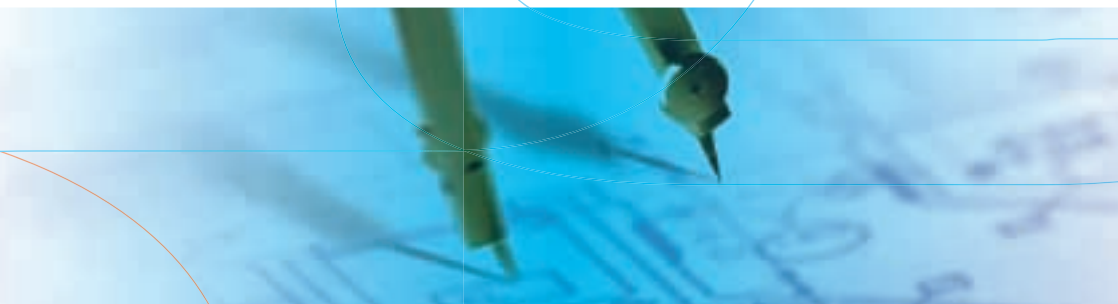




GLOBAL SOLUTION ENGINEERING LIMITED

環球工程有限公司

(incorporated in the Cayman Islands with limited liability)



Third Quarterly Report 2005

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

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

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

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

*The Stock Exchange takes no responsibility for the contents of this report, make 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 (“Directors”) of Global Solution Engineering 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 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.*

## RESULTS

The Board of Directors (the "Board") of Global Solution Engineering Limited (the "Company") herein presents the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months and nine months ended 30 September 2005, together with the comparative unaudited figures for the corresponding periods in 2004 as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)
<b>Turnover</b>	2	<b>386</b>	710	<b>995</b>	1,621
Other operating income		<b>8</b>	63	<b>1,370</b>	141
Depreciation and amortisation		<b>(12)</b>	(88)	<b>(177)</b>	(255)
Staff costs		<b>(816)</b>	(1,117)	<b>(2,233)</b>	(4,853)
Other operating expenses		<b>(752)</b>	(1,237)	<b>(2,156)</b>	(3,717)
<b>Loss from operations</b>		<b>(1,186)</b>	(1,669)	<b>(2,201)</b>	(7,063)
<b>Finance cost</b>					
— Interest on finance lease		—	—	<b>(5)</b>	—
— Interest on bank borrowings wholly repayable within five years		—	(4)	—	(7)
<b>Loss before taxation</b>	4	<b>(1,186)</b>	(1,673)	<b>(2,206)</b>	(7,070)
Taxation	5	—	—	—	—
<b>Net loss for the period</b>		<b>(1,186)</b>	(1,673)	<b>(2,206)</b>	(7,070)
<b>Loss per share, in HK cents</b>	6				
— <b>basic</b>		<b>(0.21)</b>	(0.35)	<b>(0.38)</b>	(1.47)
— <b>diluted</b>		<b>N/A</b>	N/A	<b>N/A</b>	N/A

Notes:

### 1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with all applicable accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

Principal accounting policies adopted in these financial statements are the same as those adopted in preparing the 2004 annual financial statements, except that the Group has changed certain of its accounting policies following its adoption of new/ revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

The Directors considered that the adoption of the new HKFRS has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been made.

## 2. Turnover

Turnover represents the aggregate of the net amounts received and receivable from third parties in connection with the provision of information technology and engineering consultancy services, as well as information technology design services.

## 3. Business and geographical segment

The Group's operation is regarded as a single business segment which is the provision information technology and engineering consultancy services, as well as information technology design services.

Analysis of the Group's turnover and results as well as analysis of carrying amount of segment assets and capital additions by geographical market has not been presented as they are substantially generated from or situated in Hong Kong.

## 4. Loss from operations

The Group's loss before tax is arrived at after charging/(crediting):

	Three months ended 30 September		Nine months ended 30 September	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Directors' remuneration	345	570	1,298	1,705
Other staff costs	471	548	935	3,148
Depreciation				
— owned assets	12	63	128	182
— leased assets	—	25	49	73
Operating lease rentals in respect of land and buildings	152	58	456	174
Interest income	(8)	—	(13)	(17)
Gain on disposal of subsidiaries	—	—	(1,357)	(5)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 5. Taxation

No Hong Kong profits tax has been provided for the three months and nine months ended 30 September 2005 (three months and nine months ended 30 September 2004: Nil) as the Group did not generate any assessable profits in Hong Kong during these periods.

The Group have no significant potential deferred tax liabilities for which provision has not been made.

## 6. Loss per share

The calculation of basic loss per share for the three months and nine months ended 30 September 2005 is based on the unaudited net loss from ordinary activities attributable to shareholders for the three months and nine months ended 30 September 2005 of approximately HK\$1.2 million and HK\$2.2 million respectively (three months and nine months ended 30 September 2004: net loss of approximately HK\$1.7 million and HK\$7.1 million respectively) and the weighted average of 576,000,000 shares in issue during the three months and nine months ended 30 September 2005 (three months and nine months ended 30 September 2004: 480,000,000 shares).

No diluted loss per share has been presented for the three months and nine months ended 30 September 2005 because there is no dilutive potential share. In the last corresponding periods, no diluted loss per share was presented as the exercise price of the Company's share options was higher than the average market price of the Company's shares during these periods.

## 7. Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2005 (nine months ended 30 September 2004: Nil).

## 8. Movements in reserve

Movements in reserve during the periods are as follows:

	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004	9,751	11	(13,570)	(3,808)
Net loss for the period	—	—	(7,070)	(7,070)
At 30 September 2004	<u>9,751</u>	<u>11</u>	<u>(20,640)</u>	<u>(10,878)</u>
At 1 January 2005	14,859	11	(16,560)	(1,690)
Net loss for the period	—	—	(2,206)	(2,206)
At 30 September 2005	<u><b>14,859</b></u>	<u><b>11</b></u>	<u><b>(18,766)</b></u>	<u><b>(3,896)</b></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is principally engaged in the provision of information technology and engineering consultancy services, as well as information technology design services.

## **BUSINESS REVIEW AND PROSPECT**

With effect from 6 September 2005, the Company changed its name to "Global Solution Engineering Limited" and adopted a new Chinese name of "環球工程有限公司" for identification purpose only. The change of the Company name marked the beginning of a new era of the Company. In addition to further strengthen and develop of the Group's business in the provision of information technology consultancy and design services, the Directors will also explore valuable investment or business opportunities in engineering aspect. The Board believes that the Group will derive revenue from engineering aspect in the coming quarters.

## **FINANCIAL REVIEW**

For the nine months ended 30 September 2005, the Group's unaudited consolidated turnover and loss attributable to shareholders were HK\$1 million (2004: HK\$1.6 million) and HK\$2.2 million (2004: HK\$7.1 million) respectively. There was approximately 39% and 69% decrease in turnover and loss attributable to shareholders respectively over the corresponding period last year.

The decrease in the loss attributable to shareholders was mainly attributable to the decrease in staff costs and other operating expenses. Even though the Group recruited several professional staffs and spent more resources for the development of the provision of engineering consultancy services, staff costs and other operating expenses decreased to approximately HK\$2.2 million and HK\$2.1 million from HK\$4.9 million and HK\$3.8 million respectively over the corresponding period last year.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2005.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND LONG POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 September 2005, the interests or long position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or long positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Name	Personal Interests	Family Interests	Corporate Interests	Total	% of issued share capital
Chu Yen Ling	—	—	264,000,000 (Note 1)	264,000,000	45.83%

Note:

1. These shares are registered in the name of Elite Side Profits Limited, which is wholly and beneficially owned by Mr. Chu Yen Ling.

Save as disclosed above, as at 30 September 2005, none of the directors of the Company had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or long positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEMES

As at 30 September 2005, a share option scheme was adopted and approved by the sole member of the Company on 26 October 2002 (the "Share Option Scheme"). No share option have been granted under the Share Option Scheme since its adoption.

## INTERESTS AND THE LONG POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 September 2005, the following persons or corporations who had interests or long positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>% of issued share capital</b>
Elite Side Profits Limited ( <i>Note 1</i> )	264,000,000	45.83%
Chu Yen Ling ( <i>Note 1</i> )	264,000,000	45.83%
Kuo Li Hwa ( <i>Note 2</i> )	264,000,000	45.83%
Data Expert Limited ( <i>Note 3</i> )	48,000,000	8.33%
Liu Peng ( <i>Note 3</i> )	48,000,000	8.33%
Grand Ever Limited ( <i>Note 4</i> )	48,000,000	8.33%
Niu Tiehang ( <i>Note 4</i> )	48,000,000	8.33%

Notes:

- (1) These shares are beneficially owned by Elite Side Profits Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Chu Yen Ling.
- (2) Ms. Kuo Li Hwa is the spouse of Mr. Chu Yen Ling, accordingly, she is deemed to be interested in the 264,000,000 shares held by Elite Side Profits Limited under the SFO.
- (3) These shares are beneficially owned by Data Expert Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Liu Peng.
- (4) These shares are beneficially owned by Grand Ever Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Nie Tiehang.

## COMPETING INTERESTS

Each of the Directors and the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interest in companies or may compete with the business of the Group or any other conflict of interests with the interests of the Group.



## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.30 as set out in Chapter 5 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consists of the three independent non-executive directors, namely Dr. Lu Da, Mr. Lau Man Yiu, and Ms. Xue Xiaoyi. The Group's unaudited consolidated financial statements for the nine months and three months ended 30 September 2005 have been reviewed by the audit committee, who was of the opinion that the preparation of such financial statements complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made.

## **CORPORATE GOVERNANCE AND CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

Throughout the period, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listings Rules as the code for dealing in securities of the Company by the Directors (the "Code"). All Directors have complied with the required standard as set out in the Code.

By Order of the Board  
**Global Solution Engineering Limited**  
**Chu Yen Ling**  
*Chairman*

Hong Kong, 10 November 2005