

China Pawn Industry Report, 2007-2008

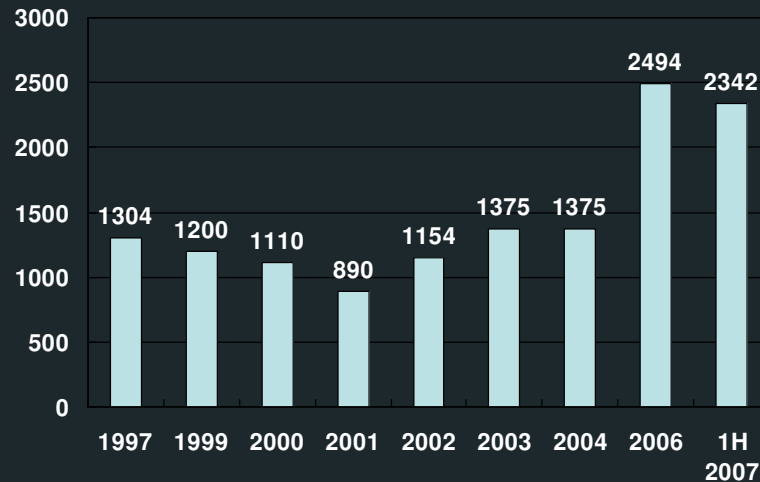


China pawn industry is in the process of developing in a fast and healthy way. Since the implementation of "Measures on Administration of Pawn Industry" in April of 2005, the transactions of pawn totaled CNY80 billion in 2005 and it reached CNY96 billion in 2006. By the end of June of 2007, the total assets of the pawn industry have reached CNY86.20 billion, up 12.7% year on year.

From the perspective of business, medium- and small-sized enterprises and private companies are the target clients of the pawn industry. In the first half of 2007, the pawn industry provided 38,000 transactions for the medium and small-sized enterprises, up 18% year on year, with the value of pawnages reaching CNY22.2 billion, and provided 99,000 transactions for the residents, up 8% year on year, with the value standing at CNY19.9 billion.

Changing Trend of the Number of Pawnshops,

1997-H1 2007

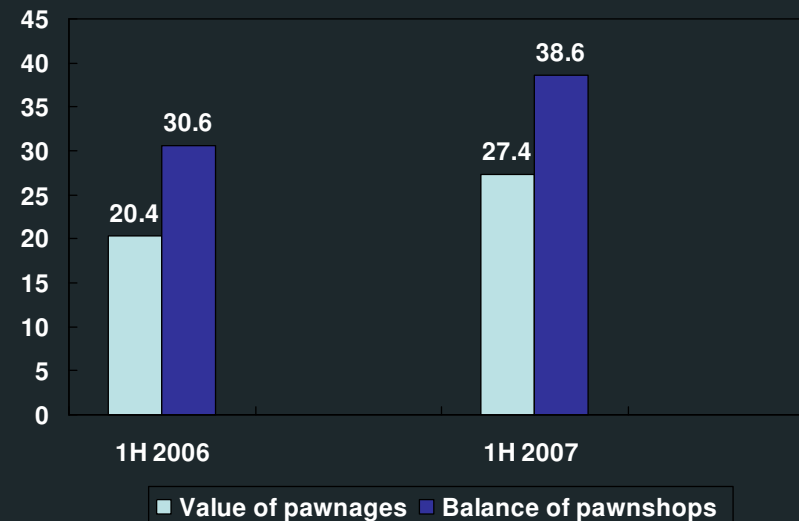
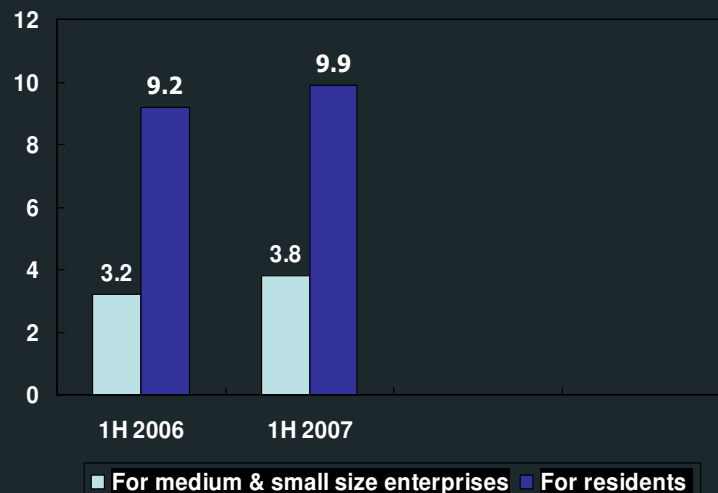


Taking Beijing as an example, in the first half of 2007, the combined value of 75 pawnshops totaled CNY1.86 billion, up 50.4% year on year and the accumulated balance of the 75 pawnshops reached CNY850 million, up 66.4% year on year, among which, CNY76.48 million went to the interest and the comprehensive expenses and CNY141 million was for tax payment. And the combined profits after tax were CNY12.13 million in the 75 pawnshops with a total 800 employees.

Value of pawnages and Balance of Pawnshops in Beijing, 2006-2007

(unit: CNY 100 million)

Transactions Provided for Enterprises & Residents, 2006-2007 (unit: 10,000)



■ For medium & small size enterprises ■ For residents

■ Value of pawnages ■ Balance of pawnshops

Due to a tighter monetary policy to be carried out by the government in 2008, the medium- and small-sized enterprises will be further inclined to pawnbrokers for fundraising. With the launch of more innovations in pawn business and gradual relaxation of state policies, pawn industry will play a bigger role in solving the financing problems for medium- and small-sized enterprises. However, while focusing on the expansion of business, pawn industry should raise the self-awareness of risk control and tighten the control over risks in the process of operation, circulation and assessment.



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