

MESSAGE FROM THE COO

DEAR SHAREHOLDERS,

The year 2004 demonstrated considerable progress in all areas of Xinhua Finance's operations and business. In the following pages, the managing directors of the four core service lines of the company present their report to the shareholders on their area of the business. As a preamble, I would like to discuss briefly our success.


Xinhua Finance is a high-growth company and we achieve this through a combination of the scalability of our four core service lines, China's growth and deregulation, and from the acquisition of profitable, well-managed and synergistic companies. Over the past 12 months, we have spent tremendous time and energy creating synergies through cross-selling and developing new products. This effort and dedication by our staff has allowed us to grow exponentially in the past year.

At the end of 2004, we had over 588 employees around the world, servicing over 3,000 institutional clients. We achieved this goal through our relentless pursuit of first mover advantage as well as maintaining global best practices in management, finances, communications and service offerings. We have taken successful business models that are prevalent in markets like New York, Tokyo and London, and have applied the same "best practices" in our products, revenue and pricing models, which has been a key success of our company. We clearly have created a very unique and dominant position in the financial information/media market for China, which will be difficult to parallel.

However, this success could not have been achieved without the people who support us: our shareholders, clients and employees. Although we have staged our growth on China's

developments, we are a "people" company. We depend heavily on our people for our successes.

Lao Tzu once said 2,000 years ago, "Each leaf is the tree." We truly believe that this saying best represents our company; each one of you plays an integral part of the unity in a grander order, and each one of you is an important representation of Xinhua Finance in your own unique manner.

I am proud to be a part of Xinhua Finance, and even prouder to work for all of you. Thank you for your continued support as we continue our road to a greater success. 

Sincerely,

Jae Lie
Director and COO

