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

If you have sold or transferred all your shares in **Shell Electric Mfg. (Holdings) Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED

蜆壳電器工業（集團）有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00081)

**AMENDMENT TO SHARE OPTION SCHEME OF A SUBSIDIARY,
PROPOSED GRANT OF OPTIONS BY A SUBSIDIARY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the board of directors of Shell Electric Mfg. (Holdings) Company Limited (the “Company”) is set out on pages 4 to 23 of this circular. A notice convening an extraordinary general meeting (“EGM”) of the Company to be held at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong at 9:30 a.m., on Monday, 31 December 2007 is set out on pages 24 to 27 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company at its registered office in Hong Kong at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

14 December 2007

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
1. Introduction	4
2. Proposed Amendment to the Share Option Scheme	5
3. Proposed Grant of Options under the Share Option Scheme	7
4. Extraordinary General Meeting	21
5. Actions to be Taken	21
6. Procedures for Demanding a Poll	22
7. Responsibility Statement	22
8. Recommendation	22
9. Document Available for Inspection	23
EGM NOTICE	24

DEFINITIONS

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

“associates”	shall have the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Company”	Shell Electric Mfg. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Dr. Korobka”	Dr. Aleksandr Korobka, the former parallel computing director of Galactic
“Dr. Tan”	Dr. Tan Huai Liang, the former engineering manager of Galactic SZ
“EGM”	the extraordinary general meeting of the Company to be held at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong at 9:30 a.m., on Monday, 31 December 2007
“EGM Notice”	the notice convening the EGM, which is set out on pages 24 to 27 of this circular
“Galactic”	Galactic Computing Corporation, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Galactic Board”	the board of directors of Galactic
“Galactic Scheme Mandate Limit”	the maximum number of Galactic Shares which may be issued upon the exercise of all Options under the Share Option Scheme and any other share option schemes of Galactic stipulated in the Note (1) to Rule 17.03(3) of the Listing Rules, namely, that such number shall not exceed 10% of the Galactic Shares in issue as at the date of approval of the refreshed limit
“Galactic Share(s)”	share(s) of US\$0.01 each in the capital of Galactic, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of Galactic from time to time

DEFINITIONS

“Galactic SZ”	Galactic Computing (Shenzhen) Limited, a subsidiary of Galactic
“Grantees”	the grantees of the Share Option Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders who are not the proposed Grantees (including the Relevant Grantees) and their respective associates
“Latest Practicable Date”	10 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Ngam, the engineering director of Galactic
“Mr. Gui”	Mr. Gui Lin, the sales director of Galactic SZ
“Mr. Wong”	Mr. Wong Yat Sheung, the director and general manager of Galactic
“Option(s)”	option(s) to subscribe for Galactic Shares granted pursuant to the Share Option Scheme
“Ordinary Resolutions”	the ordinary resolutions to be passed by the Independent Shareholders at the EGM
“Participants”	any employee, officer, agent, business or technical consultant or representative of Galactic (or its subsidiary), including any executive or non-executive director of such company
“Proposed Grant”	the proposed grant of Options under the Share Option Scheme to the proposed Grantees (including the Relevant Grantees) to subscribe for an aggregate of up to 5,965,310 Galactic Shares at a subscription price of US\$0.45 per Galactic Share
“Relevant Grantees”	Mr. Wong, Mr. Cheung, Dr. Tan/Dr. Korobka and Mr. Gui, whose particulars are set out in the section headed “Proposed Grant of Options under the Share Option Scheme” in this circular

DEFINITIONS

“Shareholder(s)”	the holder(s) of the shares in the Company
“Share Option Scheme”	the share option scheme adopted by Galactic in November 2002
“Single Participant Limit”	the maximum entitlement of each Participant under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Galactic Shares issued and to be issued upon exercise of the Options granted to such Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Galactic Shares in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“US\$”	United States dollars, the lawful currency of the United States
“30% Overall Limit”	the maximum number of Galactic Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of Galactic stipulated in the Note (2) to Rule 17.03(3) of the Listing Rules, namely, that such number shall not exceed 30% of the Galactic Shares in issue from time to time
“%”	per cent.

LETTER FROM THE BOARD



SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED
蜆壳電器工業(集團)有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00081)

Directors:

Mr. Billy K YUNG
(Group Chairman and Chief Executive)
Dr. The Hon Leo Tung-Hai LEE,
GBM, GBS, Cav Gr Cr, OBE
Chev Leg d'Hon, Comm Leopold II, LLD, JP⁺
Mr. Shiu-Kit NGAI, *SBS, OBE, JP⁺*
Madam YUNG HO Wun Ching
Mr. LEUNG Chun Wah
Mr. Eddie HURIP
Mr. Simon YUNG Kwok Choi[#]
Mr. Peter WONG Chung On⁺
Mr. Peter LAM⁺

Registered office:

Shell Industrial Building
12 Lee Chung Street
Chai Wan Industrial District
Hong Kong

[#] *non-executive Director*

⁺ *independent non-executive Director*

14 December 2007

To the Shareholders

Dear Sir or Madam,

**AMENDMENT TO SHARE OPTION SCHEME OF A SUBSIDIARY,
PROPOSED GRANT OF OPTIONS BY A SUBSIDIARY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Subject to the approval of the Independent Shareholders, the Galactic Board proposes that the Share Option Scheme be amended to allow the Galactic Board to have more flexibility in achieving the purpose of the Share Option Scheme.

LETTER FROM THE BOARD

Pursuant to the resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 30 May 2006 (“**General Meeting 2006**”), the Galactic Scheme Mandate Limit was refreshed by which Galactic was entitled to grant further Options under the Share Option Scheme carrying rights to subscribe for a maximum of 2,386,124 Galactic Shares (the “**Refreshed Limit**”, representing 10% of the Galactic Shares in issue as at the date of the General Meeting 2006), subject to the 30% Overall Limit of the Share Option Scheme. As at the Latest Practicable Date, no Options have been granted under the Refreshed Limit.

Subject to the approval of the Independent Shareholders, the Galactic Board proposes that Options under the Share Option Scheme may be granted to the proposed Grantees (including the Relevant Grantees) to subscribe for an aggregate of up to 5,965,310 Galactic Shares at a subscription price of US\$0.45 per Galactic Share, representing approximately 25% of the existing issued share capital of Galactic and approximately 20% of the issued share capital of Galactic as enlarged by the exercise of Options granted under the Proposed Grant, assuming that all such Options are fully exercised.

As the Proposed Grant would (i) in aggregate exceed the Refreshed Limit; and (ii) exceed the Single Participant Limit for the grant of Options to the Relevant Grantees, the Company is seeking approvals from the Independent Shareholders for a special mandate on the Proposed Grant and the grant of Options to the proposed Grantees (including the Relevant Grantees which may exceed the Single Participant Limit). As the Proposed Grant would be under a special mandate to be approved by the Independent Shareholders, the Galactic Scheme Mandate Limit will not apply to the Proposed Grant.

As at the Latest Practicable Date, there are 966,250 outstanding Options. Upon the grant of the Options under the Proposed Grant to the proposed Grantees (including the Relevant Grantees) and assuming all outstanding Options under the Share Option Scheme and all Options which may be granted under the Proposed Grant are exercised in full, the total number of Galactic Shares which may be issued would represent approximately 29.05% of the existing issued share capital of Galactic. Accordingly, the number of shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under any schemes of Galactic will not exceed the 30% Overall Limit.

The Board proposes to seek approvals from the Independent Shareholders for a special mandate on the Proposed Grant and the grant of Options to the proposed Grantees (including the Relevant Grantees which may exceed the Single Participant Limit) by way of Ordinary Resolutions at the EGM to be held at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong at 9:30 a.m., on Monday, 31 December 2007.

2. PROPOSED AMENDMENT TO THE SHARE OPTION SCHEME

Clause 6.4 of the Share Option Scheme provides that the right to exercise an Option is not subject to or conditional upon the achievement of any performance target.

LETTER FROM THE BOARD

In order to enable the Galactic Board to have more flexibility in better achieving the purpose of the Share Option Scheme, the Galactic Board proposes to amend the Share Option Scheme in compliance with Chapter 17 of the Listing Rules in the following manners:

a. Introductory paragraph of Clause 6.3

Original wordings:

“Subject as hereinafter provided in this Scheme, the Option may be exercised by the Grantee at any time during the Option Period provided that:”

Proposed amendment:

By deleting the words “at any time” and substituting therefor the words “in accordance with the terms of the offer for the grant of Options and the provisions of the Scheme” immediately before the word “during” of the existing introductory paragraph of Clause 6.3 and the amended introductory paragraph of Clause 6.3 shall read as follows:

“Subject as hereinafter provided in this Scheme, the Option may be exercised by the Grantee in accordance with the terms of the offer for the grant of Options and the provisions of the Scheme during the Option Period provided that:”;

b. Clause 6.4

Original wordings:

“The right to exercise an Option is not subject to or conditional upon the achievement of any performance target.”

Proposed amendment:

By deleting the existing Clause 6.4 in its entirety and substituting therefor the following new Clause 6.4:

“6.4 The Board may in its absolute discretion determine and state in the letter of offer for the grant of an Option referred to in Clause 4.2 of the Scheme whether the right to exercise an Option is subject to or conditional upon the achievement of any performance target or the fulfillment of any terms and conditions.”

There are no other changes proposed to be made to the terms of the Share Option Scheme save as mentioned above.

LETTER FROM THE BOARD

3. PROPOSED GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

It is proposed that Options may be granted to the proposed Grantees (including the Relevant Grantees) to subscribe for an aggregate of up to 5,965,310 Galactic Shares at a subscription price of US\$0.45 per Galactic Share, representing approximately 25% of the existing issued share capital of Galactic and approximately 20% of the issued share capital of Galactic as enlarged by the exercise of Options granted under the Proposed Grant, assuming that all such Options are fully exercised. The Proposed Grant is determined by the Galactic Board in its absolute discretion based on the contributions made by the proposed Grantees to the Group with reference to the years of service, work performance, commitment in performing his/her duties and contributions to the development and performance of the Group.

It is also proposed by the Galactic Board that, subject to obtaining the approval of the Independent Shareholders, the Relevant Grantees may be granted Options that exceed the Single Participant Limit.

The following table illustrates the number of Galactic Shares to be issued upon exercise in full of the Options which may be granted to the proposed Grantees (including the Relevant Grantees) under the Proposed Grant:

Name	Maximum number of Galactic Shares which may be issued upon exercise in full of the Options ^(Note) proposed to be granted under the Share Option Scheme (Up to)	Maximum approximate percentage of shareholding interests in Galactic represented by Galactic Shares which may be issued upon exercise in full of the Options proposed to be granted under the Share Option Scheme
Mr. Wong	2,982,655	12.50%
Mr. Cheung	984,276	4.12%
Dr. Tan or Dr. Korobka	298,266	1.25%
Mr. Moore Lawrence	149,133	0.63%
Mr. Lai Pok Nam	149,133	0.63%
Mr. Shen Hao Ming	178,959	0.75%
Mr. Gui	298,266	1.25%
Mr. Yang Bo	134,219	0.56%
Mr. Ruan Jian	134,219	0.56%
Mr. Li Mi	134,219	0.56%
Mr. Shi Qing Tang	149,133	0.63%
Mr. Xu Sheng Wang	74,566	0.31%
Mr. Chen Song	74,566	0.31%
Mr. Xu Xie Jin	74,566	0.31%
Mr. Huang Shan Ning	74,566	0.31%
Mr. Xu Fei	74,568	0.31%
Total	5,965,310	25%

LETTER FROM THE BOARD

Note: The Options will be valid until 10 November 2012, or such other applicable date as specified in Clause 6.3 of the Share Option Scheme, during which it is exercisable to the extent that it is deemed to be vested according to the following schedule:

Date of Vesting	% vested in respect of the Galactic Shares to be issued under the Options under the Proposed Grant
1 1 January 2008	12.5%
2 1 July 2008	12.5%
3 1 January 2009	12.5%
4 1 July 2009	12.5%
5 1 January 2010	12.5%
6 1 July 2010	12.5%
7 1 January 2011	12.5%
8 1 July 2011	12.5%

As at the Latest Practicable Date, a total of 23,861,240 Galactic Shares had been issued by Galactic.

The following table illustrates the shareholding interests in Galactic of each proposed Grantees under the Proposed Grant as at the Latest Practicable Date and as at the date assuming that all Options previously granted and proposed to be granted to them under the Share Option Scheme have been exercised in full:

Proposed Grantee(s)	Number of Galactic Shares held as at the Latest Practicable Date	Options held as at the Latest Practicable Date	Maximum Number of Galactic Shares which may be issued upon exercise in full of the Options proposed to be granted under the Share Option Scheme	Maximum approximate percentage of shareholding interests in Galactic upon exercise in full of all the Options proposed to be granted under the Share Option Scheme as at the Latest Practicable Date	Maximum approximate percentage (<i>Note</i>) of shareholding interests in Galactic upon exercise in full of all the Options granted and proposed to be granted under the Share Option Scheme
Mr. Wong	–	160,000	2,982,655	12.50%	10.21%
Mr. Cheung	–	50,000	984,276	4.12%	3.36%
Dr. Tan or Dr. Korobka	–	–	298,266	1.25%	0.97%
Mr. Moore Lawrence	–	–	149,133	0.63%	0.48%
Mr. Lai Pok Nam	–	–	149,133	0.63%	0.48%
Mr. Shen Hao Ming	–	–	178,959	0.75%	0.58%
Mr. Gui	–	–	298,266	1.25%	0.97%
Mr. Yang Bo	–	–	134,219	0.56%	0.44%

LETTER FROM THE BOARD

Proposed Grantee(s)	Number of Galactic Shares held as at the Latest Practicable Date	Number of Galactic Shares in respect of outstanding Options held as at the Latest Practicable Date	Maximum Number of Galactic Shares which may be issued upon exercise in full of the Options proposed to be granted under the Share Option Scheme	Maximum approximate percentage of shareholding interests in Galactic upon exercise in full of all the Options proposed to be granted under the Share Option Scheme as at the Latest Practicable Date	Maximum approximate percentage (<i>Note</i>) of shareholding interests in Galactic upon exercise in full of all the Options granted and proposed to be granted under the Share Option Scheme
Mr. Ruan Jian	-	-	134,219	0.56%	0.44%
Mr. Li Mi	-	-	134,219	0.56%	0.44%
Mr. Shi Qing Tang	-	-	149,133	0.63%	0.48%
Mr. Xu Sheng Wang	-	-	74,566	0.31%	0.24%
Mr. Chen Song	-	-	74,566	0.31%	0.24%
Mr. Xu Xie Jin	-	-	74,566	0.31%	0.24%
Mr. Huang Shan Ning	-	-	74,566	0.31%	0.24%
Mr. Xu Fei	-	-	74,568	0.31%	0.24%

Note: The approximate percentage is calculated based on the number of issued shares of Galactic as at the Latest Practicable Date.

Particulars of the proposed Grantees

Set out below are the brief particulars of each of the proposed Grantees:

Mr. Wong

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option beyond the Single Participant Limit to Mr. Wong. Mr. Wong is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Wong, aged 35, joined the Group since 2000 and has been appointed as a director and the general manager of Galactic since 2002. Mr. Wong received his Bachelor's degree in Computer Engineering from Chinese University of Hong Kong and Master degree in Economic Laws from Peking University. Before joining the Group, Mr. Wong has previously held position at Hong Kong Monetary Authority in banking supervision and IT management field.

LETTER FROM THE BOARD

An Option is proposed to be granted to Mr. Wong entitling him to subscribe for an aggregate number of up to 2,982,655 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The number of Galactic Shares in issue as at the Latest Practicable Date is 23,861,240. The Single Participant Limit for Mr. Wong is 238,612 Galactic Shares. The aggregate number of Galactic Shares issued and to be issued upon exercise of the Options previously granted to him is 160,000. No Options have been granted to or exercised by Mr. Wong within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Wong to subscribe for up to 2,982,655 Galactic Shares under the Share Option Scheme, his Single Participant Limit will therefore be exceeded by 2,744,043 Galactic Shares.

Mr. Cheung

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option beyond the Single Participant Limit to Mr. Cheung. Mr. Cheung is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Cheung, aged 34, joined the Group since 2001 and is currently the engineering director of Galactic. Mr. Cheung received his Bachelor's degree in Information Technology from City University of Hong Kong. Before joining the Group, Mr. Cheung has previously held position at Compaq Computer (HK) Limited in technical and system integration field.

An Option is proposed to be granted to Mr. Cheung entitling him to subscribe for an aggregate number of up to 984,276 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Cheung is 238,612 Galactic Shares. The aggregate number of Galactic Shares issued and to be issued upon exercise of the Options previously granted to him is 50,000. No Options have been granted to or exercised by Mr. Cheung within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Cheung to subscribe for up to 984,276 Galactic Shares under the Share Option Scheme, his Single Participant Limit will therefore be exceeded by 745,664 Galactic Shares.

LETTER FROM THE BOARD

Dr. Tan or Dr. Korobka

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option beyond the Single Participant Limit to either Dr. Tan or Dr. Korobka, whoever first returns to Galactic to work as a full-time employee on or before 31 December 2008. Neither Dr. Tan nor Dr. Korobka is a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Dr. Tan, aged 38, joined Galactic SZ since 2002 and he was responsible for the research and development projects of supercomputing architecture, virtualized storage system and embedded system design. Dr. Tan held a Ph. D degree in Engineering from Central South University. Before joining Galactic SZ, Dr. Tan has previously held position at the QDI Research and Development Center of Lenovo Group Limited in the research and development of computing systems.

Dr. Korobka, aged 34, joined the Group since 2000 and he was mainly responsible for research of parallel computing and applications of parallel computing methods to biochemical problems. Dr. Korobka held a Master degree in Chemistry from Higher Chemical College of the Russian Academy of Sciences; a Master degree in Pharmacology and Molecular Biology and a Ph. D. degree in Applied Mathematics from State University of New York at Stony Brook. Dr. Korobka participated in the design, development and deployment of one of the fastest supercomputers NK Star in China, Galaxy supercomputer in State University of New York at Stony Brook and Galactic GT4000 Superblade system listed on the 100th of World Top 500 supercomputer in 2005.

An Option is proposed to be granted to either Dr. Tan or Dr. Korobka, whoever first returns to Galactic to work as a full-time employee on or before 31 December 2008 which entitles such person to subscribe for up to an aggregate number of 298,266 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for each of Dr. Tan or Dr. Korobka is 238,612 Galactic Shares. However, Dr. Korobka had been granted Options to subscribe for 80,000 Galactic Shares, of which 60,000 unvested Options and 20,000 vested Options had been cancelled in 2006 and 2007 respectively due to his termination of employment with Galactic. No Options have been granted to or exercised by either Dr. Tan or Dr. Korobka within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to either Dr. Tan or Dr. Korobka to subscribe for up to 298,266 Galactic Shares under the Share Option Scheme, each of their Single Participant Limit will therefore be exceeded by 59,654 Galactic Shares.

LETTER FROM THE BOARD

Mr. Gui

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option beyond the Single Participant Limit to Mr. Gui. Mr. Gui is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Gui, aged 38, joined Galactic SZ since 2006 and is currently its sales director. Mr. Gui received his Bachelor's degree in Computer Science and Technology from Wuhan University. Before joining Galactic SZ, Mr. Gui has previously been involved in sales and marketing for local IT related corporations in China for the past 10 years.

An Option is proposed to be granted to Mr. Gui entitling him to subscribe for an aggregate number of up to 298,266 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. The exercise of the Option entitling the issue of 298,266 Galactic Shares will be subject to the fulfillment of the conditions set out below. The Option can be exercised entitling the issue of the first tranche of 208,786 Galactic Shares on the condition that Mr. Gui's team meeting the RMB20 million revenue target from 1 January 2008 to 30 June 2008 (both days inclusive). The Option can be exercised entitling the issue of the second tranche of 89,480 Galactic Shares on the condition that Mr. Gui's team meeting the RMB80 million revenue target from 1 January 2008 to 31 December 2008 (both days inclusive). The consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Gui is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Gui within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Gui to subscribe for up to 298,266 Galactic Shares under the Share Option Scheme subject to his fulfillment of the conditions as mentioned above, his Single Participant Limit will therefore be exceeded by 59,654 Galactic Shares.

Mr. Moore Lawrence

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Moore Lawrence. Mr. Moore Lawrence is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Moore Lawrence, aged 50, joined Galactic since 2006 and is currently its project manager. Before joining Galactic, Mr. Moore Lawrence has previously held positions at Storage Computer (Asia) Limited in customer service and technical support fields.

LETTER FROM THE BOARD

An Option is proposed to be granted to Mr. Moore Lawrence entitling him to subscribe for an aggregate number of up to 149,133 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Moore Lawrence is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Moore Lawrence within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Moore Lawrence to subscribe for up to 149,133 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Lai Pok Nam

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Lai Pok Nam. Mr. Lai Pok Nam is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Lai Pok Nam, aged 27, joined Galactic since 2006 and is currently its high performance computer specialist. Mr. Lai Pok Nam received his Master of Science degree in Scientific Computing and Bachelor of Science degree in Computing Studies (Information Systems) from Hong Kong Baptist University. Before joining Galactic, Mr. Lai Pok Nam has previously held position at the Hong Kong government in information technology field.

An Option is proposed to be granted to Mr. Lai Pok Nam entitling him to subscribe for an aggregate number of up to 149,133 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Lai Pok Nam is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Lai Pok Nam within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Lai Pok Nam to subscribe for up to 149,133 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Shen Hao Ming

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Shen Hao Ming. Mr. Shen Hao Ming is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

LETTER FROM THE BOARD

Mr. Shen Hao Ming, aged 38, joined Galactic SZ since 2005 and is currently its project manager in software research and development. Mr. Shen Hao Ming received his Bachelor's degree in Autocontrol Technology from Wuhan University of Technology. Before joining Galactic SZ, Mr. Shen Hao Ming has previously held position at Vtech (SZ) Limited and Zoran (SZ) Limited in software research and development.

An Option is proposed to be granted to Mr. Shen Hao Ming entitling him to subscribe for an aggregate number of up to 178,959 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Shen Hao Ming is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Shen Hao Ming within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Shen Hao Ming to subscribe for up to 178,959 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Yang Bo

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Yang Bo. Mr. Yang Bo is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Yang Bo, aged 29, joined Galactic SZ since 2006 and is currently its Eastern China regional director. Mr. Yang Bo was graduated from Fudan University in Shanghai. Before joining Galactic SZ, Mr. Yang Bo has previously held position at PowerLeader Science & Technology (Shenzhen) Company Limited, and was in charge of the establishment and operation of Bao Teng Technology Limited (currently named as Shenzhen PowerLeader Digital Information Company Limited) which is the wholly-owned subsidiary of PowerLeader Technology Science & Technology (Shenzhen) Company Limited.

An Option is proposed to be granted to Mr. Yang Bo entitling him to subscribe for an aggregate number of up to 134,219 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. The exercise of the Option entitling the issue of 134,219 Galactic Shares will be subject to the fulfillment of the conditions set out below. The Option can be exercised entitling the issue of the first tranche of 74,566 Galactic Shares on the condition that sales in Eastern China under Mr. Yang Bo's team meeting the RMB5 million revenue target from 1 January 2008 to 30 June 2008 (both days inclusive). The Option can be exercised entitling the issue of the second tranche of 59,653 Galactic Shares on the condition that sales in Eastern China under Mr. Yang Bo's team meeting the RMB20 million revenue target from 1 January 2008 to 31 December 2008 (both days inclusive). The consideration payable for the grant of the Option will be HK\$1.00.

LETTER FROM THE BOARD

The Single Participant Limit for Mr. Yang Bo is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Yang Bo within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Yang Bo to subscribe for up to 134,219 Galactic Shares under the Share Option Scheme subject to his fulfillment of the conditions as mentioned above, his Single Participant Limit therefore has not been exceeded.

Mr. Ruan Jian

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Ruan Jian. Mr. Ruan Jian is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Ruan Jian, aged 29, joined Galactic SZ since 2006 and is currently its regional sales director. Mr. Ruan Jian received his Bachelor's degree in Professional Accountancy from Hubei University. Before joining Galactic SZ, Mr. Ruan Jian has previously held position at PowerLeader Science & Technology Company Limited in national channel customers field.

An Option is proposed to be granted to Mr. Ruan Jian entitling him to subscribe for an aggregate number of up to 134,219 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. The exercise of the Option entitling the issue of 134,219 Galactic Shares will be subject to the fulfillment of the conditions set out below. The Option can be exercised entitling the issue of the first tranche of 74,566 Galactic Shares on the condition that sales in Southern China under Mr. Ruan Jian's team meeting the RMB5 million revenue target from 1 January 2008 to 30 June 2008 (both days inclusive). The Option can be exercised entitling the issue of the second tranche of 59,653 Galactic Shares on the condition that sales in Southern China under Mr. Ruan Jian's team meeting the RMB20 million revenue target from 1 January 2008 to 31 December 2008 (both days inclusive). The consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Ruan Jian is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Ruan Jian within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Ruan Jian to subscribe for up to 134,219 Galactic Shares under the Share Option Scheme subject to his fulfillment of the conditions as mentioned above, his Single Participant Limit therefore has not been exceeded.

Mr. Li Mi

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Li Mi. Mr. Li Mi is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

LETTER FROM THE BOARD

Mr. Li Mi, aged 45, joined Galactic SZ since 2006 and is currently its Northern China regional sales and marketing director. Mr. Li Mi was graduated from Harbin Institute of Technology. Before joining Galactic SZ, Mr. Li Mi was the vice president and technologic director of Hong Net (Shenzhen) Limited responsible for Government network security and mobile computing telecommunication technology. At the same time, Mr. Li Mi was the general manager of China Wireless Network Company Limited, a joint venture company between Hong Net (Shenzhen) Limited and a Hong Kong investment.

An Option is proposed to be granted to Mr. Li Mi entitling him to subscribe for an aggregate number of up to 134,219 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. The exercise of the Option entitling the issue of 134,219 Galactic Shares will be subject to the fulfillment of the conditions set out below. The Option can be exercised entitling the issue of the first tranche of 74,566 Galactic Shares on the condition that sales in Northern China under Mr. Li Mi's team meeting the RMB5 million revenue target from 1 January 2008 to 30 June 2008 (both days inclusive). The Option can be exercised entitling the issue of the second tranche of 59,653 Galactic Shares on the condition that sales in Northern China under Mr. Li Mi's team meeting the RMB20 million revenue target from 1 January 2008 to 31 December 2008 (both days inclusive). The consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Li Mi is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Li Mi within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Li Mi to subscribe for up to 134,219 Galactic Shares under the Share Option Scheme subject to his fulfillment of the conditions as mentioned above, his Single Participant Limit therefore has not been exceeded.

Mr. Shi Qing Tang

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Shi Qing Tang. Mr. Shi Qing Tang is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Shi Qing Tang, aged 32, joined Galactic SZ since 2004 and is currently its solutions and services manager. Mr. Shi Qing Tang received his Bachelor's degree in Computer Science and Technology from Shangrao Normal College of Jiangxi province. Before joining Galactic SZ, Mr. Shi Qing Tang has previously held position at Dell Computer (Shenzhen) Limited in technical support field for key customers.

An Option is proposed to be granted to Mr. Shi Qing Tang entitling him to subscribe for an aggregate number of up to 149,133 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

LETTER FROM THE BOARD

The Single Participant Limit for Mr. Shi Qing Tang is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Shi Qing Tang within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Shi Qing Tang to subscribe for up to 149,133 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Xu Sheng Wang

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Xu Sheng Wang. Mr. Xu Sheng Wang is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Xu Sheng Wang, aged 27, joined Galactic SZ since 2006 and is currently its data storage products manager. Mr. Xu Sheng Wang received his Junior College's degree in Computer Application from Xidian University. Before joining Galactic SZ, Mr. Xu Sheng Wang has previously served in Shenzhen Hua Cheng Feng Electronics Industry Company Limited as the manager of technology department and the manager of solutions department in PowerLeader Science & Technology (Shenzhen) Company Limited.

An Option is proposed to be granted to Mr. Xu Sheng Wang entitling him to subscribe for an aggregate number of up to 74,566 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Xu Sheng Wang is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Xu Sheng Wang within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Xu Sheng Wang to subscribe for up to 74,566 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Chen Song

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Chen Song. Mr. Chen Song is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Chen Song, aged 33, joined Galactic SZ since 2003 and is currently its solutions and services manager. Mr. Chen Song received his Bachelor's degree in China University of Petroleum – Beijing (CUPB). Before joining Galactic SZ, Mr. Chen Song has previously held position at Bicom Information Technology (TW) Limited responsible for value-added telecommunication technical and system integration in China.

LETTER FROM THE BOARD

An Option is proposed to be granted to Mr. Chen Song entitling him to subscribe for an aggregate number of up to 74,566 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Chen Song is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Chen Song within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Chen Song to subscribe for up to 74,566 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Xu Xie Jin

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Xu Xie Jin. Mr. Xu Xie Jin is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Xu Xie Jin, aged 29, joined Galactic SZ since 2006 and is currently its server products manager. Mr. Xu Xie Jin was graduated from Civil Affairs University of China. Before joining Galactic SZ, Mr. Xu Xie Jin has previously held position at PowerLeader Science & Technology (Shenzhen) Company Limited in customer service as well as server research and development fields.

An Option is proposed to be granted to Mr. Xu Xie Jin entitling him to subscribe for an aggregate number of up to 74,566 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Xu Xie Jin is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Xu Xie Jin within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Xu Xie Jin to subscribe for up to 74,566 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Huang Shan Ning

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Huang Shan Ning. Mr. Huang Shan Ning is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

LETTER FROM THE BOARD

Mr. Huang Shan Ning, aged 34, joined Galactic SZ since 2004 and is currently its solutions and services manager. Mr. Huang Shan Ning received his Bachelor's degree in Industry Engineering from Guangxi University. Before joining Galactic SZ, Mr. Huang Shan Ning was previously the administrator of information system at Wah Sang Paper Products (Shenzhen) Limited.

An Option is proposed to be granted to Mr. Huang Shan Ning entitling him to subscribe for an aggregate number of up to 74,566 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. There will be no performance target which must be achieved before the Option can be exercised and the consideration payable for the grant of the Option will be HK\$1.00.

The Single Participant Limit for Mr. Huang Shan Ning is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Huang Shan Ning within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Huang Shan Ning to subscribe for up to 74,566 Galactic Shares under the Share Option Scheme, his Single Participant Limit therefore has not been exceeded.

Mr. Xu Fei

The Board proposes to seek the approval of the Independent Shareholders at the EGM to approve the proposed grant of Option to Mr. Xu Fei. Mr. Xu Fei is not a director, chief executive or substantial shareholder of the Company or the associate of any of them.

Mr. Xu Fei, aged 30, joined Galactic SZ since 2006 and is currently its Northern China regional sales director. Mr. Xu Fei was graduated from Tianjin University. Before joining Galactic SZ, Mr. Xu Fei has previously held position at PowerLeader Science & Technology (Shenzhen) Company Limited, and was in charge of the establishment and operation of its Tianjin branch office.

An Option is proposed to be granted to Mr. Xu Fei entitling him to subscribe for an aggregate number of up to 74,568 Galactic Shares at an exercise price of US\$0.45 per Galactic Share. The exercise of the Option entitling the issue of 74,568 Galactic Shares will be subject to the fulfillment of the conditions set out below. The Option can be exercised entitling the issue of the first tranche of 41,012 Galactic Shares on the condition that sales in Northern China under Mr. Xu Fei's team meeting the RMB2.5 million revenue target from 1 January 2008 to 30 June 2008 (both days inclusive). The Option can be exercised entitling the issue of the second tranche of 33,556 Galactic Shares on the condition that sales in Northern China under Mr. Xu Fei's team meeting the RMB10 million revenue target from 1 January 2008 to 31 December 2008 (both days inclusive). The consideration payable for the grant of the Option will be HK\$1.00.

LETTER FROM THE BOARD

The Single Participant Limit for Mr. Xu Fei is 238,612 Galactic Shares. No Options have been granted to or exercised by Mr. Xu Fei within the 12-month period immediately before the Latest Practicable Date. As it is proposed that Option may be granted to Mr. Xu Fei to subscribe for up to 74,568 Galactic Shares under the Share Option Scheme subject to his fulfillment of the conditions as mentioned above, his Single Participant Limit therefore has not been exceeded.

Subscription price

The subscription price for the proposed Options to be granted to the proposed Grantees is US\$0.45 per Galactic Share, which is equivalent to 45 times of the par value of the Galactic Shares.

Other conditions of the Proposed Grant

The termination and lapse of the Options proposed to be granted under the Share Option Scheme to the Grantees will be subject to the conditions thereof. The Galactic Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee as the holder thereof. Subject to the aforesaid, Galactic Shares allotted and issued on the exercise of Options will rank *pari passu* with, and shall have the same voting right, dividend, transfer and other rights as the Galactic Shares in issue. The Proposed Grant will be made in accordance with the terms of the Share Option Scheme.

A consideration of HK\$1.00 for each Grantee is payable to Galactic upon acceptance of the Option in accordance with the terms of the Share Option Scheme.

Reasons for granting the Options to the proposed Grantees (including the Relevant Grantees)

The proposed grant of Options under the Share Option Scheme to the proposed Grantees (including the Relevant Grantees) was to recognize their respective contribution in management, engineering and technical innovation, products research and development as well as promotion of sales and business in Galactic; to retain on-going relationship with each of them whose contributions were beneficial to the development of Galactic; and to provide the proposed Grantees with motivation and incentive to enhance the growth of business of Galactic. Such purpose may be served by granting the Options the exercise of which is subject to and conditional upon the achievement of certain performance targets of certain proposed Grantees (including the Relevant Grantees).

Accordingly, the Directors consider that the Proposed Grant is beneficial to the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

4. EXTRAORDINARY GENERAL MEETING

The EGM Notice convening the EGM to be held at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong at 9:30 a.m., on Monday, 31 December 2007 is set out on pages 24 to 27 of this circular, at which Ordinary Resolutions will be proposed to approve:

- (i) the proposed amendment to the Share Option Scheme;
- (ii) the proposed grant of Options under the Share Option Scheme to the Relevant Grantees which would exceed the Single Participant Limit; and
- (iii) the proposed grant of Options under the Share Option Scheme to the proposed Grantees (other than the Relevant Grantees).

Pursuant to the requirements of Rule 17.03(4) the Listing Rules, the proposed Grantees (including the Relevant Grantees) and their respective associates are required to abstain from voting for the resolutions to approve the proposed amendments to the Share Option Scheme and the Proposed Grant of Options to the proposed Grantees (including the Relevant Grantees), and the Relevant Grantees and their respective associates are required to abstain from voting for the resolutions to approve the proposed grant of Options of over the Single Participant Limit to the Relevant Grantees. The proposed amendments to the Share Option Scheme will be subject to approval by the Independent Shareholders and the Proposed Grant will be under the special mandate to be approved by the Independent Shareholders. As at the Latest Practicable Date, none of the proposed Grantees (including the Relevant Grantees) and their respective associates owns any shares of the Company.

The voting for the Ordinary Resolutions will be conducted by show of hands. In the event that as at the date of the EGM, any of the proposed Grantees (including the Relevant Grantees) and their respective associates becomes a Shareholder and is required to abstain from voting for the resolutions to approve the proposed amendments to the Share Option Scheme, the Proposed Grant of Options to the proposed Grantees or to approve the Proposed Grant of Options of over the Single Participant Limit to the Relevant Grantees (as the case may be), the voting for such Ordinary Resolution(s) will then be conducted by poll.

5. ACTIONS TO BE TAKEN

A form of proxy for use at the EGM is 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 registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the EGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

6. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 74 of the Articles of Association of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required by the Listing Rules or any other applicable laws, rules or regulations or 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:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person or by proxy and holding Shares 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 the Shares conferring that right.

7. RESPONSIBILITY STATEMENT

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

8. RECOMMENDATION

The Directors believe that the proposed amendment to the Share Option Scheme and the Proposed Grant will serve to provide an incentive to the proposed Grantees for their continuing contribution to Galactic and thus are all in the best interests of Galactic.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the Ordinary Resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

9. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Share Option Scheme will be available for inspection at the registered office of the Company in Hong Kong at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong during normal business hours up to and including 31 December 2007.

Yours faithfully

By Order of the Board

Billy K. Yung

Group Chairman and Chief Executive



SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED
蜆壳電器工業（集團）有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00081)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Shell Electric Mfg. (Holdings) Company Limited (the “Company”) will be held at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong at 9:30 a.m., on Monday, 31 December 2007 for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

- (1) **“THAT** the share option scheme adopted by Galactic Computing Corporation (“Galactic”) in November 2002 (the “Share Option Scheme”) be and is hereby amended in the following manners:

(a) Introductory paragraph of Clause 6.3

By deleting the words “at any time” and substituting therefor the words “in accordance with the terms of the offer for the grant of Options and the provisions of the Scheme” immediately before the word “during” of the existing introductory paragraph of Clause 6.3.

AND the amended introductory paragraph of Clause 6.3 shall read as follows:

“Subject as hereinafter provided in this Scheme, the Option may be exercised by the Grantee in accordance with the terms of the offer for the grant of Options and the provisions of the Scheme during the Option Period provided that:”

(b) Clause 6.4

By deleting the existing Clause 6.4 in its entirety and substituting therefor the following new Clause 6.4:

“6.4 The Board may in its absolute discretion determine and state in the letter of offer for the grant of an Option referred to in Clause 4.2 of the Scheme whether the right to exercise an Option is subject to or conditional upon the achievement of any performance target or the fulfillment of any terms and conditions.””

EGM NOTICE

- (2) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Wong Yat Sheung which would entitle him to subscribe for not more than 2,982,655 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (3) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Cheung Ngam which would entitle him to subscribe for not more than 984,276 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (4) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to either Dr. Tan Huai Liang or Dr. Aleksandr Korobka which would entitle either of them to subscribe for not more than 298,266 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (5) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Gui Lin which would entitle him to subscribe for not more than 298,266 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (6) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Moore Lawrence which would entitle him to subscribe for not more than 149,133 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (7) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Lai Pok Nam which would entitle him to subscribe for not more than 149,133 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”

EGM NOTICE

- (8) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Shen Hao Ming which would entitle him to subscribe for not more than 178,959 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (9) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Yang Bo which would entitle him to subscribe for not more than 134,219 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (10) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Ruan Jian which would entitle him to subscribe for not more than 134,219 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (11) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Li Mi which would entitle him to subscribe for not more than 134,219 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (12) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Shi Qing Tang which would entitle him to subscribe for not more than 149,133 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (13) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Xu Sheng Wang which would entitle him to subscribe for not more than 74,566 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”

EGM NOTICE

- (14) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Chen Song which would entitle him to subscribe for not more than 74,566 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (15) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Xu Xie Jin which would entitle him to subscribe for not more than 74,566 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.”
- (16) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Huang Shan Ning which would entitle him to subscribe for not more than 74,566 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Option.
- (17) “**THAT** subject to and conditional upon the passing of resolution (1), the grant of Option under the Share Option Scheme to Mr. Xu Fei which would entitle him to subscribe for not more than 74,568 shares of US\$0.01 each in the share capital of Galactic, be and is hereby confirmed and approved and the directors of the Company and the directors of Galactic be and are hereby authorized to do all such acts and/or execute all such documents as may be necessary to give full effect to the grant and exercise of such Options.”

By the Order of the Board
Peter Lee Yip Wah
Company Secretary

Hong Kong, 14 December 2007

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy of that power of attorney or authority must be deposited at the registered office of the Company at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.