



NEWSLETTER



YUAN EDGES TO 7.37 & INCREASING COSTS IN CHINA

The biggest problem now facing Hong Kong and Mainland China manufacturers and traders is the ever increasing Renminbi (Chinese Yuan) against the US Dollar. Since the beginning of 2007, the Yuan has risen by 5.25% against the weak US Dollar. Many analysts now expect that the Yuan will increase to 6.84 to 7 against the USD by the end of 2008—a further fall of 5% to 7.6%! That means a price difference as a result of exchange difference of at least another 10.25%.

The inflating RMB on top of the possibility of a cut in 5% export tax rebate (See page 2), will likely result in an overall increase in prices of fireworks by further 15-20% by the end of 2008!!

The above price increases do not yet include :

- the rising inflation of 6.5% in the month of October in China,
- the 10% rise in diesel and gas prices recently in order to curb fuel shortage,
- an increase of 70-100% in prices of materials such as paper, glue, potassium perchlorate and sulfur,
- world shortage of metals such as titanium, whose price has skyrocketed (titanium is the major component in silver, brocade and glitter effects),
- 17.5% increase in average food prices (with the price of pork—China's staple meat—having gone up 54.9%), and
- fireworks factory workers now earn a minimum of RMB1000 (US\$135) per month, 120% more than in 2004 (RMB450) and 230% more than in the early 90s (RMB300)

All these factors will continue to contribute to the increasing costs of fireworks from China.

This is a worrying trend because if the export market cannot accept the rate of price increase, factories will not be able to make deliveries or factories will cut costs using cheaper and less chemicals and low quality paper, resulting in inferior quality goods and reducing safety of fireworks.

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For some creative fireworks safety videos - go to www.laaf.info!!

500 LICENSED EXPORT FACTORIES IN LIUYANG RECOMMENDED TO INCREASE PRICES IN ORDER TO MAINTAIN QUALITY AND SAFETY

At the end of November, the Liuyang Fireworks and Firecrackers Association convened a meeting to discuss the spiraling increase in raw material prices, whilst export prices remained at an all time low. It was advised that export prices for fireworks should be increased across the board, to offset the rise in production costs. It is hoped that by increasing prices, factories will not resort to cost cutting by reducing production safety as well as reducing the quality of fireworks. It is the goal of the Association that its factory members maintain Liuyang's excellent fireworks quality.

Below is a brief translation of the notice:

Fireworks prices have remained low amidst increasing costs. Cost of sulfur has risen 167%, potassium perchlorate 38.6%, paper 26.3%, lifting charge 20%, export tax rebate has been cut by 8%, labour costs have increased, as well as transportation costs. Thus it is recommended that as of 1st December, 2007, export prices of fireworks be increased by the following percentages:

1. Multiple shots, helicopters, roman candles, novelties and artillery shells by 30%
2. Firecrackers by 25%
3. Display shells by 25%

LIUYANG INCREASES FACTORY SAFETY CHECKS

China to strengthen supervision of fireworks factories' safety (www.chinaview.cn)

2007-11-21 BEIJING, Nov. 20 (Xinhua)

China's work securities supervisor has urged local authorities to overhaul fireworks factories in a circular addressing an accident earlier this month. The blast at a firecracker plant in central Hunan province on Nov. 10 killed 10 people and destroyed two workshops out of four at the plant. Preliminary investigation found the cause of the accident to be highly dangerous, banned work procedures.

BEIJING 2008 OLYMPICS

On 20th November 2007, the International Fireworks Association (IFA) issued a reminder letter informing its members that there is a strong possibility that during months of July, August and September, fireworks production and transportation will be banned. The IFA is still in negotiations with the China Transport Department and China Safety Department regarding this ban and they hope to have firm news soon.

The ban effectively means that all fireworks have to be shipped out by the end of June and will not resume again until at least early October after production begins!!

EXPORT TAX REBATE TO BE ABOLISHED?

Soon after our last newsletter in June 2007, the Chinese Government announced that it would cut export tax rebates by 8%. The export tax rebate is now at only 5%. There is a real possibility that this 5% will be cut entirely next year, as China continues to have a huge trade surplus against its trading partners. ***This means fireworks will cost 5% more after the tax removal. This is a factor that everyone should take into account for 2008!***

UPCOMING FAIRS

Nurnberg, Germany

Once again, we will be at the Spielwarenmesse International Toy Fair in Nurnberg, Germany from **February 7-12, 2008! Come visit us at the Fair! Our stand number is F-58-64.**

CONVENTION RECAP

Some of our Vulcan display fireworks were on display at the **PGI Firestorm Convention in Fargo, North Dakota, USA** in August 2007. Our new Large Modular Set piece (Triple Transformation) made their debut in John Sagaria's "Inspiration" show. Part of the show can be seen on blog.shogun.com.hk.

Our demo/display at the **NFA Expo 2007** in Cincinnati was both memorable and spectacular!! We will be mailing out the Shogun-Vulcan-PyroPlanet produced DVD of this 27 minute show at the end of 2007 to our customers. The DVD will feature optional subtitles showing the actual fireworks being used for the display. A big **THANK YOU** to John Sagaria of Information Technology for his magical choreography, his crew for their hard work and John Werner for his yet-again imaginative pyro-letter finale!



PORT & SHIPPING NEWS

Most of the important China ports are now operating normally and past export issues have normalized up to now. Changsha port has re-opened, although due to low water level, containers have had to be trucked to Wuhan before being loaded onto feeders bound for Shanghai.

The biggest problem now facing the industry is the shipment of 1.3G fireworks from China. There are very limited amount of shipping companies now accepting 1.3G and in some cases, there are no shipping companies accepting 1.3G Fireworks to certain countries!

Europe The shipment of 1.3G Fireworks remains difficult with limited capacity and limited number of shipping companies accepting 1.3G. At present, only 2 shipping lines accept 1.3G to European ports. Shipment of 1.4G Fireworks remains smooth with 5 liners accepting. However there are now very strict declaration rules in place for shipments arriving in Hamburg port.

North America and Canada There are now 7 shipping companies taking 1.4G Fireworks to North America, and 3 shipping companies taking 1.4G Fireworks to Canada. With only 1—2 shipping companies accepting 1.3G to both Canada and North America, the shipment of 1.3G will remain difficult in the long term.

Central, South America and the Carribeans There is only 1 shipping company accepting 1.4G fireworks to Central and South America. There is very limited 1.3G service and waiting time can be at least 1-1/2 months. For most other countries, no shipping lines will accept 1.3G from China. For a few limited Carribean ports, there is a second line that accepts both 1.3G and 1.4G fireworks.

Australasia & Pacific At present there is only 1 liner that will take 1.3G Fireworks to Australia and 1 liner that will take 1.3G Fireworks to New Zealand and some Pacific Island ports. Additional there are 3 other companies that accepts only 1.4G Fireworks to Australia and New Zealand.

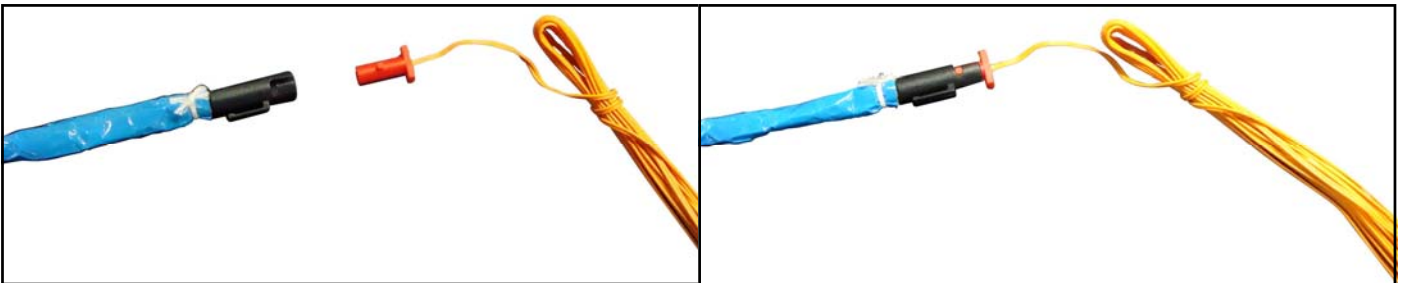
Asia Only 2 shipping lines on this route that accepts 1.4G Fireworks, but capacity is limited and often there is lengthy waiting time for confirmation of shipment.

INNOVATIONS – Enhancing Safety and Convenience

ANNOUNCING TWO NEW ELECTRIC MATCH SHROUD DESIGNS!!

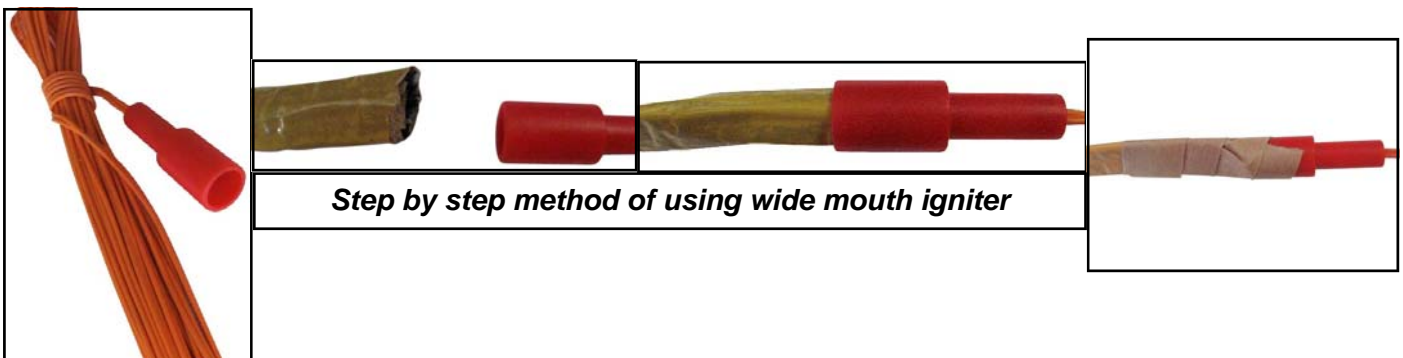
With the introduction of our highly popular E-Link Electric Match Connectors over four years ago and the subsequent improved version two years ago, we have shown ourselves to be the leader in the fireworks industry at promoting safe and easy to use electrically fired display product and accessories. Continuing this tradition, we are pleased to present two new electric match shroud designs for 2008, the Twist Lock Igniter and the Wide Mouth Igniter.

TWIST LOCK IGNITER - Designed to be compatible with our Type A and Type C Electric Match Connectors, the igniter shroud has been molded to lock securely into place with a simple twist once it has been inserted into the Connector body. Locked into position, the match head is now perfectly located for ignition, safely protected by two layers of plastic to guard against impact, and recessed slightly away from black match strands to avoid problems with friction. Just as important, the Igniter can be quickly and safely removed from the firework device in the event that the match is not fired. The shroud is conveniently designed with square end tabs to facilitate the twist lock feature. Please note that this igniter will not work with the older style Type O Electric Match Connector.



Twist Lock Igniter. Vulcan e-match connector on left, twist lock igniter on right.

WIDE MOUTH IGNITER - Designed for those specialty and older stock display firework items not equipped with our E-Link Electric Match Connectors, the Wide Mouth Igniter is molded with an oversize shroud configuration that allows a cleanly cut quickmatch leader to be inserted inside the shroud body and taped into place. No longer is it necessary to struggle with forcing the shroud of conventional electric matches down inside the quickmatch sleeve or even worse pulling the shroud back away from the sensitive match head. With the Wide Mouth design the match head always stays inside the protective plastic shroud to guard against impact and friction.







Please note that the Wide Mouth Igniter will not work with any style Electric Match Connectors and is only intended for direct application to quickmatch leaders.

E-LINK TIME DELAY CONNECTORS

Continuing to expand the popular E-Link Connector Series, we now offer time delay elements fitted with our easy to use Twist Lock Connectors on each end. Designed for quick set up and as always with safety in mind, making up delayed flights of shells or inserting an accurate delay timing between display products and finale chains has never been easier.

Unlike other delay systems offered to the firework industry, the E-Link Time Delay Connectors work in parallel when making up flights of shells, thus increasing reliability and timing accuracy. In addition we offer pre-made standard delays from 2 to 20 seconds in one second intervals. Longer delays can be made by combining the standard Connectors if necessary or by custom ordering whatever time delay needed.

E-Link Time Delay Connectors are cost effective, reduce electric match usage, reduce cues needed on your firing systems, accurate, and easy to use.

DYF2(E) - 2s Delay Time Fuse	DYF5(E) - 5s Delay Time Fuse
2" 	5" 
DYF4(E) - 4s Delay Time Fuse	DYF6(E) - 6s Delay Time Fuse
4" 	6" 

SOME ITEMS RECENTLY ADDED TO OUR RANGE!



ST8503 Torpedo Tubes
(18mm x 4.5mm)

Very loud snaps! Also available in different sizes!

LBM-64A Liberty Missile Battery

NEW EFFECT AT LOWER PRICE!

More shots than the original!



SPM-23 Shogun Key Chains

Extra Bright White LED

SGW212 Fire Ring

Smaller version of Eyeball Buzz! Spins on ground then crackles.



WHAT YOUR TENT LOOKS LIKE WITH SHOGUN BUNTING!!

9 ROLLS FOR US\$20 PLUS SHIPPING!!

Please email John Werner
jawerner@dol.net



VOYAGE — OMAGARI, JAPAN

Omagari, Japan.

Joe and Cindy took a short trip to see the annual **Fireworks of Omagari, National Fireworks Competition** in Japan in late August 2007. Omagari is a top national fireworks competition and festival in Japan which is participated by around 30 Japanese firework companies. The competition is divided into 3 categories: Best Day Fireworks, Best Night Shells (12"), and Best Musical Choreography. In the night fireworks competition, each company submits 2 x 12" display shells followed by a 2.5 minute display to music.



Japanese-style delays

On the day of the



A crowd of 760,000!

festival, over 760,000 people travel from all around Japan to the town of Omagari (*Population 60,000*) just to watch the fireworks!!

We saw many unique shell patterns and some very beautifully crafted 12" shells with perfect timing and colour changing. It's also a fantastic experience to be surrounded by thousands of people who cheered and clapped throughout the show.

For more photos and movie clips of the competitions, go to blog.shogun.com.hk



Reserved seats

MACAU INTERNATIONAL FIREWORKS COMPETITION

Now in its 19th year, the Macau Fireworks Competition (now sponsored by Wynn) is held every year during the months of September and October, with a total of 10 teams competing.



Kimbolton Fireworks—England

Over the course of 5 separate nights, 2 teams put on a 20 minute display choreographed to music. This year's participants were Kimbolton Fireworks (UK), Hanwha (Korea), Fivestar - (Australia), Grupo Luso Pirotecnia (Portugal), Star Maker (Philippines), Marutamaya-Ogatsu (Japan), Illumination Internationale (USA) and Hunan Xintiancheng Fireworks Manufacturing (China).



Marutamaya Ogatsu—Japan

This year's winner was France, 2nd Place—Taiwan and 3rd Place—Japan. Winner took home US\$6,000, runner-up US\$3,200 and 3rd place US\$1800. Budget is US\$18,000.

Photographs by Erik Vermeulen.



San Tai Fireworks—Taiwan



Illumination

Internationale — USA

EWAN'S TRAVEL DIARY - BHUTAN

Ewan's visit to Bhutan September 2007

I was in Bhutan for 2 weeks. Bhutan is not fully opened to tourists. All tourists must join an organized tour with one tour guide and one driver to accompany you all time and minimum expense is US\$200 per day per person.

Bhutan is a small country with the same size as Switzerland and has a population of 600,000. Bhutan is completely on southern slope of the Himalaya mountain with an average altitude over 2,000-3,000m (7,000 to 10,000 feet). Tibet is on the north side and its South borders with India.

There are almost no flat land and the only flat land is in the Paro area, where the only airport is built on.



Tiger's Nest

Landing is even more difficult than the old Hong Kong Kai Tak airport. The airport is in a valley and very often, afternoon flights are cancelled. The only flights in and out of the airport is on Bhutan's only national airline "Druk" that connects with Bangkok, Calcutta, New Delhi and Mumbai. My aircraft flew a long narrow valley with both sides of the mountains higher than the aircraft. When my aircraft took off, it had to make a sharp left turn over the hill at the end of runway.

Bhutan is covered with mountain range, deep valleys, rapid flowing creeks, and is full of forests. Peoples' lives are rather isolated and are mainly farmers, although there is not much cattle. What they farm, 25%



Dzongs

of the harvest are eaten by wild animals such as monkeys and wild boars. This is the reason dogs are everywhere to keep wild animals out of farms. The people of Bhutan are rather poor, but happy with their living standard.

Buddhism is the only religion and has a very strong influence in Bhutan's daily life. It is very much influenced

by Tibetan Buddhism. This includes monks wearing similar dresses as Tibetan monks. The buildings are similar to those in Tibet, such as the Dzong (originally a fortress, now is used as an administration center), temples and ordinary houses.

The Dzong is beautiful and it is the main building in every town. Tibet now is slowly changing into majority Han Chinese and losing Tibetan culture and tradition. Tourists will be happy to find that Bhutan is keeping to their old traditions. September is the main festival time in some of the Dzongs. Local people dress their best to attend the festival and watch traditional dancing.

Life in Bhutan has not changed over 200 or even 500 years. The roads are rather poor and only one road between east and west. Luckily there are not much traffic.

There is a new road under construction and most of workers are from India, Bangladesh or Nepal. There are over 100,000 migrant workers in Bhutan. Hotel facilities as similar to those in China from 20 to 30 years ago. Some of the hotels only have electricity from 6pm to 9pm and need wood fire for cold nights.

The capital city is Thimphu which is 1-1/2 hours drive from Paro airport.

What impressed me most is the people are so friendly. They love to be in photos, but they also ask you to send the photos back later. Their main food is red rice, vegetables, pork and Chilli. No one is allowed to fish in Bhutan and all fish are imported from India—where most of the fish are caught in the same river that runs from Bhutan to India.

I can not say Bhutan is a beautiful country, but is different country with strong Buddhist influences. Its future depends on tourism and hydroelectric power supplied to India.



(Top) Dressed up for the Festival

(Below) Traditional Dancing

EWAN'S TRAVEL DIARY - NAGAOKE, JAPAN



I have been to Japan to watch firework displays for many years. In the Summer of 2007, I went to Japan and watched 9 displays from July 25th until August 13th. These displays included 2 big displays in Tokyo, 2 displays in Nagaoka, and 1 in Yokohama harbour. Firework displays has been one of Japan's biggest events in the summer in many Japanese cities for hundred of years. Some say Japanese fireworks were introduced by the Portuguese in the 16th century.

Firework displays in Japan are as important as viewing Cherry Blossom in Spring and Autumn leaves in Fall. Most cities have a display on a certain day each year and most of them are big shows with 5,000 to 16,000 or more shells and lasts from

1-1/2 to 2 hours. People start to occupy the best viewing positions around noon on the day of the display by placing a big plastic sheet on the ground. They will prepare a picnic and wait for the fireworks to start. Many young girls wear beautiful Japanese traditional dresses with hand fans to attend the event. Most firework displays start at 6:30pm.

My Japanese friends and I are avid fireworks photographers and always try to find a good spot in order to take pictures. It is not always easy to find a good position to take fireworks photos, so we often have to go as early as noon, and stay under the hot summer sun for 5 to 6 hours. I did this for 9 nights and it was exhausting! One of my Japanese friends went to 12 to 20 displays one year just to take photos—of course he took great photos and eventually published his own book of fireworks photographs.



The biggest attendance of all fireworks shows is the one in Tokyo at the end of July with 1 million people! The display is on the river on the east side of Tokyo. With this many people, everyone vied to arrive early for a good viewing spot. Crowds started as early as 2pm in the subway, by which time passengers were no longer able to enter the trains destined for the fireworks. When I finally arrived after walking 20 minutes from the train station, thousands of people already occupied the ground. Luckily, I was only one person and could find a small space for me and my camera. The fireworks were shot from 2 barges on the river; one up river and one down river. The show started at

6:30pm and lasted for 2 hours. At the finish, there were people everywhere so I decided to stay back for dinner and wait for the crowd to disperse. At 11pm I finally went to the subway station and surprisingly there were still so many people that I had to wait 30 minutes for my train. Trains were running every 2-3 minutes. This display has Chinese and Japanese shells and not many big shells because of safety concerns. The 2nd display in Tokyo was in early August on Tokyo bay which had many 12", 16" and some 24" shells. The show lasted 1-1/2 hours. It was a good display but the viewing distance is little far.



Continued on Page 9

EWAN'S TRAVEL DIARY - NAGAOKE, JAPAN (continued)



My favourite display was the one in Nagaoaka which lasted 2 nights - August 2 & 3. The shoot site is on other side of the river for all shells except 2 pieces of 36" which were located about 2km (1-1/2 mile) west on the river bank. The show had mainly 12" shells but also some 16" and 24" shells. There were 6 shoot sites and most of the shells were shot at the same time. The two 36" were the highlight of the display. The effect of 36" shell (left) is really spectacular. I was informed this show costs around US\$1-2 million. 2007 was my second year to watch this display. There were about 600,000 people watching from 2 sides of river bank.

For fireworks professionals, I fully recommend watching the fireworks competitions in Japan. There are 2 big competitions each year. One is Omagari in north Japan (see page 5) in August and one is in Tsuchida near Tokyo at October. Over 30 factories attend the competitions with mainly 12" shells. All of them are keen to win, which will push their selling in the domestic market. I have watched both competitions several times. Most of fireworks displays in Japan are without music. The Japanese like to watch the effect of each shell one by one. Most of 12" and bigger shells are made in Japan, but they use some 8" shells and ground items from China.

We are still not tired of watching Japanese displays and taking photos. We are already planning for summer 2008. I also plan to watch 48" shells - the biggest shell in the world!

For more information concerning firework displays in Japan, please contact me at ewanc@shogun.com.hk.

**We wish you and your family a very
Merry Christmas
and Happy New year!**

Phobi	Vicky	Hidy	Daisy	George	Joe
Judy	Erik	Ping	Ida	Ignatius	
Ruby	Ida	Yumi	Jac	Ambrose	Cindy
Esa	Ewan	Minnie	Howard	Annie	
	Mill	Joan	Ivy	Carmen	