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, 2013 is the same as the basic loss per share as there is no share option outstanding during the period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2013 and December 31, 2012

	March 31 2013 (Unaudited) HK\$	December 31 2012 (Audited) HK\$
Non-current assets		
Property, plant and equipment	863,214	1,036,403
Available-for-sale financial assets	106,505,262	85,610,660
Loans and receivables	33,652,461	27,676,654
	141,020,937	114,323,717
Current assets		
Loans and receivables	22,268,845	22,268,845
Accounts receivable and prepayments	7,141,749	12,438,006
Financial assets at fair value through profit or loss	80,126,920	87,031,396
Derivative financial instruments	18,228,808	18,228,808
Tax recoverable	2,661,127	2,661,127
Bank balances and cash	7,980,503	34,096,412
	138,407,952	176,724,594
Current liabilities		
Accounts payable and accruals	6,450,221	7,205,583
Amount due to a related company	1,058,997	1,058,997
	7,509,218	8,264,580
Net current assets	130,898,734	168,460,014
Total assets less current liabilities/Net assets	271,919,671	282,783,731
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	232,861,056	243,725,116
Total equity	271,919,671	282,783,731
Net asset value per share	HK\$6.96	HK\$7.24

* The accounting policies adopted in preparing the financial data for the three months ended March 31, 2013 are consistent with those used in the annual consolidated financial statements of the Group for the year ended December 31, 2012.

The financial data for the three months ended March 31, 2013 are unaudited and based on the internal records and management accounts of the Group.

OVERALL PERFORMANCE

For the three months ended March 31, 2013, the Group received interest income in the aggregate amount of HK\$452,238 as compared to HK\$614,893 in the same period last year, representing a 26% decrease. Dividend income generated from the securities was HK\$1,500,000 (2012: HK\$2,986). Turnover was HK\$1,952,238 for the three months ended March 31, 2013 as compared to HK\$617,879 in the same period last year, representing a 216% increase. For the period ended March 31, 2013, the Group recorded a loss on fair value changes on trading securities of HK\$9,289,389 (2012: gain of HK\$5,180,112). No sale of listed securities was recorded in the period (2012: a gain of HK\$2,342,674). No recovery of impairment losses on accounts receivable was recognised (2012: HK\$316,611). Net exchange gain for the period ended March 31, 2013 was HK\$37,010 (2012: loss of HK\$66,241). The Group recorded a loss of HK\$7,297,141 in aggregate of turnover, other revenue and other gains and losses for the three months ended March 31, 2013 as compared to a gain of HK\$8,398,003 in the same period last year.

For the three months ended March 31, 2013, the loss before income tax was HK\$10,599,134 as compared to a profit of HK\$4,753,828 in the same period last year. The loss attributable to owners was HK\$10,599,134 as compared to a profit of HK\$4,753,828 in the same period last year. The loss for the three months ended March 31, 2013 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, 2013 and the financial position as at March 31, 2013.

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 14, 2013

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.