

THE STORY OF XINHUA FINANCE — PROLOGUE

Year 2005 - Volume I

Volume I told a three-part story of our initial dream, our dream becoming reality, and our vision for the Company's future. The dream came in 1999 when much of China's economy was either tightly controlled or lacking in clear regulations, particularly with regard to the financial markets. And, while many saw this as a roadblock to entering China, we saw it as a unique opportunity. China needed the same infrastructure of products – market indices, credit ratings, financial news, and corporate announcements – that were relied upon in major financial markets around the world. We set out to create this and advance our mission of bringing transparency and international standards to China. In November 1999 Xinhua Finance was formed, and in 2000 we signed a 20-plus-10 year exclusive, non-compete agreement with Xinhua News Agency for the creation of these financial information products.

In the early years, we partnered with companies that could provide the best international standards, methodology and technology for the products and services we wanted to create for China. By early 2003 we had established our four core service lines: Indices, Ratings, News and Investor Relations. As our company matured, we developed the resources to acquire companies globally to advance our strategic plan. We acquired companies that provided new opportunities in China for our products and services, either due to significant client demand or to regulatory and market developments in China. Through careful selection and effective integration, we ensured the acquired domestic and international companies brought valued expertise in their respective fields to China and allowed us to cross sell our products to a wider client base worldwide. In late 2004, we were listed on the Tokyo Stock Exchange and we began 2005 with strong equity and cash positions.

By the end of 2005, we saw an opportunity to leverage our content, brand name and client base to further penetrate China through multiple distribution platforms. This became our vision for Xinhua Finance Media (“XFMedia”), an even larger ambition than our original dream.



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Year 2006 - Volume II

Volume II revealed how our vision progressed as we strengthened our core products and took Xinhua Finance to the next level, leveraging our content, customer base and brand to create XFMedia in late 2005. This became the foundation for our fifth business unit, Distribution. In a short time, XFMedia expanded from its initial two business units of advertising and production to include broadcast, print and research. In March 2007, we took XFMedia public on the Nasdaq Global Market, listing the company under ticker symbol XFML.

We also indicated that we would be leveraging our content through the development of our Solutions business in 2007, targeting retail brokerage and financial service providers nationwide.

Year 2007 - Volume III

Volume III continues the story of Xinhua Finance and the positive impact our China-focused strategy has had across all of our business lines. The Company is well-positioned to benefit from the dynamic development of China's economy and capital markets and the integration of our Content and Distribution businesses.

Today, we hold leadership positions in all of our four core content service areas: Indices, where we are China's leading index provider; Ratings, where we are a comprehensive ratings company using international standards; Financial News, where we are among the fastest to market with key news stories, and Investor Relations, where we are the only corporate news announcement distributor in China, accessing 9,000 journalists nationwide. Our Distribution subsidiary XFMedia, a leader in China's media industry, is also experiencing rapid growth as we continue to integrate recent acquisitions into our operations and expand the business. Volume III illustrates our recent achievements in more detail.
