



HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock Code: 428)

(TSX Stock Symbol: HAR)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH, 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 three months ended 31st March, 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 three months ended 31st March, 2008 are summarised as follows:

- Turnover, other revenue and gains of the Group for the three months ended 31st March, 2008 was HK\$13,007,852 as compared to HK\$2,376,665 in the same period last year, representing a 447% increase.
- Net profit attributable to shareholders for the three months ended 31st March, 2008 was HK\$8,652,883 as compared to HK\$278,117 in the same period last year, representing a 3,011% increase.
- Basic earning per share of the Group was HK cents 22.19 for the three months ended 31st March, 2008 as compared to HK cents 0.95 in the same period last year, representing a 2,236% increase.

* For identification purpose only

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 ended 31st March, 2008 with comparative figures for the corresponding period in 2007 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		For the three months ended 31st March,	
		2008	2007
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$	HK\$
Turnover	2	1,737,970	1,863,829
Other revenue	2	230,434	256,880
Other gains	2	11,039,448	255,956
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		13,007,852	2,376,665
Operating expenses			
Employee benefit expenses		(610,502)	(443,296)
Depreciation of property, plant and equipment		(6,250)	(77,434)
Other operating expenses		(2,863,582)	(1,577,818)
		<hr/>	<hr/>
Operating profit		9,527,518	278,117
Finance costs		(81)	–
		<hr/>	<hr/>
Profit before income tax		9,527,437	278,117
Income tax expenses		(874,554)	–
		<hr/>	<hr/>
Profit for the period attributable to shareholders of the Company		8,652,883	278,117
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	3		
Basic		22.19 cents	0.95 cents
Diluted		22.09 cents	0.94 cents
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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2008 AND 31ST DECEMBER, 2007

	As at 31st March, 2008 (Unaudited) HK\$	As at 31st December, 2007 (Audited) HK\$
Non-current assets		
Property, plant and equipment	208,497	213,780
Available-for-sale financial assets	58,321,923	58,321,923
Loans receivable	59,943,352	59,097,252
	<u>118,473,772</u>	<u>117,632,955</u>
Current assets		
Accounts receivable and prepayments	34,169,850	28,940,971
Financial assets at fair value through profit or loss	120,940,481	132,070,553
Bank balances and cash	35,866,671	21,698,184
	<u>190,977,002</u>	<u>182,709,708</u>
Current liabilities		
Accounts payable	1,994,128	2,246,637
Tax payable	10,756,668	10,048,931
	<u>12,750,796</u>	<u>12,295,568</u>
Net current assets	<u>178,226,206</u>	<u>170,414,140</u>
Net assets	<u>296,699,978</u>	<u>288,047,095</u>
Capital and reserves		
Share capital	39,002,615	39,002,615
Reserves	257,697,363	249,044,480
Total equity	<u>296,699,978</u>	<u>288,047,095</u>

Notes:

1. Basis of preparation

The unaudited condensed consolidated interim financial statements (“interim financial statements”) are prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st December, 2007. The accounting policies and basis of preparation used in the preparation of these interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December, 2007.

2. Turnover, other revenue and gains

The Group principally invests in securities listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and unlisted securities, including equity securities, convertible notes, issued by corporate entities. Total revenue and other gains recognised during the period are as follows:

	Three months ended 31st March,	
	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Turnover:		
Interest income from		
– bank deposits	171,574	135,256
– loans receivable	1,266,396	598,573
Dividend income from		
– listed investments	–	–
– unlisted investments	300,000	1,130,000
	1,737,970	1,863,829
Other revenue:		
Sundry income	230,434	256,880
	230,434	256,880
Other gains:		
Fair value changes on financial assets at fair value through profit or loss	5,300,329	255,956
Net realised gain on disposal of financial assets at fair value through profit or loss	5,739,119	–
	11,039,448	255,956
	13,007,852	2,376,665

No analysis of the Group’s turnover and contribution to operating profit for the period set out by principal activities and geographical markets is provided as the Group has only one single business segment, which is investment holding, and less than 10% of the consolidated turnover, results and assets of the Group are attributable to markets outside Hong Kong.

3. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders 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 shareholders, and the weighted average number of ordinary shares in issue during the period after adjusting for the number of diluted potential ordinary shares in respect of the share options granted under the Company’s share option scheme.

OVERALL PERFORMANCE

For the three months ended 31st March, 2008, the Group received interest income in the aggregate amount of HK\$1,437,970 as compared to HK\$733,829 in the same period last year, representing a 96% increase. Dividend income generated from the unlisted securities was HK\$300,000 as compared to HK\$1,130,000 in the same period last year, representing a 73% decrease. Turnover, or interest and dividend income, for the year was HK\$1,737,970 as compared to HK\$1,863,829 in the same period last year, representing a 7% decrease. Net realised gain on disposal of listed securities generated HK\$5,739,119 (2007: Nil). The fair value gain on the listed securities reached HK\$5,300,329 as compared to HK\$255,956 in the same period last year, representing a 1,971% increase. The Group recorded turnover, other revenue and other gains of HK\$13,007,852 as compared to HK\$2,376,665 in the same period last year, representing a 447% increase. The profit before income tax was HK\$9,527,437 as compared to HK\$278,117 in the same period last year, representing a 3,326% increase. The profit attributable to shareholders was HK\$8,652,883 as compared to HK\$278,117 in the same period last year, representing a 3,011% increase.

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 31st March, 2008 and the financial position as at 31st March, 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, 15th May, 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.