



**CSE** GLOBAL SOLUTION ENGINEERING LIMITED  
環球工程有限公司  
(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report  
2007

## **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.**

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*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 ended 31 March 2007, together with the comparative unaudited figures for the corresponding period in 2006 as follows:

### Unaudited Condensed Consolidated Income Statement

	<i>Notes</i>	<b>Three months ended 31 March 2007 HK\$'000 (Unaudited)</b>	Three months ended 31 March 2006 HK\$'000 (Unaudited)
<b>Revenue</b>	2	<b>120</b>	109
Other income		<b>7</b>	6
Depreciation		<b>(9)</b>	(16)
Staff costs		<b>(359)</b>	(646)
Other operating expenses		<b>(467)</b>	(567)
<b>Loss before income tax</b>	4	<b>(708)</b>	(1,114)
Income tax expense	5	—	—
<b>Net loss for the period</b>		<b>(708)</b>	(1,114)
<b>Loss per share</b>	6		
— Basic (2006: restated)		<b>HK(0.82) cent</b>	HK(1.45) cents
— Diluted		<b>N/A</b>	N/A

## Notes to the First Quarterly Results

### 1. Basis of Preparation

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated results comply with the applicable disclosure requirements of the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The accounting policies adopted in preparing the unaudited condensed consolidated results for the three months ended 31 March 2007 and 2006 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006. The condensed consolidated results are unaudited but have been reviewed by the audit committee.

### 2. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of the amounts received and receivable from third parties in connection with the provision of engineering and information technology consultancy services.

### 3. Segment Information

The Group's operation is regarded as a single business segment which is the provision of engineering and information technology consultancy 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 the People's Republic of China ("PRC").

### 4. Loss Before Income Tax

Loss before income tax is arrived at after charging/(crediting):

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
Directors' remuneration	<b>177</b>	173
Other staff costs	<b>182</b>	473
Depreciation	<b>9</b>	16
Operating lease rental in respect of land and building	<b>161</b>	155
Interest income	<b>(7)</b>	(6)
	<u>          </u>	<u>          </u>

### 5. Income Tax Expense

No provision for taxation has been made in the financial statements as the Group had no assessable profit for the period (three months ended 31 March 2006: Nil).

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 ended 31 March 2007 is based on the unaudited net loss for the three months ended 31 March 2007 of approximately HK\$ 708,000 (three months ended 31 March 2006: net loss of approximately HK\$1,114,000) and the weighted average of 86,400,000 shares in issue during the three months ended 31 March 2007 (three months ended 31 March 2006: 76,640,000 shares, as adjusted). The comparative figure of basic loss per share for the period ended 31 March 2006 have been re-calculated to reflect the effects of the issuance of new shares and the share consolidation occurred during last year.

No diluted loss per share has been presented because there is no dilutive potential share during these periods.

**7. Dividend**

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2007 (three months ended 31 March 2006: nil).

**8. Reserves**

	<b>Share capital</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Special reserve</b> <i>HK\$'000</i>	<b>Accumulated losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2006	5,760	14,859	11	(20,326)	304
Share issued at premium	1,152	749	—	—	1,901
Net loss for the period	—	—	—	(1,114)	(1,114)
	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(21,440)</u>	<u>1,091</u>
At 31 March 2006	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(21,697)</u>	<u>834</u>
At 1 January 2007	—	—	—	(708)	(708)
Net loss for the period	—	—	—	(708)	(708)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(708)</u>	<u>(708)</u>
<b>At 31 March 2007</b>	<b><u>6,912</u></b>	<b><u>15,608</u></b>	<b><u>11</u></b>	<b><u>(22,405)</u></b>	<b><u>126</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group is principally engaged in the provision of engineering consultancy services.

### **BUSINESS REVIEW AND PROSPECT**

During the period under review, the Group recorded higher revenue of approximately HK\$120,000, representing an increase of approximately 10% as compared with that of the last corresponding period. As most of the Group projects will be completed in the second half of the year 2007, more turnover is expected in the coming quarters upon the completion of these projects.

### **FINANCIAL REVIEW**

For the three months ended 31 March 2007, the Group's unaudited consolidated turnover and loss attributable to equity holders were HK\$120,000 (2006: HK\$109,000) and HK\$708,000 (2006: HK\$1,114,000) respectively. There was 10% increase in turnover with an approximate 36% decrease in loss attributable to equity holders over the corresponding period last year. The decrease in the loss attributable to equity holders was mainly attributable to the increase in turnover and decrease in staff costs and other operating expenses. With the adoption of rigorous cost control policy, staff costs and other operating expenses decreased 44% and 18% respectively to approximately HK\$359,000 and HK\$467,000 from HK\$646,000 and HK\$567,000 recorded in last corresponding period.

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

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 31 March 2007.

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

Save as disclosed below, as at 31 March 2007, 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").

Name	Personal Interests	Family Interests	Corporate Interests	Total	% of issued share capital
Chu Yen Ling	—	—	33,000,000 (Note 1)	33,000,000	38.19%

Note:

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

## SHARE OPTION SCHEME

As at 31 March 2007, 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 options have been granted under the Share Option Scheme since its adoption.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, 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> )	33,000,000	38.19%
Chu Yen Ling ( <i>Note 1</i> )	33,000,000	38.19%
Kuo Li Hwa ( <i>Note 2</i> )	33,000,000	38.19%
Data Expert Limited ( <i>Note 3</i> )	12,960,000	15.00%
Liu Peng ( <i>Note 3</i> )	12,960,000	15.00%
Peak Achieve Limited ( <i>Note 4</i> )	8,640,000	10.00%
Siu Yuk Chu ( <i>Note 4</i> )	8,640,000	10.00%
Grand Ever Limited ( <i>Note 5</i> )	6,000,000	6.94%
Niu Tiehing ( <i>Note 5</i> )	6,000,000	6.94%

### 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 33,000,000 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 Peak Achieve Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Siu Yuk Chu.
- (5) These shares are beneficially owned by Grand Ever Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Niu Tiehing.

## DIRECTORS' INTERESTS IN CONTRACTS

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

## 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.



## CORPORATE GOVERNANCE

For the three months ended 31 March 2007, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the "A" Guide for the Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and, in the opinion of the directors, complied with Rules 5.28 to 5.30 as set out in Chapter 5 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 29 November 2002. 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 three months ended 31 March 2007 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.

As at the date of this report, the board of directors of the Company comprises the following directors:

*Executive Directors:*

Mr. Chu Yen Ling (*Chairman*)  
Mr. Lee Chan Wah

*Independent Non-Executive Directors:*

Dr. Lu Da  
Mr. Lau Man Yiu  
Ms. Xue Xiaoyi

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

Hong Kong, 8 May 2007