



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

Stock Code : 8192

Interim Report 2007

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

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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 and six months ended 30 June 2007, together with the comparative unaudited figures for the corresponding periods in 2006 as follows:

Unaudited Condensed Consolidated Income Statement

	Notes	Three months ended 30 June		Six months ended 30 June	
		2007	2006	2007	2006
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue – Turnover	2	647	328	767	437
Other income		3	8	10	14
Depreciation		(24)	(17)	(33)	(33)
Staff costs		(220)	(420)	(579)	(1,066)
Other operating expenses		(443)	(473)	(910)	(1,040)
		<hr/>	<hr/>	<hr/>	<hr/>
Loss from operations		(37)	(574)	(745)	(1,688)
Finance cost		(–)	–	(–)	–
		<hr/>	<hr/>	<hr/>	<hr/>
Loss before income tax	4	(37)	(574)	(745)	(1,688)
Income tax expense	5	(–)	–	(–)	–
		<hr/>	<hr/>	<hr/>	<hr/>
Net loss for the period		(37)	(574)	(745)	(1,688)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Loss per share in HK cents					
– Basic	6	(0.04)	(0.66)	(0.86)	(2.07)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
– Diluted		N/A	N/A	N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Unaudited Condensed Balance Sheet

		As at 30 June 2007 HK\$'000 (Unaudited)	As at 31 December 2006 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		184	217
Current assets			
Trade and other receivables	8	453	352
Cash and bank balances		311	1,820
		764	2,172
Current liabilities			
Accruals and other payables	9	359	543
Net current assets		405	1,629
Total assets less current liabilities		589	1,846
Non-current liabilities			
Amount due to a shareholder company		500	1,012
Net assets		89	834
Equity attributable to the equity holders of the Company			
Share capital		6,912	6,912
Reserves		(6,823)	(6,078)
Total Equity		89	834

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital <i>HK\$'000</i>	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 2006	5,760	14,859	11	(20,326)	304
Issue of shares	1,152	749	–	–	1,901
Loss for the period	–	–	–	(1,688)	(1,688)
	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(22,014)</u>	<u>517</u>
At 30 June 2006	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(22,014)</u>	<u>517</u>
At 1 January 2007	6,912	15,608	11	(21,697)	834
Loss for the period	–	–	–	(745)	(745)
	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(22,442)</u>	<u>89</u>
At 30 June 2007	<u>6,912</u>	<u>15,608</u>	<u>11</u>	<u>(22,442)</u>	<u>89</u>

Unaudited Condensed Cashflow Statement

	Six months ended	
	30 June	
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities	(1,007)	(1,336)
Cash flows from investing activities	10	(11)
Cash flows from financing activities	(512)	1,916
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(1,509)	569
Cash and cash equivalents at beginning of the period	1,820	554
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	311	1,123
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	311	1,123
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Interim Financial Statements

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 Interpretation 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 six months ended 30 June 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 – Turnover

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 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 .

4. Loss before Income Tax

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

	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' remuneration	132	185	264	358
Other staff costs	133	235	315	708
Depreciation	24	17	33	33
Operating lease rental in respect of land and building	89	160	250	315
Interest income	(3)	(8)	(10)	(14)
	<u>132</u>	<u>185</u>	<u>264</u>	<u>358</u>
	<u>133</u>	<u>235</u>	<u>315</u>	<u>708</u>
	<u>24</u>	<u>17</u>	<u>33</u>	<u>33</u>
	<u>89</u>	<u>160</u>	<u>250</u>	<u>315</u>
	<u>(3)</u>	<u>(8)</u>	<u>(10)</u>	<u>(14)</u>

5. Income Tax Expenses

No provision for taxation has been made in the financial statements as the Group had no assessable profit for the period (six months ended 30 June 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 and six months ended 30 June 2007 is based on the unaudited net loss for the three months and six months ended 30 June 2007 of approximately HK\$37,000 and HK\$745,000 respectively (three months and six months ended 30 June 2006: loss of approximately HK\$574,000 and HK\$1,688,000 respectively) and the weighted average of 86,400,000 shares (three months and six months ended 30 June 2006: 86,400,000 shares and 81,626,519 shares respectively) in issue during the three months and six months ended 30 June 2007.

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 six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

8. Trade and Other Receivables

The Group generally allows an average credit period of 30 days to its trade customers. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

An analysis of the Group's trade receivables and other receivables at the balance sheet date is as follows:

	As at 30 June 2007 HK\$'000 (Unaudited)	As at 31 December 2006 HK\$'000 (Audited)
Trade receivables	117	–
Other receivables	336	352
	<u>453</u>	<u>352</u>

9. Accounts Payable

There are no trade payables at 30 June 2007 (31 December 2006: Nil).

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\$767,000, representing an increase of approximately 75.5% as compared with that of the last corresponding period. As compared with the first quarter, the Group's performance in the second quarter improved. Turnover in the second quarter increased approximately 439.2% from the first quarter's HK\$120,000 to the second quarter's HK\$647,000. More turnover is expected in the coming quarters and the Group continued to adopt strict cost control policies in managing its operation.

Following the introduction of Mr. Pong Wai San, Wilson ("Mr. Pong") as the controlling shareholder of the Group upon the acquisition of shares by Mr. Pong on 5 July 2007 and the mandatory conditional cash offers for all the issued shares on the Company by Almond Global Limited, a company of which the entire issued share capital is wholly and beneficially owned by Mr. Pong (other than those already owned by Almond Global Limited and parties acting in concert with it). The new substantial shareholder intend to further develop the existing business of the Group and consider the net proceeds raised from the share and bond subscription an opportunity for the Group to broaden its capital base and to raise fund for future development of existing business, particularly, in the area of engineering consultancy business for construction of logistic centers and related business.

FINANCIAL REVIEW

For the six months ended 30 June 2007, the Group's unaudited consolidated turnover and loss attributable to equity holders were HK\$767,000 (2006: HK\$437,000) and HK\$745,000 (2006: HK\$1,688,000) respectively. There was 75.5% increase in turnover with an approximately 55.9% 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 administrative expenses decreased 45.7% and 12.5% respectively to approximately HK\$579,000 and HK\$910,000 from HK\$1,066,000 and HK\$1,040,000 recorded in the corresponding period last year.

Liquidity, financial resources and capital structure

As at 30 June 2007, the Group had assets of approximately HK\$948,000 (31 December 2006: HK\$2,389,000), including net cash and bank balances of approximately HK\$311,000 (31 December 2006: HK\$1,820,000).

During the six months ended 30 June 2007, the Group financed its operations and investing activities with internally generated cash flow. There was no charge on the Group's assets as at 30 June 2007 (31 December 2006: nil).

As at 30 June 2007, the Group did not have any bank borrowings nor any banking facilities. The gearing ratio, defined as the ratio between total bank borrowings and shareholders's equity, was nil (31 December 2006: nil).

Most of the transactions of the Group are denominated in Hong Kong dollars, United States dollars and Renminbi. The Directors are of the view that the exposure to foreign currency exchange risk is limited. Hence, no hedging or other arrangements to reduce the currency risk have been implemented.

Significant investment

As at 30 June 2007, there was no significant investment held by the Group (31 December 2006: nil).

Material acquisition or disposal of subsidiaries and affiliated companies

There were no material acquisitions or disposal of subsidiaries and affiliated companies in the course of the six months ended 30 June 2007.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2007.

Employees and remuneration policies

As at 30 June 2007, the Group employed 4 full-time employees. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Other benefits include contributions to statutory mandatory provident fund scheme and medical insurance.

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 six months ended 30 June 2007.

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

Save as disclosed below, as at 30 June 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 SCHEMES

As at 30 June 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 option have been granted under the Share Option Scheme since its adoption.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 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:

Name of shareholder	Number of shares	% of issued share capital
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 Tiehang (<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 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.

CORPORATE GOVERNANCE

For the six months ended 30 June 2007, the Company complied with the 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 HKICPA 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' 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 six months ended 30 June 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.

BOARD OF DIRECTORS

As at the date of this report, the executive directors of the Company are Mr. Chu Yen Ling and Mr. Lee Chan Wah and three independent non-executive directors namely, Dr. Lu Da, Mr. Lau Man Yiu and Ms. Xue Xiaoyi.

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

Hong Kong, 3 August 2007