





## Leveraging Proprietary Content Across Distribution Platforms

Our proprietary content in Indices, Ratings, Financial News and Investor Relations assists financial institutions, corporations and re-distributors globally, and our client base has kept growing over the years. These unique product suites comprising essential components that have become the investment infrastructure for China's financial markets are complementary to each other and highly customizable.

Based upon the well-established content business, we develop a China distribution capability expanding our reach from our current customer base of financial institutions and corporations to China's upwardly mobile and high net worth population who need our information to make investment decisions. Our subsidiary XFMedia under our Distribution service line provides targeted demographic with financial information and entertainment via television, radio, newspapers, magazines, websites and outdoor media. In 2007, XFMedia itself generated US\$135 million, or 52%, of the Group's total revenue. Also as part of our Distribution service line, via our Solutions business, we are offering our content to China's growing number of brokerage companies and financial institutions through their trading terminals and systems.

## Xinhua Finance Group



## OVERVIEW OF SERVICE LINES

Based on the Strength of Our  
China-Focused Strategy...

### Indices



...We Have Become  
China's Leading Index  
Provider with the Highest  
Assets under Management  
Tracking Us Worldwide

Our indices continue to gain in popularity in China and globally where they are highly regarded for their transparency and reliability and continue to be the standard for the China markets. We are the only China index provider whose products are being used by both domestic and international clients inside and outside of China.

At the end of 2007, our Chinese indices were benchmarked or tracked by more funds worldwide, with assets under management (AUM) of US\$122 billion, compared to US\$54 billion at the end of 2006. Of this total AUM, domestic assets benchmarking against our China indices comprised US\$112 billion and overseas assets including exchange traded funds (ETF) and OTC products tracking our China indices, were approximately US\$10 billion. The popularity of the indices has enhanced our profitability as we receive fixed annual fees or fees based on net asset value of the funds.

The progress we made in 2007 was underscored by the world's largest and most diverse financial exchange, The Chicago Mercantile Exchange (CME), using the Xinhua/FTSE China 25 Index as the basis for launching the first Chinese equity market futures to be listed on a U.S. exchange. From index futures contracts, we received fixed license fees per trade. In November 2007, U.S. fund manager ProFunds Group also introduced an "UltraShort" China ETF, a hedge fund against the same Index.

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Reflecting customer demand and our commitment to responding to changing market environments domestically and internationally, we also launched Xinhua FTSE 200 Sector Indices for the A200 benchmark in May 2007 covering the largest 200 A share companies listed on both Shanghai and Shenzhen markets by market capitalization. The sector indices provide QFIIs and Chinese investors with an additional way to track the growing Chinese industries.

Our U.S. indices also grew in status with our Treasury Ladder 30-year Index chosen by PowerShares as the basis of a new ETF. PowerShares now has six ETFs in total based on our U.S. indices. The AUM of ETFs tracking our U.S. indices have grown to US\$4 billion.

## Ratings

...We Are a Comprehensive Ratings Company Using International Standards



Leading Chinese financial newspapers reported our assignment of credit ratings on six Chinese banks

We take great pride in the ratings, research, data and analytics we provide through our Ratings service line and believe them to be best-in-class in their objectivity, transparency and depth.

Early last year, we issued a sector report assigning credit ratings on six Chinese national joint-stock commercial banks: Bank of Communications, China Merchants Bank, Shanghai Pudong Development Bank, China Minsheng Bank Corporation, Hua Xia Bank, and Shenzhen Development Bank. Moreover, we carried out over 1,200 loan certificate ratings in Shanghai, constituting over a third of the Shanghai market. We were also most pleased to have assigned 39 group company ratings on Chinese conglomerates during the year, up from 15 in 2006.

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As a critical backup to our research capability, our US subsidiary, Mergent, has been maintaining comprehensive databases spanning global equity fundamentals, equity pricing, corporate actions, and fixed income. These databases contain detailed financial information on more than 35,000 public companies from over 100 countries, 20,000 U.S. municipal bond issuers, and extensive data on corporate bonds, dividends, corporate actions and unit investment trusts.

Moreover, we developed a number of measures during 2007 to better analyze and understand China's market. We continued our partnership with the Milken Institute and launched two additional Xinhua Finance/Milken Institute China indicators, following the first three indicators, which debuted last year. These two new indicators were the Chinese Banking Strength Indicators, a gauge of the financial strength of Chinese banks, and the Chinese Adjusted-Trade and Finance Indicator, which examines the cross-border flow of goods and capital. Both are key points of China's WTO commitments.

## Financial News



...We Are among the Fastest to Market with Key News Developments in Equities, Fixed Income and Foreign Exchange News

We co-branded "The Rise of China's Capital Market" report with KPMG

Our Financial News service line continues to break news ahead of our competitors and 2007 was no exception. We were consistently first to market with major news items such as the interest rate and reserve requirement hikes by the People's Bank of China (PBOC) during the year as well as the sale in August of US\$200 billion in special foreign exchange reserve bonds by China's Ministry of Finance and the widening of RMB-USD intraday trading band by the PBOC in May.

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In response to client demand and market opportunities, we expanded our news service offerings during the year. We increased coverage of the fixed income and foreign exchange markets, launched a Chinese translation of our highly respected Stone & McCarthy Research Associates product and inaugurated China commodities news reporting in Japanese. Furthermore, we signed a contract to provide customized news products for the Singapore Stock Exchange, covering Chinese companies that have listed their shares on that market. We also substantially upgraded our energy news file to provide in-depth reporting on the coal, oil and renewables sectors as well as the promising market in carbon trading.

Following the success of China-specific news products such as China Bullet Points which brings more transparency to financial market and regulatory changes affecting China's capital markets today, our U.S. news bureaus launched Credit Bullet Points, which delivers active and real-time news and analysis of global credit markets. In November 2007, we co-branded a report with KPMG, "The Rise of China's Capital Market". Complete with up-to-date statistics and valuable findings, the report gives readers a current and insightful perspective into this dynamic sector of China's economy.



## IR Services

...We Are the Only Corporate  
Announcement Network,  
Providing Access to  
Over 9,000 Journalists  
in China



XPRN's homepage

We continued to advance our Investor Relations service line in 2007, expanding our Xinhua PR Newswire ("XPRN") corporate news distribution service to 24 hours a day. XPRN distributed approximately 6,000 corporate announcements during the year, a 48% increase over 2006 and added 2,500 journalists to its roster, bringing total access to

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9,000 journalists. In addition to launching the Internet Photo Distribution service for its Chinese clients, XPRN also expanded its corporate news distribution service to a wireless network through an agreement with NASDAQ-listed Kong.net, providing Chinese cell phone users convenient access to the corporate announcements that it distributes.

Our New York-based IR subsidiary, Taylor Rafferty, and the China-based PR subsidiary, Fortune China, effectively integrated during the year. This successful combination heightened the synergy that naturally exists between the two businesses and rounded out our IR/PR global infrastructure in key capital markets. Taylor Rafferty's China investor relations business experienced significant growth over 2007, expanding its clientele year over year considerably from 5 to 18. It mainly focused on China companies listing overseas, helping them with pre-IPO as well as post-IPO IR programs.

## Distribution



Subsidiary XFMedia listed on NASDAQ in March 2007

...We Are Expanding Our Distribution Platform Significantly as We Leverage Our Proprietary Content across Multiple Channels

We continued to expand our distribution business in 2007, with our subsidiary XFMedia going public on the NASDAQ in March and growing alongside the booming advertising market in China. Raising net proceeds of approximately US\$200 million to solidify their financial position and growth strategy, XFMedia has built a unique platform providing advertisers with nationwide access to the large and growing upwardly mobile and high net worth demographic through TV, radio, magazines, newspapers, websites and outdoor media.

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During the year, XFMedia made a number of significant acquisitions to further our growth, particularly in the Broadcast and Advertising groups. In Broadcast, XFMedia expanded its radio footprint to Guangdong province through the acquisition of Guangzhou SingShine Communication Co., Ltd. The acquisition of the mobile service provider Beijing Mobile Interactive Co., Ltd further integrated mobile interactivity with our existing range of popular media assets. Currently, our mobile service is offering interactive services to Guangdong Radio FM 107.7 and our Fortune China TV programs, enabling the audience to participate in on-air discussions and receive financial content through mobile phones.

In Advertising, XFMedia added below-the-line marketing services through the acquisition of Shanghai SingShine Marketing Service Co. Ltd. and JCBN Group. These acquisitions were significant in making XFMedia China's largest player in online property advertising and below-the-line marketing services for imported spirits. Currently, our market share of advertising revenue in each of these markets is over 50%. Lastly, XFMedia grew its outdoor visibility from hundreds of campus billboards in Shanghai universities to 2,000 outdoor billboards in the capital city of Beijing. With the acquisition of Convey Advertising Company in July, we further extended our network to 3,000 outdoor media assets mainly in the wealthy Guangdong province, Hong Kong and Macau.

Our Distribution service line also consists of the Solutions business. In this area, we were selected by Fermat, a leading global risk management systems provider, to be its exclusive sales agent in Greater China, largely due to our strong China sales network and local know-how. We will be working with Fermat to deliver software solutions to assist Chinese banks on Basel II compliance efforts in advance of the 2010 implementation deadline and the 2012 deadline for all banks. Our financial terminals business continued to record market share gains, particularly among futures and commodities data. We currently serve over half of the commodities and futures brokerages in China that have been approved by the CSRC. We will continue to focus our solutions efforts to extend into the equities and foreign exchange markets.

