

The Board of Directors of Harmony Asset Limited takes pleasure in presenting the audited and consolidated results of the Group for the year ended 31st December, 2006.

BUSINESS REVIEW

For the year ended 31st December, 2006, the Group had a total revenue of HK\$33.1 million (2005: HK\$50.8 million). During the year, the turnover amounted to HK\$5.1 million when compared to the year 2005 of HK\$4.1 million.

The Group recorded fair value gain of HK\$9.5 million (2005: fair value loss of HK\$4.7 million) on financial assets at fair value through profit or loss. Impairment losses and deposits on investments written off amounting to HK\$9.1 million (2005: HK\$12 million) were charged to the income statement. As a result, the Group reported profit attributable to shareholders for the year of HK\$10.7 million (2005: HK\$21.6 million).

PROSPECTS AND FUTURE PLANS

For the year ended 31st December, 2006, the Group had repaid all outstanding debts, declaring itself a company with no debt and accomplishing the financial objective of 2006. The Group recorded a growth of net assets of HK\$20.8 million which consolidates the Group's financial status.

The Group has applied for dual-listing on the Toronto Stock Exchange in Canada. The progress is going to the final stage. Provided that the Group can go public both in Hong Kong and Toronto, the Group would be capable of widening its capital sources and drawing in more strategic investors which cements a firmer financial pedestal for the Group's future.

Investment holding remains the core business of the Group in 2006, with an emphasis on investing private companies which have high potential for earnings growth and capital appreciation in China. The three major investment focuses of the Group are resources, technology-enabled manufacturing, and food and retail.

Resources-wise, the Group has invested in a gold mining business and subscribed for the shares in a company that trades in cements, iron ores, logs and miscellaneous products. It is anticipated that the above investments would contribute to the Group's profit in the coming years.

In the area of technology-enabled manufacturing, all the companies that the Group invested are based on China market. Their businesses range from office furniture to energy-saving technology and new biodegradable products. The Group's investment strategy responds to the universal call of environmental protection.

Looking ahead, the Group will keep the business strategy of investing in the three major business areas after the completion of all financing exercises. Meanwhile, the Group will continue to explore more quality, non-listed investment opportunities in Greater China market and unlock the values of these sound, private companies with our proven management.

PROPOSED DIVIDEND

The Board of Directors has recommended a dividend out of the share premium account of the Company of HK15 cents per share (2005: HK15 cents per share, adjusted after the 5-for-1 share consolidation) in respect of the year ended 31st December, 2006, totaling not less than HK\$4,383,071 (2005: HK\$4,383,071) which is subject to approval of shareholders at the forthcoming annual general meeting to be held on 22nd June, 2007 and compliance with law of Cayman Islands.

If approved, the said dividend will be paid on or about 29th June, 2007 to shareholders whose names appear on the register of members of the Company at the close of business on 22nd June, 2007.

APPRECIATION

On behalf of the Board of Directors, I thank the management team and our staff for their continued and dedicated efforts and wish to offer as well our sincere appreciation to our banks and shareholders for their support during the year.

Lee Fong Lit David

Chairman

Hong Kong, 18th April, 2007