
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Fire Safety Enterprise Group Holdings Limited, you should at once hand this circular to the purchasers or the transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchasers or the transferees.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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: 8201)****GENERAL MANDATES TO ISSUE SECURITIES
AND
TO REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

The Notice convening the annual general meeting of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 April 2007 (Friday) at 2:30 p.m. is set out in this circular. Whether or not you propose to attend the annual general meeting, you are requested to complete the proxy form and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the annual general meeting if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

* *For identification purpose only*

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DEFINITIONS

“AGM”	the annual general meeting of the Company to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway on 27 April, 2007 (Friday) at 2:30 p.m.;
“Board”	the board of directors of the Company;
“Company”	China Fire Safety Enterprise Group Holdings Limited;
“Companies Law”	Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Latest Practicable Date”	27 March 2007, being the latest practicable date prior to the printing of this circular;
“Repurchase Mandate”	a general mandate, which is proposed to be adopted by an ordinary resolution of the Shareholders at the AGM, to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution;
“SFO”	the Securities and Futures Ordinance;
“Shares”	an ordinary share of HK\$0.01 in the share capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



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: 8201)

Executive Directors:

Jiang Xiong (*Chairman*)
Jiang Qing
Shi Jia Hao
Wang De Feng
Weng Xiu Xia
Zhang Hai Yan

Non-executive Directors:

Paul Winnowski
Xi Zheng Zheng
Harinath Krishnamurthy
(alternate director to Paul Winnowski)

Independent non-executive Directors:

Heng Kwo Seng
Pu Rong Sheng
Loke Yu

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place

of business in the PRC
Blocks 1 and 3, Longxing Village
Yongning Town, Wenjiang District
Chengdu City
Sichuan Province, PRC

Principal place of business

in Hong Kong
Suite 907, 9th Floor
ICBC Tower
3 Garden Road
Central, Hong Kong

28 March 2007

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE SECURITIES AND TO REPURCHASE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM. These include, amongst others resolutions relating to (i) the renewal of the general mandate

* For identification purpose only

LETTER FROM THE BOARD

to issue securities of the Company; (ii) the renewal of the general mandate to repurchase Shares; and (iii) the re-election of retiring Directors.

This circular contains the explanatory statement in connection with the proposed resolutions for the approval of the renewal of the general mandates to issue securities and to repurchase Shares in accordance with the GEM Listing Rules and biographies of the retiring and re-electing Directors.

GENERAL MANDATE TO ISSUE SECURITIES

At the AGM, ordinary resolutions will be proposed to grant a general mandate to the Directors to allot, issue and otherwise deal with securities of the Company not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution and the aggregate nominal amount of the shares repurchased under the Repurchase Mandate.

At the Latest Practicable Date, the issued share capital of the Company comprised 2,855,000,000 Shares. Subject to the passing of the resolution approving the general mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the general mandate to allot, issue and otherwise deal with not exceeding 571,000,000 Shares, representing 20% of the total issued share capital of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant the Repurchase Mandate to the Directors. The explanatory statement, required by the GEM Listing Rules to be sent to the Shareholders, is set out in the Appendix I to this circular, which contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution for the Repurchase Mandate.

The Repurchase Mandate will expire whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable law of Cayman Islands to be held; and (c) the date on which the authority given is revoked or varied by an ordinary resolution of the Shareholders.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 87 of the articles of association of the Company, Mr Heng Kwoo Seng, Dr. Loke Yu, Mr. Paul Winnowski, Ms. Xi Zheng Zheng, Mr. Shi Jia Hao, Mr. Wang De Feng, Ms. Weng Xiu Xia and Ms. Zhang Hai Yan shall retire from office at the conclusion of AGM and, being eligible, offer themselves for re-election.

Brief biographical details of the retiring directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

The Notice of AGM is set out on 14 to 17 of this circular. A proxy form for use at the AGM is enclosed. Whether or not you propose to attend the AGM, you are requested to complete the proxy form and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the AGM if you so wish.

The ordinary resolutions to approve the general mandate to issue securities, the Repurchase Mandate and the re-election of retiring directors will be proposed at the AGM.

PROCEDURE FOR DEMANDING A POLL

Pursuant to Articles 66 of the Company's articles of association, a resolution put to the vote at the AGM shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on withdrawal of any other demand for a poll) a poll is demanded by:

- (a) by the chairman of AGM; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the AGM; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the AGM; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the AGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

RESPONSIBILITY STATEMENT

The circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of

LETTER FROM THE BOARD

their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RECOMMENDATION

The relevant resolutions for the aforesaid are set out in the notice of the AGM, which is set out on pages 14 to 17 to this circular. The Directors are of the opinion that (i) the renewal of general mandates to issue securities, (ii) the renewal of the Repurchase Mandate, and (iii) the re-election of the retiring directors are in the best interests of the Company and its Shareholders and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,

By Order of the Board

China Fire Safety Enterprise Group Holdings Limited

Jiang Xiong

Chairman

This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules.

1. Exercise of the Repurchase Mandate

At the Latest Practicable Date, the issued share capital of the Company comprised 2,855,000,000 Shares. Subject to the passing of the resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 285,500,000 Shares, representing 10% of the total issued share capital of the Company.

2. Reasons for Repurchases

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as it would enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

3. Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands and Hong Kong. The laws of the Cayman Islands provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the profit of the Company or the proceeds of a fresh issue of shares made for such purpose, or if so authorized by its articles of association and subject to the provisions of the Companies Law, out of capital. The amount of premium payable on repurchase may only be paid out of the profit of the Company or out of the share premium account of the Company, or if so authorized by its articles of association and subject to the provisions of the Companies Law, out of capital. The Company will not repurchase Shares on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its audited consolidated financial statements for the year ended 31 December 2006) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

4. Share Prices

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months and up to the Latest Practicable Date prior to the printing of this circular were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
March	1.110	0.780
April	1.160	0.910
May	1.020	0.770
June	0.920	0.770
July	0.990	0.870
August	0.940	0.650
September	0.790	0.680
October	0.710	0.610
November	0.660	0.445
December	0.550	0.455
2007		
January	0.570	0.480
February	0.750	0.500
March (up to the Latest Practicable Date)	0.700	0.520

5. Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to repurchase Shares pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

6. Disclosure of Interest

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, has a present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

7. General

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code) could, depending on the level of increase of the Shareholder's interests, obtain or consolidate control of the Company and then becomes obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

So far as the Directors are aware, the following table sets out shareholding structure of the Company as at the Latest Practicable Date:

Name of Shareholder	Existing shareholdings		If Repurchase Mandate is exercised in full	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Jiang Xiong ("Mr. Jiang")	981,600,000	34.38%	981,600,000	38.20%
Jiang Qing	7,500,000	0.26%	7,500,000	0.29%
UTFE	825,000,000	28.90%	825,000,000	32.11%
Subtotal	1,814,100,000	63.54%	1,814,100,000	70.60%
Public	1,040,900,000	36.46%	755,400,000	29.40%
Total	<u>2,855,000,000</u>	<u>100%</u>	<u>2,569,500,000</u>	<u>100%</u>

Note: As mentioned in the paragraph below. Mr. Jiang, Mr. Jiang Qing and UTFE are deemed to be acting in concert under the Takeovers Code. Their aggregate shareholdings are 63.54% of existing issued share capital.

By virtue of the arrangements contemplated under an option agreement entered into between Mr. Jiang and United Technologies Far East Limited ("UTFE") (pursuant to which Mr. Jiang grant an option to UTFE which when exercised would require Mr. Jiang to sell to UTFE certain number of shares at an exercise price as stipulated in the option agreement), Mr. Jiang, Mr. Jiang Qing (Mr. Jiang's brother) and UTFE are persons acting in concert under the Takeovers Code. Taken together, they hold 63.54% of the Company's voting rights and therefore are required to make a mandatory offer under Rule 26 of the Takeovers Code. Mr. Jiang and UTFE has jointly applied to the executive directors of the Corporate Finance Division of the Securities and Futures Commission (the "Executive") for a Whitewash Waiver in respect of the obligations either or both of UTFE and Mr. Jiang to make a general mandatory offer. The Executive has agreed to grant the Whitewash Waiver which was approved by the independent Shareholders by way of a poll at the extraordinary general meeting of the Company held on 29 March 2005.

Reference is also made to the Company's circular dated 10 March 2005. The maximum potential shareholdings of UTFE, Mr. Jiang and Mr. Jiang Qing in the Company exceed and will in aggregate exceed 52% of the voting rights in the Company and they may increase their shareholdings without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer. Therefore,

so far as the Directors are aware, no Shareholder or a group of Shareholders acting in concert who may become obliged to make such mandatory offer in the event that the Repurchase Mandate is exercised in full.

However, as mentioned in the Company's circular dated 10 March 2005, UTFE has undertaken to the executive director of the Corporate Finance Division of the SFC that in the event that it exercises the option granted by Mr. Jiang pursuant to an option agreement dated 1 February 2005 between UTFE and Mr. Jiang and acquires the Shares from Mr. Jiang pursuant thereto, it will at the time of such acquisition make a general offer for the Shares in compliance with the Takeovers Code.

Details of the above-mentioned option agreement dated 1 February 2005 are set out in the Company's announcement and circular dated 2 February 2005 and 10 March 2005 respectively.

8. Share Purchase Made by the Company

No repurchases of Shares have been made by the Company during the six months preceding the date of this circular, whether on the Stock Exchange or otherwise.

Mr. Heng Kwo Seng, aged 59, was appointed as an independent non-executive director on 29 April 2004. Mr. Heng is the managing partner of Morison Heng, Certified Public Accountants. He is a fellow member of The Institute of Chartered Accountants in England & Wales, and an associate member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng is also an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange: Lee & Man Holdings Limited, Lee & Man Paper Manufacturing Limited, Tack Fat Group International Limited, Minth Group Limited, SCUD Group Limited, SIM Technology Group Limited, Soundwill Holdings Limited, and Winfair Investment Company Limited.

No service agreement has been entered into between the Company and Mr. Heng. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. His director's emoluments, which are determined based on the estimated time to be spent by him on the Company's matters, are HK\$120,000 per annum. Mr. Heng has confirmed his independency pursuant to Rule 5.09 of the GEM Listing Rules. He has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company.

Dr. Loke Yu, aged 57, was appointed as an independent non-executive director on 1 August 2006. Dr. Loke has over 30 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administrative Degree from Universiti Teknologi Malaysia and a Doctor of Business Administrative Degree from University of South Australia. He is a fellow member of The Institute of Chartered Accountants in England and Wales; Hong Kong Institute of Certified Public Accountants; and The Hong Kong Institute of Directors. Dr. Loke is also an associate member of The Hong Kong Institute of Chartered Secretaries and a member of Malaysian Institute Accountants. He is the Chairman of MHL Consulting Limited and Habamas Limited. He serves as an independent non-executive director of several publicly listed companies in Hong Kong including Shandong Molong Petroleum Machinery Company Limited, United Metals Holdings Limited, New Chinese Medicine Holdings Limited, Martix Holdings Limited, VODone Limited and Wealthmark International (Holdings) Limited.

No service agreement has been entered into between the Company and Dr. Loke. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. His director's emoluments, which are determined based on the estimated time to be spent by him on the Company's matters, are HK\$120,000 per annum. Dr. Loke has confirmed his independency pursuant to Rule 5.09 of the GEM Listing Rules. He has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company.

Mr. Paul Winnowski, aged 35, was appointed as a non-executive director on 9 November 2006. Mr. Winnowski is the President of UTC Fire & Security Asia. He holds a B.B.A. in Business Economic where he graduated cum laude from the University of San Diego and an M.B.A. with an emphasis in Finance from Vanderbilt's Owen Graduate School of Management. Before joining UTC Fire & Security, he held a series of senior management positions at GE Security. Mr. Winnowski is directors of a number of private companies under the United Technologies Corporation.

No service agreement has been entered into between the Company and Mr. Winnowski. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Mr. Winnowski is not entitled to director's emoluments of any kind at the current stage. However, should it be considered appropriate in the future, his emolument will be subject to review of the remuneration committee of the Board with reference to the then prevailing market conditions. Except that he is an employee of a related company of UTFE, a substantial shareholder holding 28.9% of the Company's issued share capital, Mr. Winnowski has no relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. He has no interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Winnowski did not hold any directorship in any listed public company in the last 3 years other than in the Company.

Ms. Xi Zheng Zheng, aged 39, was appointed as a non-executive director on 9 November 2006. She is the Director of Legal Affairs of UTC Fire & Security Asia. Ms. Xi graduated with a LL.B from Beijing University Law School and a LL.M from Cornell Law School (New York, USA) and is a qualified lawyer in both China and State of New York, USA. Ms. Xi joined United Technologies Corporation in 1998 and served as Counsel for Otis and Pratt Whitney respectively, prior to joining UTC Fire & Security. Ms. Xi is a director of a private company under the United Technologies Corporation.

No service agreement has been entered into between the Company and Ms. Xi. She has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Ms. Xi is not entitled to director's emoluments of any kind at the current stage. However, should it be considered appropriate in the future, her emolument will be subject to review of the remuneration committee of the Board with reference to the then prevailing market conditions. Except that she is an employee of a related company of UTFE, a substantial shareholder holding 28.9% of the Company's issued share capital, Ms. Xi has no relationship with any directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. She has no interest in the shares of the Company within the meaning of Part XV of the SFO. Ms. Xi did not hold any directorship in any listed public company in the last 3 years other than in the Company.

Mr. Shi Jia Hao, aged 60, was appointed as an executive director on 19 September 2006. Mr. Shi is a graduate of the Department of Business Administration of the Xiamen University and a qualified economist. He has extensive experience of corporate management gained from various sectors including manufacturing, tourism and real estate. Mr. Shi joined the Group in 2005 and is responsible for administration works of the Group, he is also a director of Sichuan Morita Fire Safety Appliances Company Limited ("Sichuan Morita"), a subsidiary of the Company.

No service agreement has been entered into between the Company and Mr. Shi. He has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Mr. Shi is entitled to an annual director's fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. For the period from his appointment to 31 December 2006, his total remuneration from the Group was approximately RMB82,000. Mr. Shi has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. Mr. Shi did not hold any directorship in listed public companies in the last 3 years other than in the Company.

Mr. Wang De Feng, aged 38, was appointed as an executive director on 19 September 2006. Mr. Wang is a graduate of the Second Mechanical Engineering Department of the Chongqing University. He joined Sichuan Fire Appliances Factory (now reformed and renamed as Sichuan Morita) as a deputy factory manager in 1989 and is now the managing director of Sichuan Morita, responsible for the production, sales and administration of the enterprise.

No service agreement has been entered into between the Company and Mr. Wang. He has no fixed terms but is subject to retirement by rotation in accordance with the Company's articles of association. Mr. Wang is entitled to an annual director's fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. For the period from his appointment up to 31 December 2006, his total remuneration from the Group was approximately RMB86,000. Mr. Wang has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. Mr. Wang did not hold any directorship in listed public companies in the last 3 years other than in the Company.

Ms. Weng Xiu Xia, aged 36, was appointed as an executive director on 5 February 2007. Ms. Weng is the general manager of a subsidiary of the Company engaged in installation and maintenance of fire safety systems. Ms. Weng joined the Group in 1998 and is responsible for managing installation and maintenance projects of the Group. She has 15 years experience in project design and management since she graduated from the Faculty of Civil Engineering of the University of Fuzhou in 1992. She is qualified as a "Grade I project manager" by the Ministry of Construction in 2004 and was elected executives of the Construction Industry Association and its branch for safety industry in 2006.

No service agreement has been entered into between the Company and Ms. Weng. She has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Ms. Weng is entitled to an annual directors fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. Ms. Weng has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a

connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. She did not hold any directorship in listed public companies in the last 3 years other than in the Company.

Ms. Zhang Hai Yan, aged 34, was appointed as an executive director on 5 February 2007. Ms. Zhang joined the Group in 2004 and is responsible for overseeing acquisitions and other development projects of the Group. Ms. Zhang is a graduate of the Jiangnan Petroleum Institute and was elected the Deputy Secretary General and executive of the Fujian Young Entrepreneur Association in 2005.

No service agreement entered into between the Company and Ms. Zhang. She has no fixed service terms but is subject to retirement by rotation in accordance with the Company's articles of association. Ms. Zhang is entitled to an annual director's fee of HK\$180,000 and discretionary bonus calculated on the basis of performance of the Group but in any events the discretionary bonus for all executive directors shall not exceed 10% of the audited consolidated net profit after taxation and minority interests but before extraordinary and exception items of the Group for that financial year. Ms. Zhang has no interest in the shares of the Company within the meaning of Part XV of the SFO and is not a connected person of the directors, senior management, management shareholders, substantial shareholders, or controlling shareholders of the Company. She did not hold any directorship in listed public companies in the last 3 years other than in the Company.

Save as disclosed above, there are no other matters about the retiring and re-electing Directors, which need to be disclosed in accordance with Rule 17.50(2) of the GEM Listing Rules or need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Fire Safety Enterprise Group Holdings Limited (the “Company”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 April 2007 (Friday) at 2:30 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries (together, the “Group”) and the report of the directors and auditors for the year ended 31 December 2006;
2. To re-elect retiring directors of the Company (“the “Directors”) and authorise the board of Directors (the “Board”) to fix their remuneration;
3. To re-appoint the auditors Messrs. Deloitte Touche Tohmatsu and authorise the Board to fix their remuneration; and

By way of special business, to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution;

ORDINARY RESOLUTIONS

4. **“THAT:**
 - (a) subject to paragraph (c) of this Resolution, the Directors be and are hereby granted an unconditional general mandate to exercise during the Relevant Period (as hereinafter defined in this Resolution) all the power of the Company to allot, issue and deal with additional shares in the Company (the “Shares”) and to allot, issue or grant securities convertible or exchangeable into Shares, or options, warrants or similar rights to subscribe for or acquire Shares or such convertible or exchangeable securities, and to make or grant offers, agreements and options in respect thereof;
 - (b) the mandate referred to in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate nominal amount of share capital of the Company allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to options or otherwise) by the Directors pursuant to the mandate referred to in paragraph (a), otherwise than pursuant to
 - (i) a Rights Issue;
 - (ii) the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights or convertible securities issued by the Company or any securities which are convertible or exchangeable into Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the exercise of the subscription rights under options granted under any option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers or employees of the Company or any of its subsidiaries or any eligible participants under such scheme or arrangement of Shares or rights to acquire Shares; or
- (iv) any scrip dividend or similar arrangement providing for the allotment and issue of Shares or other securities of the Company in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval in paragraph (a) of this Resolution shall be limited accordingly;

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest; and

“Rights Issue” means an offer of Shares or other securities of the Company open for a period fixed by the Directors to holders of Shares registered on the register of shareholders of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may in their absolute discretion deem necessary, desirable or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors all powers of the Company during the Relevant Period (as hereinafter defined in this Resolution) to repurchase its own shares (the “Shares”), be and is hereby generally and unconditionally approved;

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(b) the aggregate nominal amount of Shares which may be repurchased by the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution up to:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.”

6. “**THAT** conditional upon the passing of Ordinary Resolutions No. 4 and 5 set out in the notice, of which this Resolution forms part, the aggregate nominal amount of share capital of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 4 be and is hereby increased and extended by the addition thereto of the aggregate nominal amount of the shares in the Company repurchased by the Company pursuant to and in accordance with the mandate granted under Ordinary Resolution No. 5 since the granting of such repurchase mandate, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”

By Order of the Board
China Fire Safety Enterprise Group Holdings Limited
Li Ching Wah
Company Secretary

Hong Kong, 28 March 2007

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in the PRC:

Blocks 1 and 3, Longxing Village
Yongning Town, Wenjiang District
Chengdu City
Sichuan Province, PRC

Principal place of business in Hong Kong:

Suite 907, 9/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the Annual General Meeting convened is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. A form of proxy for the meeting is enclosed with this circular.