



XINHUA FINANCE

Bridging China's Financial Markets and the World

1st Half 2006 Results Announcement

August 2006



Xinhua Finance Continues Strong Profitable Growth...

1st Half 2006 reports profitability under IFRS and Japan GAAP

- Strong profitable year on year growth as compared to 1st Half 2005**
- The rise in EPS demonstrates accretive M&As and business transactions that increase shareholder value**
- Proforma net income exceeds forecasts (excluding one-time items and Non-cash ESOP expenses)**
- Media distribution business advances in China, leveraging well-positioned core business and seizing strategic opportunities**

...and Exceeds Forecasts in First Half 2006



Robust Year on Year Growth Compared to 1st Half 2005...

1st Half 2006 Actual Compared to 1st Half 2005 Actual

	1st Half 2006 Actual	1st Half 2005 Actual	1st Half 2006A/ 1st Half 2005A (%)
Revenue	US\$75.0 mn	US\$46.5 mn	61.4%
EBITDA (IFRS)	US\$11.3 mn	US\$6.3 mn	78.1%
EBITDA (J GAAP)	US\$11.1 mn	US\$6.2 mn	78.2%
Net Income (IFRS)	US\$4.9 mn	US\$2.1 mn	134.7%
Net Income (J GAAP)	US\$2.0 mn	US\$-1.4 mn	-

...Driven By Growth Across All Service Lines



Proforma Net Income Exceeds Forecasts...

1st Half 2006 Proforma Compared to 1st Half 2006 Forecast

	1st Half 2006 Proforma	1st Half 2006 Forecast	1st Half 2006P/ 1st Half 2006F (%)
Revenue	US\$75.0 mn	US\$74.7 mn	0.4%
EBITDA (IFRS)	US\$13.1 mn	US\$11.5 mn	14.2%
EBITDA (J GAAP)	US\$11.2 mn	US\$11.5 mn	-2.4%
Net Income (IFRS) ⁽¹⁾	US\$8.0 mn	US\$6.4 mn	25.4%
Net Income (J GAAP) ⁽¹⁾	US\$0.4mn	US\$0.3 mn	56.0%

(1) Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.2 mn under IFRS and a reduction of US\$1.6mn under J GAAP. The one-time items and non-cash ESOP expense are items that were unforeseen when preparing the Company's forecasts. The Company believes these proforma results may be helpful for understanding underlying operating and financial trends.

...Under Both Japan GAAP and IFRS



1st Half 2006 EPS Compared to 1st Half 2005 EPS

	1st Half 2006	1st Half 2005
Diluted EPS (IFRS)	US\$5.63	US\$3.26
Diluted EPS (J GAAP)	US\$2.33	US\$-2.20

...Delivered Higher EPS



Reconciliation of Proforma EBITDA to Proforma Net Income

US\$ millions

1H 2006

	Japan GAAP	IFRS
Proforma EBITDA	11.2	13.1
Goodwill Amortization	(7.2)	-
Intangibles Amortization	(0.4)	(0.1)
Depreciation	(1.2)	(1.2)
Finance Costs	(0.6)	(0.6)
Others	(1.4)	(3.2)
Proforma Net Income ⁽¹⁾	0.4	8.0

(1) Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.2 mn under IFRS and a reduction of US\$1.6mn under J GAAP. The one-time items and non-cash ESOP expense are items that were unforeseen when preparing the Company's forecasts. The Company believes these proforma results may be helpful for understanding underlying operating and financial trends.

...Under Both Japan GAAP and IFRS



Strong 1st Half Results Provide Confidence...

1st Half 2006 Proforma Compared to Full Year 2006 Forecast

	1st Half 2006 Proforma	Full Year 2006 Forecast	1st Half 2006P/ Full Year 2006F (%)
Revenue	US\$75.0 mn	US\$166.0 mn	45%
EBITDA (IFRS)	US\$13.1 mn	US\$25.6 mn	51%
EBITDA (J GAAP)	US\$11.2 mn	US\$25.6 mn	44%
Net Income (IFRS) ⁽¹⁾	US\$8.0 mn	US\$13.8 mn	58%
Net Income (J GAAP) ⁽¹⁾	US\$0.4mn	US\$1.1 mn	39%

(1) Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.2 mn under IFRS and a reduction of US\$1.6mn under J GAAP.. The one-time items and non-cash ESOP expense are items that were unforeseen when preparing the Company's forecasts. The Company believes these proforma results may be helpful for understanding underlying operating and financial trends.

...For Achieving Full Year Forecasts



Continuing to Achieve Milestones in 2006...

INDICES

- US\$18.2 bn tracks our indices*:
 - \$15.3 bn on China indices (US\$8.8 bn in China-based funds, US\$6.6 bn in overseas-based funds)
 - US\$2.9 bn on U.S. indices (U.S.-based funds)
- Xinhua FTSE launches Blue Chip Value 100 Index and H-Share Index
- China's 1st QDII fund, the National Social Sec. Fund, selects Xinhua FTSE's QDII HK Index as its sole benchmark for HK investments
- Singapore Stock Exchange to launch in Sep 2006 the 1st A-shares futures contract for int'l investors on Xinhua FTSE's China A50
- Xinhua FTSE creates Insurance Inv't Index for China Life (adopted by PICC Asset Mgmt)
- Vanguard ETF on Dividend Achievers and NASDAQ Dividend Achievers Index launched

* Management estimates only, as of August 9, 2006.



Top 10 Constituents of FTSE Xinhua Hong Kong Index as at 15 June

Rank	Local Code	Constituent	Full Market Cap (HKDm)
1	0005	HSBC Holdings	1,529,035
2	0941	China Mobile (Red Chip)	792,683
3	0013	Hutchison Whampoa	294,173
4	0857	Petrochina (H)	1,315,804
5	0001	Cheung Kong (Holdings)	186,915
6	0016	Sun Hung Kai Props	184,630
7	0019 & 0097	Swire Pacific (A + B)	110,911
8	3988	Bank of China (H)	821,847
9	0002	CLP Holdings	107,713

FTSE Xinhua Insurance Investment Index Top 10 Constituents

Rank	Local Code	Constituent	Full market Cap
1	600036	China Merchants Bank (A)	94,6
2	600019	Baoshan Iron & Steel (A)	76,3
3	600900	China Yangtze Power (A)	56,0
4	600016	China Minsheng Banking (A)	44,4
5	600028	China Petroleum & Chemical (A)	437,0
6	000002	China Vanke (A)	19,3
7	600050	China United Telecommunications (A)	51,2
8	600519	Kweichow Moutai (A)	44,7
9	000858	Yibin Wuliangye (A)	39,4
10	000063	ZTE (A)	22,9

... As the Pioneers in Each of Our Service Lines



Continuing to Achieve Milestones in 2006...

RATINGS

- Added coverage for 6 additional companies based on client demand:
 - China Yangtze Power, Aluminum Corporation of China, Datang Int'l Power, China Shipping Development, Shanghai Municipal Raw Water, and Guangzhou Development Industry
- Asiamoney's cover story on the credibility of China's ratings agencies quotes Ratings MD Ivan Chung for reliable market expertise
- Announces Xinhua Finance/Milken Institute China Indicators product, to gauge risks and returns inherent in China's markets
- Publishes Xinhua Finance China Investment Atlas, a reference tool covering financial data of over 600 Chinese public companies



Announces China Indicators with Milken Institute

... As the Pioneers in Each of Our Service Lines



Continuing to Achieve Milestones in 2006...

FINANCIAL NEWS

- XFN/MNI consistently beating competition in terms of speed to market and quality on major news events from China:
 - First to report China Central Bank reserve ratio hike on July 21st
 - First to report People's Bank of China (PBoC) reducing its intervention in the yuan foreign exchange market in May
 - First to report PBoC's rate hike in April
 - First to report Wen Jia Bao quote regarding yuan reevaluation on March 14th
- Making accurate predictions on market-moving developments:
 - Xinhua G7 China Service accurately identifies investment opportunity in China's airline industry four months in advance
 - XFN/MNI China Business Sentiment Survey (published March 24) accurately Chinese gov't data released on April 20
- Implementing strategy of bringing new products based on international standards and tailored for the China market:
 - Xinhua G7 China Service, China Business Sentiment Survey, Daily China News Briefings, China Reality Check, China Bullet Points

WEDNESDAY, AUGUST 2, 2006

DAVID RUBASHKIN • drubashka@g7group.com
ANTONIN DELAIGRE • delaisone@g7group.com

CHINESE TELECOM
Foreign Investment Rules

- ▶ MII released new rules for foreign investment in value-added telecom services.
- ▶ *What is the effect on operators?*

Last week MII released new rules governing foreign investment in China. However, officials perceive that some

新华财经 / MNI 中国企业信心问卷调查
China Business Confidence Survey

新华财经 / MNI 中国企业信心问卷调查
China Business Confidence Survey

2006	June Survey	March Survey
Compared with	3 Months ago (%)	3 Months from now (%)
Overall Business Conditions		
Better	50.00	54.86
Same	44.44	39.50
Worse	5.56	5.56
Index	72.22	74.85
Production Capacity of Company		
Better	32.64	43.06
Same	65.57	55.56
Worse	1.39	1.39
Index	65.63	70.83
Production		
Strong	50.00	57.35
Same	43.38	37.50
Fading	6.62	5.15
Index	71.69	70.10
Prices Received		
Strong	28.87	29.50
Same	61.97	63.38

... As the Pioneers in Each of Our Service Lines



Continuing to Achieve Milestones in 2006...

INVESTOR RELATIONS

- Total 1st half 2006 corporate announcement volume increased 86% year on year
- 50% increase in corporate announcements from US companies in China, largely as a result of our ever strengthening China media relations network
- Corporate announcements China distribution network expands to 2,600 media accessing 6,000 journalists
- XPRN named strategic partner for Red Herring Asia 2006 "Meet Asia's Innovators" conference
- XPRN ranked by Communications Monthly as one of the "12 Players in the PR Industry of the Year" in China
- Taylor Rafferty establishes China/Hong Kong office and sets up Harbin joint venture for cross-border IR services



XPRN ranked Communications Monthly's "12 Players in the PR Industry of the Year" in China

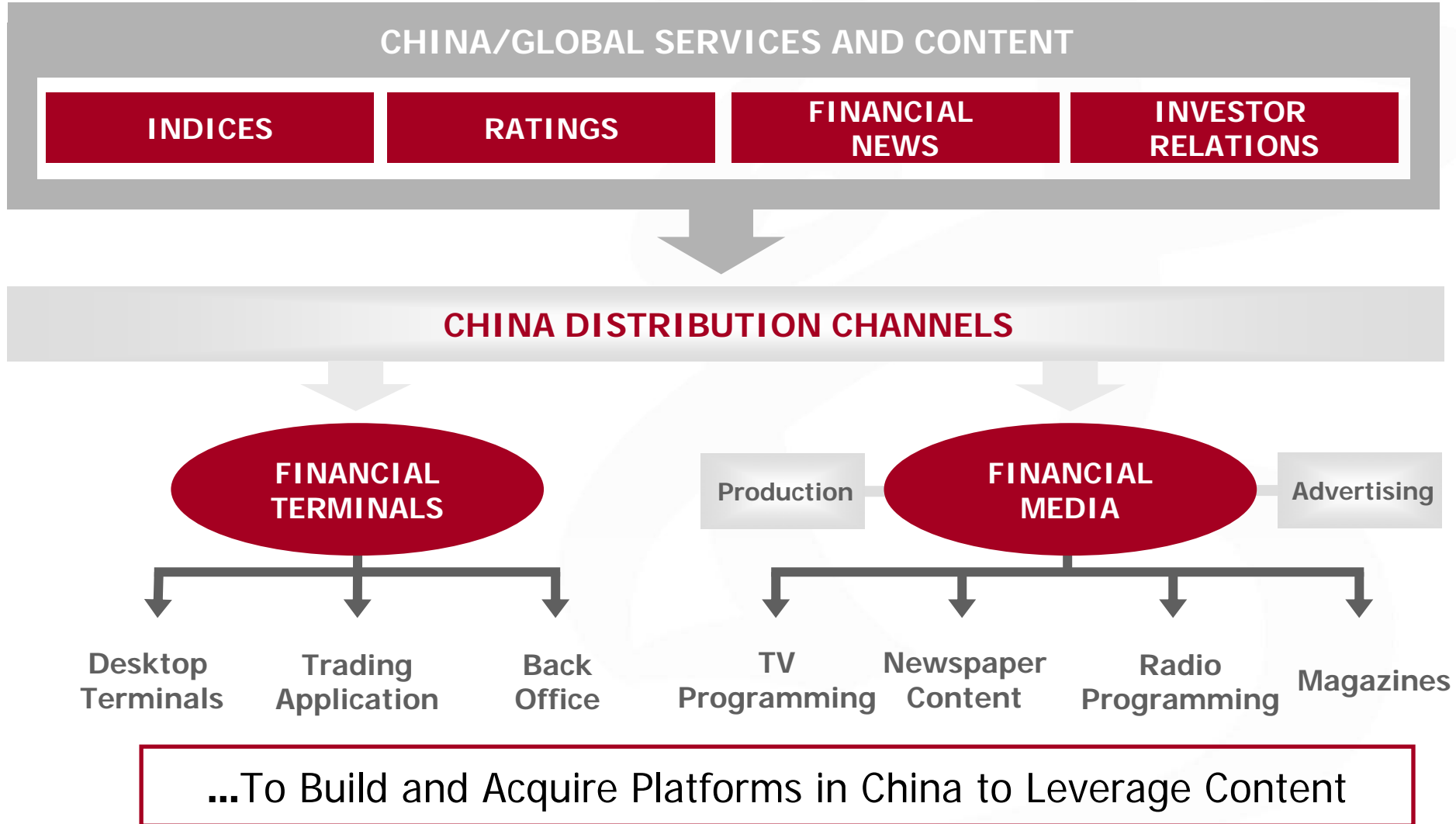


Taylor Rafferty US-China Conference in Harbin

... As the Pioneers in Each of Our Service Lines



Continued Effective Execution of Long Term Strategic Plan...





Successful Strategy Shapes Attractive Investment Profile...

-  **Driving top line growth through successful execution of management strategy while achieving significant bottom line profitability for 1st Half 2006**
-  **Confident of achieving forecasts for full year 2006 based on core business growth and strategic vision**
-  **Focused on leveraging proprietary content, existing customer base, and established brand name to derive value from multiple distribution platforms in China and worldwide**

...with a Track Record of Creating Value for Shareholders