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Global Solution Engineering Limited
環球工程有限公司*

(incorporated in Cayman Islands with limited liability)
(Stock code: 8192)

Almond Global Limited

*(incorporated in the British Virgin Islands
with limited liability)*

Financial adviser
To Almond Global Limited



JOINT ANNOUNCEMENT

- (1) CHANGE OF DOMICILE**
(2) REORGANISATION OF SHARE CAPITAL
(3) ADOPTION OF NEW MEMORANDUM OF CONTINUANCE AND BYE-LAWS
(4) ISSUE OF NEW SHARES AND CONVERTIBLE BONDS
(5) ACQUISITION OF EXISTING SHARES
(6) POSSIBLE MANDATORY CONDITIONAL GENERAL OFFER
AND
TRADING RESUMPTION

Change of Domicile and Capital Reorganisation

The Directors propose to (a) change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; (b) reduce the nominal value of each issued Share from HK\$0.08 to HK\$0.01 by canceling the paid-up capital to the extent of HK\$0.07 on each Share and subdivide each of the authorized but unissued Shares into eight New Shares of HK\$0.01 each; and (c) cancellation of the entire amount of the share premium account of the Company. The proposed Change of Domicile and Capital Reorganisation will not affect the continuity and the listing status of the Company.

The proposed Capital Reorganisation will allow the Company to issue New Shares below its existing nominal value per Share of HK\$0.08 as required in the Subscription Agreements, and will increase flexibility for the Company in possible future fund raisings. The proposed Change of Domicile will shorten the time required to effect the Capital Reorganisation.

The Change of Domicile and Capital Reorganisation are each conditional upon fulfillment of certain conditions as more particularly described in the paragraphs headed “Conditions of the Change of Domicile” and “Conditions of the Capital Reorganisation” below.

* For identification purpose only

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective. Subject to the fulfillment of the above conditions, the Directors expect the Change of Domicile and the Capital Reorganisation will be completed by the end of August 2007.

Subject to the completion of the Change of Domicile, the Company proposes to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda company laws to replace the existing memorandum and articles of association of the Company.

The Subscription Agreements

On 25 June 2007, the Company and the Offeror entered into the Share Subscription Agreement and the Bond Subscription Agreement. Pursuant to the Share Subscription Agreement, the Company has conditionally agreed to allot and issue and the Offeror has conditionally agreed to subscribe in cash of HK\$1,270,000 for a total of 127,000,000 Subscription Shares at the subscription price of HK\$0.01 per Subscription Share.

The 127,000,000 Subscription Shares represent approximately 147% of the existing issued share capital of the Company and approximately 59.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds from the Share Subscription are estimated to be approximately HK\$1.1 million. The Directors intend to use such net proceeds for future business development of the Group.

Pursuant to the Bond Subscription Agreement, the Company has conditionally agreed to issue and the Offeror has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$4,000,000. The Convertible Bonds entitle the holders thereof to convert all or part of the outstanding principal amount of the Convertible Bonds into New Shares at a conversion price of HK\$0.01 per New Share, subject to adjustment, at any time from the date of issue to the seventh day prior to the Maturity Date, being the date falling on the fifth anniversary of the date of issue of the Convertible Bonds. Unless previously converted, the outstanding principal amount of the Convertible Bonds will be repayable by the Company on the Maturity Date. The Convertible Bonds bear no interest.

Assuming conversion in full of the Convertible Bonds into New Shares at the initial Conversion Price of HK\$0.01 per New Share, a total of 400,000,000 Conversion Shares will be issued by the Company, which represent about 463.0% of the existing issued share capital of the Company and about 82.2% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The net proceeds from the Bond Subscription are estimated to be approximately HK\$3.3 million. The Directors intend to use such net proceeds also for future business development of the Group.

The Subscription Price and the initial Conversion Price, each at HK\$0.01 per New Share, represents a discount of approximately 98.7% to the closing price of HK\$0.77 per Share as quoted on the Stock Exchange on the Last Trading Day and a discount of approximately 98.1% to the average closing price of HK\$0.534 per Share as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day.

Each of the Subscriptions is conditional upon, among other things, approval of the related Subscription Agreement by the Independent Shareholders at the EGM. The Share Subscription and the Bond Subscription are inter-conditional on each other. The conditions precedent to the Subscriptions are set out in the sections headed “Conditions of the Share Subscription Agreement” and “Conditions of the Bond Subscription Agreement” below. The Offeror and its associates and parties acting in concert with it have no shareholding in the Company as at the date of this announcement. Should they become owner of the Sale Shares prior to the holding of the EGM following completion of the S&P Agreement, they shall abstain from voting on the resolutions to be proposed at the EGM in relation to the Subscription Agreements and the transactions contemplated therein.

THE S&P AGREEMENT

On 25 June 2007, the Vendor as vendor, the Offeror as purchaser and Mr. Chu as warrantor entered into the S&P Agreement pursuant to which the Offeror has conditionally agreed to purchase 33,000,000 Shares from the Vendor for a consideration of HK\$13,200,000 (equivalent to HK\$0.40 per Share) in cash. The Sale Shares represent about 38.19% of the existing issued share capital of the company. The S&P Agreement is conditional upon fulfillment of certain conditions as more particularly described in the paragraph headed “Conditions of the S&P agreement” below. However, the S&P Agreement is not conditional on any of the Subscription Agreements being completed.

POSSIBLE GENERAL OFFER

Immediately upon and subject to completion of the S&P Agreement, the Offeror will own 33,000,000 Shares representing about 38.19% of the existing issued share capital of the Company.

Pursuant to Rule 26 of the Takeovers Code and subject to completion of the S&P Agreement, VXLFS will on behalf of the Offeror make a mandatory conditional general offer to acquire all the issued Shares not already owned by or agreed to be issued to or acquired by the Offeror and parties acting in concert with it at a price of HK\$0.40 per Share.

The Offeror and parties acting in concert with it have not dealt in any Shares in the six months period immediately prior to the date of the S&P Agreement. The price of HK\$0.40 per Sale Share under the S&P Agreement is the highest price paid/agreed to be paid by the Offeror for the Shares.

GENERAL

The Independent Board Committee will be appointed to advise the Independent Shareholders in respect of the Subscription Agreements and on the terms of the General Offer. The Independent Financial Adviser will be appointed to advise the Independent Board Committee in this respect. An announcement will be made by the Company as soon as practicable after the Independent Financial Adviser has been appointed.

A circular containing further information regarding, among other things, the Change of Domicile, the Capital Reorganisation and the Subscription Agreements, the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Subscription Agreements, the opinion of the Independent Financial Adviser in respect of the Subscription Agreements, together with the notice of the EGM will be dispatched to Shareholders as soon as practicable, and expected to be within 21 days of the date of this announcement.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document in respect of the General Offer will be dispatched to the Shareholders within 21 days of the date of this announcement.

It is the intention of the Offeror that the listing of the Shares (or the New Shares upon the Capital Reorganisation becoming effective) on the Stock Exchange be maintained following the close of the General Offer.

The Offeror has appointed VXLFS as its financial adviser in respect of the General Offer. VXLFS is satisfied that sufficient financial resources are available to the Offeror to enable it to satisfy its obligations under the Subscription Agreements, the S&P Agreement and to satisfy full acceptance of the General Offer.

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 25 June 2007 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 4 July 2007.

WARNING

The General Offer is only a possibility. The making of the General Offer is subject to completion of the S&P Agreement. The S&P Agreement is subject to certain conditions precedent as set out in the paragraph headed “Conditions of the S&P Agreement” in the section headed “The S&P Agreement” below. Accordingly, it is uncertain whether the General Offer will be made. In this respect, further announcements will be made by the Company and the Offeror when appropriate.

Shareholders should also be aware of and take note that the Change of Domicile, the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account, and the Subscription Agreements are conditional upon satisfaction of the conditions precedent set out in the paragraphs headed “Conditions of the Change of Domicile” and “Conditions of the Capital Reorganisation” in the section headed “Change of Domicile and Capital Reorganisation”, the paragraph headed “Conditions of the Share Subscription Agreement” in the section headed “The Share Subscription Agreement” and the paragraph headed “Conditions of the Bond Subscription Agreement” in the section headed “The Bond Subscription Agreement” below. Therefore, the Change of Domicile, the Capital Reorganisation and the Subscription Agreements may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CHANGE OF DOMICILE AND CAPITAL REORGANISATION

The Directors propose to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, and to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda company laws to replace the existing memorandum and articles of association of the Company.

The Directors also propose, upon the Change of Domicile becoming effective, to reorganize the capital of the Company in the following manner:

- (a) the nominal value of each of the issued Shares of HK\$0.08 each will be reduced from HK\$0.08 each by canceling the paid-up capital to the extent of HK\$0.07 on each issued Share to New Share of HK\$0.01 each so that the existing issued share capital of HK\$6,912,000 will be reduced by HK\$6,048,000 to HK\$864,000;
- (b) each of the authorized but unissued Shares will be sub-divided into eight New Shares of HK\$0.01 each;
- (c) the credit of HK\$6,048,000 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. As advised by Conyers Dill & Pearman, the legal advisers to the Company on Bermuda law and Cayman Islands law, under Bermuda law, credit in the contributed surplus account of the Company may be used for distribution to shareholders provided that the Company has no reasonable grounds to believe that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts; and
- (d) the share premium account of the Company will be cancelled and the credit arising from such cancellation will be credited to the contributed surplus account of the Company which will be used to eliminate the accumulated losses in the profit and loss accounts of the Company. As at the date of this announcement, the Company has a credit balance of approximately HK\$15.6 million standing in its share premium account. The accumulated losses in the audited balance sheet of the Company as at 31 December 2006 amounted to approximately HK\$22.3 million.

As at the date of this announcement, the Company has an authorized share capital of HK\$20,000,000 divided into 250,000,000 Shares, of which 86,400,000 Shares have been issued and are fully paid or credited as fully paid. Upon completion of the Capital Reorganisation, the Company will have an authorized share capital of HK\$20,000,000 divided into 2,000,000,000 New Shares, of which 86,400,000 New Shares will be issued and fully paid or credit as fully paid, assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective.

Reasons for the Change of Domicile and the Capital Reorganisation and impact on the Company and the Shareholders

The Capital Reorganisation is proposed in order to allow the Company to issue New Shares below its existing nominal value per Share of HK\$0.08 as required in the Subscription Agreements, and to increase flexibility for the Company in possible future fund raisings. The Capital Reorganisation will also enable the Company to apply the amount of credit arising from the Cancellation of Share Premium Account, amounting to approximately HK\$15.6 million as at the date of this announcement to eliminate the accumulated losses of the Company. As advised by Conyers Dill & Pearman, such elimination of accumulated losses is permissible under Bermuda law. This will facilitate the payment of dividends as and when the Directors consider it appropriate in the future. Other than the expenses to be incurred in relation to the Change of Domicile and the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

The Change of Domicile is proposed to shorten the time required to effect the Capital Reorganisation. As advised by Conyers Dill & Pearman, if the Company is to proceed with the Capital Reorganisation in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands shall be required for the Capital Reduction. Subject to availability of the Grand Court of the Cayman Islands, it may take between four to six months to complete the Capital Reduction. The Board does not believe that such sanction can be obtained in a commercially expedient time frame. The Company has been advised by Conyers Dill & Pearman that the Capital Reorganisation in Bermuda may be effected without the sanction of the Grand Court of the Cayman Islands or approval of the Supreme Court of Bermuda by way of the Change of Domicile from the Cayman Islands to Bermuda through de-registration out of the Cayman Islands and continuation in Bermuda. Conyers Dill & Pearman also advises that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile. The Change of Domicile will not alter the underlying assets, business operations, management or financial position of the Group nor the proportionate equity interests of the Shareholders. The continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The head office of the Group will continue to be in Hong Kong. Also, as advised by Conyers Dill & Pearman and the legal adviser to the Company on Hong Kong law, the Change of Domicile will not involve the formation of a new holding company, the withdrawal of listing of existing securities, any issue of new securities, any transfer of assets of the Company or any change in the existing shareholding structure of the Company.

As court sanction is not required for the Change of Domicile in the Cayman Islands or Bermuda or for the Capital Reorganisation in Bermuda, the Board estimates the Capital Reorganisation and the Change of Domicile should be completed between eight and ten weeks, estimated to be about two to three months earlier than it would otherwise be, if the Company were to proceed with the Capital Reduction in the Cayman Islands with sanction by the Grand Court of the Cayman Islands. Implementation of the Change of Domicile will not affect the listing status of the Shares on the Stock Exchange.

As advised by Conyers Dill and Pearman, Shareholders will be required to approve a special resolution to amend the articles of association of the Company to facilitate the Change of Domicile, to approve the Change of Domicile and to adopt the proposed memorandum of continuance and bye-laws upon the Change of Domicile becoming effective. A special resolution to cancel the entire amount standing to the credit of the share premium account as at the date of the passing of the relevant resolution at the EGM will also be proposed to the Shareholders at the EGM. The credit arising from the Cancellation of Share Premium Account as at the date of the passing of the relevant resolution at the EGM will be credited to the contributed surplus account of the Company to eliminate the accumulated losses of the Company. After the passing of the special resolution at the EGM, the Company will make an application to continue in Bermuda as an exempted company registered in Bermuda. Upon obtaining such permission, applications will be made to the Cayman Registrar to have the Company de-registered from the Cayman Islands and to the Bermuda Registrar for registration of the Company in Bermuda. The Cayman Registrar is obliged to de-register the Company if the requirements of the Companies Law have been complied with, which include that the Cayman Registrar is not aware of any reason why it would be against the public interest to de-register the Company. The Company will file the memorandum of continuance in Bermuda with the Bermuda Registrar. The memorandum of continuance will be deemed to be the new memorandum of association of the Company. Upon registration by the Bermuda Registrar of the certificate of continuance and the Company will become a company to which the Companies Act and any other laws in Bermuda apply as if the Company had been incorporated in Bermuda on the date of the registration of the memorandum of continuance. The certificate of continuance will be deemed to be the certificate of incorporation of the Company. Upon approval by the Cayman Registrar of the application for de-registration, the Cayman Registrar will issue a certificate of de-registration. The Company must then file a copy of the certificate of continuance issued by the Bermuda Registrar with the Cayman Registrar.

Conditions of the Change of Domicile

The Change of Domicile is condition upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders at the EGM of the Company to approve an amendment to the articles of association of the Company to facilitate the Change of Domicile, to approve the Change of Domicile, the adoption of the new memorandum of continuance and bye-laws of the Company; and
- (b) compliance with the relevant procedures and requirements under the Cayman Islands law, Bermuda law and the GEM Listing Rules.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders at the EGM of the Company to approve the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account;
- (b) the Change of Domicile becoming effective;
- (c) compliance with the relevant procedures and requirements under the GEM Listing Rules to effect the Capital Reorganisation; and
- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The Change of Domicile is not conditional upon completion of the Capital Reorganisation. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

Application for listing of New Shares

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and all necessary arrangements will be made for the New Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

THE SHARE SUBSCRIPTION AGREEMENT

Date: 25 June 2007

Issuer: The Company

Subscriber: Almond Global Limited, the Offeror as referred to hereinafter. The Offeror is wholly-owned by Mr. Pong. The Offeror and Mr. Pong, its ultimate beneficial owner, are third parties independent of the Company and connected persons of the Company, and they are not parties acting in concert (as defined in the Takeovers Code) with any connected persons of the Company. As at the date of this announcement, the Offeror and parties acting in concert with it do not own any Shares.

Pursuant to the Share Subscription Agreement, the Company has conditionally agreed to allot and issue and the Offeror has conditionally agreed to subscribe in cash of HK\$1,270,00 for a total of 127,000,000 Subscription Shares at the Subscription Price of HK\$0.01 per Subscription Share.

The 127,000,000 Subscription Shares represent approximately 147% of the existing issued share capital of the Company and approximately 59.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.01 per Subscription Share was determined after arm's length negotiations between the Company and the Offeror, after considering the Group's net asset value and the losses made by the Company in the last few years up to the year ended 31 December 2006. The Board is of the view that the terms of the Share Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

The Subscription Price represents (i) a discount of approximately 98.7% to the closing price of HK\$0.77 per Share as quoted on the GEM on the Last Trading Day; (ii) a discount of approximately 98.1% to the average closing price of HK\$0.534 per Share as quoted on GEM over the last ten trading days up to and including the Last Trading Day; and (iii) a premium of approximately 3.1% over the Group's audited net asset value of HK\$0.0097 per Share as at 31 December 2006. As at 31 December 2006, the Company recorded consolidated net asset value of approximately HK\$834,000. For the three months ended 31 March 2007, the Group recorded net loss of approximately HK\$708,000, which had further eroded the Company's consolidated net asset value. The Subscription Shares will be issued to the Offeror conditional, among other things, upon and after the Capital Reorganisation has become effective. As the Capital Reorganisation itself will not change the number of shares of the Company in issue before or after the Capital Reorganisation having taken place, the Directors consider it appropriate to compare the Subscription Price with the current market price of the Shares.

An application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the New Shares in issue as at the date of the allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

Conditions of the Share Subscription Agreement

Completion of the Share Subscription Agreement is conditional upon:

- (a) the Listing Committee of GEM granting listing of, and permission to deal in, the Subscription Shares;
- (b) the Shareholders who are allowed to vote under the GEM Listing Rules approving at the EGM the Share Subscription and the transactions contemplated under the Share Subscription Agreement including the allotment and issue of the Subscription Shares, the Capital Reorganisation and the Change of Domicile;

- (c) trading in the Shares on the GEM not being suspended for a period of more than seven consecutive trading days in the period of 21 days immediately preceding the Share Subscription Completion excluding any suspension for the purposes of clearing any announcement and circular in relation to the Share Subscription, the Bond Subscription and the sale and purchase of the Sale Shares and/or the General Offer by the regulatory authorities;
- (d) trading in the Shares on GEM not being revoked or withdrawn at any time prior to the Share Subscription Completion;
- (e) there being no indication received from the Stock Exchange or the SFC that the listing of the Shares on GEM will be suspended, revoked or withdrawn at any time after Share Subscription Completion;
- (f) completion of the due diligence review to be conducted by the Offeror and that the results of such due diligence review have not revealed or disclosed any matter, fact or circumstances which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the Share Subscription Agreement by the Company;
- (g) the warranties contained in the Share Subscription Agreement remaining true, accurate in all materials respects;
- (h) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Share Subscription and the transactions contemplated under the Share Subscription Agreement having been obtained by the Company;
- (i) the Bond Subscription Agreement having become unconditional (save for the condition for the Share Subscription Agreement to become unconditional); and
- (j) the Capital Reorganisation and Change of Domicile becoming effective.

The Offeror may at its absolute discretion waive the conditions set out in paragraph (c), (d), (e), (f) and/or (g) above at any time by notice in writing to the Company. The other conditions set out above are incapable of being waived.

The Offeror has agreed to conduct and complete a due diligence review of the assets, liabilities, operations and affairs of the Group as it may reasonably consider appropriate within five days after signing of the Share Subscription Agreement.

In the event that all the conditions have not been fulfilled or waived (as the case may be) by 5:00 p.m. (Hong Kong time) on the day falling 60 days from the date of the Share Subscription Agreement (or such later date as may be agreed by the parties to the Share Subscription Agreement), the Share Subscription Agreement shall cease and determine and thereafter neither party shall have obligations and liabilities thereunder save for any antecedent breaches thereof.

Completion

Completion of the Share Subscription Agreement shall take place on the second business day following the date on which the above conditions are fulfilled or waived, as the case may be (or such other date as may be agreed between the Company and the Offeror). The aggregate Subscription Price shall be payable by the Offeror on Share Subscription Completion.

THE BOND SUBSCRIPTION AGREEMENT

Date: 25 June 2007

Issuer: The Company

Subscriber: Almond Global Limited

Pursuant to the Bond Subscription Agreement, the Company has conditional agreed to issue and the Offeror has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$4,000,000.

The principal terms of the Convertible Bonds are set out below:

Principal amount	HK\$4,000,000
Subscription Price in respect of the Convertible Bonds	The subscription price for the Convertible Bonds is HK\$4,000,000, being the aggregate principal amount of the Convertible Bonds.
Coupon	The Convertible Bonds will bear no interest.
Maturity	Unless previously converted, the Company shall repay to the holder of the Convertible Bonds 100% of the principal amount of the outstanding Convertible Bonds held by such holder on the Maturity Date, being the fifth anniversary of the date of issue of the Convertible Bonds.
Conversion	The holders of the Convertible Bonds may convert the whole or part of the principal amount of the Convertible Bonds (in multiples of HK\$100,000) into such number of New Shares determined by dividing the principal amount of the Convertible Bonds being converted by the Conversion Price then in effect.
Conversion Price	HK\$0.01 per New Share, subject to adjustment provisions which are normal for convertible debt securities of this type and, in summary, an adjustment may be made in the event of: <ul style="list-style-type: none">(i) any consolidation, sub-division or reclassification of the New Shares;(ii) any issue of New Shares (other than in lieu of a cash dividend) by way of capitalization of profits or reserves;(iii) any capital distribution to holders of New Shares or grant to holders of New Shares of rights to acquire assets of the Group for cash;(iv) any offer to holders of New Shares for subscription by way of rights or any grant to holders of New Shares of any options or warrants to subscribe New Shares at a price which is less than 90% of the market price as at the date of the related announcement;

- (v) (aa) the issue by the Company wholly for cash of any securities which are convertible or exchangeable into New Shares or carry rights of subscription for New Shares and the total effective consideration per New Share initially receivable for such securities is less than 90% of the market price as at the date of the related announcement;
- (v) (bb) the rights of conversion or exchange or subscription attached to such securities mentioned in (v)(aa) are modified so that the total effective consideration per New Share initially received for such securities shall be less than 90% of the market price at the date of the related announcement;
- (vi) any issue of New Shares for cash at a price per New Share which is less than 90% of the market price at the date of the related announcement;
- (vii) any issue of New Shares for the acquisition of assets at a total effective consideration per New Share which is less than 90% of the market price at the date of the related announcement; and
- (viii) any issue of securities which are convertible into or exchangeable for or carry rights of subscription for New Shares for the acquisition of an asset at a total effective consideration initially receivable which is less than 90% of the market value at the date of the related announcement.

Conversion period

The Convertible Bonds may be converted into New Shares at any time from the date of issue to the seventh day prior to the Maturity Date

Transferability

The Convertible Bonds may be freely assigned and transferred provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the GEM Listing Rules) of the Company without the prior approval of the Company and provided further that the principal amount to be assigned or transferred is at least HK\$100,000 and in integral multiples of HK\$100,000 unless the amount of the outstanding Convertible Bonds is less than HK\$100,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

Voting rights

The Convertible Bonds do not confer any voting rights on the holder thereof at any shareholders' meetings of the Company.

Public float

The conversion rights attached to the Convertible Bonds may not be exercised by the holder of the Convertible Bonds if, immediately following the conversion, the Company would be unable to meet the public float requirement under the GEM Listing Rules.

Ranking of Conversion Shares

The Conversion Shares issued upon the exercise by the holder of Convertible Bonds of the Conversion rights attaching to the Convertible Bonds will, when issued, rank pari passu in all respects with the New Shares in issue as at the date of the allotment and issue of the Conversion Shares, including the right to receive all future dividends and distributions.

Conditions of the Bond Subscription Agreement

Completion of Bond Subscription Agreement is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Offeror have no reasonable objection) listing of and permission to deal in the Conversion Shares;
- (b) the Independent Shareholders having approved the transactions contemplated in the Bond Subscription Agreement and the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon the exercise of the conversion rights, the Capital Reorganisation and the Change of Domicile at the EGM;
- (c) there being no event existing or having occurred and no condition being in existence which would be (after the issue of the Convertible Bonds) an event of default under the terms and conditions of the Convertible Bonds and no event or act having occurred which, with the giving of notices, or the lapse of time, or both, would (after the issue of the Convertible Bonds) constitute such an event of default;
- (d) completion of the due diligence review to be conducted by the Offeror and that the result of such due diligence review have not revealed or disclosed any matter, fact or circumstances which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the Bond Subscription Agreement by the Company;
- (e) the warranties contained in the Bond Subscription Agreement remaining true, accurate and complete in all material respects;
- (f) all necessary consents and approvals required to be obtained on the part of the Company and the Offeror in respect of the Bond Subscription Agreement and the transactions contemplated therein having been obtained;
- (g) the Share Subscription Agreement having become unconditional (save for the conditions for the Bond Subscription Agreement to become unconditional); and
- (h) the Capital Reorganisation and the Change of Domicile becoming effective.

The above conditions precedent are incapable of being waived.

In the event that all the conditions have not been fulfilled by 5:00 p.m. (Hong Kong time) on the day falling 60 days from the date of the Bond Subscription Agreement (or such other date as may be agreed by the Company and the Offeror), the Bond Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for liabilities for any antecedent breaches thereof.

Completion

Completion of the Bond Subscription Agreement shall take place on the second business day following the day on which the above conditions are fulfilled (or such other date as may be agreed between the Company and the Offeror).

Completion of the Share Subscription Agreement shall take place simultaneously with the completion of the Bond Subscription Agreement. The parties shall not be obliged to complete either one of the Subscription Agreements unless completion of the other Subscription Agreement takes place simultaneously.

Listing of the Convertible Bonds and the Conversion Shares

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchanges. However, application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares falling to be issued upon conversion of the Convertible Bonds.

The Conversion Price comparisons

The initial Conversion Price of HK\$0.01 per New Share is the same as the Subscription Price for the Subscription Shares. A comparison of the Subscription Price with the recent market prices and net asset value of the Company is set out in the paragraph headed “The Subscription Price” under the section headed “The Share Subscription Agreement” above.

The initial Conversion Price of HK\$0.01 per Conversion Share subject to adjustment, was determined on the same basis as the Subscription Price. (Please refer to the paragraph headed “The Subscription Price” under the section headed “The Share Subscription Agreement” above.)

The Board is of the view that the terms of the Bond Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

Upon conversion in full of the Convertible Bonds at the initial Conversion Price of HK\$0.01 per New Share, 400,000,000 New Shares would fall to be issued representing about 463.0% of the existing issued share capital of the Company, about 82.2% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares, and about 65.2% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and the issue of such Conversion Shares.

The Company undertakes to the Stock Exchange that it will notify the Stock Exchange in writing from time to time when it is notified by the relevant holder(s) of the Convertible Bonds of any acquisition of the Convertible Bonds and/or conversion of any Convertible Bonds by connected persons of the Company other than by the Offeror and its associates.

Subject to completion of the Bond Subscription Agreement, the Company will make a monthly announcement (the “**Monthly Announcement**”) on the website of the Stock Exchange for so long as any Convertible Bonds are outstanding. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following information in table form:

- (i) whether there has been any conversion of the Convertible Bonds during the relevant month. If yes, the relevant Monthly Announcement will set out details of the conversion(s), including the conversion date, number of New Shares issued and the conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect will be made;

- (ii) the outstanding principal amount of the Convertible Bonds after the conversion, if any;
- (iii) the total number of New Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to the exercise of options under any share option scheme(s) of the Company;
- (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (v) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (i) to (iv) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of the Shares issued pursuant to the conversion amount to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be).

THE S&P AGREEMENT

Date: 25 June 2007

Purchaser: Almond Global Limited, as purchaser

Vendor: (i) Elite Side Profits Limited; and
(ii) Mr. Chu Yen Ling, as warrantor giving certain warranties on the assets, liabilities, operation and legal and tax compliance of the Group. Mr Chu is the sole beneficial owner of the entire issued capital of the Vendor.

Asset to be sold

The Sale Shares, being 33,000,000 Shares, representing approximately 38.19% of the total number of Shares in issue.

Consideration

The total consideration for the sale and purchase of the Sale Shares is HK\$13,200,000 in cash (equivalent to HK\$0.40 per Sale Share), which is payable at completion of the S&P Agreement.

The Consideration payable by the Offeror pursuant to the S&P Agreement was determined after arm's length negotiations between the parties to the S&P Agreement.

Conditions of the S&P Agreement

Completion of the S&P Agreement is conditional upon:

- (i) trading in the Shares on GEM not being suspended for a period of more than five consecutive trading days in the period of five days immediately preceding S&P Completion excluding any suspension for the purposes of clearing any announcement and circular in relation to the sale and purchase of the Sale Shares and/or the General Offer by the regulatory authorities;
- (ii) trading in the Shares on GEM not being revoked or withdrawn at any time prior to the S&P Completion;
- (iii) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be suspended, revoked or withdrawn at any time after the S&P Completion, whether in connection with any of the transactions contemplated by the S&P Agreement or otherwise;
- (iv) completion of the due diligence review to be conducted by the Offeror and that the results of such due diligence review have not revealed or disclosed any matter, fact or circumstance which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the S&P Agreement by the Vendor or warrantor to such agreement;
- (v) the warranties contained in the S&P Agreement remaining true and accurate in all material respects;
- (vi) all necessary consents and approvals as may be required in respect of the sale of the Sale Shares and the transactions contemplated under the S&P Agreement having been obtained by the Vendor and the warrantor to such agreement; and
- (vii) the publication of the joint announcement to be issued by the Company and the Offeror in relation to the S&P Agreement and the transactions contemplated thereby and the General Offer which has been cleared by the Stock Exchange and the SFC.

The Offeror may waive any of the above conditions at any time by giving notice in writing to the Vendor.

If any of the conditions in respect of the S&P Agreement has not been fulfilled or waived, as the case may be, by 12:00 noon on the date falling 14 days after the date of the S&P Agreement, being 9 July 2007 or such later date as the Vendor and the Offeror may agree, the S&P Agreement shall cease and determine to be of any effect and neither party to the S&P Agreement shall have any obligations or liabilities to the other parties (save in respect of any antecedent breaches thereof).

Completion of the S&P Agreement

Subject to the fulfillment of the conditions set out above, completion of the S&P Agreement shall take place within three business days after the above conditions having been fulfilled (or waived, as the case may be) or such later date as the parties to the S&P Agreement may agree.

The S&P Completion is not conditional on completion of any of the Subscription Agreements. It is expected that the S&P Completion will take place within 14 days from the date of the S&P Agreement, subject to the fulfillment or waived, as the case may be, of all conditions precedent thereof.

Shareholders and potential investors should note that the S&P Agreement is subject to a number of conditions. The release of this announcement does not mean the S&P Agreement will be completed or that the General Offer will be made. Shareholders and the public should exercise caution when dealing in the Shares.

THE POSSIBLE GENERAL OFFER

Upon completion of the S&P Agreement, the Offeror and parties acting in concert with it will own 33,000,000 Shares, representing approximately 38.19% of the existing issued share capital of the Company. Subject to this, the Offeror shall be required to extend the mandatory conditional general offer in respect of all the issued Shares (other than those already owned by or agreed to be subscribed for or acquired by the Offeror and parties acting in concert with it) in accordance with Rule 26 of the Takeovers Code.

Immediately after and subject to completion of the S&P Agreement, VXLFS will, on behalf of the Offeror, make the General Offer to acquire all the issued Shares (other than those already owned by or agreed to be subscribed for or acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the offer document to be issued in respect of the General Offer on the following basis:

For each existing Share HK\$0.40 in cash

The General Offer values the entire existing issued share capital of the Company at HK\$34.56 million.

The possible General Offer price of HK\$0.40 per Share represents:

- a discount of approximately 48.1% to the closing price of HK\$0.77 per Share as quoted on the GEM on the Last Trading Day;
- a discount of approximately 25% to the average closing price of approximately HK\$0.534 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 40 times over the audited net asset value of HK\$0.0097 per Share as at 31 December 2006, being the date to which the latest audited accounts of the Company were drawn up.

The General Offer will be conditional upon the Offeror having received acceptances of the General Offer which, together with the Shares already owned or agreed to be subscribed for or acquired by the Offeror or parties acting in concert with it before or during the offer period, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. If the Offeror does not receive acceptances of the General Offer which, together with the Shares already owned or agreed to be subscribed for or acquired by the Offeror and parties acting in concert with it before or during the offer period, would result in the Offeror holding more than 50% of the voting rights of the Company, the General Offer would not become unconditional and would lapse.

It is expected that the S&P Completion will take place within 14 days from the date of the S&P Agreement, and the offer document for the General Offer will be dispatched to the Shareholders within 21 days from the date of this announcement. On the other hand, the Subscription Agreements, which are conditional on, among other things, the Change of Domicile and Capital Reorganisation having become effective which are expected to take place within eight to ten weeks from the date of this announcement. The Offeror will extend the period of the General Offer to a date after the Share Subscription Completion and the Bond Subscription Completion such that the issue of the Subscription Shares and the Convertible Bonds will take place prior to the close of the General Offer. Taking account of the subscription of the Subscription Shares, the Offeror and parties acting in concert with it will hold more than 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares to the Offeror, and the General Offer will become unconditional thereby. Rule 15.5 of the Takeovers Code requires that except with the consent of the Executive, an offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the initial offer document was posted. The Offeror considers that the timetable for the General Offer shall comply with the “final day rule” requirement. The Offeror also takes notes that if the Subscription Agreements are not completed by or on the 60th day after the day the initial offer document has been posted, such that the General Offer does not become or may not be declared unconditional on that day, pursuant to Rule 31.1 of the Takeovers Code, the Offeror and parties acting in concert with it may not, without the consent of the Executive, subsequent to the final day of the General Offer, acquire any voting rights of the Company under the Share Subscription Agreement, if the Offeror and parties acting in concert with it would thereby become obliged under Rule 26 to make an offer. The Company and the Offeror will make an announcement if there is any change in the circumstances relating to the expected timetable for completion of the Subscription Agreements.

During the six-month period up to and including the Last Trading Day, the highest and lowest closing prices of the Shares traded on the Stock Exchange were HK\$0.77 and HK\$0.11 per Share respectively.

No Shareholder has undertaken with the Offeror to accept or reject the General Offer.

As at the date of this announcement, the Company has no other options, warrants, derivatives or other securities issued by the Company that carry a right to subscribe for, or which are convertible into, Shares.

Shareholders are advised not to take any action in connection with the General Offer until they have received advice from the Independent Board Committee, which will be contained in the offeree document to be issued in relation to the General Offer should the General Offer be made. Shareholders are also strongly advised to seek independent financial advice.

Financial resources in respect of the General Offer

If the S&P Agreement is completed and assuming full acceptance of the General Offer, the cash consideration payable by the Offeror to acquire all the Shares not already owned by or agreed to be subscribed for or acquired by the Offeror and parties acting in concert with it at HK\$0.40 per Share, would be approximately HK\$21.36 million.

VXLFS is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable by it under the Subscription Agreements and the S&P Agreement and to enable the Offeror to satisfy full acceptance of the General Offer.

Terms of the General Offer

Under the terms of the General Offer, the Shares will be acquired together with all rights attached thereto free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Stamp Duty

Sellers' ad valorem stamp duty for the Shares in connection with acceptance of the General Offer will be payable by each Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such person's Shares and will be deducted from the consideration payable to such person under the General Offer. Such amounts will be paid by the Offeror to the Stamp Duty office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Maintenance of the listing status of the Company and intentions of the Offeror

The Offeror does not intend to apply for any right which may be available to it to acquire compulsorily any Shares outstanding after close of the General Offer. It is the intention of the Offeror to maintain the listing of the Company on GEM after closing of the General Offer.

The existing members of the Board have indicated that they intend to resign once permitted under the Takeovers Code, which is expected to be upon the first closing date of the General Offer.

The Offeror intends to nominate a number of representatives to join the Board, one of whom will be Mr. Pong, who is the sole beneficial owner of the Offeror. The Offeror intends to effect such appointment on the business day immediately following the date on which the offer document in respect of the General Offer is despatched. Save for Mr. Pong, the Offeror has not decided on the identity of other Board representatives to be nominated by it. Details of other representatives to be nominated by the Offeror will be set out in the offer document to be despatched by the Offeror in respect of the General Offer. The background and experience of Mr. Pong are set out in the section headed "Information of the Offeror" below.

Save for the intended resignation of the existing members of the Board, there will not be any material change to the continued employment of the management and employees of the Group as a result of the General Offer.

Following the close of the General Offer, the Offeror intends that the Group will continue with its existing principal businesses.

The Offeror undertakes to the Stock Exchange that following the closing of the General Offer, appropriate steps will be taken to ensure that not less than 25% of the Shares will be held by the public. When the General Offer closes, should there be less than 25% of the issued Shares in public hands, the Offeror will take appropriate steps which may include placing down part of their interests in the Company to independent third parties not connected with or acting in concert with the Offeror, the directors, chief executives or substantial shareholders of the Company or any of their respective subsidiaries or any of their respective associates as soon as practicable after closing of the General Offer. The Stock Exchange has stated that if at the close of the General Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or

- that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends that the Company shall remain listed on the Stock Exchange. The sole director of the Offeror, Mr. Pong, and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares.

In this connection, it should be noted that upon completion of the General Offer, there may be an insufficient public float for the Shares and, therefore, trading in the Shares may be suspended until a sufficient level of public float is attained.

The Offeror has no intention on the acquisition or disposal of assets of the Group upon completion of the General Offer.

The Stock Exchange will also closely monitor all future acquisitions or disposals of assets by the Group. The Stock Exchange has indicated that it has the discretion to require the Company to issue a circular to its Shareholders irrespective of the size of any proposed transactions, particularly should any such proposed transactions represent a departure from the principal activities of the Group. The Stock Exchange also has the power to aggregate a series of transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant.

Expected timetable

Details of the expected timetable relating to the possible General Offer will be announced by the Offeror upon completion of the S&P Agreement, which is expected to take place within 14 days from the date of the S&P Agreement.

Overseas Shareholders

As the General Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the General Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction).

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND IMMEDIATELY AFTER COMPLETION OF THE S&P AGREEMENT AND THE SUBSCRIPTION AGREEMENTS

The following table illustrates the changes in the shareholding structure of the Company before and after completion of the S&P Agreement and the Subscription Agreements. The information in the table below has been prepared based on the register required to be kept by the Company under section 336 of the SFO as at date of this announcement, taking no account of the acceptances by Shareholders of the General Offer.

	As at the date of this announcement		Immediately after the S&P Completion		Assuming the Share Subscription Agreement is completed		Assuming all the Convertible Bonds are converted into Conversion Shares at the initial Conversion Price of HK\$0.01 per New Share	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor (Note 1)	33,000,000	38.19%	–	–	–	–	–	–
The Offeror	–	–	33,000,000	38.19%	160,000,000	74.98%	560,000,000	91.30%
Data Expert Limited (Note 2)	12,960,000	15.00%	12,960,000	15.00%	12,960,000	6.07%	12,960,000	2.11%
Peak Achieve Limited (Note 3)	8,640,000	10.00%	8,640,000	10.00%	8,640,000	4.05%	8,640,000	1.41%
Grand Ever Limited (Note 4)	6,000,000	6.94%	6,000,000	6.94%	6,000,000	2.81%	6,000,000	0.98%
Other Shareholders	25,800,000	29.87%	25,800,000	29.87%	25,800,000	12.09%	25,800,000	4.20%
Total	86,400,000	100.00%	86,400,000	100.00%	213,400,000	100.00%	613,400,000	100.00%
Public float (as indicated in the box above)	31,800,000	36.81%	31,800,000	36.81%	53,400,000	25.02%	53,400,000	9.70%
							(Note 5)	

- Notes:
- These Shares are beneficially owned by the Vendor, the entire issued share capital of which is wholly and beneficially owned by Mr. Chu.
 - 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, an Independent Third Party save for her interest in the Company as a substantial Shareholder.
 - 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, an Independent Third Party, save for her interest in the Company as a substantial Shareholder.

4. 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, an Independent Third Party.
5. This is for illustration only. Pursuant to the terms and conditions of the Convertible Bonds, conversion rights attaching to the Convertible Bonds may not be exercised by the holder of the Convertible Bonds if, immediately following conversion, the Company would be unable to meet the public float requirement of the GEM Listing Rules.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the provision of engineering consultancy services, with its business focus in the PRC market.

Set out below is a financial summary in respect of the Group for the financial periods as indicated below.

	Year ended 31 March		Period from 1 April 2004 to 31 December 2004	Year ended 31 December		Period of 3 months from 1 January 2007 to 31 March 2007	Period of 3 months from 1 January 2006 to 31 March 2006
	2003	2004	2004	2005	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
RESULTS							
Turnover	1,851	1,388	1,709	2,153	2,823	120	109
Loss before income tax	(3,956)	(8,642)	(5,026)	(3,766)	(1,371)	(708)	(1,114)
Income tax (expense)/credit	(11)	65	-	-	-	-	-
Loss for the year/period	(3,967)	(8,577)	(5,026)	(3,766)	(1,371)	(708)	(1,114)

The Company was listed on GEM in November 2002. Prior to the listing, the Group had undergone a group reorganisation for the purpose of the listing. The results and summary of assets and liabilities for the year ended 31 March 2003, which were extracted from the Company's 2003 annual report, have been prepared on a combined basis as if the current group structure had been in existence throughout the year.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in British Virgin Islands. Save for entering into of the S&P Agreement and the Subscription Agreements, the Offeror has not carried out any business activities since its incorporation. The Offeror is wholly and beneficially owned by Mr. Pong.

Mr. Pong, aged 38, is the founder of the EVI group of companies the principal businesses of which are selling and installation of computer hardware and software, provision of computer training services and provision of internet education services. The EVI group of companies form part of the group companies of Midland IC&I Limited (stock code: 8090). Mr. Pong holds a bachelor's degree in Applied Science from the University of British Columbia. He also held various positions in a number of charity organizations in Hong Kong. Before founding the EVI group of companies, he had held various senior management positions with various local and international securities houses and a multinational company. Mr. Pong is also an executive director of Maxitech International Holdings Limited (stock code: 8136).

The Offeror and its associates and parties acting in concert with them have no shareholding interest in the Company as at the date of this announcement. Save for the entering into of the Subscription Agreements and the S&P Agreement, the Offeror and its associates and parties acting in concert with them have not dealt in any Shares during the six months prior to the date of the S&P Agreement and the Subscription Agreements.

REASONS FOR THE SUBSCRIPTION AGREEMENT

As stated above, the Group has been suffering from losses for the last few years and its net asset base as a result has been decreasing over the years. The Group is principally engaged in the provision of engineering consultancy services and has found its focus of business in the PRC market, particularly in the construction engineering sector. Notwithstanding this, the development of the Group has been limited by its relatively thin capital base. The Group is debt-free. However, in order to enable the Group to tender for more lucrative and higher value contracts, the Group would require a larger working capital base. The Directors consider that the issue of the Subscription Shares and the Convertible Bonds will raise low cost funding for the Group. The Convertible Bonds, although repayable on the Maturity Date in five years unless previously converted, bears no interests and has a long repayment period. In the circumstances, the Directors consider the issue of the Convertible Bonds, which will raise HK\$4,000,000 funding for the Company (or over 4 times of its latest audited consolidated net asset value of the Company), would enable the Company to raise immediate funding for its future development.

The net proceeds from the Share Subscription are estimated to be approximately HK\$1.1 million. The net proceeds from the Bond Subscription are estimated to be approximately HK\$3.3 million. The Directors intend to use such net proceeds for future business development of the Group, particularly, in the area of engineering consultancy business for construction of logistic centers and related business.

The Directors note that the Subscription Price and the Conversion Price are at substantial discounts to the recent market prices of the Company. However, given the continued losses of the Group and the audited net assets value per Share of less than HK\$0.01, the Directors consider that the Subscription Price and the Conversion Price are the best price they could negotiate with an arm's length long term investor. The Directors (including the independent non-executive Directors) therefore consider that the terms of the Subscription Agreements, including the Subscription Price and the Conversion Price, are fair and reasonable and are in the interests of the Company and Shareholders as a whole. The Directors also take note that the Subscription Price and the Conversion Price are at substantial discount to the sale price for the Sale Shares and the price for the General Offer, both at HK\$0.40 per Share. The Directors understand that the sale price for the Sale Shares have been agreed between the Vendor and the Offeror taking account of about 25% discount to the average 10-days closing prices of the Shares as quoted on GEM up to the Last Trading Day. Given that the Subscription Agreements relate to the raising of new capital and funding for the Company, but the sale and purchase of the Sale Shares and the Shares subject to the General Offer concern existing Shares which have no impact on the financial improvement of the Company, the Directors consider it reasonable that there are difference in the Subscription Price and the Conversion Prices on the one hand, and the sale price for the Sale Shares and the price for the General Offer on the other hand.

GENERAL

The Subscription Agreements will be conditional upon the passing by the Independent Shareholders, voting by way of poll, of necessary ordinary resolutions at the EGM.

The Change of Domicile, the Capital Reorganisation involving the Capital Reduction, the Capital Subdivision and Cancellation of Share Premium Account, the adoption of New Memorandum of Continuance and bye-laws will be conditional upon the passing by the Shareholders of necessary special resolutions at the EGM.

An EGM will be held to consider and, if thought fit, approve the resolutions in respect of the Change of Domicile, the Capital Reorganisation, the Subscription Agreements including the issue of the Subscription Shares and the Convertible Bonds and adoption of the new memorandum of continuance and bye-laws. It is expected that the EGM will be held after completion of the S&P Agreement which is expected to take place within 14 days from the date of the S&P Agreement. In the circumstances, subject to completion of the S&P Agreement, the Offeror will become a substantial Shareholder holding approximately 38.19% of the existing issued share capital of the Company. Therefore, the Offeror and its associates and parties acting in concert with them shall abstain from voting on the said resolutions at the EGM. Given the Vendor's interest in the S&P Agreement as a seller of the Sale Shares, the Vendor is deemed to be interested in the Subscription Agreements and transactions contemplated therein. Immediately following the disposal of the Sale Shares to the Offeror under the S&P Agreement and assuming the Vendor and Mr. Chu acquire no Shares after the date of this announcement, they shall cease to be interested in any Shares. Nevertheless, in the event that the Vendor and its associates and parties acting in concert with them shall have acquired Shares after the date of this announcement and prior to the holding of the EGM, they shall also abstain from voting on the said resolutions at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than the Offeror, the Vendor and their respective associates and parties acting in concert with them, no Shareholders will be required to abstain from voting on the resolutions.

The Independent Board Committee will be established by the Company to advise the Independent Shareholders as to whether the terms of the Subscription Agreements are fair and reasonable so far as the Independent Shareholders are concerned and whether to vote in favour or against the resolutions to be proposed at the EGM to approve the Subscription Agreements.

A circular containing, amongst other things, further information on the Subscription Agreements, the S&P Agreement and a notice to convene the EGM will be despatched to the Shareholders within 21 days from the date of this announcement.

The Offeror have retained VXLFS as their financial adviser.

Subject to the completion of the Subscription Agreements and the S&P Agreement, further announcement by the Company and/or the Offeror (as appropriate) will be made in relation to the General Offer, the despatch of the offer document, changes to the composition of the Board or otherwise as required by the Takeovers Code and/or GEM Listing Rules.

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 25 June 2007 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 4 July 2007.

Shareholders and potential investors should note that completion of the Subscription Agreements and/or the S&P Agreement are subject to fulfilment of certain conditions, details of which are set out above in this announcement. The release of this announcement does not in any way imply that the Subscription Agreements and/or the S&P Agreement will be completed, and accordingly, there is no certainty that the General Offer will be made. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

“acting in concert”	has the meaning defined in the Takeovers Code
“associate(s)”	in relation to a director, chief executive or substantial shareholder of the Company, has the same meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of directors of the Company
“Bond Subscription Completion”	completion of the Bond Subscription Agreement
“Bond Subscription”	subscription of the Convertible Bonds under the Bond Subscription Agreement
“Bond Subscription Agreement”	the conditional subscription agreement dated 25 June 2007 entered into between the Company as issuer and the Offeror as subscriber for the Convertible Bonds
“business day”	a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“Cancellation of Share Premium Account”	the proposed cancellation of the entire amount of the share premium account of the Company under the Capital Reorganisation
“Capital Reduction”	the proposed reduction of capital of the Company by way of the cancellation of the paid-up share capital to the extent of HK\$0.07 on each Share, such that the nominal value of all of the issued Shares shall reduce from HK\$0.08 each to HK\$0.01 each
“Capital Reorganisation”	the capital reorganisation of the Company involving the Capital Reduction, the Capital Subdivision and the Cancellation of Share Premium Account
“Capital Subdivision”	the proposed subdivision of each of the authorised but unissued Shares of HK\$0.08 each into 8 New Shares
“Change of Domicile”	the proposed change of the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda

“Company”	Global Solution Engineering Limited, a company incorporated in the Cayman Islands with limited liability whose Shares are listed on GEM
“connected person”	as the same meaning ascribed to it under the GEM Listing Rules
“Conversion Price”	HK\$0.01 per Conversion Share (subject to adjustment)
“Conversion Shares”	the New Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	convertible bonds in the principal amount of HK\$4,000,000 to be issued by the Company to the Offeror upon completion of the Bond Subscription Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Change of Domicile, the Capital Reorganisation, the Subscription Agreements, the issue of the Convertible Bonds and the Subscription Shares and the transactions contemplated under the Subscription Agreements
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“General Offer”	the possible mandatory conditional general offer to be extended by VXLFS on behalf of the Offeror pursuant to the Takeovers Code
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all of the independent non-executive Directors to be established to consider the Subscription Agreements and the General Offer
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company advising the Independent Board Committee and the Independent Shareholders on the Subscription Agreements and the General Offer
“Independent Shareholder(s)”	shareholder(s) other than (i) the Vendor and its associates and parties acting in concert with the Vendor and/or Mr. Chu, and (ii) the Offeror and its associates and parties acting in concert with the Offeror and/or Mr. Pong

“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and its connected persons
“Last Trading Day”	22 June 2007, being the last trading day prior to the suspension of trading of the Shares as from 9:30 a.m. on 25 June 2007 pending the release of this announcement
“Maturity Date”	the date falling on the fifth anniversary of the date of issue of the Convertible Bonds
“Mr. Chu”	Mr. Chu Yen Ling, the Chairman of the Company
“Mr. Pong”	Mr. Pong Wai San, Wilson, the sole beneficial owner of the Offeror
“New Shares”	shares of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation taking effect
“Offeror”	Almond Global Limited, a company incorporated in the British Virgin Islands the entire issued share capital of which is wholly and beneficially owned by Mr. Pong
“Overseas Shareholders”	shareholders, whose addresses, as shown on the register of members of the Company, are outside of Hong Kong
“PRC”	the People’s Republic of China
“S&P Agreement”	the conditional sale and purchase agreement dated 25 June 2007 and entered into between the Offeror, the Vendor and Mr. Chu for the sale and purchase of 33,000,000 Shares
“S&P Completion”	completion of the S&P Agreement
“Sale Shares”	33,000,000 Shares agreed to be purchased by the Offeror and sold by the Vendor pursuant to the S&P Agreement
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Subscription Agreement”	the conditional subscription agreement dated 25 June 2007 entered into between the Company as the issuer, the Offeror as the subscriber for the Subscription Shares
“Share Subscription Completion”	completion of the Share Subscription Agreement

“Share Subscription”	subscription of the Subscription Shares under the Share Subscription Agreement
“Share(s)”	existing share(s) of HK\$0.08 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	the Bond Subscription Agreement and the Share Subscription Agreement
“Subscription Price”	HK\$0.01 per Subscription Share
“Subscription Share(s)”	127,000,000 New Shares to be issued by the Company to the Offeror pursuant to the Share Subscription Agreement
“Subscriptions”	the Share Subscription and the Bond Subscription
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Elite Side Profits Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Chu
“VXLFS”	VXL Financial Services Limited, financial adviser to the Offeror, which is a licensed corporation for type 6 (advising on corporate finance) regulated activities under the SFO
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

As at the date of this announcement, the Board comprises five Directors. The executive Directors are Mr. Chu Yen Ling, who is also the Chairman of the Company, and Mr. Lee Chan Wah. The independent non-executive Directors are Dr. Lu Da, Mr. Lau Man Yin and Ms. Xue Xiaoyi.

As at the date of this announcement, Mr. Pong is the sole director of the Offeror.

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

By order of the Board
Almond Global Limited
Pong Wai San, Wilson
Sole Director

Hong Kong, 3 July 2007

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Offeror and its future intention), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Offeror and its future intention) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Offeror and its future intention) the omission of which would make any such statement contained in this announcement misleading.

The information contained in this announcement relating to the Offeror and its future intention has been supplied by the sole director of the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Company and the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this announcement (other than those relating to the Company and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than those relating to the Company and the Group) the omission of which would make any such statement contained in this announcement misleading.

In accordance with Rule 3.8 of the Takeovers Code, the Company and the Offeror would like to remind their respective associates to disclose their dealings in any securities of the Company. Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation”.