

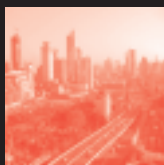
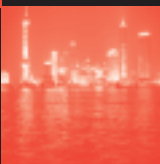
FIRE DETECTION SYSTEMS

The China Market 2003 - 2008

The Fastest
Growing and Potentially
Largest Market in the World



Intelligent Controls in Buildings



- DEMAND FORECAST
- MARKET DYNAMICS
- ROUTES TO MARKET
- SUPPLIER PERFORMANCE
- STRATEGIC OPTIONS
- INTEGRATION
- TRADING PRACTICES
- TECHNOLOGY - STANDARDS
- REGULATIONS



i&i limited

All you need to know to plan your marketing strategy in P.R. China & Hong Kong

FIRE DETECTION SYSTEMS

The China Market 2003 - 2008



Introduction

This study is part of a series of multi-client reports on the China market for Intelligent Controls in buildings. "The China Market 2003 to 2008" is our second edition on the environmental controls business (IBC(f)¹) in China and, based on data from manufacturers representing more than 60% of sales to this market, is the most detailed and accurate report published on this subject. This report also benefits from the fact that it has been run in parallel with two other studies on Environmental Control Systems and Electronic Security Systems and this has allowed us to determine the importance and potential for integration. Support from all the major manufacturers and suppliers over the last eighteen years has enabled us to develop robust business models that take account of sales from all distribution channels. This 300 page

report benefits from being in its second edition and this has allowed sales trends to be charted for numerous market segmentations and compares product and systems cost structure over the last eight years. It is split into two volumes, where Volume I comprises the executive summary, comparing findings such as supplier shares and market segmentations and Volume II, provides the detailed analyses using the same format separately for the Special Administrative Region (SAR) Hong Kong and P.R. China. Data on the past, present and future market for IBC(f) is clearly presented in both quantitative and qualitative terms, so that strategies can be developed to fully exploit opportunities for all regions of this vast, under-developed and fast growing country.

Market Appreciation

The China market has grown at an average compound rate of 11.4% over the last eight years. The total IBC(f) systems market in 2002 was worth US\$ 228 million and of this, IBC(f) manufacturers contributed US\$ 145 million. The main demand drivers have been increased output of new building construction in the commercial and industrial sectors and further penetration as a result of better compliance with the fire regulations. Some 70% of all sales are restricted to just three regions surrounding Beijing, Guangdong and Shanghai, which reflects the current geographic distribution of building construction and the vast potential yet to be developed in the north and west of the country.

WORLD PERSPECTIVE

The China market accounts for only 3% of world sales, but this is the fastest growing, least developed and potentially one of the largest markets in the world. If it continues growing at the same rate that it has consistently achieved in the last eight years it will overtake the UK market in 2012 and by the year 2030 it will be some 86% of the USA. It is quite feasible to achieve these levels of growth because the present penetration is only one fiftieth of the UK and still would be only one fifth of the USA by 2030. However, this will only be achieved if political stability remains whilst the much needed reforms to the economy are introduced.

SUPPLY STRUCTURE

The supply structure has changed radically in the last eight years when international suppliers and product dominated the market. Now some 70 local companies have approved products and they accounted for 80% of the market in 2002. Although the market is fragmented just three Chinese companies take some 44% of the business.

DISTRIBUTION CHANNELS

In our 1995 study we identified that the market was being held back by a lack of skills and appropriate distribution channels. China has the third largest land

mass of some 9.6 million square kilometers, much of it having extremes of climate conditions and poor transportation and therefore strong distribution channels are vital. Value Added Retailers (VAR's) are now well established and play an important role, accounting for some 80% of all value add, but they lack the application skills to take on the more complex projects.

PRICE PRESSURE

This is a very price competitive market with an abundance of local manufactures of which many are prepared to drive down price to gain market share. There is some evidence that prices have stabilised and the larger, well established, companies are now operating profitably. Despite strong growth this will always be a very competitive market and imported products will have to form part of delivering holistic solutions if they are to succeed.

ROBUSTNESS

At this time demand is very much dependent upon new construction output and provided that the economy continues to boom this can be relied upon. However, this does not make for a robust market because there is very little potential for retrofit / replacement business to existing building stock and this will not kick-in for another 8/10 years.

FUTURE STRATEGY

The next five years present major challenges to all those in the supply chain as growth in demand continues across all sectors and the intensity of competition increases. Suppliers that focus on delivering total solutions to particular vertical building types and multiple building owners will grow rapidly and profitably. Technology will continue to drive product development and more reliable and robust products will be manufactured and demanded by this market.



FIRE DETECTION SYSTEMS

The China Market 2003 - 2008

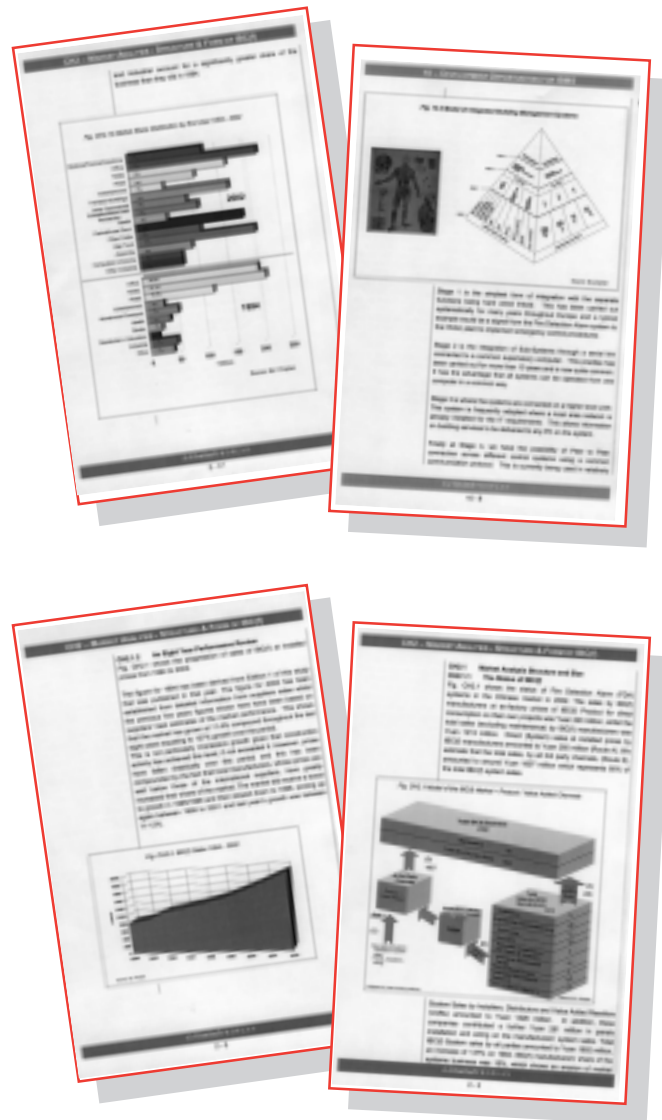


In its 300 pages and over 105 charts and tables this study tells you in two separate reports for P. R. China and Hong Kong :-

Review

- Reviews the IBC(f) suppliers' influence on integrating voice evacuation and advanced extinguishing systems and measures the incidence of Intergrated Building Management Systems (IBMS) for seven different building services including lighting, security/CCTV, access, fire, smoke, electrical management and "others". Analyses the incidence of integration in twelve different building types.

- The market size, its growth from 1995 and forecast to 2008.
- The market size by type of project, new construction, refurbishment and retrofit.
- The market size by contract value (4 segments).
- The market size by single, multiple & multi-site projects.
- The market size by type of hardware (5 products) and split by conventional and analogue systems.
- The market size by type of detector (10 products)
- The market size by type/end use of building (15 categories).
- The geographic distribution of sales.
- The distribution channels and the volume of business that they handle.
- Sales and market share bands for all established suppliers, by product, and total system sales.
- Profiles of established suppliers provided in a standard format allowing comparisons to be made.
- An analysis of the major demand forces & buying motives.
- An analysis of the part played by all third party suppliers and the impact they are having on the business.
- A detailed analysis of the channels of distribution and emerging trends and the impact of contractual procedures.
- Technology which is the crux of structural change is reviewed under the headings:
 - Overview of Technological Features
 - Product Standards
 - Design and Installation Codes



Intelligent Controls in Buildings

i&i limited

i&i limited is Europe's leading research and consultancy company specialising in intelligent buildings. The Proplan division, through a series of multi-client studies entitled "Intelligent Controls in Buildings" has charted the progress of intelligent controls in buildings for nearly twenty years. For more information please visit our website at www.proplan.co.uk

i&i limited, Building 9, Bucknalls Lane, Garston, Watford, WD25 9XX, UK

Tel: +44 (0) 1923 66 59 50 Fax: +44 (0) 1923 66 59 51

i&i limited - PROPLAN



FIRE DETECTION SYSTEMS

The China Market 2003 - 2008



Contents

EXECUTIVE SUMMARY

1	CHINA OVERVIEW	1
2	WORLD PERSPECTIVE	4
3	STRATEGIC OPTIONS	5
4	MARKET ANALYSIS	6
4.1	Market Analysis China	6
4.2	Market Analysis Hong Kong	7
4.3	Market Size 2002 & Forecast 2008	8
4.4	Market Structure - Demand Side	10
4.4.1	New Construction - Refurbishment – Retrofit	10
4.4.2	Public - Commercial – Industrial	10
4.4.3	Contract Value	10
4.4.4	Type of Hardware	11
4.4.5	Building Type - End User Sector	11
4.4.6	Geographic Distribution	12
4.4.7	The Present Status of IBC(e) Penetration	13
4.4.8	Impact of China's WTO entry on the Controls Industry	15
5	MARKET STRUCTURE - SUPPLY SIDE	16
5.1	Supplier Structure	16
5.1.1	China	16
5.1.2	Hong Kong	16
5.2	Routes to Market	17
6	THE DEVELOPMENT OF INTEGRATED FIRE SYSTEMS	18
7	DEVELOPMENT OPPORTUNITIES FOR IBMS	19
8	FORCES THAT DETERMINE DEMAND	21
9	TECHNOLOGY	22

PART I - REPORT & ANALYSIS (SEPARATELY FOR BOTH CHINA AND HONG KONG)

1	Preface	1
	Introduction	
2	Structure & Segmentation of IBC(f) Sales	2 – 1
2.1	Market Analysis – Structure and Size	2 – 3
2.1.1	The Status of IBC(f)	2 – 3
2.1.2	An Eight Year Performance Review	2 – 5
2.1.3	Market Size by Product Type	2 – 6
2.1.4	Market Size by Type of Hardware	2 – 7
2.1.5	Market Size by Type of Detector	2 – 8
2.1.6	Market Size - Voice Evacuation Systems	2 – 9
2.1.7	Market Size - Advanced Fire Extinguishing Systems	2 – 10
2.1.8	Market Size - Wireless FDA Systems	2 – 11
2.2	Market Size by Sector	2 – 12
2.2.1	New Construction Refurbishment	2 – 12
2.2.2	Public – Commercial – Industrial	2 – 13
2.2.3	Market Size by Contract Size	2 – 15
2.2.4	Market Size by End User Sector	2 – 16
2.3	Market Size by Geographic Distribution	2 – 18
3	Market Analysis - Suppliers	3 – 1
3.1	Supplier Shares – IBC(f)	3 – 3
3.2	Third Party Suppliers – IBC(f)	3 – 7
4	Trading Practices & Routes to Market	4 – 1
4.1	Contractual Relationships and Trading Practices	4 – 2
4.2	Purchasing Routes for IBC(f)	4 – 4
4.2.1	New Construction / Refurbishment	4 – 4
4.2.2	Future Trends	4 – 5
5	Building Construction – Stock – Future – Potential	5 – 1
5.1	The Construction Industry – Growth Prospects	5 – 2
5.2	The Public Sector	5 – 11
5.2.1	Market Size by Building Type	5 – 13
5.2.2	Future Potential	5 – 14
5.3	The Commercial Sector	5 – 15
5.3.1	Market Size by Building Type	5 – 22
5.3.2	Future Potential	5 – 22
5.4	The Industrial Sector	5 – 23
5.4.1	Market size by Building Type	5 – 24
5.4.2	Future Potential	5 – 25

6	Industry Dynamics & Growth Prospects	6 – 1
6.1	The Dynamics of the IBC(f) Market	6 – 1
6.2	Present Status of IBC(f) Penetration	6 – 2
6.2.1	Factors For and Against Growth	6 – 5
7	Market Size & Forecast to 2008 for IBC(f)	7 – 1
8	Supplier Profiles	8 – 1

PART II - PAN CHINA / HONG KONG ANALYSIS

9	The Development of Integrated Building Management Systems	9 – 1
9.1	The Development of Integrated Fire Detection Systems	9 – 1
9.2	The Development of Integrated Building Management Systems (IBMS)	9 – 2
9.3	IBMS by Vertical Markets	9 – 3
9.4	IBMS by Building Service	9 – 4
10	Development Opportunities for IBMS	10 – 1
10.1	Introduction	10 – 1
10.2	Setting Performance & Value Propositions	10 – 3
10.3	Achieving Integration – The Model	10 – 7
10.4	The Way Forward - Multiple Services Connected Through A Common Network Protocol	10 – 10
10.5	Organising the Supply Side	10 – 12
10.6	Priority Markets	10 – 16
10.7	Effective Implementation	10 – 20
11	Forces that Determine Demand	11 – 1
11.1	Introduction	11 – 1
11.2	Demand Side Factors	11 – 2
11.3	Supply Side Factors	11 – 5
11.3.1	Supply Capacity/Capability	11 – 5
11.4	The Impact of China's WTO Entry on the IBC(f) Industry	11 – 6
11.5	The Future	11 – 7
12	Technology	12 – 1
12.1	Overview of Technological Features	12 – 1
12.2	Standard FDA Codes & Regulations - China	12 – 5
12.2.1	Introduction	12 – 5
12.2.2	Product Standards	12 – 5
12.2.3	Design and Installation Codes	12 – 6
12.3	Standards FDA Codes & Regulations - Hong Kong	12 – 7

APPENDIX

A1	Economic Outlook
A2	Glossary
A3	Exchange Rates
A4	China Regional Analysis
A5	Lists of Manufacturer's Contractors

Definitions

¹IBC(f): Intelligent Building Controls - Fire Detection Alarm systems is a fire detection alarm system including all control & instrumentation (panels & supervisory computers), network supervisors and interfaces, detectors, sounders and call points. We have reviewed separately, voice evacuation systems and controls for advanced fire extinguishing systems.

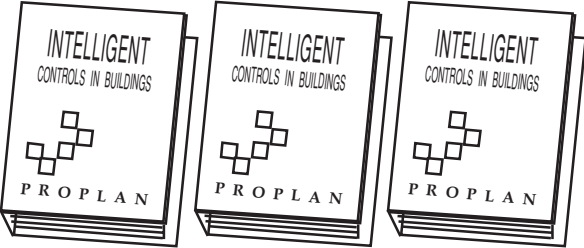


²IBMS: Integrated Building Management Systems - Systems that integrate two or more different building services under one contract.



INTELLIGENT CONTROLS IN BUILDINGS *The China Market 2003 - 2008*

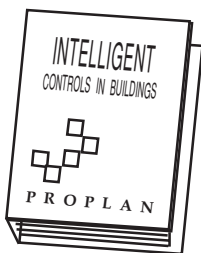
Intelligent Controls in Buildings

ORDER FORM

	RINGBOUND PAPER COPY	QTY.		ADDITIONAL PAPER COPY	QTY.		ADDITIONAL CD ROM	QTY.	TOTAL
Report on Intelligent Controls in Buildings - Environmental Systems - The China Market 2003 - 2008 , with associated Executive Summary	£2,500		+£300			+£350			
Report on Intelligent Controls in Buildings - Fire Detection Systems - The China Market 2003 - 2008 , with associated Executive Summary	£2,500		+£300			+£350			
Report on Intelligent Controls in Buildings - Access Control - The China Market 2003 - 2008 , with Security Systems Executive Summary	£2,000		+£300			+£350			
Report on Intelligent Controls in Buildings - CCTV - The China Market 2003 -2008 , with Security Systems Executive Summary	£2,000		+£300			+£350			
Report on Intelligent Controls in Buildings - Intruder Alarms - The China Market 2003 - 2008 , with Security Systems Executive Summary	£2,000		+£300			+£350			
Complete Report on Intelligent Controls in Buildings - Security Systems - The China Market 2003 -2008 , comprising Access Control, CCTV and Intruder Alarm, with Security Systems Executive Summary	£4,500		+£350			+£350			
All 3 Reports on Intelligent Controls in Buildings - Environmental Systems - Fire Detection Systems - Security Systems - The China Market 2003 -2008 , each with their associated Executive Summary	£8,000		+£450			+£600			

All studies comprise separate reports on P.R. China and Hong Kong

Grand Total:



Each additional paper copy comprises a laser printed document in ring binders



The CD ROM comprises a read-only Adobe Acrobat pdf file(s) and is supplied with a licence to print unrestricted quantities for exclusive use within the purchaser's own organisation

i&i limited - PROPLAN



INTELLIGENT CONTROLS IN BUILDINGS *The China Market 2003 - 2008*



Payment must accompany order

I enclose my cheque for £..... or bank transfer instructions made payable to *i&i limited*

Name	Position	Company
Address		
VAT no:	Country	
Nature of Business	Telephone	
Signed	Date	

This study is confidential. Unauthorised distribution of the information it contains harms the interests of the subscribers and *i&i limited*. Subscribers hereby certify that the study is only to be used by the personnel currently employed in their company and that it will not be communicated in any form to any other company, trade association or individual.

THIS REPORT IS PRINTED AND PRODUCED IN THE UNITED KINGDOM

Method of payment for overseas customers -
Bank Transfer to NatWest Bank plc, Watford
Junction Branch, 7 Station Road, Watford,
Herts, WD1 1TH, United Kingdom for account
number 86459929, sort code 60 22 40. Please
enclose a copy of the instructions to your bank
with this order.

Return this form to:

i&i limited, Building 9, Bucknalls Lane,
Garston, Watford, WD25 9XX, UK

Tel: +44 (0) 1923 66 59 50 Fax: +44 (0) 1923 66 59 51

