
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold all your Shares in Galileo Capital Group Limited (the “Company”), you should at once hand this circular and the enclosed proxy form to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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Galileo Capital Group Limited 嘉利盈融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8029)

REFRESHMENT OF GENERAL MANDATES ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

**Independent financial adviser to the Independent Board Committee and the Independent Shareholders
in relation to the refreshment of the Issue Mandate**

VINC  **城高**
Grand Vinco Capital Limited

A letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Grand Vinco Capital Limited, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 15 of this circular.

A notice convening the extraordinary general meeting to be held at 19th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong at 4:00 p.m. on Tuesday, 5 December 2006 is set out on pages 27 to 30 of this circular and a form of proxy for use at the extraordinary general meeting is enclosed herein.

Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of publication.

17 November 2006

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“Adoption Date”	the date on which the New Scheme is adopted, conditionally or unconditionally by the Company at the EGM
“Articles”	the articles of associations of the Company as at the date of this circular
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks are generally open in Hong Kong
“Company”	Galileo Capital Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 19th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong on Tuesday, 5 December 2006 at 4:00 p.m.
“Existing Scheme”	the existing share option scheme of the Company adopted on 29 November 2000, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix 4 to the prospectus of the Company dated 5 December 2000
“GEM”	the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandates”	the Issue Mandate and Repurchase Mandate

DEFINITIONS

“Grand Vinco”	Grand Vinco Capital Limited, a licensed corporation for types 1 and 6 regulated activities under the SFO, who has been appointed as the independent financial adviser to the Independent Board Committee and Independent Shareholders with respect to the refreshment of the Issue Mandate
“Grantee”	any Participant (as defined in the Appendix to this circular) who accepts an offer for grant of Option(s) in accordance with the terms of the New Scheme, or where the context so permits (in the case of any individual) any person who is entitled to any Option in consequence of the death of the original Grantee (including without limitation his/her legal personal representative(s))
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board, comprising Mr. Siu Hi Lam, Alick, Mr. Kwok Kwan Hung and Mr. Chien Hoe Yong, being the independent non-executive Directors, constituted to advise the Independent Shareholders on the refreshment of the Issue Mandate
“Independent Shareholders”	the Shareholders other than New Brilliant and its associates
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of the EGM and to extend the issue mandate to include the Shares repurchased under the Repurchase Mandate
“Latest Practicable Date”	14 November 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“New Brilliant”	New Brilliant Investments Limited, a company incorporated in the British Virgin Islands with limited liability

DEFINITIONS

“New Scheme”	the new share option scheme of the Company proposed to be adopted by the Shareholders at the EGM
“Notice”	the notice convening the EGM which is set out on pages 27 to 30 of this circular
“Option”	a right to subscribe for Shares to be granted under the New Scheme and “Options” shall be construed accordingly
“Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to exercise the power of the Company to repurchase Shares on the Stock Exchange up to 10% of the issued share capital of the Company on the date of the EGM
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and all other share option scheme(s) of the Company
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



Galileo Capital Group Limited 嘉利盈融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8029)

Executive Directors:

Mr. Chui Bing Sun (*Chairman*)

Mr. Lee Chi Shing, Caesar

Independent non-executive Directors:

Mr. Siu Hi Lam, Alick

Mr. Kwok Kwan Hung

Mr. Chien Hoe Yong

Registered office:

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

19th Floor, Club Lusitano

16 Ice House Street

Central

Hong Kong

17 November 2006

To the Shareholders

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATES
ADOPTION OF NEW SHARE OPTION SCHEME
AND
TERMINATION OF EXISTING SHARE OPTION SCHEME**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the EGM relating to:

- (a) Refreshment of the General Mandates;
- (b) Adoption of the New Scheme; and
- (c) Termination of the Existing Scheme.

LETTER FROM THE BOARD

2. REFRESHMENT OF GENERAL MANDATES

The mandate granted to Directors to issue Shares at the Company's annual general meeting held on 21 July 2006 was fully utilised as a result of completion of the placing of 160,000,000 new Shares in September 2006. The Company wishes to seek approval of Shareholders at the EGM to refresh the General Mandates in order to allow the flexibility for future business development and/or fund raising. Based on the issued share capital of the Company as at the date hereof of 960,000,000 Shares and assuming there is no change in the issued share capital until the date of the EGM, the Issue Mandate will allow the Directors to issue and allot up to 192,000,000 new Shares. However, the Company does not have any immediate plans for any new issue of Shares at present. Pursuant to the GEM Listing Rules, New Brilliant and its associates shall abstain from voting in favour of the relevant resolutions in relation to the refreshment of the Issue Mandate at the EGM.

At the EGM, resolutions will be proposed to:

- (1) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company on the date of the EGM;
- (2) refresh the general and unconditional mandate authorising the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the issued share capital of the Company on the date of the EGM; and
- (3) by a separate ordinary resolution, extend the general and unconditional mandate referred to in (1) above so that the Directors be given a general mandate to issue further Shares equal to the Shares repurchased under the repurchase mandate referred to in (2) above.

In accordance with Rule 17.47(4) of the GEM Listing Rules, the ordinary resolution proposed to approve the Issue Mandate at the EGM will be put to vote by way of a poll.

As at the Latest Practicable Date, 586,450,000 Shares, representing approximately 61.09% of the existing issued share capital of the Company, are held by New Brilliant, which is beneficially owned by Mr. Chui Bing Sun, the chairman and an executive director of the Company, and his associates. New Brilliant and its associates will abstain from voting in favour of resolutions to refresh the Issue Mandate at the EGM. In accordance with the GEM Listing Rules, Grand Vinco has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the refreshment of the Issue Mandate.

The Company wishes to maintain the flexibility for future business development and fund raising opportunities hence considers it in the interest of the Company to take advantage of the EGM to be convened to approve the refreshment of the General Mandate although there are no plans at present to issue any new Shares under the Issue Mandate.

LETTER FROM THE BOARD

3. ADOPTION OF THE NEW SCHEME

(a) Existing Scheme

On 29 November 2000, the Company adopted the Existing Scheme. The Existing Scheme was adopted to recognize the contribution of full time employees (including any executive directors) of the Company or its subsidiaries to the growth of the Group. The Existing Scheme is the only share option scheme of the Company. Under the Existing Scheme, there were 18,700,000 options granted, of which 3,500,000 options were lapsed and 15,200,000 options were cancelled. As at the Latest Practicable Date, the Company has no outstanding options. The Board has no present intention to grant any option under the Existing Scheme up to the date of the EGM.

(b) Background as to the adoption of the New Scheme

Pursuant to the terms of the Existing Scheme, only a full time executive director or employee of the Group is eligible to grant of option under the Existing Scheme by the Company.

To enable the Company to motivate more persons to make contribution to the Group and recruit additional talents to serve the Group in attaining the long term objectives of the Company, the Board considers that it is in the interest of the Company to adopt a new share option scheme with broader categories of eligible participants, including full time and part time employee, consultant, adviser, agent, contractor, customer and supplier of the Group. The Board therefore proposes to terminate the Existing Scheme and adopt the New Scheme.

(c) New Scheme

A summary of the principal terms of the New Scheme is set out in Appendix I headed “Summary of the Principal Terms of the New Share Option Scheme” to this circular. The Company will provide a summary of the terms of the New Scheme to all participants on joining the New Scheme and a copy of the scheme document to any participant who requests such a copy.

Although the terms of the New Scheme do not impose strict requirements on the Grantee for particular achievement of any performance targets or holding an Option for a certain period before exercise, the Board believes that the requirements of a minimum subscription price as well as the selection criteria prescribed in the terms of the New Scheme will serve to achieve the purpose of the New Scheme as set out on page 16 of this circular.

Conditions

The New Scheme is conditional upon:

- (i) the approval and adoption of the New Scheme by the Shareholders at the EGM;

LETTER FROM THE BOARD

- (ii) the approval of the termination of the Existing Scheme by the Shareholders at the EGM; and
- (iii) the GEM Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options.

Maximum number of Shares subject to the New Scheme

Subject to the approval of the Shareholders of the adoption of the New Scheme and termination of the Existing Scheme at the EGM and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options, the Board will have the right to grant Options to the Participants to subscribe for Shares such that the Scheme Mandate Limit shall not exceed 10% of the Shares in issue as at the Adoption Date (such 10% shall represent 96,000,000 Shares on the basis that the issued Shares of the Company as at the Adoption Date will be 960,000,000), unless the Company obtains an approval from the Shareholders to refresh such 10% limit such that the Scheme Mandate Limit shall not exceed 10% of the issued share capital of the Company as at the date of such Shareholders' approval, but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company (including the Existing Scheme) shall not in aggregate exceed 30% of the Shares in issue from time to time.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options granted under the New Scheme.

As at the date hereof, no Options have been granted or agreed to be granted under the New Scheme. The Company will comply with the terms of the New Scheme and the requirements of Chapter 23 of the GEM Listing Rules in granting, dealing in or otherwise disposing of any Option.

Value of Option

The Directors consider that it is inappropriate to state the value of all Options that can be granted under the New Scheme on the assumption that they had been granted on the Latest Practicable Date as a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period and the conditions that an Option is subject to. Accordingly, any valuation of the Options based on various speculative assumptions would not be meaningful but would be misleading to the Shareholders.

Document available for inspection

A copy of the New Scheme is available for inspection during normal business hours at the head office and principal place of business of the Company at 19th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong from the date of this circular up to and including the date of the EGM and at the EGM.

LETTER FROM THE BOARD

The Company will publish an announcement on the GEM website on the outcome of the EGM for the adoption of the New Scheme on the Business Day following the date of the EGM.

4. TERMINATION OF THE EXISTING SCHEME

Under the Existing Scheme, the Company may by ordinary resolution in general meeting at any time terminate the operation of such scheme. An ordinary resolution will therefore be proposed for the approval of the Shareholders at the EGM that, subject to approval and adoption of the New Scheme by the Shareholders at the EGM, the Existing Scheme be terminated and no further options be granted under the Existing Scheme but the options which have been granted during the life of the Existing Scheme shall continue to be exercisable in accordance with their terms of issue and the provisions of Chapter 23 of the GEM Listing Rules.

5. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held on Tuesday, 5 December 2006 is set out on pages 27 to 30 of this circular and a form of proxy for use at the EGM is herein enclosed.

Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the EGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the EGM if they so wish.

Pursuant to Article 72 of the Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (a) the chairman of the meeting; or
- (b) at least three shareholders present in person (or, in the case of a shareholder being a corporation, its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or

LETTER FROM THE BOARD

- (d) any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

6. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 10 of this circular which contains its recommendation to the Independent Shareholders in respect of the resolution to approve the Issue Mandate.

The advice of Grand Vinco, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to whether the terms of the refreshment of the Issue Mandate are in the interest of the Company and its Shareholders as a whole, are set out on pages 11 to 15 of this circular.

The Directors consider that resolutions as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend that you should vote in favour of the resolutions referred to above to be proposed at the EGM.

7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the GEM 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

8. GENERAL

Your attention is drawn to the information contained in the appendices to this circular.

By Order of the Board
Galileo Capital Group Limited
Chui Bing Sun
Chairman



Galileo Capital Group Limited
嘉利盈融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8029)

17 November 2006

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF THE ISSUE MANDATE

We refer to the circular of the Company dated 17 November 2006 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders as to whether the refreshment of the Issue Mandate is in the best interest of the Company and its Shareholders, and fair and reasonable so far as the Independent Shareholders are concerned. Grand Vinco has been appointed as the independent financial adviser to advise you and us in this respect.

Having considered the advice of Grand Vinco in relation to the refreshment of the Issue Mandate as set out on pages 11 to 15 of the Circular, we are of the opinion that the refreshment of the Issue Mandate is in the interest of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommended that you vote in favour of the ordinary resolution to be proposed at the EGM for the refreshment of the Issue Mandate.

Yours faithfully,

Independent Board Committee

Mr. Siu Hi Lam, Alick
Independent
Non-executive Director

Mr. Kwok Kwan Hung
Independent
Non-executive Director

Mr. Chien Hoe Yong
Independent
Non-executive Director

LETTER FROM GRAND VINCO

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Issue Mandate, which has been prepared for the purpose of incorporation in this circular:



Grand Vinco Capital Limited

Unit 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

17 November 2006

*To the Independent Board Committee
and the Independent Shareholders of
Galileo Capital Group Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the refreshment of the Issue Mandate, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 17 November 2006 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 17.42A of the GEM Listing Rules, the Issue Mandate requires the approval of the Independent Shareholders at which New Brilliant, which is beneficially owned by Mr. Chui Bing Sun, the Chairman and the executive director of the company, and his associates, shall abstain from voting at the EGM. As at the Latest Practicable Date, New Brilliant was interested in as to approximately 61.09% of the total issued share capital of the Company. Voting of the Independent Shareholders at the EGM shall be taken by poll according to Rule 17.47(4)(b) of the GEM Listing Rules.

The Independent Board Committee, comprising Mr. Siu Hi Lam, Alick, Mr. Kwok Kwan Hung and Mr. Chien Hoe Yong, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and whether the refreshment of the Issue Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM GRAND VINCO

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate, we have relied on the accuracy of the information and representations contained in the Circular which have been provided to us by the Directors and which the Directors consider to be complete and relevant. We are not aware that any statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible, were untrue and incorrect in all respects at the time when they were made and continued to be so as at the date of the Circular. We are also not aware that any statements of belief, opinion and intention made by the Directors in the Circular were not reasonably made after due and careful enquiry and are not based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent in depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate, we have considered the principal factors and reasons set out below:

Background

The Group is principally engaged in the provision of financing related services to the middle market companies in the Greater China region. These services range from conducting industrial research and analysis, due diligence of investment targets for potential investors to negotiating the terms of proposed mergers and acquisitions.

The Mandate granted to the Directors to issue shares at the AGM held on 21 July 2006 was approved pursuant to Rule 17.40 of the GEM Listing Rules and was fully utilized as a result of completion of the placing of 160,000,000 new Shares in September 2006.

The Board proposed to pass an ordinary resolution at the EGM to approve the Issue Mandate in accordance with Rule 17.42A of the GEM Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The Issue Mandate will be in force when it is approved by the Independent Shareholders at the EGM.

LETTER FROM GRAND VINCO

History of usage of the Mandate since the AGM

The following table summarizes the information relating to the Company's history of usage of the mandate granted at the AGM on 21 July 2006:

Date of Announcement	Event	Net proceedings	Intended and actual use of proceedings
31 August 2006	Subscription by public	Approximately HK\$10,800,000	To raise fund for general working capital and to broaden the shareholder base and capital base

The bank balances and cash of the Group was approximately HK\$225,186 as at 31 March 2006 according to the annual report of the Group. On 9 November 2006, the Group made an announcement on entering into conditional sale and purchase agreements to purchase the entire share capital of Cheung Shing Funeral Limited and Grand Sea Limited. The total consideration of the acquisitions amounted to approximately HK\$11.5 million. According to the aforementioned announcement, the acquisitions will be financed through the Group's internal resources amounted to approximately HK\$5.1 million and bank borrowings amounted to approximately HK\$6.4 million. The acquisitions, if become unconditional, will inevitably exert high pressure on the Group's working capital position.

Apart from the abovementioned acquisitions, the Directors note that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, there is no certainty that such cash resources will be adequate for the abovementioned acquisitions and acquisition of other appropriate investments that may be identified by the Company in the future. In the event that the Group identifies a suitable investment opportunity and does not have sufficient cash resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity capital market, or it cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Group may lose its bid in an otherwise favourable investment.

Financial flexibility

The Directors believed that the granting of the Issue Mandate will provide the Company with additional flexibility in deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group. As at the Latest Practicable Date, the Directors confirmed that apart from the acquisitions as disclosed in the announcement dated 9 November 2006, there is no proposal for any investment or acquisition of the Group, we noted that the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and the amount thereof and the application of such proceeds.

LETTER FROM GRAND VINCO

We consider that the granting of the Issue Mandate could enhance the financing flexibility of the Company to raise capital and to strengthen the capital base of the Group, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment or acquisition opportunities arise such as the acquisitions as announced by the Company on 9 November 2006, decisions may have to be made within a short period of time. The Issue Mandate would provide the Group with the maximum flexibility as allowed under the GEM Listing Rules to allot and issue new Shares to raise capital through placing of Shares as consideration for funding such potential investments and/or acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the Issue Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

Other financing alternatives

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the financial position, capital structure and cost of funding of the Group and the then market condition. As advised by the Directors, the Issue Mandate provides another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

Potential dilution to shareholding of the Independent Shareholders

	Issued Shares as at the Latest Practicable Date		After the Placing of Shares with full utilization of the Issue Mandate	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
New Brilliant Investments Limited	586,450,000	61.09	586,450,000	50.91
Shares issued under the Issue Mandates	–	–	192,000,000	16.67
Independent Shareholders	<u>373,550,000</u>	<u>38.91</u>	<u>373,550,000</u>	<u>32.42</u>
Total	<u><u>960,000,000</u></u>	<u><u>100.00</u></u>	<u><u>1,152,000,000</u></u>	<u><u>100.00</u></u>

For illustrative purpose, (i) assuming that the refreshment of the Issue Mandate is approved by the Independent Shareholders at the EGM and; (ii) the Issue Mandate is fully utilized, 192,000,000 Shares will be issued, representing 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the Shares issued under the Issue Mandate respectively.

LETTER FROM GRAND VINCO

The aggregate shareholding of the Independent Shareholders will decrease from approximately 38.91% to approximately 32.42% upon full utilization of the Issue Mandate, a potential maximum dilution of approximately 6.49%. Taken into account that the refreshment of the Issue Mandate (i) will provide a source of cash for the contracted or potential acquisitions without exhausting the existing resources; (ii) will provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (iii) provides more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (vi) the fact that the shareholding of all the Shareholders will be diluted proportionally to their respective shareholdings upon any utilization of the Issue Mandate, we consider such potential maximum dilution to shareholdings of the Independent Shareholders to be justifiable.

Terms of the Issue Mandate

Pursuant to the GEM Listing Rules, the Company will be required to seek prior consent of Shareholders for any allotment, issue or grant of Shares or securities convertible into Shares or other rights to subscribe for Shares or such convertible securities, unless such allotment, issue or grant falls under the circumstances provided under Rule 17.41 (2) of the GEM Listing Rules, including certain rights issue and open offer (subject to other GEM Listing Rules requirements on the offering size and structure). Pursuant to Rule 17.42A of the GEM Listing Rules, an ordinary resolution will be proposed at the general meeting to obtain approval from the Independent Shareholders to refresh the existing general mandate before the next general meeting so that the Directors will be entitled to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM. The approval of the Issue Mandate by the Independent Shareholders is unconditional.

CONCLUSION

Having taken into consideration of the above principal factors and reasons, we are of the view that the refreshment of the Issue Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the refreshment of the Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the refreshment of the Issue Mandate.

Yours faithfully,

For and on behalf of

Grand Vinco Capital Limited

Alister Chung

Managing Director

Ivan Chan

Director

The following is a summary of the principal terms of the New Scheme to be adopted at the EGM. For the purpose of this section, references to “Board” shall mean the board of directors of the Company, references to “Employee” shall mean any full time or part time employee (including any executive and non-executive director) of the Group, references to “Participant” shall mean any Employee, proposed Employee, adviser, consultant, agent, contractor, customer and supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group unless the context otherwise requires, references to “Shares” in this section include shares in the Company of any other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time.

1. PARTICIPANTS OF THE NEW SCHEME

The Participants of the New Scheme to whom Options may be granted by the Board shall include any Employee, proposed Employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group whom the Board in its sole discretion considers eligible for the New Scheme on the basis of his/her contribution to the development and growth of the Group.

2. PURPOSE OF THE NEW SCHEME

The purpose of the New Scheme is to recognise and motivate the contribution of Employees and other person(s) who may make a contribution to the Group and to provide incentives and help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

3. LIFE OF THE NEW SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Scheme and in such event no further Option will be offered but the provisions of the New Scheme shall remain in full force and effect in all other respects. Subject to the aforesaid, the New Scheme shall be valid and effective for a period of ten (10) years commencing from the adoption of the New Scheme, after which period no further Options will be granted but the provisions of the New Scheme shall remain in full force and effect in all other respects.

4. SUBSCRIPTION PRICE

The subscription price for Shares under the New Scheme will be a price determined by the Board and notified to each Grantee but in any case will not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated

in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the date of grant; and (c) the nominal value of a Share, provided that for the purpose of calculating the subscription price. Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

5. RESTRICTION ON THE TIME OF GRANT OF OPTION

No offer of Options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the board meeting for approval of the Company's quarterly, interim or annual results and (b) the deadline for the Company to publish its quarterly, interim or annual results announcement under the GEM Listing Rules and ending on the date of the results announcement, no Option should be granted until such information has been announced pursuant to the requirements of the GEM Listing Rules.

6. MAXIMUM NUMBER OF SHARES

- 6.1 The Scheme Mandate Limit shall not exceed 10% of the total number of Shares in issue as at the Adoption Date unless the Company obtains a fresh approval from its Shareholders pursuant to 6.2 below. Options lapsed in accordance with the terms of the New Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- 6.2 The Company may seek approval of the Shareholders in general meetings to renew the Scheme Mandate Limit provided that the Scheme Mandate Limit so renewed must not exceed 10% of the issued share capital of the Company at the date of the approval of the renewal by the Shareholders. Upon any such renewal, all options granted under the New Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Scheme and any other share option schemes of the Company and exercised options) prior to the approval of such renewal shall not be counted for the purpose of calculating whether the renewed Scheme Mandate Limit has been exceeded. In seeking the approval, the Company shall send a circular to the Shareholders.
- 6.3 The Company may grant Options to Participant(s) beyond the Scheme Mandate Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the identified Participants, the number and terms of the Options (including the exercise price) to be granted, the purpose of granting Options to the identified Participants, and how these Options serve such purpose.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Shares in issue from time to time.

7. OPTION SHARES ENTITLED BY EACH GRANTEE

No Participant shall be granted an Option if the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12 month period up to and including the date of grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the Shareholders in general meeting with the proposed Grantee and his associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed Grantee, the number and terms of the Options granted and to be granted. The number and terms of Options to be granted to such proposed Grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

8. REQUIREMENTS ON GRANTING OPTIONS TO CONNECTED PERSONS

- 8.1 Any grant of Option to a connected person must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee of the Option).
- 8.2 Where any grant of Option proposed to be granted to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the past twelve (12) months period up to and including the date of such grant representing an aggregate over 0.1% of the total issued share capital of the Company for the time being and having an aggregate value of HK\$5 million based on the closing price of the Shares at the date of each grant, then the proposed grant of Option must be subject to approval by Shareholders on a poll in a general meeting where all connected persons of the Company must abstain from voting in favour at such general meeting. A shareholders' circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms of the Option proposed to be granted and the recommendation from the independent non-executive directors (excluding any independent non-executive director who is the Grantee of the Option) as to voting. The Shareholders' approval as described above will also be required for any change in the terms of any Options granted to a substantial shareholder of the Company (as defined in the GEM Listing Rules) or an independent non-executive director of the Company or any of their respective associates.

The requirements for the granting of Options to a director of the Company set out in 8.1 and 8.2 above shall not apply where the Participant is only a proposed executive or non-executive director of the Company.

9. DISCLOSURE OBLIGATIONS

The Company will comply with the disclosure requirements under Chapter 23 of the GEM Listing Rules, including without limitation disclosures in the annual and interim reports of the Company including details of the Options granted to the following persons: (i) each of the connected person; (ii) each Participant with Options granted in excess of the limit referred to in 7 above; (iii) aggregate figures for the Employees; (iv) aggregate figures for suppliers of goods or services: and (v) all other Participants as an aggregate whole.

10. TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not be more than ten years from the date of grant of the Option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an Option during the period an Option may be exercised.

11. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

12. RIGHTS ON CEASING EMPLOYMENT

In the event of the Grantee, being an Employee at the date of grant, ceasing to be an Employee for any reason other than his death shall not be entitled to exercise any Option after the date of cessation and all Options granted to him but not exercised shall lapse automatically after the date of such cessation, which date shall be the last actual working day with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not (provided that the retirement of director(s) of the relevant member of the Group by rotation pursuant to the articles of association of such member at extraordinary general meeting of such member who is/are re-elected at the same extraordinary general meeting shall not be regarded as ceasing employment for the purpose of this paragraph).

13. RIGHTS ON DEATH

In the event of the death of the Grantee (provided that none of the events which would be a ground for termination of employment referred to in 14 below arises prior to the death, in the case the Grantee is an Employee at the date of grant), the legal personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised).

14. RIGHTS ON DISMISSAL

In the event the Grantee, being an Employee at the date of grant, ceases to be an Employee by reason of termination of employment on the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract, his Option shall lapse automatically (to the extent not already exercised) on the date on which the Grantee ceases to be an Employee.

15. EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration in the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company in a party) pursuant to a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company whilst any Option remains exercisable, such corresponding alterations (if any) shall be made in:

(A) the number of Shares subject to the Option so far as unexercised; and/or

(B) the subscription price,

as an independent financial adviser or the Auditors shall certify in writing to the Board to be in their opinion fair and reasonable and in accordance with the requirements set out in this paragraph, provided that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value or would give a Grantee a different proportion of the issued share capital of the Company as that to which he was previously entitled.

Any such adjustment will be made, to the extent practicable, in accordance with guidance notes issued by the Stock Exchange from time to time and the following:

(A) Any such adjustment shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment;

- (B) No such adjustment shall be made the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and
- (C) the auditors or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 23.03 (13) of the GEM Listing Rules, except where such adjustment is made on a capitalisation issue.

16. RIGHTS ON A GENERAL OFFER

If a general offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offerer and/or any person controlled by the offerer and/or any person acting in association or concert with the offerer) and such offer becomes or is declared unconditional, the Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional.

17. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise all or any of his Options at any time not later than 5:00 p.m. five (5) Business Days prior to the proposed general meeting of the Company (to the extent which has become exercisable and not already exercised) whereupon the Company shall as soon as possible and, in any event, no later than 5:00 p.m. the Business Day immediately prior to the date of the proposed general meeting allot the relevant Shares to the Grantee credited as fully paid.

18. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If an application is made to the court (otherwise than where the Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the Grantee may by notice in writing to the Company within twenty-one (21) days after the date of such application, exercise the Option in full (to the extent which has become exercisable and not already exercised) or to the extent specified in such notice.

19. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

19.1 the expiry of the Option period;

19.2 the expiry of any of the periods referred to in 12, 13, 16 or 17 above;

19.3 subject to 17 above, the date of the commencement of the winding up of the Company;

19.4 the date on which the Grantee ceases to be an Employee by reason of 14 above;

19.5 subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in 18 above; or

19.6 the date on which the Grantee commits a breach of 11 above.

20. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Options to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

21. ALTERATION TO NEW SCHEME

The Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Scheme relating to (i) matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of Participants; (ii) any change to the authority of the Board in relation to any alteration to the terms of the New Scheme; or (iii) the terms and conditions of the New Scheme which are of a material nature (except where such alterations take effect automatically under the existing terms of the New Scheme) shall not be made except with the prior sanction of a resolution by the Shareholders, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the New Scheme.

The amended terms of the scheme or the Options must still comply with the relevant requirements of Chapter 23 of GEM Listing Rules.

22. CANCELLATION OF OPTIONS GRANTED

Any cancellation of Options granted but not exercised must be approved by the Board. Any Options cancelled cannot be re-granted.

23. PERFORMANCE TARGET

There is no performance target that a Grantee must achieve before he/she can exercise the Options except for the Options which shall be exercisable only if the performance target as imposed by the Board in its sole discretion and notified to Grantee on or before the offer date has been achieved and acknowledged by the Company.

24. CONDITIONS OF NEW SCHEME

The New Scheme is conditional upon (1) the passing of the necessary resolution by the Shareholders in general meeting to approve and adopt the New Scheme; (2) the passing of the necessary resolution by the Shareholders in general meeting to approve the termination of the Existing Scheme; and (3) the GEM Listing Committee granting approval of listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Scheme.

25. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Scheme and in such event no further Option will be offered but in respect of any Option granted which has been granted but has not been exercised, the provisions of the New Scheme will remain in full force and effect in all other respects.

This Appendix serves as an explanatory statement required to be sent to all Shareholders pursuant to Rule 13.08 of the GEM Listing Rules, to provide the requisite information to you for your consideration of the grant of the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, the issued share capital of the Company comprised of 960,000,000 Shares.

Subject to the passing of ordinary resolution No. 1 set out in the Notice and on the basis that no further Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of passing such resolution, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 96,000,000 Shares (representing 10% of the Shares in issue as at the date of the passing of the resolution) during the period from the date of the passing of ordinary resolution No. 2 set out in the Notice up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company. It will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company, the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. The Company may not repurchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Company's 2006 annual report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum of association of the Company, the Articles and the applicable laws of the Cayman Islands.

6. THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, New Brilliant Investments Limited, a company beneficially owned as to 80% by 20/20 International Ltd., which is in turned owned as to 70.42% by Mr. Chui Bing Sun, the chairman and an executive director of the Company, held 586,450,000 Shares, representing 61.09% of the issued shares capital of the Company. In the event the Directors should exercise in full the Repurchase Mandate, the interest of New Brilliant Investments Limited in the Shares would be increased to approximately 67.88% of the issued Shares. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

Save as disclosed above, no person has notified the Company that he or she had an interest amounting to 5% or more of the issued share capital of the Company as at the Latest Practicable Date pursuant to sections 324 and 347 of the SFO.

7. SHARES REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company, whether on GEM or otherwise, in the six months preceding the Latest Practicable Date.

8. DIRECTOR AND CONNECTED PERSON

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected person has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

9. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM during each of the previous twelve months prior to the Latest Practicable Date were as follows:

	Highest per Share HK\$	Lowest per Share HK\$
2005		
November*	—	—
December*	—	—
2006		
January	0.032	0.032
February	0.045	0.045
March	0.038	0.030
April	0.040	0.028
May	0.034	0.026
June	0.142	0.041
July	0.216	0.040
August	0.218	0.077
September	0.670	0.165
October	0.620	0.385
November (up to the Latest Practicable Date)	0.700	0.500

* No Trading

NOTICE OF EXTRAORDINARY GENERAL MEETING



Galileo Capital Group Limited

嘉利盈融資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8029)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Galileo Capital Group Limited (the “Company”) will be held at 19th Floor, Club Lusitano, 16 Ice House Street, Central, Hong Kong at 4:00 p.m. on Tuesday, 5 December 2006 to consider and, if thought fit, to pass with or without amendments the following resolutions:

Ordinary Resolutions

1. “**THAT:**

- (a) subject to paragraph (c) of this resolution, and pursuant to the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on Growth Enterprise Market (“GEM”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or; (ii) any issue of shares upon exercise of rights of subscription or conversion attaching to any warrants of the Company or any securities which are convertible into Shares of the Company; or (iii) the grant of any options under the share option scheme (the “Share Option Scheme”) adopted by the Company or the exercise of any of the subscription rights attaching to any options that have been or may be granted under the Share Option Scheme; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares or an offer or issue of warrants or options or similar instruments to subscribe for Shares in the capital of the Company open for a period fixed by the Directors to shareholders of the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their holdings of Shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in, or in any territory outside Hong Kong or the expense or delay that may be incurred in the determination of any such restrictions or obligations).”

2. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares of HK\$0.02 each in the share capital of the Company on GEM or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (“SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares capital of the Company authorized to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

3. “**THAT** conditional upon the passing of ordinary resolutions no. 1 and 2 above, the unconditional general mandate granted to the Directors to allot, issue and otherwise deal with additional Shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution no. 1 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 2 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”
4. “**THAT** subject to and conditional on the Listing Committee of GEM (the “GEM Listing Committee”) granting approval of the listing of and permission to deal in, the Shares to be issued pursuant to the exercise of options granted under the new share option scheme (the “New Scheme”), a copy of which has been produced to this meeting marked “A” signed for identification purpose by the chairman, the terms of the New Scheme be and are hereby approved and adopted and that the Directors be and are hereby authorized to grant options thereunder, to subscribe for the Shares and to allot, issue, distribute and deal in the Shares pursuant to the exercise of options granted under the New Scheme and to execute such documents and take all such steps as may be necessary or desirable to implement the New Scheme and the Directors may vote in respect of any resolution under or affecting the New Scheme notwithstanding any interest of any of the Directors thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “**THAT** conditional on the passing of ordinary resolution no. 4 hereinabove, the share option scheme adopted by the Company on 29 November 2000, the principal terms of which are summarised in the paragraph headed “Share Option Scheme” in Appendix 4 to the prospectus of the Company dated 5 December 2000, be and is hereby terminated with immediate effect provided that options which have been granted and remain outstanding shall continue to be exercisable in accordance with their terms of issue and the provisions of Chapter 23 of the GEM Listing Rules”

By Order of the Board
Galileo Capital Group Limited
Chui Bing Sun
Chairman

Hong Kong, 17 November 2006

Registered office:

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

Principal place of business in Hong Kong:

19th Floor, Club Lusitano
16 Ice House Street
Central, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited at the Hong Kong branch share registrar of the Company, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. The completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.