



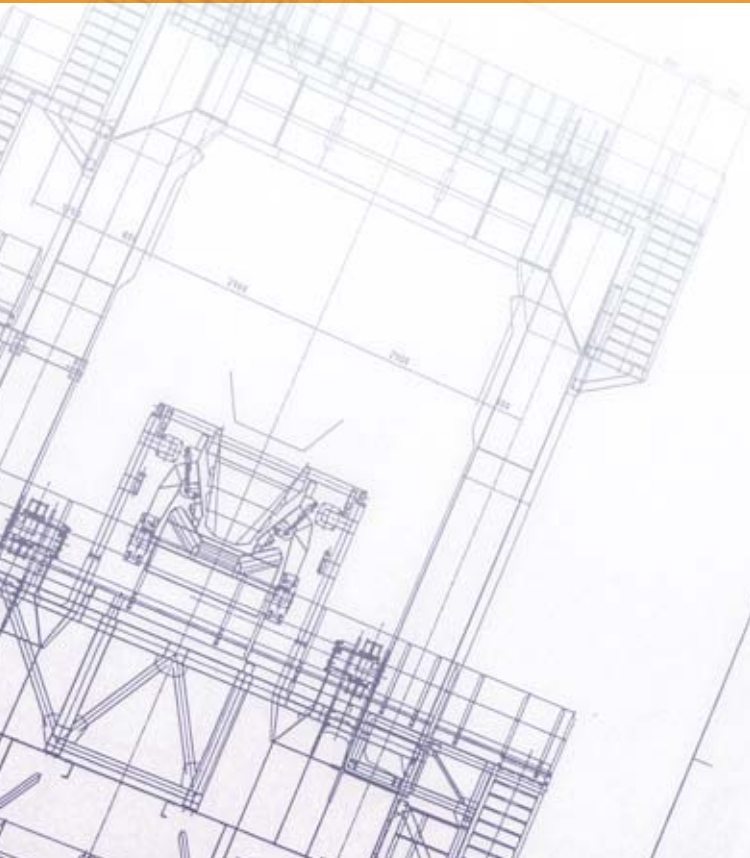
GLOBAL SOLUTION ENGINEERING LIMITED

環球工程有限公司

(continued in Bermuda with limited liability)

Third Quarterly Report 2007

Stock Code: 8192



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 Inter net 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 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 September		Nine months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Revenue – Turnover	3	150	387	917	824
Other income		1,038	4	1,048	18
Depreciation		(17)	(17)	(50)	(50)
Staff costs		(346)	(361)	(925)	(1,427)
Other operating expenses		(1,176)	(517)	(2,086)	(1,557)
Loss from operations		(351)	(504)	(1,096)	(2,192)
Finance costs		(19)	–	(19)	–
Loss before income tax	5	(370)	(504)	(1,115)	(2,192)
Income tax expense	6	–	–	–	–
Net loss for the period		(370)	(504)	(1,115)	(2,192)
Loss per share in HK cents	7				
– Basic		(0.30)	(0.58)	(1.13)	(2.63)
– Diluted		N/A	N/A	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

1. General Information

The Company is a limited liability Company incorporated in the Cayman Islands and continued in Bermuda. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 2802, One Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the provision of information technology and engineering consultancy services.

2. Basis of Preparation

The Group's unaudited condensed consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards 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 nine months ended 30 September 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.

3. 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 information technology and engineering consultancy services.

4. Segment Information

The Group's operation is regarded as a single business segment which is the provision of information technology and engineering 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.

5. Loss Before Income Tax

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

	Three months ended 30 September		Nine months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Directors' remuneration	232	188	496	546
Other staff costs	114	173	429	881
Depreciation	17	17	50	50
Operating lease rental in respect of land and building	160	160	410	475
Effective interest expense on convertible bonds	19	-	19	-
Interest income	(8)	(4)	(18)	(18)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. Income Tax Expenses

No provision for taxation has been made in the financial statements as the Group had no assessable profit for the three months and nine months ended 30 September 2007 (three months and nine months ended 30 September 2006: Nil).

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

7. Loss Per Share

The calculation of basic loss per share for the three months and nine months ended 30 September 2007 is based on the unaudited net loss for the three months and nine months ended 30 September 2007 of approximately HK\$370,000 and HK\$1,115,000 respectively (three months and nine months ended 30 September 2006: loss of approximately HK\$504,000 and HK\$2,192,000 respectively) and the weighted average of 122,291,304 shares and 98,495,238 shares respectively (three months and nine months ended 30 September 2006: 86,400,000 shares and 83,235,165 shares respectively) in issue during the three months and nine months ended 30 September 2007 after adjusting for the effects of the issuance of new shares on 4 September 2007. The basic loss per share for the three months and nine months ended 30 September 2006 had been adjusted accordingly.

No diluted loss per share has been presented for the three months and nine months ended 30 September 2007 because there is no dilutive potential share.

8. Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2007 (nine months ended 30 September 2006: Nil).

9. Reserves

Movements in reserves during the periods are as follows:

	Share capital	Share premium	Convertible bonds equity reserve	Special reserve	Accumulated losses	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	5,760	14,859	-	11	(20,325)	305
Issue of shares	1,152	749	-	-	-	1,901
Loss for the period	-	-	-	-	(2,192)	(2,192)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2006	<u>6,912</u>	<u>15,608</u>	<u>-</u>	<u>11</u>	<u>(22,517)</u>	<u>14</u>
At 1 January 2007	6,912	15,608	-	11	(21,697)	834
Capital reduction	(6,048)	(15,608)	-	-	21,656	-
Issue of convertible bonds	-	-	1,676	-	-	1,676
Issue of shares	1,270	-	-	-	-	1,270
Loss for the period	-	-	-	-	(1,115)	(1,115)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September 2007	<u>2,134</u>	<u>-</u>	<u>1,676</u>	<u>11</u>	<u>(1,156)</u>	<u>2,665</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW AND PROSPECT

During the period under review, the Group recorded revenue of approximately HK\$917,000, representing an increase of approximately 11% as compared with that of the last corresponding period. As compared with the last two quarters, the Group's performance in the third quarter was lower than expectation due to the higher competition and the cost increase in the market. Turnover in the third quarter decreased approximately by 76.8% from the second quarter's HK\$647,000 to the third quarter's HK\$150,000. More turnover is expected in the coming quarter and the Group continued to adopt strict cost control policies in managing its operation.

Since the introduction of Mr. Pong Wai San, Wilson ("Mr. Pong") as the controlling shareholder and the appointment of the new board of Directors on 19 September 2007, the Board has performed business review to streamline the business operation and improve the financial position of the Group and has looking for new investment opportunities in new business section. The Group also intend to further develop the existing business of the Group and consider the net proceeds raised from the issue of new shares and the zero coupon convertible bonds ("Convertible Bonds") an opportunity for the Group to broaden its capital base and to raise new fund for future development of existing and new business, particularly, in the area of engineering consultancy business for construction of logistic centers and related business.

FINANCIAL REVIEW

For the nine months ended 30 September 2007, the Group's unaudited consolidated turnover and loss attributable to shareholders were HK\$917,000 (2006: HK\$824,000) and HK\$1,115,000 (2006: HK\$2,192,000) respectively. There was 11% increase in turnover with an approximately 50% decrease in loss attributable to shareholders over the corresponding period last year. The decrease in the loss attributable to shareholders was mainly attributable to the decrease in staff costs and increase in other income. With the adoption of rigorous cost control policy, staff costs decreased 35% to approximately HK\$925,000 from HK\$1,427,000 recorded in 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 2007.

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

Save as disclosed below, as at 30 September 2007, the interests or short 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 short 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	Number of Shares		Total	% of issued share capital
	Personal Interest	Corporate Interest		
Pong Wai San, Wilson	33,000,000	527,000,000 (Note)	560,000,000	262.42%

Note: These shares are registered in the name of Almond Global Limited, which is wholly and beneficially owned by Mr. Pong.

All the interests disclosed above represent long position in share of the Company.

SHARE OPTION SCHEMES

As at 30 September 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 September 2007, other than the interests of certain directors as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures" above, the interest or short positions of person in the shares and underlying shares and debentures 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, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial shareholders whose interests or short positions 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	Capacity in which shares are held	Percentage of issued share capital
Almond Global Limited (<i>Note 1</i>)	527,000,000	Corporation interest	246.95%
Ms. Tung Chung Yee, Helena (<i>Note 2</i>)	560,000,000	Family interest	262.42%

Note:

- (1) These shares are beneficially owned by Almond Global Limited, a company wholly owned by Mr. Pong. The 527,000,000 shares held by Almond Global Limited consist of a zero coupon convertible bonds of HK\$4,000,000 which can be converted into 400,000,000 shares of the Company at an initial conversion price of HK\$0.01 per share (subject to adjustments in accordance with the terms of the Convertible Bonds) during its conversion period of five years from 4 September 2007.
- (2) Ms. Tung Ching Yee, Helena is the wife of Mr. Pong and accordingly deemed to be interested in the shares beneficially owned by Mr. Pong in his own capacity and through his controlled corporation, Almond Global Limited.

All the interests disclosed above represent long position in shares of the Company.

DIRECTOR'S RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures" above, at no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

COMPETING INTERESTS

As at the report date, 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 AND CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

For the nine months ended 30 September 2007, the Company complied with the provision set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the period ended 30 September 2007 except that: (i) the roles of chairman and chief executive officer are not separate and are performed by the same individual, and (ii) members of nomination committee of the Board have not been re-appointed since the resignation of the former members on 18 September 2007. The Company is in the progress of re-appointment of the members of the nomination committee.

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'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 Mr. Lai Hin Wing, Henry, Mr. Ko Chun Hay, Kelvin and Mr. Lung Hung Cheuk. The Group's unaudited consolidated financial statements for the nine months ended 30 September 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions throughout the period ended 30 September 2007.

As at the date of this report, the Board comprises the following Directors:

Executive Directors:

Pong Wai San, Wilson
Lau Wai Shu

Independent non-executive Directors:

Lai Hin Wing, Henry
Ko Chun Hay, Kelvin
Lung Hung Cheuk

By Order of the Board
Global Solution Engineering Limited
Pong Wai San, Wilson
Chairman

Hong Kong, 12 November 2007