



XINHUA FINANCE

Bridging China's Financial Markets and the World

FY 2006 Results and 2007 Forecast Announcement

February 2007



Strong growth and profitability in 2006...

Strong Full Year 2006 Results under IFRS and Japan GAAP

- Both top and bottom line achieved significant growth in 2006
- Exceeded original and revised upward forecast
- Proforma¹ EBITDA margins exceed forecasted margins, despite continued business expansion and investment across service lines
- Increased EPS as a result

(1) Excluding non-cash ESOP expense and one-time items.

...from continued and effective execution of expansion strategy



Robust year on year performance compared to 2005...

2006 Actual Compared to 2005 Actual

| <i>US\$ millions / JPY millions</i> | Full Year 2006 Actual | Full Year 2005 Actual | Variance % 06 vs 05 |
|---|--------------------------|--------------------------|------------------------|
| Revenue | 175.0 ¥20,840 | 110.0 ¥13,103 | 59% |
| EBITDA (IFRS) | 23.3 ¥2,781 | 21.2 ¥2,507 | 10% |
| EBITDA (J GAAP) | 24.7 ¥2,939 | 18.8 ¥2,238 | 31% |
| Net Income (IFRS) | 18.7 ¥2,233 | 10.3 ¥1,213 | 82% |
| Net Income (J GAAP) | 10.8 ¥1,282 | (2.8) (¥335) | N/A |

...results in improved profitability in 2006



Continued focus on shareholder value...

2006 EPS Compared to 2005 EPS

| | 2006 | 2005 |
|-----------------------------|----------------------|---|
| Diluted EPS (IFRS) | US\$ 20.1 ¥ 2,399 | US\$ 15.2 ¥ 1,814 |
| Diluted EPS (J GAAP) | US\$ 11.6 ¥ 1,379 | -US \$ 4.3 (basic EPS) - ¥ 506 (basic EPS) |

...as evidenced by higher EPS



2006 Actual Results versus 2006 Forecasts

| US\$/JPY millions | Actual | Forecasts | | Variances % | | |
|-------------------|----------------------|----------------------|----------------------|--------------------------------------|----------------------------|--|
| | | Initial | Revised | Revised Forecast vs Initial Forecast | Actual vs Revised Forecast | |
| IFRS | | | | | | |
| Revenue | US\$175.0 ¥20,840 | US\$166.0 ¥19,773 | US\$166.0 ¥19,773 | - | 5.4% | |
| Net Income | US\$18.7 ¥2,233 | US\$13.8 ¥1,649 | US\$18.5 ¥2,206 | 33.8% | 1.1% | |
| J GAAP | | | | | | |
| Revenue | US\$175.0 ¥20,840 | US\$166.0 ¥19,773 | US\$166.0 ¥19,773 | - | 5.4% | |
| Net Income | US\$10.8 ¥1,282 | US\$1.1 ¥130 | US\$10.5 ¥1,247 | 856.9% | 2.8% | |

...exceeded forecasts



Proforma 2006 EBITDA margins...

Proforma EBITDA and Actual EBITDA

US\$ millions / JPY millions

IFRS

JGAAP

Proforma EBITDA

US\$ 32.4

US\$ 28.2

¥ 3,859

¥ 3,360

Proforma EBITDA margin %

18.5%

16.1%

Actual EBITDA

US\$ 23.3

US \$ 24.7

¥ 2,781

¥ 2,939

Actual EBITDA margin %

13.3%

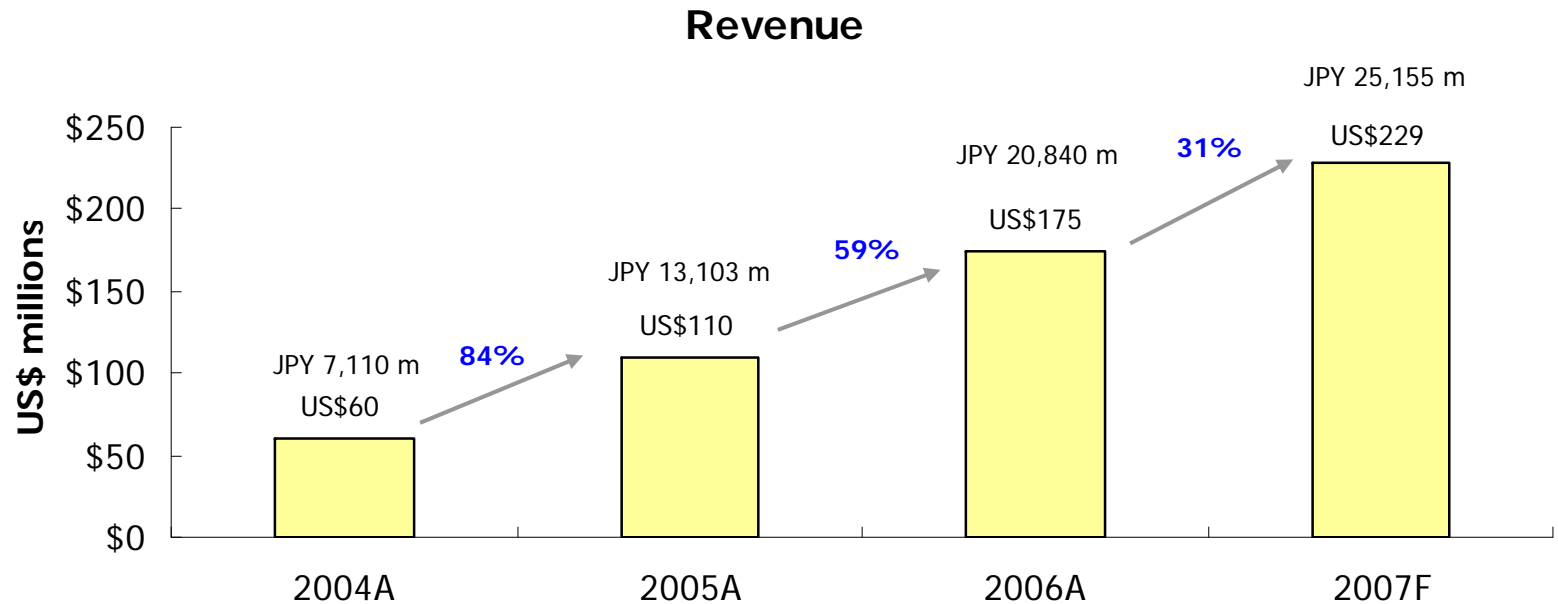
14.1%

JGAAP: Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.5 mn from EBITDA to proforma EBITDA and an downward adjustment of US\$12.8 mn from net income to proforma net income. IFRS:: Excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$9.1 mn from EBITDA to proforma EBITDA and an downward adjustment of US\$5.0 mn from net income to proforma net income. 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.

... better than actual EBITDA margins



Revenue Trend (FY2004A-FY2007F)



Note: Forecasts ("F") are management estimates only, figures have not been audited or reviewed.

...lead to impressive year on year revenue growth



2007 Forecast under IFRS

| <i>US\$ / JPY millions</i> | 2007 Forecast ⁽²⁾ | 2006 Actual | 2006 Proforma | % variance 2007F vs 2006Proforma |
|----------------------------|---------------------------------|-------------------------|--------------------------------------|--|
| Revenue | 228.7 ¥25,155 | 175.0 ¥20,840 | 175.0 ¥20,840 | 31% |
| EBITDA (Pre ESOP) | 45.7 ¥5,023 | | 32.4 ⁽¹⁾ ¥3,859 | 41% |
| <i>margin %</i> | <i>20.0%</i> | | <i>18.5%</i> | |
| EBITDA | 37.4 ¥4,116 | 23.3 ¥2,781 | | |
| <i>margin %</i> | <i>16.4%</i> | <i>13.3%</i> | | |
| Net Income | 27.3 ¥2,998 | 18.7 ¥2,233 | 13.7 ⁽¹⁾ ¥1,633 | 99% |

(1) 2006 proforma excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$9.1 mn from EBITDA to proforma EBITDA and a downward adjustment of US\$ 5.0 mn from net income to proforma net income. The one-time items and non-cash ESOP expense are items that were unforeseen when preparing the Company's forecasts.

(2) Forecasts are management estimates only, figures have not been audited or reviewed. Exchange rate used in 1 US\$ = 110 JPY

...demonstrates continuing growth



2007 Forecast under J GAAP

| <i>US\$ / JPY millions</i> | 2007 Forecast ⁽²⁾ | 2006 Actual | 2006 Proforma | % variance 2007F vs 2006Proforma |
|----------------------------|---------------------------------|-------------------------|---------------------------------------|--|
| Revenue | 228.7 ¥25,155 | 175.0 ¥20,840 | 175.0 ¥20,840 | 31% |
| EBITDA (Pre ESOP) | 38.1 ¥4,194 | | 28.2 ⁽¹⁾ ¥3,360 | 35% |
| <i>margin %</i> | 16.7% | | 16.1% | |
| EBITDA | 32.3 ¥3,551 | 24.7 ¥2,939 | | |
| <i>margin %</i> | 14.1% | 14.1% | | |
| Net Income | 2.0 ¥220 | 10.8 ¥1,282 | (2.0) ⁽¹⁾ (¥239) | |

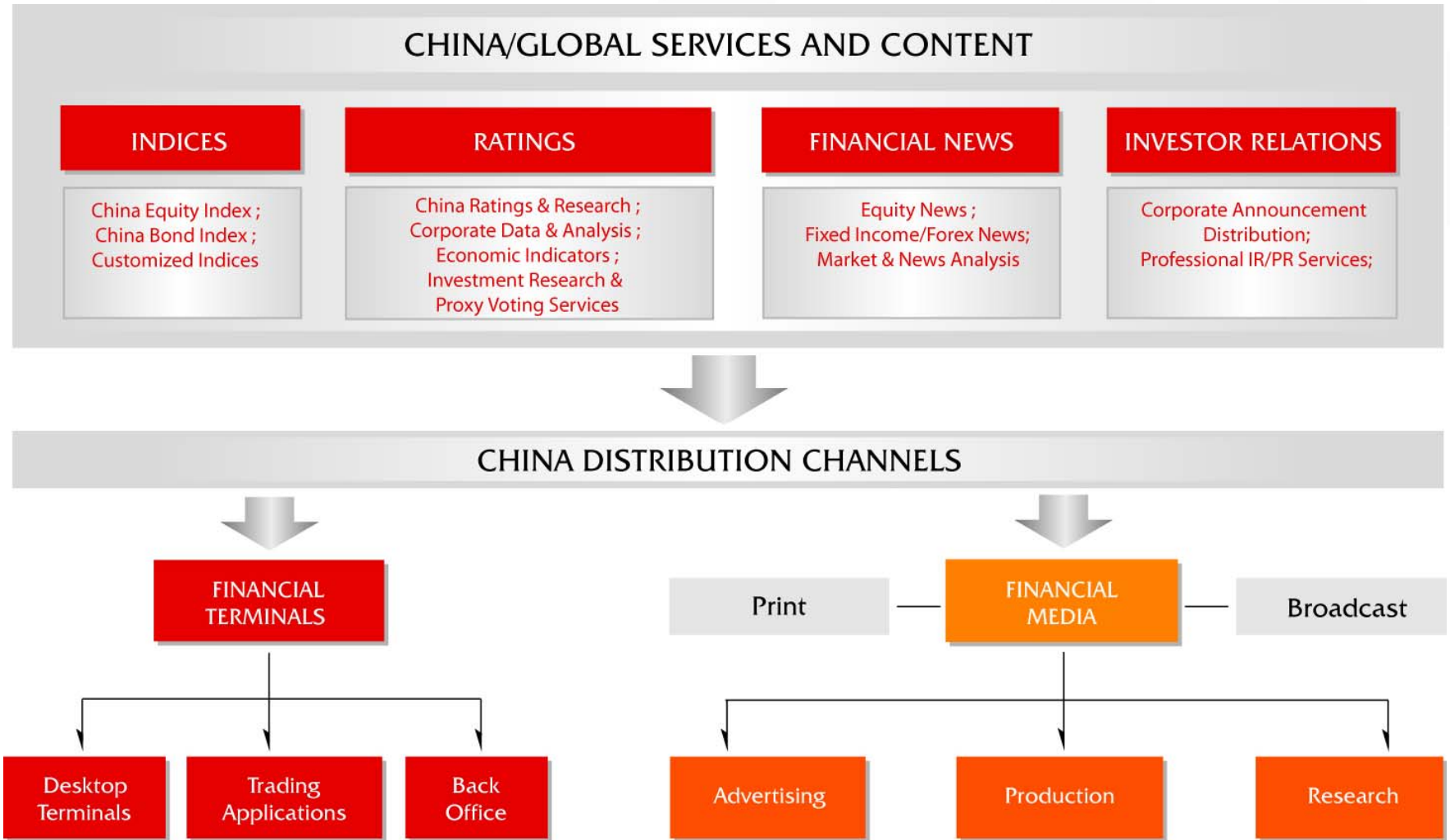
(1) 2006 proforma excludes non-cash ESOP expense and one-time items, which together resulted in an upward adjustment of US\$3.5 mn from EBITDA to proforma EBITDA and a downward adjustment of US\$ 12.8 mn from net income to proforma net income. The one-time items and non-cash ESOP expense are items that were unforeseen when preparing the Company's forecasts.

(2) Forecasts are management estimates only, figures have not been audited or reviewed. Exchange rate used is 1 US\$ = 110 JPY

...demonstrates continuing growth



China's first integrated financial information solutions platform





Continuing to achieve milestones in 2006...

INDICES

- Estimated USD \$53.6 bn tracking our indices, up from USD \$18.2 bn at 1H06
 - USD \$39.1 bn in China-based funds tracking Xinhua FTSE indices
 - USD \$11.0 bn in overseas funds tracking Xinhua FTSE indices worldwide
 - USD \$3.6 bn tracking US-customized indices
- New Xinhua FTSE indices launched in 2006:
 - Blue Chip Value 100 (adopted by Guotai Asset Mgmt)
 - H-Share Index, completes the Xinhua FTSE HK index series for QDII
- World's 1st A-share futures contract based on Xinhua FTSE China A50 launched on SGX in Sept
- Xinhua FTSE achieved the largest market share among China benchmark indices, covering 46% of newly issued open-ended equity funds in China
- Xinhua FTSE HK index selected by National Social Security Fund as sole benchmark for its Hong Kong investments, representing the first Chinese institutional investors' overseas investment
- Xinhua FTSE indices chosen domestically as a benchmark by PICC Asset Mgmt & China Pacific Insurance and by Shenzhen Development Bank & Bank of China for their structured products
- U.S. customized indices chosen by Vanguard for an index fund and ETF, and by Powershares for a new ETF tracking Mergent's Buyback Achievers Index

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

| Rank | Local Code | Constituent | Full Market Cap (HKDm) |
|------|-------------|-------------------------|------------------------|
| 1 | 0005 | HSC 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 pioneers in each of our service lines



Continuing to achieve milestones in 2006...

RATINGS

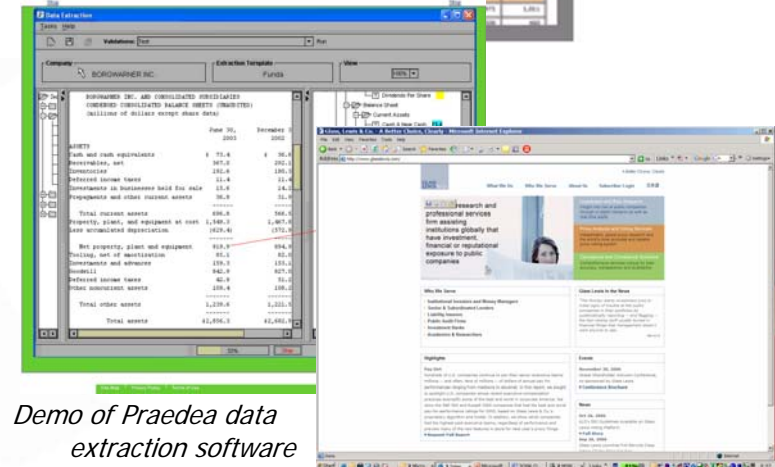
- Adds global proxy voting solutions through 19.9% investment in Glass, Lewis & Co., with plans to expand the business to China's markets (remaining 80.1% acquired in Jan 2007)
- Enhances existing corporate data business with automated data extraction software via acquisition of Praeдея Solutions (renamed Mergent Data Tech)
- Expands coverage in China, adding: Datang Power, Guangzhou Development Bank, China Yangtze Power, China Shipping Development, Shanghai Municipal Raw Water, Aluminum Corp of China, Shenzhen Chiwan Wharf Holdings, Shenzhen Yantian Port Holdings, Shanghai Port Container
- Launches first 3 (of 8) new China economic indicators with the Milken Institute
- Xinhua Far East and Mergent jointly produce China sector reports on Food/Beverage, Property & Energy



*XFE/ Mergent
sector research*



*Chinese company
ratings report*



*Demo of Praeдея data
extraction software*



www.glasslewis.com online property

... as pioneers in each of our service lines



Continuing to achieve milestones in 2006...

FINANCIAL NEWS

- Expands news service in China targeting the forex and fixed income markets: China Daily News Briefing, China Bullet Points & MNI China MainWire
- Extends government fiscal policy analysis to China with Xinhua G7 China Service
- Consistently beat competition in terms of speed to market:
 - First to report both central bank hikes in 2006
 - First to report two of three central bank reserve requirement hikes in 2006
 - First news agency worldwide to break the story that the Chinese government was debating proposals on setting up an agency to manage its foreign exchange reserves (Dec 4th)
 - The only newswire to report market-moving comments from PBoC vice governor Wu Xiaoling that affected the foreign exchange market (Nov 24th)
- Secures 13 new clients in Taiwan for SMRA news service after implementing marketing initiatives in 2006 to leverage our sales capabilities & client base across service lines



| Category | June Survey | | March Survey | |
|---------------------------------------|--------------------------------|-----------------------|------------------|-----------------------|
| | Compared with 3 Months ago (%) | 3 Months from now (%) | 3 Months ago (%) | 3 Months from now (%) |
| Overall Business Conditions | | | | |
| Better | 54.86 | 56.52 | 73.91 | |
| Same | 44.44 | 38.58 | 24.78 | 22.46 |
| Worse | 5.56 | 5.56 | 6.70 | 3.62 |
| Index | 72.22 | 74.85 | 73.91 | 85.14 |
| Production Capacity of Company | | | | |
| Better | 32.64 | 43.06 | 50.72 | 57.97 |
| Same | 65.97 | 55.56 | 46.38 | 39.86 |
| Worse | 1.39 | 1.39 | 2.90 | 2.17 |
| Index | 65.63 | 70.83 | 73.91 | 77.90 |
| Production | | | | |
| Strong | 50.00 | 57.35 | 63.70 | 70.37 |
| Same | 43.30 | 37.50 | 30.37 | 25.93 |
| Faling | 6.62 | 5.15 | 5.93 | 3.70 |
| Index | 71.69 | 76.10 | 78.89 | 83.33 |
| Prices Received | | | | |
| Strong | 28.67 | 29.58 | 25.95 | 32.06 |
| Same | 61.97 | 63.38 | 62.60 | 56.49 |

G7 Group equity report, Xinhua Finance/ MNI Business Sentiment Survey results

... as pioneers in each of our service lines



Continuing to achieve milestones in 2006...

INVESTOR RELATIONS

- Taylor Rafferty opens Hong Kong office, begins expanding into the Greater China region
- Xinhua PR Newswire opens Shenzhen office and expands network to reach approximately 3,000 media outlets and over 6,500 journalists across China
- 4,033 corporate announcements were released in 2006, an increase in volume of 73% over 2005, and Q4 announcement volume was 1,066 or 54% over Q405
- Xinhua PR Newswire's selected accolades in 2006:
 - Ranked by Communications Monthly as one of "12 Players in the PR Industry of the Year" in China for 2005
 - Recognized by the China E-commerce Industry Federation as top company in facilitating e-commerce in China



Taylor Rafferty website



New www.xprn.com.cn website

... as pioneers in each of our service lines



Successful execution of strategic plan...

- ☑ **Successful implementation of business plan delivering top line growth and bottom line profitability in 2006**
- ☑ **Continued integration and cost cutting within the Group**
- ☑ **Increased shareholder value through demonstrative rise in EPS**
- ☑ **Maintain bottom line discipline while continuing to invest in the business for 2007**

...consistently delivers growth and profitability



Disclaimer:

During the course of this presentation, projections or other forward-looking statements regarding future events, including new product and service introductions, market acceptance of the Company's current products and services or future financial performance of the Company may be made. We wish to caution you that these statements are only predictions and that a number of factors could cause actual results, performance, achievements of the Company or industries in which it operates to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. We refer you to documents the Company files from time to time with the Tokyo Stock Exchange. These documents identify important factors that could cause actual events or results to differ materially from those contained in any forward-looking statements.