

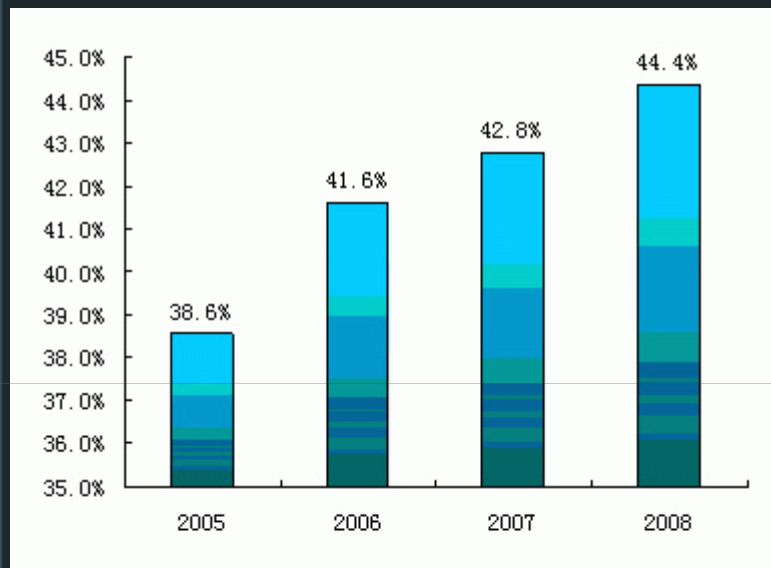
## Merger and Acquisitions Report of China Securities Industry, 2008



China Securities Companies' number declined to 107 in 2008 from 134 in 2004. Meanwhile market share of top securities companies had realized leaping growth through entrusting and acquisitions. There has been a large scale gap among companies; however, the market competition is still intense and the king has not emerged yet.

China securities companies mainly gain profit from brokerage service and self-operations, which both simply depend on the performance of stock market, but for the services such as investment banking and asset management, foreign competitors have obvious advantages.

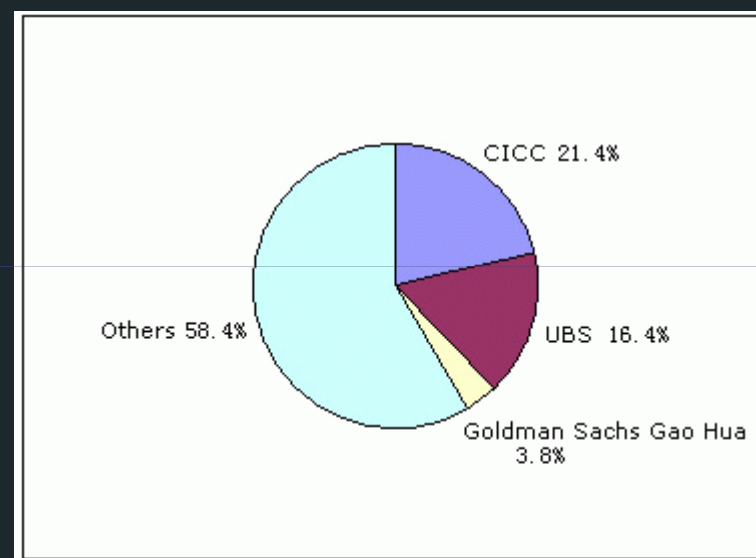
### Market Share Distribution of Top 10 Securities Companies by Brokerage Service



Source: ResearchInChina

By Aug 2008, China has seven joint venture brokers as follows: CICC, Goldman Sachs Gao Hua, UBS, BOC, CESL, Daiwa SMBC-SSC Securities and CS Founder Securities. Among which, CICC, Goldman Sachs Gao Hua and UBS together shared 41.6% of IPO projects in China stock market.

### Market Share Distribution of Joint Venture Securities Companies by IPO Projects in China Stock Market, 2007



Source: ResearchInChina

Moreover, the control power of the top three is held by one party, for example, CICC is controlled by China side but UBS and Goldman Sachs Gao Hua are controlled by foreign side. As for others without clear dominators, they had a less profitability.

Based on authoritative statistics of CSRC and China Securities Industry Association, this report analyses the status quo of china securities industry merger and acquisitions, as well as the political environment, M&A cases and key companies, and also points out the M&A trends and risks.



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