China Fire Safety Enterprise Group Limited
中國消防企業集團有限公司

(formerly known as China Fire Safety Enterprise Group Holdings Limited
中國消防企業集團控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2009 dropped 18% to RMB1,003 million. The Group recorded a loss for the year amounted to RMB107 million (2008: profit of RMB77 million).

- Included in the loss for the year, an impairment loss on goodwill of RMB13 million was made for the segment of provision of network monitoring services and online advertising services. The impairment was made because of the low customer acceptance of the services.

- Impairment loss on investments in associates amounted to RMB34 million were also made during the year. The impairment was mainly related to an associate manufacturing a patented fire suppression foam. The patented foam has numerous advantages over the traditional foam but the exponential growth in sales has not realised because it takes longer time than expected to overcome the customers' inertia.

- Loss per share for the year was RMB3.70 cents (2008: earnings per share of RMB2.82 cents).

- The Board does not recommend the payment of any dividend for the year ended 31 December 2009.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

This is the first time we have a net loss for the year. Sales and operating results for all business segments declined. The Group's operating environment has been changing rapidly in these years: competition is getting more intensive, contract terms are becoming tougher and profit margins are squeezed. National macro-economic control measures and the volatile world economic climate also exerts unpredictable and unavoidable influences on the industry and thus on our group companies.

Since we were listed on the Hong Kong Stock Exchange, we have been expanding both in width and depth. Through acquisitions and internal development, our products' variety has now covered almost all types of fire protection equipment. Initially, our products were limited to small electronics products like emergency lightings and smoke detectors, but now we have a full range: fire engines (whether imported or domestic), fire suppression foam, different types of fire extinguishing systems, large-scale industrial used equipment, rescue equipment, central power supply emergency lighting systems, valves and sprinklers etc. For services, in addition to the installation and maintenance services, we have also developed the network monitoring system services and online advertising. The expansion and development was to enlarge our income base and to provide the Group a steady income stream especially under unstable economic environment. Take for an example, the network monitoring system, which requires customers to pay an annual fee to have their fire protection systems kept under continuous checking, was designed to complement the fluctuations in income brought by the one-off maintenance services the Group normally provided. Unfortunately, the level of acceptance by customers is disappointing. Consecutive losses were resulted and it seems to me that unless the installation of the system made compulsory, the current unsatisfactory situation could not be overturned.

Policies and conditions of the economy are the two most influential environmental factors affecting our performance and among the business segments, installation services bear the brunt of the environmental changes. We saw a big drop in the revenue generated especially in the first half of the year when the Chinese economy was dull following the financial crisis in 2008. Fortunately, there was improvement in the second half with the reviving of the real estate market. A number of contracts are secured including some for several large residential estates worth over RMB170 million. In spite of this, the central government's concern over bubbles in property markets and overheated economy that may result, may arouse another wave of control measures on the real estate market that will probably put the performance of our installation services at stake again.

Looking forward, we will continue to develop more high-value added products. Our intelligent auto-aiming fire extinguishing system is one of the successful models, which is now widely selected by many constructions with high ceilings such as exhibition centres and train stations etc. Both the China Pavilion and the Macau Pavilion of the Shanghai Expo 2010 have also installed the system. I also see there are a number of deficiencies that we need to take care of in order to remain competitive in the market. Among them, the most important is cost control particularly in view of the anticipated inflation in the coming years. We also need to strengthen our receivables recovery and must reconsider the balance between business growth and credit risks. I believe these series of actions could reverse the unsatisfactory results we had in 2009.

I would like to extend my gratitude to all the staff and my fellow directors for their support and valuable contributions in the past year. To me, they are particularly precious in difficult time.

Jiang Xiong
Chairman

22 April 2010

The board of directors (the "**Board**") of the Company hereby announces the audited consolidated statement of comprehensive income and consolidated statement of financial position of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2009, together with the comparative figures for the corresponding period in 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	**2009**	2008
		RMB'000	RMB'000
Turnover	*2*	**1,002,585**	1,216,448
Cost of sales and services		**(883,062)**	(986,547)
Gross profit		**119,523**	229,901
Other income	*3*	**36,624**	12,048
Selling and distribution costs		**(30,310)**	(28,410)
Administrative expenses		**(179,572)**	(80,031)
Share of profits of associates		**3,372**	3,836
Other expenses	*4*	**(47,108)**	(17,782)
Finance costs		**(3,478)**	(4,828)
(Loss) / profit before tax		**(100,949)**	114,734
Income tax expense	*5*	**(6,353)**	(38,083)
(Loss) / profit for the year	*6*	**(107,302)**	76,651
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**(22)**	321
Other comprehensive income for the year, net of tax		**(22)**	321
Total comprehensive income for the year		**(107,324)**	76,972
(Loss) / profit for the year attributable to:			
Owners of the Company		**(105,530)**	80,433
Minority interests		**(1,772)**	(3,782)
		(107,302)	76,651
Total comprehensive income for the year attributable to:			
Owners of the Company		**(105,573)**	80,596
Minority interests		**(1,751)**	(3,624)
		(107,324)	76,972
(Loss) / earnings per share (RMB cents)			
Basic	*7*	**(3.70)**	2.82
Diluted	*7*	**(3.70)**	2.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 31 December 2009 RMB'000**	At 31 December 2008 RMB'000
Non-current assets			
Property, plant and equipment		**314,244**	243,710
Prepaid land lease payments		**37,574**	41,225
Investment properties		**23,658**	-
Goodwill		**32,748**	45,411
Investments in associates		**39,099**	70,173
Other intangible assets		**1,218**	1,523
Deferred tax assets		**-**	502
		448,541	402,544
Current assets			
Inventories		**70,655**	102,443
Trade and bills receivables	*9*	**317,573**	391,322
Amounts due from contract customers		**386,778**	129,946
Retention receivables		**21,835**	20,316
Prepayments, deposits and other receivables		**277,135**	31,994
Amount due from a jointly controlled entity		**6,040**	6,040
Amount due from an associate		**480**	431
Prepaid land lease payments		**789**	855
Derivative financial instruments		**642**	214
Pledged bank deposits		**5,932**	8,422
Bank and cash balances		**159,601**	777,634
		1,247,460	1,469,617
Assets classified as held for sale		**-**	25,751
		1,247,460	1,495,368
Current liabilities			
Trade and other payables	*10*	**251,493**	337,736
Amounts due to contract customers		**4,372**	12,370
Amounts due to minority shareholders		**4,860**	4,676
Current tax liabilities		**15,882**	26,274
Bank borrowings		**80,000**	63,471
Finance lease payables		**48**	46
		356,655	444,573
Net current assets		**890,805**	1,050,795
Total assets less current liabilities		**1,339,346**	1,453,339

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CON'T)

	At 31 December 2009 RMB'000	At 31 December 2008 RMB'000
Non-current liabilities		
Deferred tax liabilities	**-**	6,620
Finance lease payables	**89**	138
	89	6,758
NET ASSETS	**1,339,257**	1,446,581
Capital and reserves		
Share capital	**30,168**	30,168
Reserves	**1,283,226**	1,388,799
Equity attributable to owners of the Company	**1,313,394**	1,418,967
Minority interests	**25,863**	27,614
TOTAL EQUITY	**1,339,257**	1,446,581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to owners of the Company												
	Share capital	Share premium	Special reserve	Capital reserve	Property revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	Statutory reserve fund	Exchange reserve	Retained profits	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	30,168	646,363	(6,692)	57,840	2,985	30,738	20,365	80,643	(632)	476,593	1,338,371	27,086	1,365,457
Total comprehensive income for the year	-	-	-	-	-	-	-	-	163	80,433	80,596	(3,624)	76,972
Realisation of property revaluation reserve upon disposal of the relevant investment properties that were classified as held for sale	-	-	-	-	(2,985)	-	-	-	-	2,985	-	-	-
Transfer	-	-	-	-	-	5,156	2,578	1,784	-	(9,518)	-	-	-
Capital contribution from minority shareholders	-	-	-	-	-	-	-	-	-	-	-	3,602	3,602
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	259	259
Changes in minority interests	-	-	-	-	-	-	-	-	-	-	-	291	291
Changes in equity for the year	-	-	-	-	(2,985)	5,156	2,578	1,784	163	73,900	80,596	528	81,124
At 31 December 2008 and 1 January 2009	30,168	646,363	(6,692)	57,840	-	35,894	22,943	82,427	(469)	550,493	1,418,967	27,614	1,446,581
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(43)**	**(105,530)**	**(105,573)**	**(1,751)**	**(107,324)**
Transfer	**-**	**-**	**-**	**-**	**-**	**2,159**	**1,079**	**-**	**-**	**(3,238)**	**-**	**-**	**-**
Changes in equity for the year	**-**	**-**	**-**	**-**	**-**	**2,159**	**1,079**	**-**	**(43)**	**(108,768)**	**(105,573)**	**(1,751)**	**(107,324)**
At 31 December 2009	**30,168**	**646,363**	**(6,692)**	**57,840**	**-**	**38,053**	**24,022**	**82,427**	**(512)**	**441,725**	**1,313,394**	**25,863**	**1,339,257**

Notes:

1 Basis of presentation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance. In the current year, the Group has applied, for the first time, a number of new and revised HKFRSs which are effective for accounting year beginning on 1 January 2009. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years, except for the following:

Presentation of Financial Statements
HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

Operating segments
HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's'system of internal financial reporting to key management personnel' serving as the starting point for the identification of such segments. HKFRS 8 results in a redesignation of the Group's reportable segments, but has had no impact on the reported results or financial position of the Group. Except for the segregation of the provision of network monitoring system services from the provision of maintenance services segment, the operating segments reported under HKFRS 8 are the same as the primary segments previously reported under HKAS 14. HKFRS 8 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivatives which are carried at their fair values.

2 Turnover

Turnover represents the aggregate of the value of installation contract works carried out, the sale proceeds of goods sold, the income from provision of maintenance services and the income from provision of online advertising services during the year less discounts and sales related tax, and is analysed as follows:

	2009	2008
	RMB'000	RMB'000
Revenue from installation contracts	**530,833**	469,969
Sales of goods	**459,935**	654,719
Provision of maintenance services	**11,772**	91,266
Provision of online advertising services	**45**	494
	1,002,585	1,216,448

3 Other income

	2009	2008
	RMB'000	RMB'000
Interest income	**4,760**	7,747
Rental income	**1,693**	987
Gain on disposal of a subsidiary	**-**	170
Gain on disposal of assets classified as held for sale	**26,975**	-
Fair value gains on derivative financial instruments	**354**	-
Sundry income	**2,842**	3,144
	36,624	12,048

4 Other expenses

	2009	2008
	RMB'000	RMB'000
Impairment loss on goodwill	**12,663**	15,283
Impairment loss on investments in associates	**34,445**	-
Fair value losses on derivative financial instruments	**-**	2,499
	47,108	17,782

5 Income tax expense

	Note	**2009** **RMB'000**	2008 RMB'000
Current tax			
People's Republic of China（"**PRC**"）Enterprise Income Tax		**12,368**	39,516
Under / (over)-provision in prior years			
PRC Enterprise Income Tax		**103**	2,870
Hong Kong Profits Tax		**-**	(181)
		103	2,689
Deferred tax			
Current year	*a*	**(6,118)**	(4,122)
		6,353	38,083

No provision for Hong Kong Profits Tax has been made in the current year as the relevant group entities incurred a loss for both years.

Income tax on profits arising in the PRC has been provided based on the prevailing tax rates applicable to the respective group entities.

Note a. Deferred tax

The following are the major deferred tax (assets) / liabilities recognised, and movements thereon:

	Profit recognition of installation contracts RMB'000 (note i)	Revaluation of properties RMB'000	Others RMB'000 (note ii)	Total RMB'000
At 1 January 2008	10,268	474	(502)	10,240
Credit to the profit or loss for the year	(3,648)	(474)	-	(4,122)
At 31 December 2008 and 1 January 2009	6,620	-	(502)	6,118
(Credit)/charge to the profit or loss for the year	**(6,620)**	**-**	**502**	**(6,118)**
At 31 December 2009	**-**	**-**	**-**	**-**

note i: The amount represents the temporary differences arising on the profit recognition of installation contracts between Hong Kong generally accepted accounting principles in which revenue and costs of installation contracts are recognised in the consolidated statement of comprehensive income by reference to the stage of completion of the contract activities and the taxable income of the PRC subsidiaries which recognise revenue of installation contracts upon completion.

note ii: The amount mainly represents temporary differences arising on allowance for bad and doubtful debts.

6 (Loss) / profit for the year

The Group's (loss) / profit for the year is stated at after charging the following:

	2009	2008
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**21,336**	11,822
Amortisation of prepaid land lease payments	**810**	381
Amortisation of other intangible assets	**305**	277
Allowance for obsolete and slow-moving inventories	**5,971**	-
Allowance for bad and doubtful debts	**89,210**	3,511

7 (Loss) / earnings per share

The calculation of the basic and diluted (loss) / earnings per share is based on the following data:

	2009	2008
	RMB'000	RMB'000
(Loss) / profit for the year attributable to owners of the Company	**(105,530)**	80,433
	'000	'000
Weighted average number of ordinary shares	**2,855,000**	2,855,000

There was no dilutive effect of the share options to the (loss) / earnings per share as the average market price of the shares for the years ended 31 December 2009 and 2008 was lower than the exercise price of the share options.

8 Dividends

The Board does not recommend the payment of any dividend for the year ended 31 December 2009 (2008: Nil).

9 Trade and bills receivables

	2009	2008
	RMB'000	RMB'000
Trade and bills receivables	**435,580**	420,207
Less: Allowance for bad and doubtful debts	**(118,007)**	(28,885)
	317,573	391,322

The Group allows an average credit period of 30 days to 180 days to its trade customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limits.

The aging analysis of trade and bills receivables, net of allowance for bad and doubtful debts, is as follows:

	2009	2008
	RMB'000	RMB'000
0 - 90 days	**155,746**	182,697
91 - 180 days	**43,159**	96,135
181 - 360 days	**40,061**	93,102
Over 360 days	**78,607**	19,388
	317,573	391,322

10 Trade and other payables

	2009	2008
	RMB'000	RMB'000
Trade payables	**80,257**	138,917
Accrued costs and charges (note)	**99,298**	135,655
Receipts in advance	**44,741**	25,156
Value added tax, sales tax and other levies	**24,125**	19,838
Amount payable for acquisition of leasehold land	**3,072**	3,072
Deposits received from disposal of leasehold land and buildings	**-**	15,098
	251,493	337,736

Note: The accrued construction cost for buildings of RMB29,000,000 at 31 December 2008 has been paid for during the year.

The aging analysis of trade payables is as follows:

	2009	2008
	RMB'000	RMB'000
0 - 30 days	30,247	48,847
31 - 60 days	22,679	32,450
61 - 90 days	5,045	12,430
Over 90 days	22,286	45,190
	80,257	138,917

SEGMENT INFORMATION

The Group has six reportable segments as follows:

- installation of fire prevention and fighting systems;
- production and sale of fire engines;
- production and sale of fire prevention and fighting equipment;
- trading of fire engines, fire prevention and fighting and rescue equipment;
- provision of maintenance services; and
- provision of network monitoring system services.

Each reportable segment is a strategic business unit which offers different products and services that require different production techniques and marketing strategies.

The Group's other operating segment refers to the provision of online advertising services, which does not meet any of the quantitative thresholds for determining reportable segments. The information of this other operating segment is included in the "Others" column.

The accounting policies of the operating segments are the same as those applied by the Group in the financial statements. Segment profits or losses do not include interest income, gain on disposal of assets classified as held for sale, fair value gains on derivative financial instruments, unallocated sundry income, unallocated corporate expenses, share of profits/losses of associates and finance costs. Segment assets do not include deferred tax assets, consideration receivable for disposal of assets classified as held for sale, amount due from an associate, pledged bank deposits, bank and cash balances, assets classified as held for sale and unallocated other receivables. Segment liabilities do not include amounts due to minority shareholders, current and deferred tax liabilities, bank borrowings, finance lease payables and unallocated other payables.

The Group accounts for the intersegment sales and transfers on cost-plus basis.

SEGMENT INFORMATION (CON'T)

Information about reportable segment profit or loss, assets and liabilities:

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2009										
TURNOVER										
External sales	530,833	283,951	156,959	19,025	5,191	6,581	45	-	-	1,002,585
Inter-segment sales	-	-	7,043	8,042	-	-	-	-	(15,085)	-
Total	530,833	283,951	164,002	27,067	5,191	6,581	45	-	(15,085)	1,002,585
RESULTS										
Segment (loss) / profit	(24,766)	7,396	(86,031)	(1,129)	(2,440)	(14,611)	(2,126)			(123,707)
Interest income										4,760
Gain on disposal of assets classified as held for sale										26,975
Fair value gains on derivative financial instruments										354
Unallocated corporate expenses										(9,225)
Share of profits / (losses) of associates	3,796	-	(405)	-	-	(19)	-			3,372
Finance costs										(3,478)
Loss before tax										(100,949)
Income tax expense										(6,353)
Loss for the year										(107,302)

SEGMENT INFORMATION (CON'T)

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2009										
ASSETS										
Segment assets	753,349	361,783	303,377	23,069	6,286	5,805	418			1,454,087
Investments in associates	25,967	-	13,414	-	-	(282)	-			39,099
Amount due from an associate										480
Consideration receivable for disposal of assets classified as held for sale										36,644
Pledged bank deposits										5,932
Bank and cash balances										159,601
Unallocated other receivables										158
										1,696,001
LIABILITIES										
Segment liabilities	102,231	73,892	64,281	7,092	693	3,369	83			251,641
Amounts due to minority shareholders										4,860
Current tax liabilities										15,882
Bank borrowings										80,000
Finance lease payables										137
Unallocated other payables										4,224
										356,744

SEGMENT INFORMATION (CON'T)

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
OTHER INFORMATION										
Capital expenditure	299	90,288	30,410	-	-	85	-	6		121,088
Depreciation and amortisation	389	12,139	7,865	116	191	1,508	189	54		22,451
(Gain) / loss on disposal of property, plant and equipment	(74)	1,419	7,210	-	-	165	-	(1)		8,719
Gain on disposal of assets classified as held for sale	-	-	-	-	-	-	-	(26,975)		(26,975)
Impairment loss on goodwill	-	-	-	-	-	10,973	1,690	-		12,663
Impairment loss on investments in associates	-	-	33,576	-	-	869	-	-		34,445
Allowance / (reversal of allowance) for obsolete and slow-moving inventories	-	1,770	4,330	(129)	-	-	-	-		5,971
Allowance for bad and doubtful debts	44,443	1,552	36,514	2,671	3,958	72	-	-		89,210

SEGMENT INFORMATION (CON'T)

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2008										
TURNOVER										
External sales	469,969	247,670	265,581	141,468	85,549	5,717	494	-	-	1,216,448
Inter-segment sales	-	-	24,949	-	-		-	-	(24,949)	-
Total	469,969	247,670	290,530	141,468	85,549	5,717	494	-	(24,949)	1,216,448
RESULTS										
Segment profit / (loss)	49,880	18,543	34,457	(20,340)	48,229	(5,173)	(26)			125,570
Interest income										7,747
Unallocated sundry income										624
Unallocated corporate expenses										(18,215)
Share of profits / (losses) of associates	4,047	-	(189)	-	-	(22)	-			3,836
Finance costs										(4,828)
Profit before tax										114,734
Income tax expense										(38,083)
Profit for the year										76,651

SEGMENT INFORMATION (CON'T)

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2008										
ASSETS										
Segment assets	300,967	313,444	323,427	32,751	22,446	19,773	2,309			1,015,117
Investments in associates	22,172	-	47,395	-	-	606	-			70,173
Deferred tax assets										502
Pledged bank deposits										8,422
Bank and cash balances										777,634
Assets classified as held for sale										25,751
Unallocated other receivables										313
										1,897,912
LIABILITIES										
Segment liabilities	131,066	106,475	72,251	12,975	2,819	3,913	103			329,602
Amounts due to minority shareholders										4,676
Current tax liabilities										26,274
Bank borrowings										63,471
Finance lease payables										184
Deferred tax liabilities										6,620
Unallocated other payables										20,504
										451,331

	Installation of fire prevention and fighting systems	Production and sale of fire engines	Production and sale of fire prevention and fighting equipment	Trading of fire engines, fire prevention and fighting and rescue equipment	Provision of maintenance services	Provision of network monitoring system services	Others	Unallocated	Elimination	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
OTHER INFORMATION										
Capital expenditure	54	89,080	38,001	17	6	2,396	6	-		129,560
Depreciation and amortisation	451	1,286	9,045	154	291	990	187	76		12,480
Loss on disposal of property, plant and equipment	22	959	729	-	2	20	-	-		1,732
Impairment loss on goodwill	-	-	-	15,283	-	-	-	-		15,283
Allowance for bad and doubtful debts	670	874	1,788	179	-	-	-	-		3,511

SEGMENT INFORMATION (CON'T)

Geographical information：

	Revenue		Non-current assets	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**999,583**	1,213,409	**436,330**	389,713
Others	**3,002**	3,039	**12,211**	12,329
	1,002,585	1,216,448	**448,541**	402,042

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

There was one customer (2008: Nil), the revenues from which exceeds 10% of the Group's total revenue for the year. Revenue from that customer for the year was approximately RMB153,000,000 (2008: Nil) and was generated by the installation of fire prevention and fighting systems segment.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the year ended 31 December 2009, turnover of the Group dropped 18% to RMB1,003 million and a loss of RMB107 million was recorded (2008: profit of RMB77 million). An impairment loss for the goodwill associated with the network monitoring system and the provision on online advertising services totaled RMB13 million were made during the year because the Group does not foresee big improvement in operations for both businesses due to the low level of customer acceptance. Allowance for bad and doubtful debts for the year surged to RMB89 million. There was also an impairment loss on investments in associates amounted to RMB34 million.

Installation of fire prevention and fighting systems
Revenue from installation of fire prevention and fighting systems for the year increased 13% to RMB531 million. Operating results turned into a loss of RMB25 million (2008: profit of RMB50 million) after an allowance for bad and doubtful debts of RMB44 million (2008: RMB0.7 million)

Growth in revenue for the year was mainly due to certain large projects secured including services provided for a number of large residential estates in Nanning, Guangxi, with contract value totaled RMB175 million. Contracts secured during 2009 valued over RMB500 million, which doubled that for 2008. However, gross profit for most of the contracts obtained was considerably lower than that for last year and thus causing a drop in gross profit in spite of the rise in revenue. Competition has made the Group to accept lower profit margin and tougher terms of contract.

Production and sale of fire engines
Revenue and operating profit from production and sales of fire engines for the year increased 15% to RMB284 million. Operating profit dropped 60% to RMB7 million, after an allowance for bad and doubtful debts of RMB1.6 million (2008: RMB0.9 million).

Despite more fire engines were sold during the year, the operating results declined because a significantly larger amount of depreciation charges were incurred after the opening of the new factory in last October.

In addition to the domestic market, the Group has been working on opening the overseas market. Besides Dubai, Angola and Vietnam into which the Group has previously entered, it has successfully solicited orders from the Sudan government for more than 30 fire engines in December 2009. Given the favourable comments from the overseas customers, the Group will actively open more foreign markets especially those developing countries in Africa and the South East Asia and it is expected that the Group will soon have larger presence and serving increasingly more customers in these markets.

Production and sale of fire prevention and fighting equipment
Revenue from production and sales of fire prevention and fire fighting equipment for the year decreased 41% to RMB157 million. Operating results turned into a loss of RMB86 million (2008: profit of RMB34 million) after an allowance for bad and doubtful debts of RMB37 million (2008: RMB2 million) and an impairment loss on investments in associates amounted to RMB34 million (2008: Nil).

The impairment was mainly related to an associate which manufactures a self-invented and patented fire suppression foam. The new foam has numerous advantages over the traditional foam. However, the exponential growth in sales anticipated has not realised because it takes longer than expected time to overcome the customers' inertia. The Group considered that it would take far more time for the new foam to penetrate into and become the prime fire suppression foam in the market and therefore an impairment loss was made.

The decrease in revenue and profit for the year was mainly attributable to the drop in sales of the Group's electronics fire protection equipment. There were further decline in sales of the fire detection and alarm systems following the Group's decision to phase out majority models of the two product categories at the beginning of 2008. Emergency lighting also recorded a big drop in sales due to the severe competition from the low-cost substandard products in the market. On the other hand, there is slight improvement in the sale of the Group's other fire protection equipment and systems although the increase in depreciation charges due to the new factory has lowered the profit level.

During the year and up to the date of this announcement, the Group has successfully won a number of supply contracts for the intelligent auto-aiming fire extinguishing systems (大空間智能滅火裝備), gas extinguishing systems, foam extinguishing systems and fire hydrants systems etc. Customers include some national landmark constructions like the China National Pavilion and Macau Pavilion of the Shanghai Expo 2010, Hunan TV Broadcast Tower (the world's highest steel tower), West Tower of Guangzhou International Finance Centre (the highest building in the Southern China) and Fuzhou Cross-Boarder Exhibition Centre (the second largest exhibition centre in the Asia). In addition to the domestic market, the Group's products are also well-received by the overseas customers. Orders were secured for supplying equipment to the thermal power plant in Vietnam and Indonesia and also residential properties in Angola.

Provision of maintenance services
Revenue from the provision of fire prevention and fighting system maintenance services for the year decreased 94% to RMB5 million. Operating results turned from profit of RMB48 million for 2008 to a loss of RMB2 million for 2009 after an allowance for bad and doubtful debts amounted to RMB4 million (2008: Nil).

The Group's maintenance services provided are largely one-off nature performed during office/shop renovation or in preparation for authorities' inspections. Since many enterprises have their budgets cut and plans of renovation deferred, the market for maintenance services was greatly shrunk, leading to the unsatisfactory performance of the segment.

Provision of network monitoring system services
Revenue from provision of network monitoring system services for the year increased by 15% to approximately RMB7 million. After an impairment loss of RMB11 million in respect of goodwill associated with the business segment, operating loss increased by 182% to RMB15 million.

The number of customers slightly increased to 410 (2008: 380) though no new monitoring centre opened during the year, thus leading to the rise in revenue for the year. If the impairment loss on goodwill was excluded, operating loss decreased by 30% which was due to the cost cutting measures introduced including the fall in number of staff by natural wastage.

The segment has been incurring losses since it was established in 2004. Although the national standards for the remote network monitoring system (城市消防遠程監控系統技術規範) were promulgated at the beginning of 2008, customers' level of acceptance is far below expected. Unless the installation of the system is made mandatory, the Group does not expect a significant growth in the sales of the services and therefore have provided for an impairment loss for the goodwill associated during the year amounting to RMB11 million.

Trading of fire engines, fire prevention and fighting and rescue equipment

Revenue from the trading of fire engines, fire prevention and fighting and rescue equipment for the year decreased by 87% to approximately RMB19 million. Operating loss, after an allowance for bad and doubtful debts of RMB2.7 million (2008: RMB0.2 million), decreased by 94% to RMB1 million.

A majority part of the fire engines sold in 2008 were those backlogged since 2006 due to the 3C certificate problem. With all the backlogged orders released last year, revenue generated in 2009 dropped substantially as compared to 2008. Besides, given that there are generally six to nine months production lead time, the pessimistic economic climate in the first half of 2009 has adversely affected the order book and therefore the sales for the year. As at end of 2009, the Group has outstanding orders for 10 fire engines amounting to RMB60 million that are scheduled to be delivered in the first half of 2010.

Results of the segment improved despite the decrease in revenue for the year because it suffered a large exchange loss when revenue for those 3C backlogs was recognised in 2008. Euro appreciated significantly against Hong Kong dollar during the backlogged period and eroded the profit that should have been generated. Since then, the Group has used forward contracts to hedge against risks arising from foreign currencies fluctuations.

Financial resources, liquidity, contingent liabilities and pledge of assets

As at 31 December 2009, the Group had bank and cash balances amounting to approximately RMB166 million (2008: RMB786 million) of which RMB6 million was pledged for bid bond guarantee issued and performance guarantee (2008: RMB8 million to secure banking facilities granted to a subsidiary and as performance guarantee). Outstanding balances of short term bank loans as at the year end date were RMB80 million (2008: RMB60 million). They were borrowed by a non-wholly owned subsidiary and the repayment of which was guaranteed by another subsidiary of the Group. A subsidiary in Hong Kong was granted banking facilities which included trading facilities (letter of credit, trust receipt loans and forward contracts etc.) and bank overdraft totaled USD23,000,000. The settlement of the borrowings under the facilities was guaranteed by the Company. Net cash decrease during the year was mainly due to the costs incurred for several large installation contracts the Group secured during the year. Value of the contracts totaled RMB175 million and according to the terms, no progress billings would be received until the projects completed. Besides, the Group has paid RMB216 million performance guarantee for an installation project secured in the fourth quarter (which include a five-star hotel and blocks of luxury apartments) to be commenced in 2010.

As at 31 December 2009, current assets and current liabilities of the Group were approximately RMB1,247 million (2008: RMB1,495 million) and RMB357 million (2008: RMB445 million) respectively. The current ratio was approximately 3.5 times (2008: 3.4 times). Gearing ratio (interest bearing debt / total equity) at end of the year was 6% (2008: 4.4%). Allowance for bad and doubtful debts amounted to RMB89 million (2008: RMB3.5 million) was made for the year because of the worsened debt recovery. The management has reviewed the recoverability of the trade and bills receivables and considered the existing level of provision appropriate.

Renminbi is the functional currency and adopted as the reporting currency by the Group. The majority of the Group's assets, liabilities, sales and purchases are primarily denominated in Renminbi and Hong Kong dollar. The Group has entered into foreign currency forward exchange contracts to minimize exposure to exchange rate volatility arising from receivables and payables involving currencies other than Renminbi and Hong Kong dollar. During the year, there were gains arising from changes in fair value of currency derivatives amounting to RMB0.4 million (2008: loss of RMB2.5 million).

Save as disclosed, the Group has no material contingent liabilities or pledge of assets for the year ended 31 December 2009.

Investments and capital commitments

Capital commitments

As at 31 December 2009, the Group has capital commitment of approximately RMB28 million (2008: RMB149 million) which was related to the investment amount committed to the local government of the county where the Sichuan factory is located.

Save as disclosed herein, the Group has no material capital commitments, investments, acquisitions or disposals of subsidiaries as at 31 December 2009.

Employees and remuneration policies

As at 31 December 2009, the Group had approximately 1,239 full-time employees (2008: 1,279). Staff costs, excluding directors' remuneration for the year was RMB41 million (2008: RMB42 million). All full-time employees are entitled to medical contributions, provident funds and retirement plans. The Group provides a series of comprehensive in-house and on-the-job training to staff to keep their technical skills and standards up to date for quality services and to enhance work safety.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN THE COMPANY'S SECURITIES

Save as disclosed below, as of 31 December 2009, none of the directors or chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and 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 were required, pursuant to section 352 of the

SFO to be entered in the register required to be kept therein or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions in ordinary shares of the Company

Name of director	**Capacity and types of interest**	**Number of issued shares of HK$0.01 each of the Company held**	**Percentage of issued share capital of the Company**
Mr. Jiang Xiong	Beneficial owner (Note 1) Deemed interest (Note 2)	981,600,000 825,000,000	63.28% (Note 3)
Mr. Jiang Qing	Beneficial owner	7,500,000	0.26%

Note:

1. Mr. Jiang Xiong ("**Mr. Jiang**") is beneficially interested in 981,600,000 shares. By virtue of the option agreement (the "**Option Agreement**") entered into between Mr. Jiang and United Technologies Far East Limited ("**UTFE**"), a subsidiary of United Technologies Corporation ("**UTC**"), he and UTFE are parties to the agreement under section 317 of the SFO. Under the SFO, Mr. Jiang is deemed to have a long position in the 825,000,000 shares of the Company owned by UTFE.

2. Mr. Jiang has a short position in the shares to be sold under the Option Agreement. On the other hand, UTFE has a long position in the option shares under the Option Agreement and therefore Mr. Jiang is deemed to have a long position in the option shares in his capacity as a party to the Option Agreement to which Section 317(1)(a) of the SFO applies.

3. The percentage figure as stated is calculated without taking into account the deemed long position in the shares to be sold under the Option Agreement.

Short positions in ordinary shares of the Company

Pursuant to the Option Agreement, Mr. Jiang grants an option (the "**Option**") to UTFE, which, when exercised, will require Mr. Jiang to sell to UTFE the lower of :

a. such number of shares of the Company as are required to be sold by Mr. Jiang to UTFE to enable UTFE to beneficially hold, in addition to any other shares of the Company held by UTFE at the relevant time, in aggregate, 51% of the voting rights of the Company immediately following completion of the exercise of the Option under the Option Agreement; and
b. all the shares of the Company held by Mr. Jiang at the time when UTFE exercises the Option.

Mr. Jiang has a short position in the shares to be sold (as held by UTFE) under the Option Agreement.

Details of the Option Agreement are set out in the Company's announcement and circular dated 2 February 2005 and 10 March 2005 respectively.

Options to subscribe for ordinary shares in the Company

Grantee	Date of grant	Number of shares issuable under the options granted	Exercisable period	Exercise price (HK$)	Number of shares issuable under the options outstanding as at 1 January and 31 December 2009	Percentage of issued share capital of the Company
Mr. Jiang Qing	25 May 2004	20,000,000	25 May 2004 – 24 May 2014	0.44	20,000,000	0.70%

Note: All options granted are vested on the date of acceptance, i.e. 25 May 2004.

Save as disclosed above, no options were granted to, or exercised by, the directors of the Company during the year.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Long positions in ordinary shares of the Company

Name of shareholder	Capacity and types of interests	Number of issued shares of HK$ 0.01 each of the Company held	Percentage of issued capital of the Company
UTFE	Beneficial owner Deemed interest (Note 1)	825,000,000 981,600,000	63.28% (Note 2)
Otis Elevator Company	Interest of a controlled corporation (Note 3)	1,806,600,000	63.28%
Carrier Corporation	Interest of a controlled corporation (Note 4)	1,806,600,000	63.28%
UTC	Interest of a controlled corporation (Note 5)	1,806,600,000	63.28%

Note:

1. By virtue of the Option Agreement, Mr. Jiang and UTFE are parties to the agreement under section 317 of the SFO. Under the SFO, UTFE is deemed to have a long position in the 981,600,000 shares held by Mr. Jiang.

2. UTFE has a long position in the shares to be sold under the Option Agreement. Pursuant to the Option Agreement, Mr. Jiang grants the option to UTFE which when exercised, will require Mr. Jiang to sell to UTFE the lower of: (a) such number of shares of the Company as are required to be sold by Mr. Jiang to UTFE to enable UTFE to beneficially hold, in addition to any other shares held by UTFE at the relevant time, in aggregate, 51% of the voting rights of the Company immediately following completion of the exercise of the option under the Option Agreement; and (b) all shares of the Company held by Mr. Jiang at the time when UTFE exercises the Option. The percentage figure as stated is calculated without taking into account the long position in the shares to be sold under the Option Agreement.

3. Otis Elevator Company is beneficially interested in 50.9% of the issued share capital of UTFE and is deemed or taken to be interested in the 1,806,600,000 shares in which UTFE has declared an interest for the purpose of the SFO.

4. Carrier Corporation is beneficially interested in 49.1% of the issued share capital of UTFE and is deemed or taken to be interested in the 1,806,600,000 shares in which UTFE has declared an interest for the purpose of the SFO.

5. UTC is beneficially interested in the entire share capital of Otis Elevator Company and Carrier Corporation and is deemed or taken to be interested in the 1,806,600,000 shares in which Otis Elevator Company and Carrier Corporation have declared an interest for the purpose of the SFO.

Short positions in ordinary shares of the Company

UTFE has a long position in the option shares under the Option Agreement. On the other hand, Mr. Jiang has a short position, and therefore UTFE is deemed to have a short position in the shares to be sold (as held by Mr. Jiang) under the Option Agreement pursuant to section 317 of the SFO.

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 31 December 2009.

COMPETING INTERESTS

None of the directors or the management shareholder of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or had any other conflicts of interest, which any such person has or may have with the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, cancelled or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE

Corporate governance practices

Throughout the year ended 31 December 2009, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, except for the following:

1. Only three board meetings were held during the year.
2. There were no fixed terms of appointment for the directors.

3. According to the articles of association, no director holding office as chairman and/or managing director shall be subject to retirement by rotation.

The details of such deviation have been disclosed in the relevant paragraphs below and in the Corporate Governance Report in the 2009 annual report to be dispatched to the shareholders and posted on the website of the Stock Exchange in accordance with the Listing Rules.

Directors' securities transactions
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 the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

Board of directors
The Board, up to the date of this announcement, is composed of five executive directors, two non-executive directors and three independent non-executive directors. Name of the directors are set out in the table below. Mr. Jiang Xiong (Chairman) and Mr. Jiang Qing (Chief Executive Officer) are brothers.

There were three Board meetings held during the year which, besides the approval of the Company's interim and annual reports, were mainly related to strategic decisions. Day to day operational decisions were delegated to the management team of the Company. Other than in Board meetings, members of the Board are communicated regularly to discuss the performance of the Group. The Board is in the opinion that these communications allow the Board members to have a thorough understanding of the Group to exercise effective leadership and supervision of the Group, though the number of Board meetings held was less than the four as stated in the code provision.

Attendance of each director is set out below:

Name of directors	No. of meetings attended
Executive directors	
Mr. Jiang Xiong (Chairman)	2/3
Mr. Jiang Qing (Chief Executive Officer)	3/3
Mr. Wang De Feng	2/3
Ms. Weng Xiu Xia	3/3
Ms. Zhang Hai Yan	3/3
Mr. Shi Jia Hao	3/3 *
Non-executive directors	
Ms. Xi Zheng Zheng	3/3
Mr. Harinath Krishnamurthy	0/0 *
Mr. Doug Wright	3/3 *
Independent non-executive directors	
Dr. Loke Yu	3/3
Mr. Sun Jian Guo	2/3
Mr. Heng Ja Wei	3/3
Mr. Heng Kwoo Seng	0/0 *

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

* Mr. Shi Jiao Hao resigned on 25 February 2010. Mr. Doug Wright resigned on 17 November 2009 and Mr. Harinath Krishnamurthy was appointed on the same date to fill the place vacated. Mr. Krishnamurthy was the alternate director to Mr. Wright before his resignation and one of the board meetings held during the year was attended by Mr. Krishnamurthy on behalf of Mr. Wright. No board meeting was held after Mr. Krishnamurthy's appointment. Mr. Heng Kwoo Seng resigned on 28 February 2009 and there was no board meeting held during the year before his resignation.

Auditor's remuneration

At the extraordinary general meeting of the shareholders of the Company held on 21 December 2009, a resolution was passed to appoint RSM Nelson Wheeler ("**RSM**") as auditor of the Company in place of the resigned auditor, Deloitte Touche Tomatsu ("**Deloitte**"), to hold office until the conclusion of the next annual general meeting of the Company.

Auditor's remuneration is for audit services provided only. Both Deloitte and RSM did not provide any non-audit services to the Group during the year.

Chairman and chief executive officer

Mr. Jiang Xiong is the Chairman of the Board and Mr. Jiang Qing is the Chief Executive Officer of the Company. The Chairman is responsible for the leading the Board in formulating strategic plans for the Group while the Chief Executive Officers oversees the Group's daily operations and execution of Board decisions.

According to the articles of association, no director holding office as chairman and/or managing director shall be subject to retirement by rotation. This is not in strict compliance with the code provision of the Code on Corporate Governance Practice which requires every director (including those appointed for a specific term) to be subject to retirement by rotation at least once every three years.

Non-executive directors

There were no fixed terms of appointment for the non-executive directors but they are subject to retirement by rotation according to the Company's articles of association. Under the Company's articles of association, one third of the directors for the time being (or if their number is not a multiple of three, then the number nearest to but not greater than one third) will retire from office by rotation at each annual general meeting in accordance with the provisions of the articles of association. The Board is of the opinion that this serves the same objectives of the relevant provision.

Remuneration of directors

The remuneration committee comprises Dr. Loke Yu and Mr. Heng Ja Wei, both are independent non-executive directors of the Company, and Mr. Jiang Qing who is an executive director and Chief Executive Officer of the Company. The primary duties of the committee are to formulate policy and structure of remuneration of directors and senior management of the Group and to provide advice and recommendations thereon to the Board. During the year, the remuneration committee held one meeting, in which all members were present, to review all of the directors' remuneration packages. Mr. Heng Ja Wei, who was appointed as an independent non-executive director of the Company on 4 March 2009, joined the remuneration committee since appointment to take the place vacated by the resignation of Mr. Heng Kwoo Seng as an independent non-executive director of the Company on 28 February 2009.

Nomination of directors

The Board does not establish a nomination committee at present. The appointment of new director(s) is therefore a matter for consideration and decision by the full Board. The Board considers that the new director(s) is expected to have expertise in relevant area to make contribution to the Company and to have sufficient time to participate in the decision making process of the Company. Under the Company's articles of association, one third of the directors for the time being (or if their number is not a multiple of three, then the number nearest to but not greater than one third) will retire from office by rotation at each annual general meeting in accordance with the provisions of the articles of association.

Audit committee

The audit committee comprises three independent non-executive directors, Dr. Loke Yu, Mr. Sun Jian Guo and Mr. Heng Ja Wei. The primary duties of the audit committee are to review the Company's annual report and accounts and half-yearly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group.

During the year, the audit committee held two meetings to review and comment on the Company's interim and annual financial reports and to meet with the external auditors and participate in the reappointment and assessment of the performance of the external auditors. Attendance of each member of the audit committee is set out below:

Name of members	No. of meetings attended
Dr. Loke Yu	2/2
Mr. Sun Jian Guo	1/2
Mr. Heng Ja Wei	2/2

The Group's results for the year have been reviewed by the audit committee.

Mr. Heng Kwoo Seng resigned as an independent non-executive director of the Company on 28 February 2009. Mr. Heng Ja Wei was appointed an independent non-executive director of the Company on 4 March 2009 and joined the audit committee since appointment to fill the place vacated by Mr. Heng Kwoo Seng.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for the preparation of the financial statements, which give a true and fair view of the condition of the Group. The auditor is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the directors and reports the opinion solely to the shareholders of the Company.

By order of the Board
China Fire Safety Enterprise Group Limited
Jiang Xiong
Chairman

PRC, 22 April 2010

As at the date of this announcement, the Company's executive directors are Mr. Jiang Xiong, Mr. Jiang Qing, Mr. Wang De Feng, Ms. Weng Xiu Xia and Ms. Zhang Hai Yan; the non-executive directors are Ms. Xi Zheng Zheng and Mr. Harinath Krishnamurthy; and the independent non-executive directors are Dr. Loke Yu, Mr. Sun Jian Guo and Mr. Heng Ja Wei.

This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company (www.chinafire.com.cn).