



Galileo Holdings Limited
嘉利福控股有限公司

stock code : 8029

Third Quarterly
Report

2007

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

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims 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 (the “Directors”) of Galileo Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 (UNAUDITED)

- The Company and its subsidiaries (the “Group”) recorded a revenue of HK\$6,248,014 for the nine months ended 31 December 2007.
- Gross profit was HK\$2,158,909 for the nine months ended 31 December 2007.
- Net loss attributable to shareholders was HK\$18,440,528 for the nine months ended 31 December 2007.
- Loss per share of the Group for the nine months ended 31 December 2007 was HK1.66 cent.
- The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2007.

CONSOLIDATED THIRD QUARTERLY RESULTS FOR 2007 (UNAUDITED)

The board of Directors (the “Board”) of the Company hereby announces the unaudited consolidated results of the Group for the three months and nine months ended 31 December 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

Condensed Consolidated Income Statement

For the three months and nine months ended 31 December 2007

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2007 HK\$ Unaudited	2006 HK\$ Unaudited	2007 HK\$ Unaudited	2006 HK\$ Unaudited
Revenue	2	3,579,836	270,000	6,248,014	720,000
Direct costs		(2,512,010)	-	(4,089,105)	(69,682)
Gross Profit		1,067,826	270,000	2,158,909	650,318
Other operating income		328,086	53,504	452,448	4,846,245
Administrative expenses		(9,296,383)	(2,340,837)	(20,463,350)	(4,699,714)
Finance costs		(64,235)	(507)	(245,387)	(1,354)
(Loss) Profit before taxation		(7,964,706)	(2,017,840)	(18,097,380)	795,495
Income tax expense	3	(141,000)	-	(141,000)	-
(Loss) Profit for the period		(8,105,706)	(2,017,840)	(18,238,380)	795,495
Attributable to:					
Equity holders of the company		(8,307,854)	(2,017,840)	(18,440,528)	795,495
Minority interests		202,148	-	202,148	-
		(8,105,706)	(2,017,840)	(18,238,380)	795,495
Dividend	4	-	-	-	-
(Loss) Earnings per share					
Basic	5	HK(0.63) cent	HK(0.21) cent	HK(1.66) cent	HK0.09 cent

Condensed Consolidated Statement of Changes in Equity*For the nine months ended 31 December 2007*

	Attributable to equity holders of the Company							
	Share capital	Share premium	Merger deficit	Share option reserve	Accumulated losses	Total	Minority interests	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1 April 2006	16,000,000	8,095,956	(119,998)	-	(27,686,958)	(3,711,000)	-	(3,711,000)
Placing of new shares	3,200,000	8,000,000	-	-	-	11,200,000	-	11,200,000
Recognition of share issue expenses	-	(405,120)	-	-	-	(405,120)	-	(405,120)
Share option benefits	-	-	-	17,472	-	17,472	-	17,472
Profit for the nine months ended 31 December 2006	-	-	-	-	795,495	795,495	-	795,495
At 31 December 2006	19,200,000	15,690,836	(119,998)	17,472	(26,891,463)	7,896,847	-	7,896,847
At 1 April 2007	19,300,000	17,090,836	(119,998)	3,272,393	(34,198,593)	5,344,638	-	5,344,638
Shares placing	5,494,000	174,448,500	-	-	-	179,942,500	-	179,942,500
Issue of consideration shares	5,600,000	148,400,000	-	-	-	154,000,000	-	154,000,000
Recognition of share issue expenses	-	(4,632,851)	-	-	-	(4,632,851)	-	(4,632,851)
Issue of shares on exercise of share options	895,000	16,009,006	-	(2,433,506)	-	14,470,500	-	14,470,500
Share option benefits	-	-	-	5,716,284	-	5,716,284	-	5,716,284
Acquisition of subsidiaries	-	-	-	-	-	-	2,500,958	2,500,958
Loss for the nine months ended 31 December 2007	-	-	-	-	(18,440,528)	(18,440,528)	202,148	(18,238,380)
At 31 December 2007	31,289,000	351,315,491	(119,998)	6,555,171	(52,639,121)	336,400,543	2,703,106	339,103,649
	<i>Note a</i>	<i>Note a</i>	<i>Note b</i>					

Note a: Upon the completion of the placing of existing shares and subscription of new shares on 24 August 2007 and the placing of new shares on 5 November 2007, the Company issued and allotted 194,700,000 and 80,000,000 shares of the Company at a price of HK\$0.275 and HK\$1.58 per share respectively. The gross proceeds from these placing of shares before issue expenses amounted to HK179,942,500.

On 14 December 2007, the Company issued and allotted 280,000,000 shares to First Cheer Holdings Limited as partly consideration of HK\$154 million for the acquisition of the three subsidiaries.

During the nine months ended 31 December 2007, 44,750,000 share options were exercised and transferred into shares in the share capital of the Company. The gross proceeds from exercising these share options are amounted to HK\$14,470,500.

Note b: 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.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. Basis of preparation

The unaudited consolidated results have been prepared under the historical cost convention except for investment property and certain financial instruments, which are measured at fair values.

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosure requirements of the GEM Listing Rules.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 January 2007, the adoption has no significant impact on the Group's results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements for the nine months 31 December 2007 are consistent with those used in the consolidated financial statements of the Company for the year ended 31 March 2007.

The unaudited consolidated results of the Group for the nine months ended 31 December 2007 are unaudited but have been reviewed by the Company's Audit Committee.

2. Revenue

Revenue represents the net amounts received and receivable from services provided by the Group to outside customers and rental income, and is analysed as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Business consultancy service income	130,000	270,000	365,000	720,000
Funeral services income	1,117,414	–	3,460,592	–
Rental income	45,000	–	135,000	–
Software solutions and services providing income	2,287,422	–	2,287,422	–
	3,579,836	270,000	6,248,014	720,000

3. Income tax expense

Hong Kong Profits Tax has been provided for in the financial statements at 17.5% on the amount of estimated assessable profits arising in Hong Kong (2006: Nil).

4. Dividend

The Directors do not recommend the payment of an interim dividend for the three months and nine months ended 31 December 2007 (2006: Nil).

5. (Loss) earnings per share

The calculation of basic (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the three months ended 31 December		For the nine months ended 31 December	
	2007	2006	2007	2006
	HK\$	HK\$	HK\$	HK\$
(Loss) earnings for the purpose of basic (loss) earnings per share for the period attributable to equity holders of the Company	(8,307,854)	(2,017,840)	(18,440,528)	795,495
	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of determining basic (loss) earnings per share	1,309,382,065	960,000,000	1,108,209,636	864,000,000

Diluted (loss) earnings per share for the periods for the three months and nine months ended 31 December 2007 and 2006 have not been shown as the potential ordinary shares outstanding have no dilutive effect on the basic (loss) earnings per share for the periods.

6. Acquisition of subsidiaries

On 19 December 2007, the Group completed to acquire 3 subsidiaries for an aggregate consideration of HK\$194,678,000. This transaction has been accounted for by the acquisition method of accounting.

	<i>HK\$</i>
Net assets acquired:	
Property, plant and equipment	340,893
Inventories	47,000
Trade and other receivables	4,147,645
Bank balances and cash	4,212,331
Deposits	92,600
Trade and other payables	(1,405,929)
Tax payable	(1,520,975)
Minority interests	(2,500,958)
	<hr/>
	3,412,607
Goodwill	191,265,393
	<hr/>
Total consideration	194,678,000
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Satisfied by:	
Cash	40,678,000
Consideration shares	154,000,000
	<hr/>
	194,678,000
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Net cash outflow arising on acquisition:	
Cash consideration	40,678,000
Less: Bank balances and cash acquired	(4,212,331)
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	36,465,669
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7. Post balance sheet event

A wholly-owned subsidiary of the Company (the “Purchaser”) entered into a formal acquisition agreement dated 26 November 2007 and a supplemental agreement dated 10 December 2007 with an Independent Third Party (the “Vendor”) (collectively the “Agreements”), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose the Sale Shares, representing the entire issued capital of Superb Kings, and the Sale Loan of being all liabilities incurred by the Superb Kings to the Vendor due and payable on or at any time prior to completion and amounted to HK\$31,202,468.57 as at the management account date of 24 November 2007 of Superb Kings from the Vendor for a total consideration of HK\$205,000,000. The consideration shall be satisfied by the Purchaser as to (i) HK\$115,500,000 by procuring the Company to allot and issue the Consideration Shares on Completion; (ii) HK\$44,750,000 in cash as deposit upon signing of the Formal Acquisition Agreement; and (iii) HK\$44,750,000 in cash on completion. The Agreements and the transactions are subject to the approval by the Shareholders of the Company at the coming extraordinary general meeting. The principal terms of the Agreements are set out in the announcement dated 11 December 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The Group recorded a turnover of HK\$6,248,014 for the nine months ended 31 December 2007, representing an increase of 768% when compared to the corresponding period in the last fiscal year. The increase was mainly due to the fact that the funeral business was taken up on 17 January 2007 and the taken up of business of providing software solutions and services on 19 December 2007. Their result were included in the accounts for the nine months ended 31 December 2007.

The cost of services was increased to HK\$4,089,105 from HK\$69,682 recorded during the same period last year. The decrease in gross profit percentage was mainly due to the lower gross profit rate of funeral business. However, higher turnover is expected for the year ended 31 March 2008 and the resulted total gross profit will be increased.

Administrative expenses made an increase of 335% to HK\$20,463,350 compared to HK\$4,699,714 in 2006. The increase was mainly due to the increase in staff costs, including shares options granted.

The net loss attributable to equity holders of the Company for the nine months ended 31 December 2007 was HK\$18,440,528 as compared with the net profit of HK\$795,495 for the corresponding period in the last fiscal year. The higher loss figure mainly reflected a higher administrative and general expense for the period due to the cost of share options granted and other staff cost.

Business Review

For the nine-month period under review, the international financial market showed mixed signs of direction. The stock market was seriously affected by the United States home loan market. On the other hand, a series of controlling measures had been launched by China to curb the overheated stock market and the property market while the Hong Kong stock exchange will benefit from the decreasing interest rate. This has led to increased opportunity in offering our services in raising finance for high quality projects in the coming months. Through cooperation with other investment banks and financial service providers, we have been involved in the protracted negotiations with a number of promising clients in mainland China for placement and listing as well as finalising credit facilities. Our strong in-house experts were able to provide quality professional services.

Following the acquisition of Cheung Shing Funeral Limited, the Group would enhance its future development in funeral services so as to strengthen its revenue base. We hope to position ourselves as the premier funeral service provider in Hong Kong in the years to come. On the other hand, through the acquisition of the Loyal King Group, the Group is able to explore into the development of entertainment and gaming activities. With the strong and competent information technology staff of the Loyal King Group, the group is able to increase its market share in the gaming market and improve its financial position by increasing revenue.

Prospects

For the foreseeable future, China will continue to be a major factor of international trade. However, the Chinese government is facing the pressure of the interest rate adjustment, currency revaluation, record trade surpluses and fluctuating commodities and oil prices. The problems from the domestic front include rising inflation rate, flooding of money supply and overheating in the property sector.

Regarding the provision of computer system and related services in relation to the on-line entertainment and gaming activities, the Board is of the view that the performance is promising and it will greatly improve the Group's financial position.

The Board is always seeking opportunities to diversify the Group's revenue streams in order to enhance shareholders' value and is optimistic about the project of acquiring Superb Kings Limited. The Board is attracted by the future prospect of tourism development and is optimistic about the prospect of the hotel and tourism business in Cagayan Valley of the Philippines as they believe that the demand for accommodations and entertainment facilities will continue to grow in the near future. The Board is of the view that the acquisition will be a valuable opportunity for the Group to tap into the hotel industry while to increase the value of the Group, which are in the interests of the Shareholders as a whole.

Liquidity and Financial Resources

As of 31 December 2007, the Group's net assets increased to approximately HK\$339,104,000 from net assets of approximately HK\$5,345,000 as at 31 March 2007. The bank balances as at 31 December 2007 was approximately HK\$94,953,000 as compared to the balance of approximately HK\$1,802,000 as at 31 March 2007. The increase in net assets was due to bank balances increased as a result of the completion of placing shares. During the nine months ended 31 December 2007, the Group's operation was mainly financed by the internal financial resources of the Group and the net proceeds from shares placing.

Gearing Ratio

The gearing ratio, defined as total debts net of payable under ordinary course of business over total assets, was approximately 1% (31 March 2007: 45%).

Charges on Group Assets

As at 31 December 2007, plant and equipment of the Group with net book value of HK\$28,635 was held under finance leases (2006: HK\$36,000) and properties with net book value of HK\$6,233,750 were pledged as securities for bank loan (2006: Nil).

Contingent Liabilities

As at 31 December 2007, the Group had no contingent liabilities.

Foreign Exchange Exposure

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars. As at 31 December 2007, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Employee Information

The total number of employees was 27 as at 31 December 2007, and the total remuneration for the nine months ended 31 December 2007 was approximately HK12,487,000. The Group's remuneration policy for senior executives is basically performance-linked. Staff benefits, including medical coverage and mandatory provident fund, 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 staff 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 31 December 2007, 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:

(1) 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. Chui Bing Sun	Corporate (Note)	302,590,000	Interest of a controlled corporation	19.34%

Note: These ordinary shares are held by New Brilliant Investments Limited, the issued share capital of which is beneficially owned as to 80% by 20/20 International Limited and as to 20% by Ms. Zhang Ze Mei. Mr. Chui Bing Sun beneficially owns 70.4% of the issued shares of 20/20 International Limited.

(2) Long positions in the underlying shares of the Company

Pursuant to the new share option scheme adopted by the Company on 5 December 2006 (the "New Scheme"), several Directors in the capacity as beneficial owners were granted share options to subscribe for shares of the Company, details of which as at 31 December 2007 were as follows:

Name of Director	Date of grant of share options	Number of share options	Vesting period		Exercise price of share options HK\$	Exercise period		Exercised during the period	Number of options outstanding as at 31 December 2007
			from	until		from	until		
Lee Chi Shing, Caesar	19/12/2006	2,500,000	12/19/2006	12/18/2007	0.418	12/19/2007	12/18/2016	(2,500,000)	-
	23/2/2007	1,000,000	2/23/2007	2/22/2008	0.300	2/23/2008	2/22/2017	-	1,000,000
Chien Hoe Yong	26/3/2007	500,000	3/26/2007	3/25/2008	0.330	3/26/2008	3/25/2017	-	500,000
	1/11/2007	250,000	-	-	1.470	11/1/2007	10/31/2017	-	250,000
Kwok Kwan Hung	26/3/2007	500,000	3/26/2007	3/25/2008	0.330	3/26/2008	3/25/2017	-	500,000
	1/11/2007	250,000	-	-	1.470	11/1/2007	10/31/2017	-	250,000
Siu Hi Lam, Alick	26/3/2007	500,000	3/26/2007	3/25/2008	0.330	3/26/2008	3/25/2017	-	500,000
	1/11/2007	250,000	-	-	1.470	11/1/2007	10/31/2017	-	250,000

Save as disclosed above, during the nine months ended 31 December 2007, none of the Directors or their respective associates was granted share options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, during the nine months ended 31 December 2007, 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.

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Under the terms of the New Scheme adopted by the Company on 5 December 2006, the board of Directors is authorized, at its absolute discretion, to grant options to employee (including any executive and non-executive director), proposed employee, consultant, adviser, agent, contractor, customer or supplier of any member of the Group, to subscribe for shares in the Company. A summary of the principal terms of the New Scheme is set out in the circular of the Company dated 17 November 2006.

The operation of the old share option scheme was terminated on 5 December 2006, upon the approval of shareholders at the extraordinary general meeting held on 5 December 2006. Under the old share option scheme, no share option was outstanding as at 31 December 2007 and no share option was granted or exercised during the nine months ended 31 December 2007.

As at 31 December 2007, details of share options outstanding were as follows:

Name of category of participant	Number of share options			At 31 December 2007	Date of grant of share option <i>Note 1</i>	Exercise period of share options		Exercise price of share options <i>HK\$</i>
	At 1 April 2007	Granted during the period	Exercised during the period			from	until	
Director								
Lee Chi Shing, Caesar	2,500,000	-	(2,500,000)	-	12/19/2006	12/19/2007	12/18/2016	0.418
	1,000,000	-	-	1,000,000	2/23/2007	2/23/2008	2/22/2017	0.300
Chien Hoe Yong	500,000	-	-	500,000	3/26/2007	3/26/2008	3/25/2017	0.330
	-	250,000	-	250,000	11/1/2007	11/1/2007	10/31/2017	1.470
Kwok Kwan Hung	500,000	-	-	500,000	3/26/2007	3/26/2008	3/25/2017	0.330
	-	250,000	-	250,000	11/1/2007	11/1/2007	10/31/2017	1.470
Siu Hi Lam, Alick	500,000	-	-	500,000	3/26/2007	3/26/2008	3/25/2017	0.330
	-	250,000	-	250,000	11/1/2007	11/1/2007	10/31/2017	1.470
Consultants								
In Aggregate	69,000,000	-	(28,700,000)	40,300,000	2/23/2007	2/23/2007	2/22/2008	0.300
	-	38,400,000	(3,500,000)	34,900,000	8/13/2007	8/13/2007	8/12/2017	0.380
	-	28,800,000	-	28,800,000	8/17/2007	8/17/2007	8/16/2017	0.360
	-	28,800,000	(9,600,000)	19,200,000	8/21/2007	8/21/2007	8/20/2017	0.345
Other Employees								
In aggregate	250,000	-	(250,000)	-	12/19/2006	12/19/2007	12/18/2016	0.418
	-	200,000	(200,000)	-	8/21/2007	8/21/2007	8/20/2017	0.345
	-	400,000	-	400,000	11/1/2007	11/1/2007	10/31/2017	1.470
	<u>74,250,000</u>	<u>97,350,000</u>	<u>(44,750,000)</u>	<u>126,850,000</u>				

Note 1: The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, 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

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 31 December 2007, 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
New Brilliant Investments Limited (<i>Note 1</i>)	Corporate	302,590,000	Beneficial owner	19.34%

Name of Shareholders	Nature of interests	Number of ordinary shares held	Capacity	Percentage of issued shares
20/20 International Limited <i>(Note 1)</i>	Corporate	302,590,000	Interest of a controlled corporation	19.34%
Chui Bing Sun <i>(Note 1)</i>	Corporate	302,590,000	Interest of a controlled corporation	19.34%
Premier United Limited <i>(Note 2)</i>	Corporate	190,000,000	Beneficial owner	12.14%
Chan Ping Che <i>(Note 2)</i>	Corporate	190,000,000	Interest of a controlled corporation	12.14%
Lam Shiu May <i>(Note 2)</i>	Corporate	190,000,000	Interest of a controlled corporation	12.14%
First Cheer Holdings Limited <i>(Note 3)</i>	Corporate	280,000,000	Beneficial owner	17.90%
Cheng Ting Kong <i>(Note 3)</i>	Corporate	280,000,000	Interest of a controlled corporation	17.90%
Chau Cheok Wa <i>(Note 3)</i>	Corporate	280,000,000	Interest of a controlled corporation	17.90%

Notes:

1. New Brilliant Investments Limited is beneficially owned as to 80% by 20/20 International Limited and as to 20% by Ms. Zhang Ze Mei. In addition, 20/20 International Limited is beneficially owned as to 70.4% by Mr. Chui Bing Sun. Accordingly, both 20/20 International Limited and Mr. Chui Bing Sun are deemed under the SFO to be interested in the 302,590,000 shares of the Company beneficially owned by New Brilliant Investments Limited as at 31 December 2007.
2. Premier United Limited is beneficially owned as to 50% by Mr. Chan Ping Che and as to 50% by Ms. Lam Shiu May. Accordingly, both Mr. Chan Ping Che and Ms. Lam Shiu May are deemed under the SFO to be interested in the 190,000,000 Shares beneficially owned by Premier United Limited.
3. First Cheer Holdings Limited is beneficially owned as to 45% by Mr. Cheng Ting Kong, as to 45% by Mr. Chau Cheok Wa and as to 10% by Lai Ting Kwong.

Save as disclosed above, as at 31 December 2007, the Company was not 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 any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the quarterly 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 ("Audit 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 Audit Committee comprised three members, Mr. Chien Hoe Yong, Mr. Kwok Kwan Hung and Mr. Siu Hi Lam, Alick, all of them are independent non-executive Directors and Mr. Chien Hoe Yong was appointed as the Chairman of the Audit Committee. The results for the nine months ended 31 December 2007 were reviewed by the Audit Committee.

REMUNERATION COMMITTEE

According to the Code on Corporate Governance Practices, the Company established its remuneration committee ("Remuneration Committee") on 18 March 2005. During the period under review, the Remuneration Committee comprised three members, Mr. Chien Hoe Yong, Mr. Kwok Kwan Hung and Mr. Siu Hi Lam, Alick, all of them are independent non-executive Directors and Mr. Kwok Kwan Hung was appointed as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure in relation to the remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

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.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 18 May 2007, the name of the Company was changed from Galileo Capital Group Limited 嘉利盈融資集團有限公司 to Galileo Holdings Limited 嘉利福控股有限公司.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Chui Bing Sun, Mr. Chau Cheok Wa and Mr. Lee Chi Shing, Caesar and three independent non-executive Directors, namely, Mr. Chien Hoe Yong, Mr. Kwok Kwan Hung and Mr. Siu Hi Lam, Alick.

By order of the Board
Galileo Holdings Limited
Chui Bing Sun
Chairman

Hong Kong, 13 February 2008