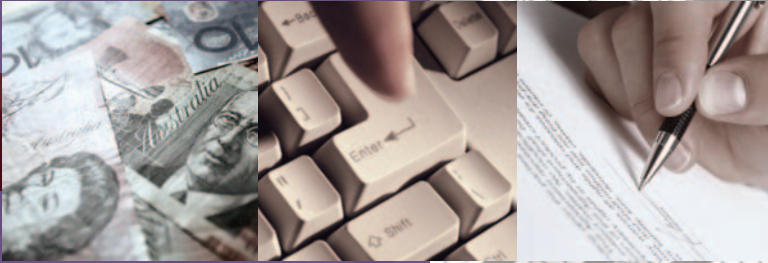




Galileo Capital Group Limited
嘉利盈融資集團有限公司



Half-Yearly Report 2005

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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 newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

Pursuant to Chapter 36 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"), the Securities and Futures Commission (the "SFC") regulates the Company in relation to the listing of its shares on the Stock Exchange. The SFC and the Stock Exchange take no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL SUMMARY

- Turnover of the Group was HK\$730,000 for the six months ended 30 September 2005, representing an increase of approximately 232% from the corresponding period in the previous fiscal year.
- For the six months ended 30 September 2005, gross profit of the Group was HK\$336,726 as compared to the gross profit of HK\$130,000 recorded in the corresponding period in the previous fiscal year.
- Net loss of the Group for the six months ended 30 September 2005 amounted to approximately HK\$1.39 million as compared to approximately HK\$1.56 million for the corresponding period in the previous fiscal year.
- Loss per share of the Group for the six months ended 30 September 2005 was HK0.17 cent.
- The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 September 2005 (2004: Nil).

CONSOLIDATED HALF-YEARLY RESULTS FOR 2005 (UNAUDITED)

The Board of Directors (the "Board") of Galileo Capital Group Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 September 2005 together with the comparative unaudited figures for the corresponding period in 2004 as follows:

Unaudited Consolidated Profit and Loss Account

For the three months and six months ended 30 September 2005

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2005 HK\$ Unaudited	2004 HK\$ Unaudited	2005 HK\$ Unaudited	2004 HK\$ Unaudited
Turnover	2	30,000	100,000	730,000	220,000
Cost of services provided		(15,000)	(30,000)	(393,274)	(90,000)
Gross profit		15,000	70,000	336,726	130,000
Other operating income		16	4,805	28	10,525
Administrative and general expenses		(891,843)	(949,522)	(1,725,685)	(1,669,627)
Other operating expenses		-	-	-	(30,213)
Loss from operations	4	(876,827)	(874,717)	(1,388,931)	(1,559,315)
Finance costs		-	-	-	-
Loss before taxation		(876,827)	(874,717)	(1,388,931)	(1,559,315)
Taxation	5	-	-	-	-
Net loss from ordinary activities attributable to shareholders		(876,827)	(874,717)	(1,388,931)	(1,559,315)
Loss per share					
Basic	6	HK(0.11 cents)	HK(0.11 cents)	HK(0.17 cents)	HK(0.19 cents)
Diluted	6	N/A	N/A	N/A	N/A

Unaudited Consolidated Balance Sheet*As at 30 September 2005*

	<i>Notes</i>	At 30 September 2005 HK\$ Unaudited	At 31 March 2005 HK\$ Audited
NON-CURRENT ASSET			
Property, plant and equipment	9	632,243	733,558
CURRENT ASSETS			
Trade receivables	10	10,000	–
Prepayments, deposits and other receivables		117,120	117,120
Bank balances and cash	11	283,254	541,329
		410,374	658,449
CURRENT LIABILITIES			
Accruals and other payables		359,299	375,589
Unsecured bank overdrafts		–	34
		359,299	375,623
NET CURRENT ASSETS		51,075	282,826
TOTAL ASSETS LESS CURRENT LIABILITIES		683,318	1,016,384
NON-CURRENT LIABILITY			
Amount due to a director	12	3,851,449	2,795,584
		(3,168,131)	(1,779,200)
CAPITAL AND RESERVES			
Share Capital	13	16,000,000	16,000,000
Reserves		(19,168,131)	(17,779,200)
		(3,168,131)	(1,779,200)

Unaudited Consolidated Statement of Changes in Equity*For the six months ended 30 September 2005*

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Merger deficit <i>HK\$</i> <i>(Note)</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
At 1 April 2004	16,000,000	8,095,956	(119,998)	(22,634,343)	1,341,615
Loss for the period	–	–	–	(1,559,315)	(1,559,315)
At 30 September 2004	16,000,000	8,095,956	(119,998)	(24,193,658)	(217,000)
At 1 April 2005	16,000,000	8,095,956	(119,998)	(25,755,158)	(1,779,200)
Loss for the period	–	–	–	(1,388,931)	(1,388,931)
At 30 September 2005	16,000,000	8,095,956	(119,998)	(27,144,089)	(3,168,131)

Note: The merger deficit of the Group represents the difference between the nominal value of the shares of acquired subsidiaries over the nominal value of the share capital of the Company issued in exchange therefor.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2005

	For the six months ended	
	30 September	
	2005	2004
	HK\$	HK\$
	Unaudited	Unaudited
Net cash used in operating activities	(1,308,646)	(1,746,979)
Net cash used in investing activities	(5,260)	(18,574)
Net cash from financing activities	1,055,865	678,447
Decrease in cash and cash equivalents	(258,041)	(1,087,106)
Cash and cash equivalents at the beginning of the period	541,295	1,879,592
Cash and cash equivalents at the end of the period	283,254	792,486
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	283,254	792,486

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. Basis of Preparation

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements of the GEM Listing Rules. These interim accounts should be read in conjunction with the annual financial statements for the year ended 31 March 2005.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the “Group”) since the 31 March 2005 annual financial statements.

The Group has adopted all new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKAS (herein collectively referred to as “new HKFRSs”) which are effective for periods beginning on 1 January 2005. The relevant new HKFRSs are set out below:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earning Per Share
HKAS 34	Interim Financial Reporting
HKAS 37	Provision, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement

HKFRS 3 is applicable to business combinations for which the agreement date is on or after 1 January 2005. The Group has not entered into any business combination for which the agreement date is on or after 1 January 2005. Therefore, HKFRS 3 did not have any impact on the Group.

The adoption of the new HKFRSs does not result in substantial changes to the Group's accounting policies except certain presentation and disclosure of the accounts would be affected.

2. Turnover

Service incomes are recognized on an accrual basis when services are rendered or on success basis depending on the terms of the underlying agreements and mandates.

3. Segment Information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segments; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of other business segments. Summary of the business segments is as follows:

- (a) the business brokerage and fund raising services segment provides services in connection with middle market mergers and acquisitions, and fund raising activities; and
- (b) the business consultancy services segment provides services to assist clients on various business or management issues.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) *Business segments*

The following table presents revenue and loss for the Group's business segments.

	Business brokerage and fund raising services		Business consultancy services		Total	
	for the six months ended 30 September					
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Turnover – external	300,000	–	430,000	220,000	730,000	220,000
Segment results	(492,512)	–	(705,934)	(1,328,195)	(1,198,446)	(1,328,195)
Other operating incomes					28	10,525
Unallocated expenses					(190,513)	(241,645)
Loss for the period					(1,388,931)	(1,559,315)

Analyses of the assets and liabilities of the business segments have not been prepared as most of the Group's assets and liabilities are unallocated. Accordingly, the directors consider that such information is not meaningful or representative for the purpose of the financial statements.

(b) *Geographical segments*

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong		China's Mainland		Total	
	for the six months ended 30 September					
	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$	2005 HK\$	2004 HK\$
Turnover – external	430,000	220,000	300,000	–	730,000	220,000
Other segment information:						
Segment assets	1,042,617	837,067	–	–	1,042,617	837,067
Capital expenditure	5,260	22,574	–	–	5,260	22,574

4. Loss from Operations

Loss from operations is determined after charging/(crediting) the following:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2005	2004	2005	2004
	HK\$	HK\$	HK\$	HK\$
Cost of services provided	15,000	30,000	393,274	90,000
Auditors' remuneration	50,000	–	50,000	–
Depreciation	53,379	53,009	106,575	106,079
Operating lease rentals in respect of land and buildings	158,786	172,002	317,572	343,993
Pension contributions (excluding directors' remuneration)	14,288	11,413	29,090	25,718
Staff costs (excluding directors' remuneration)	313,090	270,893	655,457	529,083
Loss on disposal of property, plant and equipment	–	–	–	2,050
Exchange (gains)/losses, net	(15)	–	(21)	60
Interest income	(14)	–	(7)	–

5. Taxation

Hong Kong profits tax has not been provided for the three months and six months ended 30 September 2005 and the corresponding period in 2004 as the Group did not generate any assessable profits in Hong Kong during these periods. No provision for overseas income tax has been provided for the three months and six months ended 30 September 2005 and the corresponding periods in 2004 as the Group did not generate any assessable profits in other jurisdictions during these periods.

As at 30 September 2005, there were no significant deferred tax liabilities for which a recognition or provision would have been required (2004: Nil).

6. Loss per Share

The calculation of basic loss per share for the three months and six months ended 30 September 2005 are based on the respective net loss attributable to shareholders of HK\$876,827 and HK\$1,388,931 and the number of 800,000,000 ordinary shares of the Company in issue throughout the respective period. The basic loss per share in respect of the three months and six months ended 30 September 2004 are based on the respective net loss attributable to shareholders of HK\$874,717 and HK\$ 1,559,315 and the number of 800,000,000 ordinary shares of the Company in issue during the respective period. Diluted loss per share for the three months and six months ended 30 September 2005 are not presented as the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for both periods.

7. Reserves

There was no movement in reserves, other than accumulated losses, for the three months and six months ended 30 September 2005.

8. Interim Dividend

The Directors do not recommend the payment of an interim dividend for the three months and six months ended 30 September 2005 (2004: Nil).

9. Property, Plant and Equipment

During the six months period, the Group spent HK\$5,260 on equipment.

10. Trade Receivables

The general credit term is seven days from the date of issue of payment invoice and the Group also offers extended credit terms to certain customers with reference to their respective financial background, reputation and credit worthiness.

An analysis of the trade receivables is as follows:

	As at	As at
	30 September	31 March
	2005	2005
	HK\$	HK\$
Within 30 days	10,000	–

11. Cash and Cash Equivalents

	As at 30 September 2005 HK\$	As at 31 March 2005 HK\$
Cash at bank and in hand	283,254	541,329
Bank overdraft	–	(34)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	283,254	541,295

12. Amount Due to a Director

The amount due to an executive director is unsecured and carries interest at 1.5% per annum. However, interest for the six months ended 30 September 2005 is waived by the director. In the opinion of Directors, the amount will not be repayable within twelve months from the balance sheet date. Accordingly, the amount is classified as non-current liability.

13. Share Capital

	30 September 2005 and 31 March 2005	
	Number of shares	Amount HK\$
<i>Authorised:</i>		
Ordinary shares of HK\$0.02 each	6,000,000,000	120,000,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.02 each	800,000,000	16,000,000
	<hr/>	<hr/>

14. Related Party Transactions

Details of the amount due to a director are disclosed in note 12.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

For the six months ended 30 September 2005, the Group recorded a turnover of HK\$730,000 representing an increase of approximately 232% when compared to the corresponding period in the last fiscal year. The upsurge in revenue is mainly attributable to some of the deals being brought to completion during the past six months. As mentioned in the past, our Group has adopted a prudent policy of only recognizing income as and when the deals have been brought to a successful conclusion.

The cost of services has increased over the same period last year reflecting the trend of economic recovery in the Greater China region since the first quarter of 2005. Business activities across the whole spectrum of financial services have shown encouraging growth from the upturn in the capital market. Overall, the Group's net loss for the six months under review was approximately HK\$1.39 million as compared to HK\$1.56 million for the corresponding period last year. The loss per share was HK\$0.17 cents, an improvement from the corresponding period last year of HK\$0.19 cents. We expect better performance in our operation during the rest of the fiscal year.

Business Review

For the six-month period under review, the resilience of the local economy was under some pressure with a series of interest rate hikes both in the US and Hong Kong, the soaring oil prices and the looming threat of inflation. The uncertainties in the global economies and the major trade currencies have had a strong impact on the local stock and capital markets which were highly volatile during most of this year. Speculation on RMB revaluation has abated with China's decision to allow the RMB to strengthen against the US Dollar by 2.1% in July 21, 2005. Whilst the Group has continued to pursue its strategy of cementing relationships with good quality mainland corporate clients through our network of associates, we have also been able to identify business opportunities for niche industries which are in need of funding. The macroeconomic tightening process in China has restricted local banks from lending directly to sectors of excessive growth, such as real estates. The Group with its connections to international banks and high net-worth individuals in the region has successfully arranged financing for some of these deals. The income derived from these transactions are expected to be completed in the second half of the current fiscal year.

Prospects

We remain cautiously optimistic about the local economy for the rest of the year and early 2006. Further increase in the interest rates and oil prices may threaten to trim the year-on-year growth rate. Much however would depend on China's success in dealing with the challenges from the structural reforms. The need for a balanced approach to economic management is evidently a prime concern for the leadership. In the past decade, the over-riding policy was to attract foreign investments and trade without at the same time dealing with the inefficient banking system and loss-making enterprises. This focus has been found wanting as it is a major factor in fostering social instability since the benefits of rapid growth was not shared evenly across the country. Rampant export due to low labour cost is becoming more of a weakness rather than a strength if China becomes too dependent on processing trade. Hence the government's new strategy is to encourage the private and public sectors in building their own financial infrastructure and hi-tech industries. Fortunately there are indications that China is advancing with more sophisticated goods for export. It is laying the groundwork for value-added products which in turn would attract massive amount of capital and foreign technical resources.

While fund-raising and financial advisory services remain our core business, we are of the opinion that diversification and territorial expansion would be the main drivers for profitability in the future. The Group is planning to apply for an investment advisor licence which would enable us to channel our clients to brokerage firms. At the same time, the Group will attempt to set up a representative office in Shenzhen in the second half of this fiscal year. With this new office, we will have full coverage of North, Central and Southern regions of China, enabling the Group to capture new business opportunities and market our comprehensive financial product range to meet the increasing sophisticated needs of our expanding client base.

Liquidity, Charge of Group Assets and Financial Resources

During the six months ended 30 September 2005, the Group's operation was mainly financed by the internal financial resources of the Group.

As of 30 September 2005, the Group incurred an unaudited net loss of approximately HK\$1,388,931 for the six months period. The Group had approximately HK\$283,254 cash and bank balance. This is a further decline of 48% from approximately HK\$541,000 as at 31 March 2005 due primarily to the loss incurred during the period under review. The Group did not have any outstanding secured borrowing, mortgage or charge as at 30 September 2005.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 September 2005.

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 30 September 2005, the Group had no significant exposures under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Employee Information

The total number of employees was 13 as at 30 September 2005, and the total remuneration for the six months ended 30 September 2005 was approximately HK\$1,208,000. The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident funds are also provided to employees where appropriate. Discretionary bonus is linked to performance of the individual specific to each case. The Group may offer options to reward employees who make significant contributions and to retain key staffs pursuant to the share option scheme of the Group. The remuneration policy of the Group is reviewed and approved by the Remuneration Committee as well as by the Board.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL

As at 30 September 2005, 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 meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of the Company

Name of Director	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Mr. Liu Ka Lim	Corporate (Note)	424,400,000	Interest of a controlled corporation	53.05%

Note: These ordinary shares are held by Link Wise Investments Limited, the entire issued share capital of which is registered in the name of and is beneficially owned by Huge Profit Team Limited. Mr. Liu Ka Lim is the sole beneficial owner of Huge Profit Team Limited.

Share Options

The Company has adopted a share option scheme (the “Scheme”) pursuant to which the eligible participants (including any employee and any executive director of the Company or any of its subsidiaries, who has full time employment with the Company or any such subsidiary at the time) may be granted options to subscribe for shares of the Company. The Scheme will remain in force for a period of 10 years from 29 November 2000.

The exercise period of the share options granted is determined by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the respective date when the share options are granted, subject to the provisions for early terminations thereof.

In respect of the share options to be granted after the listing of the Company’s shares on the GEM of the Stock Exchange, the subscription price will be a price determined by the Directors, but may not be less than the highest of the closing price of the shares on the GEM of the Stock Exchange on the date of grant of the particular option or the average of the closing prices of the shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant of the particular option or the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

No share option was granted or exercised during the six months ended 30 September 2005 (2004: Nil). As at 30 September 2005, there was no share option outstanding under the Scheme (2004: Nil). Other than the Scheme, the Group does not have any other share option scheme.

Save as disclosed above, during the six months ended 30 September 2005, none of the Directors or chief executive of the Company has any interests or short positions 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) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or other body corporate granted to any directors or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors, their respective associates to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

No contracts of significance to which the Group was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS AND DISCLOSURE UNDER SFO

So far as is known to any directors or chief executives of the Company, as at 30 September 2005, the following person or corporations had equity interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
Liu Ka Lim (Note 1)	Corporate	424,400,000	Interest of a controlled corporation	53.05%
Huge Profit Team Limited (Note 2)	Corporate	424,400,000	Interest of a controlled corporation	53.05%
Link Wise Investments Limited (Note 3)	Corporate	424,400,000	Beneficial owner	53.05%
Mr. Leong Sai Cheong, Joe	Personal	162,050,000	Beneficial owner	20.26%

Note 1: Mr. Liu Ka Lim is deemed, by virtue of the SFO, to be interested in these shares as the entire issued share capital of Huge Profit Team Limited is registered in the name of and is beneficially owned by Mr. Liu Ka Lim.

Note 2: Huge Profit Team Limited is deemed, by virtue of the SFO, to be interested in these shares as the entire issued share capital of Link Wise Investments Limited is registered in the name of and is beneficially owned by Huge Profit Team Limited.

Note 3: These shares are held by Link Wise Investments Limited, the entire issued share capital of which is registered in the name of and is beneficially owned by Huge Profit Team Limited.

Saved as disclosed above, as at 30 September 2005, the Company had not been notified of any other relevant interests or short positions in the shares or underlying shares in the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates (as defined in the GEM Listing Rules), has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

CORPORATE GOVERNANCE

None of the Company's Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the half-yearly report, in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 29 November 2000 with written terms of reference in compliance with the GEM Listing Rules for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. During the period under review, the Committee comprised three members, Mr. Shum Kai Wing, Mr. Wong Yuk Man, Edmand; and Mr. Chow Cheuk Lap, the independent non-executive Directors and Mr. Shum Kai Wing was appointed the chairman of the Committee. The results for the six months ended 30 September 2005 had been reviewed by the Committee.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period under review.

DIRECTORS OF THE COMPANY

As at the date of this report, the three executive Directors of the Company are Mr. Liu Ka Lim, Mr. Kan Siu Lun and Mr. Sun Wai Tat, Victor; and three independent non-executive Directors of the Company are Mr. Shum Kai Wing, Mr. Wong Yuk Man, Edmand; and Mr. Chow Cheuk Lap.

By order of the Board
Galileo Capital Group Limited
Liu Ka Lim
Chairman

Hong Kong, 2 November 2005