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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **HARMONY ASSET LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

(TSX Stock Symbol: HAR)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



**博大資本國際有限公司
Partners Capital International Limited**

A letter from the Board of Harmony Asset Limited is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee of Harmony Asset Limited is set out on page 9 of this circular.

A letter from Partners Capital International Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders, is set out on pages 10 to 17 of this circular.

A notice convening an extraordinary general meeting of Harmony Asset Limited to be held at Room 1101, St. George's Building, 2 Ice House Street, Central, Hong Kong on Thursday, 22nd May, 2008, at 9:15 a.m. is set out on page 23 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to either (i) Computershare Hong Kong Investor Services Limited, the branch share registrars of the Company in Hong Kong at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) Computershare Investor Services Inc., the branch share registrars of the Company in Canada at 100 University Ave., 9th Floor, Toronto, Ontario, M5J 2Y1, as soon as possible and in any event not later than 24 hours before the time appointed for holding of the meeting or any adjournment thereof.

* for identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual Caps”	the approved annual caps in respect of the management fee and incentive fee payable by the Company to the Investment Manager under the Investment Management Agreement for each of the periods ending 31 May 2010 as approved by the then Independent Shareholders at the Previous EGM
“Board”	the board of Directors of the Company
“Company”	Harmony Asset Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange and the Toronto Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve the Revision of Annual Caps
“Financial Year”	a period of 12 months from 1st January to 31st December in the same calendar year
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Tong Kim Weng, Kelly, Dr. Wong Yuan Kuen and Mr. Ho Man Kai, Anthony, all of whom are independent non-executive Directors
“Independent Financial Adviser” or “Partners Capital”	Partners Capital International Limited, a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revision of Annual Caps
“Independent Shareholders”	Shareholders other than Dr. Chow Pok Yu, Augustine and the Investment Manager together with their respective associates
“Investment Manager”	Harmony Asset Management Limited, a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director

DEFINITIONS

“Investment Management Agreement”	the investment management agreement dated 1st June 1998 as amended by the supplemental agreements dated 5th April 2000 and 17 May 2007 entered into between the Company and the Investment Manager
“Latest Practicable Date”	21st April, 2008, being the latest practicable date prior to the printing of this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Net Asset Value”	the net asset value of the Company calculated in accordance with the articles of association of the Company in force from time to time
“Previous EGM”	the extraordinary general meeting of the Company held on 22 June 2007
“Revision of Annual Caps”	the revision of the Annual Caps under the Investment Management Agreement for each of the two financial years ending 31 December 2009 and the 5-months period ending 31 May 2010
“Revised Annual Caps”	the revised annual caps for the Transaction for each of the two financial years ending 31 December 2009 and the 5-months period ending 31 May 2010
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Investment Management Agreement entered into between the Company and the Investment Manger
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

(TSX Stock Symbol: HAR)

Executive Directors:

Mr. LEE Fong Lit, David (*Chairman*)
Dr. CHOW Pok Yu, Augustine (*Managing Director*)
Dr. LAM Andy Siu Wing, JP
Mr. CHAN Shuen Chuen, Joseph

Independent Non-Executive Director:

Mr. TONG Kim Weng, Kelly
Dr. WONG Yun Kuen
Mr. HO Man Kai, Anthony

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:

Room 1101
St. George's Building
No.2 Ice House Street
Central, Hong Kong

24th April, 2008

To the Shareholders,

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

BACKGROUND

On 3rd April, 2008, the Board announced that in view of the existing strong financial performance of the Company and the estimates of the potential growth in the future performance of the Company's investments, the Directors anticipate that the incentive fee and management fee payable by the Company to the Investment Manager under the Investment Management Agreement for each of the periods ending 31 May 2010 will exceed the approved Annual Caps. The Company therefore proposes the Revision of Annual Caps. The incentive fee and management fee will be paid by cash from internal resources of the Group.

As the Investment Manager is a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director, the Investment Manager is a connected person of the Company under the Listing Rules. Pursuant to Rule 14A.36 of the Listing Rules, the Company is required to comply with Rule 14A.35(3) and 14A.35(4) of the Listing Rules in respect of the Revision of Annual Caps. As the Revision

* for identification purpose only

LETTER FROM THE BOARD

of Annual Caps constitutes a non-exempt continuing connected transaction for the Company under Rule 14A.35 of the Listing Rules, the Revision of Annual Caps is therefore subject to the approval by the Independent Shareholders by way of poll at the EGM.

The Company will convene the EGM to seek Independent Shareholders' approval of the Revision of Annual Caps for each of the periods ending 31 May 2010. The Company has appointed Partners Capital as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Revision of Annual Caps.

The purpose of this circular is to provide you with, among other things, (a) the details of the Revision of Annual Caps; (b) the recommendation of the Independent Board Committee in respect of the Revision of Annual Caps; (c) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revision of Annual Caps; and (d) a notice convening the EGM.

ANNUAL CAPS FOR THE TRANSACTION

Reference is made to the announcement and the circular of the Company dated 17 May 2007 and 6 June 2007, respectively, in relation to the Transaction under the Investment Management Agreement. The Transaction and the Annual Caps were approved by the then independent shareholders at the Previous EGM.

Under the Investment Management Agreement, in respect of each Financial Year, the Company shall pay to the Investment Manager an incentive fee equivalent to 10% of the audited net profit of the Company in the Financial Year before accrual of the incentive fee within six months after publishing the audited account of the Company in the relevant Financial Year. The management fee payable by the Company to the Investment Manager monthly in advance is equivalent to 1.5% per annum on the Net Asset Value as per the management account of the preceding month. The management fee shall be calculated on the actual number of days elapsed in the month during which investment management services are provided.

For the purpose of Rule 14A.35(2) of the Listing Rules, it was approved in the Previous EGM that the Annual Caps in respect of the management fee and incentive fee payable by the Company to the Investment Manager under the Investment Management Agreement shall be as follows:

	Financial Year ended 31 December 2007 (HK\$)	Financial Year ended 31 December 2008 (HK\$)	Financial Year ended 31 December 2009 (HK\$)	5-months Period ended 31 May 2010 (HK\$)
Incentive fee	1,424,700	1,709,640	2,051,568	1,018,477
Management fee	3,427,995	4,113,594	4,936,313	2,450,575
Total fees payable	<u>4,852,695</u>	<u>5,823,234</u>	<u>6,987,881</u>	<u>3,469,052</u>

LETTER FROM THE BOARD

REVISION OF ANNUAL CAPS

In determining the Annual Caps, the Company has taken into account that (a) the Company projects approximately a 20% increase in net asset value assuming that the proposed offering of new shares of the Company by way of placing in Canada as part of the secondary listing of the Company as disclosed in the announcement and the circular of the Company dated 16 November 2006 and 17 November 2006, respectively has been completed and increase in net profit before accrual of the incentive fee by reference to the financial performance of the Company during the latest 4 months for the Financial Year of 2007; (b) the net asset value of the Company as at 31st December, 2006 was HK\$190,444,519 and (c) the net profit of the Company before accrual of the incentive fee as at 31st December, 2006 was HK\$11,872,536.

With the continuous effort and outstanding performance of the Investment Manager, the audited profit attributable to Shareholders for the year ended 31 December 2007 as disclosed in the results announcement of the Company for the year ended 31 December 2007 was approximately HK\$50,907,356, as compared to HK\$10,685,282 recorded in the preceding year, representing an increase of approximately 376.43%. In addition, as at 31 December 2007, the audited net asset value of the Company was HK\$288,047,095 as compared to HK\$190,444,519 as at 31 December 2006, representing an increase of approximately 51.25%. Such increase exceeds the 20% projected increase in net asset value that the Company has taken into account when determining the Annual Caps. As such, the Directors anticipate that it is very likely that the incentive fee and management fee payable by the Company to the Investment Manager for the two financial years ending 31 December 2009 and the 5-months period ending 31 May 2010 would exceed the approved Annual Caps.

In particular, having taken into account that the net asset value per Share as at 29 February 2008 was HK\$7.77 as disclosed in the monthly announcement of the Company, and based on internal estimates of the performance of the Company's investment in private companies which have high potential for earning growth and capital appreciation in China as well as increasing in the portfolio of listed securities on undervalued and discounted shares, the Directors anticipate that the approved Annual Caps for each of the financial year ending 31 December 2008, 31 December 2009 and for the 5-months period ending 31 May 2010 will not be sufficient for the Group's requirements.

The Company therefore proposes the Revision of Annual Caps for each of the two financial years ending 31 December 2009 and the 5-months period ending 31 May 2010 as follows:

	Financial Year ended 31 December 2008 (HK\$)	Financial Year ended 31 December 2009 (HK\$)	5-months Period ended 31 May 2010 (HK\$)
Incentive fee	HK\$5,531,145	HK\$6,028,948	HK\$2,729,170
Management fee	HK\$5,672,353	HK\$7,430,782	HK\$4,042,670
Total fees payable	HK\$11,203,498	HK\$13,459,730	HK\$6,771,840

In determining the Revised Annual Caps, the Company has taken into account that (a) the Company projects approximately a 31% increase in net asset value by reference to the financial performance of the Company during the year ended 31st December, 2007; (b) the audited net asset value of the Company

LETTER FROM THE BOARD

as at 31st December, 2007 was approximately HK\$288,047,095; (c) the net asset value per Share as at 29 February 2008 was HK\$7.77 as disclosed in the monthly announcement of the Company; and (d) the audited net profit of the Company for the year 31 December 2007 was approximately HK\$50,907,356 and an increase in net profit before accrual of the incentive fee by reference to the financial performance of the Company during the first two months for the Financial Year of 2008.

The management fee and incentive fee payable by the Company for the Financial Year ended 31 December 2007 amounted to HK\$3,440,283 and HK\$5,090,735.60 (the figure of HK\$5,095,735.60 as shown in the announcement of the Company dated 3 April 2008 is a typo error), which has exceeded the Approved Caps for the Financial Year ended 31 December 2007 by approximately HK\$12,288.00 and HK\$3,666,035.60 (the figure of HK\$3,671,035.60 as shown in the announcement of the Company dated 3 April 2008 is a typo error), respectively. The Company has paid the Approved Caps of the management fee of HK\$3,427,995 to the Investment Manager and the Approved Caps of the incentive fee of HK\$1,424,700 will be paid within 6 months after the financial year ended 31 December 2007 (i.e. on or before 30 June 2008). As agreed by the Investment Manager, the Company is not required to pay the outstanding management fee and incentive fee for the Financial Year ended 31 December 2007 of HK\$12,288.00 and HK\$3,666,035.60, respectively. The management fee paid by the Company to the Investment Manager for the 3-months period ending 31 March 2008 amounted to HK\$1,082,570.

The incentive fee and management fee will be paid by cash from internal resources of the Group. Save as disclosed herein, the other terms and conditions under the Investment Management Agreement remain unchanged.

The Directors (including the independent non-executive Directors) are of the view that the Revision of Annual Caps is fair and reasonable and is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Company.

INFORMATION ON THE COMPANY AND INVESTMENT MANAGER

The Company is an investment company and is principally engaged in investments in securities listed on the Stock Exchange and unlisted investments with a potential for earning growth and capital appreciation. The Investment Manager is a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director, and a licensed corporation to perform type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Investment Manager is principally engaged in investment advisory and asset management.

INFORMATION ON INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement, the Company has appointed the Investment Manager to provide investment management services to the Company, which include identifying and analyzing investment opportunities, structuring and monitoring and supervising investments. The term of the Investment Management Agreement is for an initial fixed period of six years commencing from 1st June 1998 and, unless terminated by the Company at that time, shall thereafter continue for successive periods of three years each. The previous three-year term commenced from 1st June 2004 and expired on 31st May 2007. The Company has renewed the term of the Investment Management Agreement for a further 3 years commencing from 1st June, 2007 to 31st May, 2010 as approved in the Previous EGM.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the Investment Manager is a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director, the Investment Manager is a connected person of the Company under the Listing Rules. Pursuant to Rule 14A.36 of the Listing Rules, the Company is required to comply with Rule 14A.35(3) and 14A.35(4) of the Listing Rules in respect of the Revision of Annual Caps. As the Revision of Annual Caps constitutes a non-exempt continuing connected transaction for the Company under Rule 14A.35 of the Listing Rules, the Revision of Annual Caps is subject to the approval by the Independent Shareholders by way of poll at the EGM.

The Company will convene the EGM to seek Independent Shareholders' approval of the Revision of Annual Caps. In view of the interest of the Investment Manager and its associates (as defined in the Listing Rules) in the Transaction, the Investment Manager, Dr. Chow Pok Yu, Augustine and their respective associates (as defined in the Listing Rules) will abstain from voting at the EGM on the resolution to approve the Revision of Annual Caps. As at the Latest Practicable Date, the Investment Manager, Mr. Chow Pok Yu, Augustine and their respective associates (as defined in the Listing Rules) had interests in 7,200,315 Shares, representing approximately 18.46% of the total issued share capital of the Company, and controlled or are entitled to exercise control over the entire voting rights in respect of these 7,200,315 Shares, representing approximately 18.46% of the share capital of the Company carrying the voting rights at the general meeting of the Company. Save as disclosed above, no other Shareholders have a material interest in the Transaction and are required to abstain from voting at the EGM. The votes to be taken at the EGM will be taken by poll, the results of which will be announced after the EGM.

An Independent Board Committee has been appointed to advise the Independent Shareholders whether or not to vote in favour of the Revision of Annual Caps. The Company has appointed Partners Capital International Limited as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the Revision of Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Transaction will also be subject to the annual review requirement and the reporting requirement respectively under Rules 14A.37 to 14A.40, and Rules 14A.45 and 14A.46 of the Listing Rules.

PROCEDURES FOR DEMANDING POLL

Pursuant to Article 52 of the articles of association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, (before or on the declaration of the result of the show of hands, or on the withdrawal of any other demand for a poll) a poll is demanded or unless a poll is taken as may from time to time be required under the Listing Rules. A poll may be demanded by:

- (a) the chairman of such meeting; or
- (b) at least three members present in person or by proxy and entitled to vote; or

LETTER FROM THE BOARD

- (c) any member or members present in person or by proxy and representing in aggregate not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

EGM

A notice convening an extraordinary general meeting of Harmony Asset Limited to be held at Room 1101, St. George's Building, 2 Ice House Street, Central, Hong Kong on Thursday, 22nd May, 2008, at 9:15 a.m. is set out on page 23 of this circular. An ordinary resolution will be proposed at the meeting to approve the Revision of Annual Caps.

A form of proxy for use at the EGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to either (i) Computershare Hong Kong Investor Services Limited, the branch share registrars of the Company in Hong Kong at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) Computershare Investor Services Inc., the branch share registrars of the Company in Canada at 100 University Ave., 9th Floor, Toronto, Ontario, M5J 2Y1, as soon as possible and in any event not later than 24 hours before the time appointed for holding of the meeting or any adjournment thereof.

RECOMMENDATIONS

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Revision of Annual Caps. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Revision of Annual Caps is fair and reasonable so far as the Shareholders are concerned and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

The Directors believe that the Revision of Annual Caps is fair and reasonable and in the interest of Shareholders as a whole and therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of the Independent Board Committee, the letter from the Independent Financial Adviser and the general information set out in the appendix to this Circular.

Yours faithfully,
LEE Fong Lit, David
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

(TSX Stock Symbol: HAR)

24th April, 2008

To the Independent Shareholders

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

We have been appointed by the Board to advise you as to whether the Revision of Annual Caps is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Details of the Revision of Annual Caps are set out in the circular (the “Circular”) dated 24th April, 2008 issued by the Company to the Shareholders of which this letter forms part. The terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 3 to 8 of the Circular and the letter of advice from the Independent Financial Adviser set out on pages 10 to 17 of the Circular.

We, after taking advice from the Independent Financial Adviser, concur with the views of Independent Financial Adviser and consider that the Revision of Annual Caps is on normal commercial terms and is conducted in the ordinary and usual course of business of the Company.

We are also of the view that Revision of Annual Caps is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully
Independent Board Committee

Ho Man Kai, Anthony
*Independent non-executive
Director*

Tong Kim Weng, Kelly
*Independent non-executive
Director*

Wong Yun Kuen
*Independent non-executive
Director*

* for identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Partners Capital International Limited in connection with the Revision of Annual Caps which has been prepared for inclusion in this circular.



博大資本國際有限公司
Partners Capital International Limited

Partners Capital International Limited
Unit 3906, 39/F, COSCO Tower
183 Queen's Road Central
Hong Kong

24 April 2008

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Revision of Annual Caps, particulars of which are set out in the letter from the Board (the "Letter from the Board") of the circular to the Shareholders dated 24 April 2008 (the "Circular") and in which this letter is reproduced. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, in view of the existing strong financial performance of the Company and the estimates of the potential growth in the future performance of the Company's investments, the Directors anticipate that the incentive fee and management fee payable by the Company to the Investment Manager under the Investment Management Agreement for each of the two years ending 31 December 2009 and 5-month period ending 31 May 2010 will exceed the approved Annual Caps. The Company therefore proposes the Revision of Annual Caps. Pursuant to Rule 14A.36 of the Listing Rules, the Company is required to comply with Rule 14A.35(3) and 14A.35(4) of the Listing Rules in respect of the Revision of Annual Caps. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised Annual Caps will exceed 25%, the Revision of Annual Caps constitutes a non-exempt continuing connected transaction for the Company under Rule 14A.35 of the Listing Rules. As the Investment Manager is a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director, the Investment Manager is a connected person of the Company under the Listing Rules. The Revision of Annual Caps is therefore subject to the approval by the Independent Shareholders by way of poll at the EGM. The Company will convene the EGM to seek Independent Shareholders' approval of the Revision of Annual Caps for each of the two years ending 31 December 2009 and 5-month period ending 31 May 2010. In view of the interest of the Investment Manager and its associates (as defined in the Listing Rules) in the Transaction, the Investment Manager, Dr. Chow Pok Yu, Augustine and their respective associates (as defined in the Listing Rules) will abstain from voting at the EGM on the resolution to approve the Revision of Annual Caps. Accordingly, the Independent Board Committee has been established to advise whether the Revision of Annual Caps are fair and reasonable and whether the Revision of Annual Caps are in the interests of the Company and the Shareholders as a whole. In this

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

regard, Partners Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders.

We are not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Group and the Revision of Annual Caps, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Company, the Investment Manager and their respective associates nor have we carried out any independent verification of the information supplied.

THE REVISION OF ANNUAL CAPS

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Revision of Annual Caps, we have considered the following principal factors and reasons:

1. Background of and reasons for the Revision of Annual Caps

The Company is an investment company and is principally engaged in investments in securities listed on the Stock Exchange and unlisted investments with a potential for earnings growth and capital appreciation. The Investment Manager is a company wholly-owned by Dr. Chow Pok Yu, Augustine, an executive Director, and a licensed corporation to perform type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Investment Management Agreement, the Company has appointed the Investment Manager to provide investment management services to the Company, which include identifying and analyzing investment opportunities, structuring and monitoring and supervising investments. The term of the Investment Management Agreement is for an initial fixed period of six years commencing from 1 June 1998 and, unless terminated by the Company at that time, shall thereafter continue for successive periods of three years each. The previous three-year term commenced from 1 June 2004 and expired on 31 May 2007. The Company has renewed the term of the Investment Management Agreement for a further 3 years commencing from 1 June 2007 to 31 May 2010 as approved in the Previous EGM.

As set out in the Letter from the Board, with the continuous effort and outstanding performance of the Investment Manager, the audited net profit attributable to Shareholders for the year ended 31 December 2007 as disclosed in the annual report for the year ended 31 December 2007 of the Company was approximately HK\$50,907,356, as compared to HK\$10,685,282 recorded in the preceding year, representing an increase of approximately 376.43%. In addition, as at 31 December 2007, the audited net asset value of the Company was HK\$288,047,095 as compared to HK\$190,444,519 as at 31 December 2006, representing an increase of approximately 51.25%. Such increase exceeds the 20% projected increase in net asset value that the Company has taken into account when determining the Annual Caps. As such and as further set out in the Letter from the Board, having taken into account of the financial performance of the Investment Manager during the year ended 31 December 2007, the Directors anticipate that it is very likely that the actual payment in respect of incentive fee and management fee payable by the Company to the Investment Manager would exceed the approved Annual Caps for future periods.

Furthermore, having taken into account that, as disclosed in the monthly announcement of the Company, the Net Asset Value per Share as at 31 January 2008 and 29 February 2008 were HK\$7.77 and HK\$7.77 respectively, and based on internal estimates of the performance of the Company's investment in private companies which have high potential for earnings growth and capital appreciation in China as well as increasing in value of the portfolio of listed securities on undervalued and discounted shares, the Directors also anticipate that the approved Annual Caps for each of the financial year ending 31 December 2008, 31 December 2009 and for the five months period ending 31 May 2010 will not be sufficient for the Group's requirements. We have reviewed the internal estimates of the Company in relation to the Revised Annual Caps and we note that the internal estimates were prepared with reference to historical growth trends in net asset value and net profits and we consider that the basis for preparing such internal estimates are fair and reasonable and the assumptions used for preparing such internal estimates are complete.

Against all the background as stated above, we consider that there is a commercial rationale for the Company to propose the Revision of Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Proposed maximum size for Revised Annual Caps

The historical figures of the Transaction for the financial year ended 31 December 2006 and 31 December 2007, the Approved Caps and the Revised Annual Caps for each of the two years ending 31 December 2009 and the 5-month period ending 31 May 2010 are set out as follows:

	Historical amounts		Revised Annual Caps		Estimated
	Actual amounts for the financial years ended		Estimated amounts for the financial years ending		amounts for the 5- month period ending
	31 December 2006 HK\$	31 December 2007 HK\$	31 December 2008 HK\$	31 December 2009 HK\$	31 May 2010 HK\$
(a) Incentive fee	1,187,254	1,424,700 <i>1,424,700</i> <i>(Note)</i>	5,531,145 <i>1,709,640</i> <i>(Note)</i>	6,028,948 <i>2,051,568</i> <i>(Note)</i>	2,729,170 <i>1,018,477</i> <i>(Note)</i>
(b) Management fee	2,657,352	3,427,995 <i>3,427,995</i> <i>(Note)</i>	5,672,353 <i>4,113,594</i> <i>(Note)</i>	7,430,782 <i>4,936,313</i> <i>(Note)</i>	4,042,670 <i>2,450,575</i> <i>(Note)</i>
Total fees payable	3,844,606	4,852,695 <i>4,852,695</i> <i>(Note)</i>	11,203,498 <i>5,823,234</i> <i>(Note)</i>	13,459,730 <i>6,987,881</i> <i>(Note)</i>	6,771,840 <i>3,469,052</i> <i>(Note)</i>

Note: the figures in italic in the above table are the Annual Caps and the figures in bold in the above table are the Revised Annual Caps

In determining the Revised Annual Caps, the Company has taken into account that (a) the Company projects approximately a 31% increase in net asset value by reference to the financial performance of the Company during the year ended 31 December 2007; (b) the audited Net Asset Value of the Company as at 31 December 2007 was approximately HK\$288,047,095; (c) the Net Asset Value per Share as at 29 February 2008 was HK\$7.77 as disclosed in the monthly announcement of the Company; and (d) the audited net profit of the Company for the year ended 31 December 2007 was approximately HK\$50,907,356.

Incentive fees

Pursuant to the Investment Management Agreement, the incentive fee payable to the Investment Manager for a particular Financial Year shall be equivalent to 10% of the audited net profit after taxation of the Company for that Financial Year before accrual of the incentive fee. The incentive fee shall be payable within six months after publishing the audited account of the Company in the relevant Financial Year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We set out below the net profits of the Company for the each of four financial years ended 31 December 2007:

	Financial Year Ended 31 December			
	2004	2005	2006	2007
	HK\$	HK\$	HK\$	HK\$
Profit attributable to Shareholders	8,119,191	21,561,356	10,685,282	50,907,356
Growth rate	N/A	165.6%	(50.4%)	376.4%
	(Note)			

Note: The Company was loss-making for the year ended 31 December 2003.

According to the annual reports of the Company, the Company has been profit-making during 2004 to 2007. We note that the Company recorded substantial increase in the net profit attributable to Shareholders in 2005 and 2007 whereas the Company recorded significant drop in net profit attributable to Shareholders in 2006. As advised by the Company, due to the nature of principal business of the Company which is highly correlated to the overall economy and market sentiment of the stock market, the net profit attributable to Shareholders varies year from year. Besides, we note that the net profit attributable to the Shareholders is subject to the adjustments arising from the relevant accounting policies of the Company which may not be directly linked to investment performance. For instance, the Company recorded consultancy fee and reversal of impairment loss on accounts receivables of HK\$5 million and HK\$8.3 million respectively as other revenue for the year ended 31 December 2006. As such, there are possibilities that these adjustments may have mitigating effect to net profit attributable to Shareholders during unsuccessful years and/or boosting effect to net profit attributable to Shareholders during fruitful years. Thus, we consider that the Company should take into account these possible upward adjustments in determining the Revised Annual Caps and we note that the internal estimates of the Company in relation to the Revised Annual Caps have taken these into account. On the other hand, we note that the Revised Annual Caps in respect of the incentive fees will be increasing. As compared to the historical growth in the net profit attributable to the Shareholders in previous financial years and taking into account of the possible fluctuations in the net profit attributable to the Shareholders, we consider that it is acceptable to assume the Revised Annual Cap in respect of the incentive fees to be on an increasing trend.

Management fees

Pursuant to the Investment Management Agreement, the management fee is equivalent to 1.5% per annum on the Net Asset Value as per the management accounts of the preceding month. The management fee shall be calculated on the actual number of days elapsed in the month during which investment management services are provided.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We set out below the Net Asset Value of the Company as at 31 December 2005, 31 December 2006, 31 December 2007 and 29 February 2008:

	31 December 2005 HK\$	31 December 2006 HK\$	31 December 2007 HK\$	29 February 2008 HK\$
Net Asset Value	169,659,406	190,444,519	288,047,095	N/A <i>(Note 1)</i>
Net Asset Value per Share <i>(Note 2)</i>	5.81	6.52	7.39	7.77
Growth	14.0% <i>(Note 3)</i>	12.3%	51.2%	5.2% <i>(Note 4)</i>

Notes:

1. The Company has not announced the Net Asset Value as at 29 February 2008. Based on the monthly announcement of the Company, the unaudited Net Asset Value per Share as at 29 February 2008 was HK\$7.77.
2. Given that the Company conducted share placements in 2005 and 2007 respectively and implemented a share consolidation in 2006, the number of the Shares during 2005 to 2007 varied. As a result, the Net Asset Value per Share as at 31 December 2005, 31 December 2006, 31 December 2007 and 29 February 2008 are included here for reference and no comparison of the Net Asset Value per Share has been made.
3. The Net Asset Value as at 31 December 2004 was approximately HK\$148,812,454.
4. The growth rate only accounted for a two-month period.

As advised by the Company, in determining the Revised Annual Caps for management fees, the Company has taken into account the facts that (a) the Company projects approximately a 31% increase in net asset value by reference to the financial performance of the Company during the year ended 31 December 2007; (b) the audited Net Asset Value of the Company as at 31 December 2007 was approximately HK\$288,047,095; and (c) the Net Asset Value per Share as at 29 February 2008 was HK\$7.77 as disclosed in the monthly announcement of the Company. We note that the growth rate in Net Asset Value in 2005 and 2006 was lower than the projected rate of 31% whereas the growth rate in Net Asset Value in 2007 was higher than the projected rate of 31%. In addition, we note that the annualized growth rate implied by the growth in Net Asset Value of the Company as at 29 February 2008 is approximately 31%.

Moreover, we note that the Company underwent a placement exercise in 2007 and raised net proceeds of approximately HK\$39.4 million in cash. In addition, we note that the Company conducted a rights issue exercise in 2003 and share placements in 2000 and 2005. Thus, in the event that the Company continues to propose and proceed with further fund raising exercises in the future, there would be positive impact on the Net Asset Value. Furthermore, we have reviewed the composition of the investment portfolio of the Company and note that the Company has invested in listed securities such as listed companies in Hong Kong and unlisted investments which comprise available-for-sale financial assets as well as loans and receivables. As advised by the Company, the fair value of listed securities and unlisted investments will be booked in the balance sheet of the Company. Any change in fair value of the listed securities in the investment portfolio will be charged through the profit and loss accounts of the Company as unrealized gain whereas any change in fair value of the unlisted investments will be booked in the balance sheet of the Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

as a special reserve. After the disposal of the unlisted investments, the gain or loss arising from the disposal will be recorded in the profit and loss accounts of the Company. Thus, any increase in the fair value of the unlisted investments of the Company will have a positive impact on the Net Asset Value of the Company but have no impact on the profit and loss accounts of the Company. As at 31 December 2007, unlisted investments of accounted for approximately 45% of the investment portfolio of the Company in terms of fair value as at 31 December 2007. Having considered that there are a number of factors affecting the level of Net Asset Value of the Company and the average historical growth rate in Net Asset Value for the three years ended 31 December 2007, we consider that the assumption of annual increase of 31% in the Net Asset Value for 2008 to 2010 is acceptable.

On the above basis, we are of the view that the bases on which the Revised Annual Caps were determined are fair and reasonable and in the interests of the Shareholders and the Company as a whole and the Revised Annual Caps are fair and reasonable and we consider that the Transaction is to be carried out on normal commercial terms and in the ordinary course of business.

3. Settlement terms of the incentive fee and management fee

Pursuant to the Investment Management Agreement, the incentive fee payable to the Investment Manager for a particular Financial Year shall be equivalent to 10% of the audited net profit after taxation of the Company for that Financial Year before accrual of the incentive fee. The incentive fee shall be payable within six months after publishing the audited account of the Company in the relevant Financial Year. In addition, pursuant to the Investment Management Agreement, the management fee is equivalent to 1.5% per annum on the Net Asset Value as per the management accounts of the preceding month. The management fee shall be calculated on the actual number of days elapsed in the month during which investment management services are provided. The management fee shall be payable in advance within fourteen days from the date when the management account of the preceding month is approved by the Board. We have identified 23 other investment companies listed on the Stock Exchange which are categorized pursuant to chapter 21 of the Listing Rules and we note that all of the investment managers of these investment companies listed on the Stock Exchange would charge those investment companies a monthly management fee whereas about half of the investment managers would charge an annual incentive fee or performance fee. As such, we consider that the settlement terms of the incentive fee and management charged by the investment manager of the Company are in line with the market practice and we consider that it is fair and reasonable as far as the Company and the Shareholders are concerned.

4. The conditions

As the Revised Annual Caps will exceed HK\$10 million and the relevant applicable ratios under the Listing Rules exceed 2.5%, the Revised Annual Caps for the Transaction are subject to reporting, announcement, and the Independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company will therefore seek the approval by the Independent Shareholders of the Revised Annual Caps for the periods ending 31 May 2010 subject to the following conditions:

1. The Transaction will be:
 - (i) entered into by the Company in the ordinary and usual course of its business;
 - (ii) conducted on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available from independent third parties; and
 - (iii) entered into in accordance with the terms of the Investment Management Agreement governing such Transaction that are fair and reasonable and in the interests of the Shareholders as a whole;
2. The transacted amount of the transactions under the Investment Management Agreement for each of the two years ending 31 December 2009 and 5-months period ending 31 May 2010 shall not exceed the Revised Annual Caps as stated above;
3. The Company will comply with all other relevant requirements under the Listing Rules.

Taking into account of the conditions attached to the Transaction, in particular (i) the restriction by way of setting the Revised Annual Caps; and (ii) the compliance with all other relevant requirements under the Listing Rules (which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the Transaction), we consider that the Company has taken appropriate measures to govern the Company in carrying out the Transaction, thereby safeguarding the interests of the Shareholders thereunder.

Recommendation

Having considered the above principal factors, we are of the opinion that the terms of the Revision of Annual Caps are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and the Revised Annual Caps are fair and reasonable. We consider that the Transaction is to be carried out on normal commercial terms and in the ordinary course of business of the Company. Accordingly, we recommend the Independent Shareholders to, and we recommend the Independent Board Committee to advise the Independent Shareholders to, vote in favour of the ordinary resolutions to be proposed at the EGM for approving the Revised Annual Caps.

Yours faithfully,

For and on behalf of

Partners Capital International Limited

Alan Fung

Managing Director

Harry Yu

Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(a) Ordinary shares of HK\$1 each in the Company

Name of Director	Type of Interests	Number of Shares held	Approximate % of issued share capital as at the Latest Practicable Date
Lee Fong Lit, David	Interest of controlled corporation	7,200,315 (Note)	18.46%
Ho Man Kai, Anthony	Beneficial Owner	32,000	0.08%

Note: These 7,200,315 shares are held by Sino Path Consultants Limited, a company which is held by Mr. Lee Fong Lit, David as to 70% and Dr. Chow Pok Yu, Augustine as to 30%. Mr. Lee Fong Lit, David and Dr. Chow Pok Yu, Augustine are the executive directors of the Company.

(b) Underlying shares of equity derivatives of the Company

Director	Type of Interests	Date of Grant	Exercise period	Number of options granted	Number of outstanding options as at the Latest Practicable Date	Exercise price (HK\$)	Approximate % of issued share capital as at the Latest Practicable Date
Lee Fong Lit David	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
Chow Pok Yu Augustine	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
Lam Andy Siu Wing, JP	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	292,000	292,000	4.29	0.75%
Chan Shuen Chuen, Joseph	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
Tong Kim Weng Kelly	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
Ho Man Kai Anthony	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
Wong Yun Kuen	Beneficial Owner	30/4/2007	30/4/2007 – 29/4/2010	28,000	28,000	4.29	0.07%
				460,000	460,000		

Note: These options represent personal interest held by the relevant directors as beneficial owner.

Save as disclosed herein, as at the Latest Practicable Date, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies of the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors and chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and the underlying shares and debenture of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Group:

Name of shareholder	Capacity	Shares held	Approximate % of issued share capital as at the Latest Practicable Date
ABC Dirt-Cheap Stock Fund	Beneficial owner	4,042,500	10.36%
Dynamic Global Value Class Fund	Beneficial owner	2,339,500	6%

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other persons (other than the Directors and chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares and the underlying shares and debenture of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, no Director has any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the employing company within one year without payment of compensation (other than statutory compensation).

5. EXPERT

- (a) The following is the qualification of the independent financial advisor to the Independent Board Committee and the Independent Shareholders and the opinion or advice given by the independent financial advisor is contained in this circular:

Name	Qualification
Partners Capital	Licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity

- (b) As at the Latest Practicable Date, Partners Capital does not have any shareholding, direct or indirect, in any member of the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and its subsidiaries.
- (c) As at the Latest Practicable Date, Partners Capital was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2007, being the date to which the latest published audited accounts of the Company were made up.
- (d) Partners Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 24th April, 2008 and references to its name in the form and context in which they appear.

6. DIRECTORS' INTERESTS IN CONTRACTS

The Company has entered into the Investment Management Agreement with Harmony Asset Management Limited ("HAML"), a company which is wholly-owned by a director of the Company, Dr. Chow Pok Yu Augustine. Under the Investment Management Agreement, HAML has agreed to assist the Board with the day-to-day management of the Group until 31st May, 2010. In accordance with the Investment Management Agreement, HAML is entitled to a monthly fee calculated at 1.5% per annum on the net asset value of the Company of the preceding month and an incentive fee is calculated at 10% of the audited net profit of a financial year (before accrual of the incentive fee). Dr. Chow Pok Yu Augustine, being a beneficial shareholder of HAML, was interested in the Investment Management Agreement.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant to the business of the Group.

7. GENERAL

- (a) The Secretary of the Company is Lee Yip Wah Peter.
- (b) The Qualified Accountant of the Company is Chan Shuen Chuen, Joseph.
- (c) The principal place of business of the Company in Hong Kong is at Room 1101, St. George Building, 2 Ice House Street, Central, Hong Kong.
- (d) The registered office of the Company is Cricket Square, Hutchins Drive, P O Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

- (e) The branch share registrars of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (f) The branch share registrars of the Company in Canada is Computershare Investor Services Inc., 100 University Ave, 9th Floor, Toronto, Ontario, M5J 2Y1.
- (g) As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete with the business of the Group or any conflicts of interests with the Group.
- (h) As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2007 (being the date to which the latest published audited financial statements of the Group were made up).
- (i) None of the Directors has or has had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31st December, 2007, being the date to which the latest published audited accounts of the Group were made up.
- (j) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Room 1101, St. George Building, 2 Ice House Street, Central, Hong Kong. up to and including 22nd May, 2008:

- (a) the Investment Management Agreement and the Supplemental Agreement;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (e) the written consent of Partners Capital referred to in the section headed "Expert" in this Appendix.

NOTICE OF EGM



HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 428)

(TSX Stock Symbol: HAR)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Room 1101, St. George's Building, 2 Ice House Street, Central, Hong Kong on Thursday, 22nd May, 2008, at 9:15 a.m. to consider and, if thought fit, pass the following resolution as an ordinary resolution:–

ORDINARY RESOLUTION

“**THAT** the revision of annual caps in respect of the management fee and incentive fee payable by the Company under the Investment Management Agreement for each of the periods ending 31 May 2010 as set out in the circular of the Company dated 24th April, 2008 (the “Circular”) be and is hereby approved and confirmed; and the Directors be and are hereby authorised to do, approve and transact all things which they may in their discretion consider to be necessary or desirable in connection with the Investment Management Agreement provided that the annual cap in respect of the management fee and incentive fee payable by the Company under the Investment Management Agreement for each of the periods ending 31 May 2010 shall not exceed the revised annual caps set out in the Circular.”

By Order of the Board

Peter LEE Yip Wah

Secretary

Dated: 24th April, 2008.

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with either (i) the Hong Kong share registrars of the Company, Computershare Hong Kong Investor Services Limited, Shops 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or (ii) the Canadian branch share registrars of the Company, Computershare Investor Services Inc., 100 University Ave., 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
3. As at the date of this notice, the Board comprises four executive directors, namely, Mr. LEE Fong Lit, David, Dr. CHOW Pok Yu, Augustine, Dr. LAM Andy Siu Wing, JP and Mr. CHAN Shuen Chuen, Joseph and three independent non-executive directors, namely, Mr. TONG Kim Weng, Kelly, Mr. HO Man Kai, Anthony and Dr. WONG Yun Kuen.

* for identification purpose only