



Xinhua Finance reports strong results for Q1 and revises the full year forecasts upward

SHANGHAI, May 15, 2007 - Xinhua Finance (TSE Mothers: 9399, OTC ADR: XHFNY), China's premier financial information and media provider, today reported total revenue for the three months ended March 31, 2007, under International Financial Reporting Standards ("IFRS"), of US\$46.6 million, a 25% increase over the first quarter of 2006. Net income was US\$94.5 million for the first quarter of 2007, compared to US\$3.6 million for the first quarter 2006. Fully diluted earnings-per-share (EPS) reached US\$95.68, up from US\$4.33 in 2006.

Proforma EBITDA, adjusted to exclude non-cash ESOP expenses and one-time items, was US\$10.8 million, an increase of 64% over US\$6.6 million in the same period last year. Proforma Net Income was US\$4.8 million, adjusted to exclude a one-time gain of \$97.5 million from the initial public offering of its consolidated subsidiary, Xinhua Finance Media (NASDAQ: XFML), on the NASDAQ Global Market in March 2007 and other non-cash expenses. Xinhua Finance provides proforma results to help investors better understand the Company's underlying operating and financial trends.

Based on the Company's strong performance in the first quarter, the IPO of Xinhua Finance Media (XFMedia), and the improved business prospects across services lines, management is revising its full year revenue and EBITDA forecasts upward.

Fredy Bush, CEO of Xinhua Finance, commented, "We continued to invest in our business during the quarter as a long term growth strategy of the Company. While the content business of the four core services lines continued to achieve their expected milestones, the IPO of XFMedia, our media distribution subsidiary, has unlocked value for the Company and significantly enhanced our brand awareness and reputation. XFMedia makes a positive contribution to the Company, adding significant value for our shareholders, and its listing provides additional resources to support the Company's future acquisitions and business development."

The market cap of XFMedia was US\$984 million at its IPO of which Xinhua Finance's shareholding was valued at US\$325 million.

Ms. Bush added, "The Company is further enhanced by the progress of our media distribution business, which enables us to gain greater value from our unique and proprietary content offerings that we create within our core service lines. Through distribution across various China media channels, we are able to leverage our content, brand name, and client base to capture additional revenue streams, such as advertising income."

CFO Gordon Lau added, "We continue to capitalize on the synergies and cross-selling opportunities across our business lines. At the same time we continue to explore new opportunities to add value to the Company and our footprint in the Chinese market which is the strongest it has ever been. With our upwardly revised forecast for full year 2007, we continue to maintain a strict focus on cost control, and are confident in our ability to continue our trend of profitable growth."

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First Quarter 2007⁽¹⁾ vs. First Quarter 2006⁽¹⁾ – unit: million USD

	Q1 2007	Q1 2006	Variance
Revenue	46.6	37.4	25%
Proforma EBITDA ⁽²⁾	10.8	6.6	64%
EBITDA ⁽³⁾	3.0	5.8	-47%
Proforma Net Income ⁽⁴⁾	4.8	4.1	16%
Net Income	94.5	3.6	2,614%

Full Year 2007 previous forecast⁽⁵⁾ vs. reforecast – unit: million USD

	Previous forecast	Reforecast	Variance
Revenue	228.7	260.0	14%
Proforma EBITDA ⁽²⁾	45.7	60.5	33%
EBITDA	37.4	46.6	24%
Net Income	53.3	57.3	8%

First Quarter 2007 results (Japan GAAP⁽⁶⁾) – unit: million USD

	Q1 2007	Q1 2006	% change
Revenue	46.6	37.4	25%
Proforma EBITDA⁽²⁾	10.8	6.7	61%
EBITDA⁽³⁾	2.2	5.6	-61%
Proforma Net Income⁽⁴⁾	0.3	0.2	63%
Net Income	82.4	0.9	9,478%

(1) For three months period-to-date ended March 31, 2007 results and three months ended March 31, 2006 results at current Japanese yen exchange rate, the amounts in Japanese yen are calculated by the foreign currency exchange rate (middle rate), being US\$1.00=¥118.05, from the Tokyo Foreign Exchange Market as of March 30, 2007.

(2) Proforma EBITDA under IFRS is EBITDA plus non-cash ESOP expenses and excluding one time items. Proforma EBITDA under JGAAP is EBITDA plus non-cash ESOP expenses and recurring non operating income and excluding one time items.

(3) Under IFRS, EBITDA for the quarter ended March 31, 2007 includes non-cash one time charge of US\$5.7m from the revaluation of a convertible loan and non-cash ESOP expenses of US\$2.1m. For the quarter ended March 31, 2006, EBITDA includes non-cash ESOP expenses of US\$0.9m. Under JGAAP, EBITDA for the quarter ended March 31, 2007 includes non-cash ESOP expenses of US\$1.4m. For the quarter ended March 31, 2006 there was no ESOP expense.

(4) Under IFRS, Proforma net income for three months period-to-date ended March 31, 2007 excludes a one-time gain of US\$97.5m from the deemed disposal of a subsidiary, a non-cash one time charge of US\$ 5.7m from the revaluation of a convertible loan and non-cash ESOP expenses of US\$2.1m. Under JGAAP, Proforma Net income for three months period-to-date ended March 31, 2007 excludes a one-time gain of US\$105.8m from the deemed disposal of a subsidiary and related share issuance expenses of US\$22.4m and non cash ESOP expenses of US\$1.4m.

(5) The previous forecast was made on March 15, 2007.

(6) The main reason for the differences between IFRS and Japan GAAP as applied to us is that Japanese accounting standards take a different approach to accounting for amortization of goodwill from acquisitions.

(Notes)

- A. We define EBITDA in relation to our IFRS financial statements as profit (loss) before interest, tax, depreciation and amortization.
- B. We define EBITDA in relation to our JGAAP financial statements as operating income or loss plus depreciation, amortization and amortization of goodwill.
- C. Forecasts for fiscal 2007 are management estimates only; figures have not been audited or reviewed.
- D. Performance estimates are determined based on information currently available. Due to unforeseen factors, actual performance may differ from estimates.

About Xinhua Finance Limited

Xinhua Finance Limited is China's premier financial information and media service provider and is listed on the Mothers Board of the Tokyo Stock Exchange (symbol: 9399) (OTC ADRs: XHFNY). Bridging China's financial markets and the world, Xinhua Finance serves financial institutions, corporations and re-distributors through five focused and complementary service lines: Indices, Ratings, Financial News, Investor Relations, and Distribution. Founded in November 1999, the Company is headquartered in Shanghai, with offices and news bureaus spanning 14 countries worldwide. For more information, please visit www.xinhuafinance.com.



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