

## MESSAGE FROM THE CEO



FREDY BUSH  
VICE-CHAIRMAN  
DIRECTOR  
CHIEF EXECUTIVE OFFICER

“We have created a platform that provides the right tools for investors to make well-informed decisions in China, and introduced and implemented international standards of transparency and corporate governance for China’s financial markets.” 

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DEAR SHAREHOLDERS AND FRIENDS,

### THE CHINA STORY

China's maturation as a world economic power over the past decade has captured the attention of the business and investment community the world over. With its ever-increasing role as the world's manufacturing bedrock and trading powerhouse, China has become inextricably woven into the very fabric of global commerce. As China's economy continues to be in the international spotlight, its financial markets are deregulating quickly in order to provide an effective framework for sustained development. The increasing sophistication of China's financial markets and gradual moderation of regulatory restraints create more opportunities for investors, domestic and international alike.

As investment restrictions lift one by one, investors require reliable and timely information to build their China portfolios. Even those investors whose portfolios are limited to their home markets are now seeing their funds impacted by events in China. Businesses with global operations or aspirations need to know what is happening in China that may affect their operations. Their investors and shareholders need to know as well. Everyone who is affected by or seeking to benefit from China needs the right information at the right time.

### A STEP AHEAD OF THE GAME

The early anticipation of this need spurred the founding of Xinhua Finance in 1999. We recognized that the global business community would require reliable and transparent information that China's existing infrastructure could not supply. Over the past five years, we have established the investment infrastructure to meet this need, building our four core service lines: indices, ratings, financial news and investor relations.

We have been a first-mover in our service lines, and that has allowed us to remain a step ahead of the game. We were the first to offer a comprehensive range of indices covering both Shanghai and Shenzhen stock exchanges, the first to provide public information ratings based on international standards in China, and the first to establish an extensive media distribution network in China.

We have created a platform that provides the right tools for investors to make well-informed decisions in China, and introduced and implemented international standards of transparency and corporate governance for China's financial markets.



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### 2004 – A MOMENTOUS YEAR

2004 was a momentous year for Xinhua Finance. We continued to grow our business at an impressive rate, increasing turnover by 270% to US\$59.7 million, compared to fiscal year 2003. We launched numerous new products to diversify and deepen our offerings and meet the needs of our global clientele.

We raised our global profile with the worldwide launch of index-linked products based on our indices, such as the first China-only exchange traded fund (ETF) for US and European investors based on our Xinhua/FTSE China 25 Index by Barclays Global Investors, and the first A share ETF in the world based on our Xinhua/FTSE China A50 Index. Our early credit warnings to investors have proven to be prescient and valid, such as our ratings downgrade of Sichuan Changhong in May 2004, seven months before the company announced severe financial distress.

Our reporting capabilities have proved notable, with our stories frequently released ahead of our competitors on major events affecting the markets. Our investor relations service line expanded its media distribution network to over 4,000 media points in China in 2004, and distributed an average of 57 news releases per week between our offices in Greater China.



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We also successfully completed four major acquisitions in 2004 to broaden our existing service portfolio and widen our geographic footprint throughout the world, allowing us to bring China products to global investors and global products to China. We enhanced our ratings division with our acquisition of Mergent, bringing proprietary corporate data technology and data acquisition and cleansing expertise. We deepened our news offerings with the acquisitions of Market News International (forex and fixed income expertise), Stone & McCarthy Research Associates (economic indicators and statistical analysis), and G-7 Group (government and fiscal policy analysis). These acquisitions bring in-house proven technologies and expertise that we can apply to products tailored for the China market.

2004 was focused on not only merging these entities into the Xinhua Finance family, but also in optimizing synergies and effectively integrating these complementary service offerings into one unique platform.

### **OUR GREATEST ASSET**

At the end of 2004, the Company proudly stood upon the shoulders of 588 dedicated employees located around the world, spanning China, Asia, Australia, North America and Europe. We consider the international team that we have built to be our greatest asset – a team that merges the best of all cultures, practices and approaches from the East and from the West.



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Our success would not be possible without the concerted efforts of each of our employees, driven by the concept of Xinhua Finance as the bridge between China's markets and the world. Seeing the motivation and enthusiasm that reverberates in each of our different office locations, it is easy to comprehend how we have achieved so much to date.

### **2005 – FORGING AHEAD**

The fast growth in our business in 2004 underscores Xinhua Finance's strong competitive position and its unique advantages in the world's fastest growing market. Given the range of synergistic products and services that we offer and the exciting opportunities provided by China's continued growth and liberalization, we are confident of continued strong growth through 2005 and into the future. 新

Yours faithfully,

**Fredy Bush**  
**Vice-Chairman, Director and CEO**

