

Q2 2008 XINHUA FINANCE LIMITED Earnings Conference Call
August 28, 2008

Company Speakers

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| • Jae Lie | Xinhua Finance Limited | CEO |
| • David Wang | Xinhua Finance Limited | CFO |
| • Dan Connell | Xinhua Finance Limited | COO |

PRESENTATION

Operator: Good morning, and thank you for standing by for Xinhua Finance Limited's First Half 2008 Earnings Conference Call. You may find a copy of the press release and the earnings announcement filed with the Tokyo Stock Exchange on the Company's website, www.xinhuafinance.com, as well as the newswire services.

Today's call will cover the Company's consolidated financial results under the International Financial Reporting Standards and all figures are presented in United States dollars.

Results under both Japan GAAP and IFRS are available in the earnings announcement, in accordance with the Company's past practice. Our speakers today will be Mr. Jae Lie, Chief Executive Officer of Xinhua Finance; Mr. David Wang, Chief Financial Officer; and Mr. Dan Connell, Chief Operating Officer.

After their prepared remarks, Jae, David, Dan, and XF Media CFO Andrew Chang will be available to answer your questions.

Before we continue, please note that the forward-looking statements disclosed on the conference call are based on information available to management at this time. As such, they carry risk and uncertainties and actual results and events may differ significantly from the forecast.

Investors are advised not rely solely on business forecasts disclosed on this conference call for making investment decisions. Forecasts of business results will also be revised as, and when considered necessary, in accordance with the applicable disclosure rules.

As a reminder, this conference is being recorded and webcast live on the Xinhua Finance website under the investor relations section. Both the webcast and a transcript will be available on the site following the call. I would now like to turn the call over to Xinhua Finance's CEO, Mr. Jae Lie. Please proceed, sir.

Jae Lie: Thank you. Thank you for joining us today for Xinhua Finance's first half results conference call for 2008. During the past several months, we have been conducting a review of our strategic positioning with the help of our financial adviser to find ways of unlocking shareholder value. We have since begun to implement a comprehensive reorganization plan and have sold two of our non-China subsidiaries, Mergent and Kinetic.

We intend to devote our full attention toward further expansion in China's fast-growing market, focusing on organic growth opportunities, while reducing operating costs and repaying indebtedness. Our CFO, David Wang, will go over our results for the first half of 2008, after

which our CEO, Dan Connell, will discuss in more detail the progress that Xinhua Finance has made over the past quarter. David?

David Wang: Thank you, Jae, and hello, everyone. I will now review with you our results under IFRS. The Company is pleased to report solid year-over-year growth in the first half of 2008 as compared to the first half of 2007. Revenue for the first half of 2008 was \$142.4 million, up 30% year over year.

The increase in revenue reflects growth from our China businesses and the continued demand for China-focused financial information, offset by moderate declines in certain of the US businesses that have felt the impact of the US credit market declines. Cost of sales was \$77.4 million for the first half of 2008, as compared to \$60.5 million for the corresponding period last year.

Cost of sales represented 54% of turnover for the six months ended June 30, 2008, versus 55% of turnover for the six months ended June 30, 2007. Cost of sales mainly consists of reporting and editorial staff costs, direct marketing expenses, production fees, distribution charges, data acquisition costs, media buying costs and amortization of long-term contracts.

Gross profit margin was 46% for the six months ended June 30, 2008, versus 45% for the six months ended June 30th, 2007. Selling, general and administrative expenses were \$72.6 million for the first half 2008, compared to \$50 million for the first half of 2007. Higher SG&A in 2008 was mainly due to higher costs associated with expansion activities in XFL's China businesses, particularly XF Media.

The full-period impact of SG&A from subsidiaries acquired in 2007 and increased corporate costs associated with XF Media's status as a listed company, including costs for regulatory compliance.

Our non-cash expenses included within SG&A for the six months ended June 30, 2008, included depreciation of \$3 million, amortization of \$9.7 million, and non-cash share-based compensation expense of \$8.2 million. Our depreciation and amortization expenses for the six months ended June 30th, 2008, totaled \$12.8 million, compared to D&A expense totaling \$9.6 million in the prior year.

Selling, general, and administrative expenses as a percentage of turnover was 51% for the six months ended June 30, 2008, versus 46% for the six months ended June 30, 2007.

EBITDA was negative \$22.5 million in the first half of 2008, compared to \$12.9 million in the first half of 2007. We define EBITDA as profit or loss before interest expense, tax, depreciation and amortization. The decline in EBITDA is mainly due to non-cash intangible asset impairment charges totaling \$38.8 million, relating to Mergent and Kinetic, in advance of their divestitures completed in July 2008 and increased non-cash share-based compensation expense.

We also provide pro forma EBITDA in order for you to better evaluate our underlying operating and financial trends. Pro forma EBITDA for the first half of 2008 was \$28.5 million, versus \$20.3 million for the first half of 2007. Pro forma EBITDA excludes non-cash share-based payments and one-time items.

Net loss was \$48 million for the six months ended June 30, 2008, versus a net profit of \$90.9 million for the first six months of last year. The net loss in the first half of 2008 includes a one-

time non-cash intangible asset impairment charge of \$38.8 million relating to Mergent and Kinetic.

The net profit of \$90.9 million for the first half of 2007 includes a gain of \$97.5 million arising from the listing of XF Media on the NASDAQ in March 2007. Adjusting for these items, pro forma net income increased to \$2.9 million in 2008 from \$1.2 million for the first half of 2007.

The corresponding period for performing EBITDA -- I'm sorry, the corresponding breakdown for pro forma EBITDA from continuing operations of \$28.5 million in the first half of 2008 was as follows -- indices, 21%, ratings, 8%, financial news, 5%, investor relations, 6%, and distribution, 60%.

As of June 30, 2008, total assets were \$1.07 billion, compared to \$1.1 billion as of December 31, 2007. Total liabilities as of June 30, 2008, were \$416 million, compared to \$463 million as of December 31, 2007.

Cash flow from operating activities was \$9.4 million for the first half of 2008. Net cash used in investing activities was \$71.8 million, and net cash from financing activities was \$19.2 million. Due to our reorganization activities, including the sale of Mergent and Kinetic, we are revising our forecast for the full year.

Our full-year forecast for 2008 is revenue of \$300.3 million, pro forma EBITDA of \$56.8 million, EBITDA to break-even, and a net loss of \$60.7 million, primarily due to the intangible asset impairment charge relating to the disposed subsidiaries. Although we are forecasting a loss due to our strategy of focusing on our China businesses and divesting non-core assets, we believe that these steps are key in creating long-term shareholder value.

Our goal for the balance of the year is to streamline our operations and focus on our core competencies in China. Through this reorganization process, we expect to unlock unrealized value in our assets and reallocate capital and resources to businesses that are central to our China focus. I would now like to turn the call to Dan Connell for further discussion about our business.

Dan Connell: Thank you, David, and hello, everyone. I'd like to review some of the recent achievements in our content and distribution businesses. In the index service line, we signed a contract with China Life, the largest insurance company in China. We will be providing China Life with indices for the domestic equity market investments and QDII Hong Kong market investments. Similarly, we have signed agreements with Goldman Sachs and E-fund FMC for benchmarking their China investments.

At the end of June, it was over \$131 billion of global assets tracking or benchmarking against our China indices. In the ratings service line, we completed and published a ratings project on the China securities industry, with analysis on the current status of China's capital markets, together with a snapshot of the credit profile, operational environment, and risk status of China's securities industry.

The report included an in-depth overview of 14 securities companies. We also initiated a survey in conjunction with the Economic Observer of China, covering major local and foreign banking institutions within the China banking industry. In the financial news service line, as more evidence of our speed to market, Market News International was consistently a market leader.

Examples of this are -- we were first to report that the PBOC has raised the reserve requirement for the fourth time in 2008, beating our major competitors by at least a minute. On May 12th, we accurately predicted that China's April CPI would rise unexpectedly to 8.5%, from March's 8.3%. On June 10th, MNI disclosed actual CPI rose 7.7%, exactly in line with the figure revealed by the government on June 12th. And in June we issued a series of analyses on Chinese speculative hot money inflows.

This analysis argued that the government has little choice but to use further administrative measures to tame hot money. Indeed, the government announced such members on July 3rd. In the investor relations service line, Xinhua PR Newswire expanded its china press release distribution network by adding over 8 million mobile users who subscribe to the news and information portal provided by HandCN. In addition, a new client, China Distance Learning, successfully launched its IPO under ticker DL on July 30th and was the first Chinese company listed in NYSE ARCA.

In the distribution service line, our subsidiary Xinhua Finance Media Limited launched a new program titled "East Meets West" on NMTV. Our online real estate advertising experienced good success and was up 92% from the first quarter, as property developers increased their advertising to promote sales.

And in a significant development within the solutions service line, the team signed a strategic alliance with AVOX, a division of the Deutsche Borse, to provide business entity data to financial institutions in China and Taiwan.

That covers a quick selection of the highlights for our service lines this past quarter. I'll now turn the call back over to Jae for closing.

Jae Lie: Thank you, Dan. For the remainder of this year, we will continue to review our global portfolio and focus on China, where we will concentrate on our indices, ratings, and solutions businesses. The sale of Mergent and Kinetic in July generated net cash proceeds of \$84 million and we are using \$49 million of those proceeds to buy back bonds. The remaining balance of the proceeds will be used either to buy back more bonds or invested in the Company's China businesses.

The tender offer to redeem \$49 million of bonds at par was launched earlier this month and bondholders will have until early September to reply back to the tender. The bond redemption will reduce interest expense by approximately \$5 million per year. We will continue our efforts to redeem all \$100 million of bonds issued and if successful we will be debt free and will have greater financial and strategic flexibility.

We would now like to open the call for Q&A and welcome any questions you may have regarding our results and our business progress.

QUESTION AND ANSWER SESSION

Operator: Thank you, Mr. Lie. (OPERATOR INSTRUCTIONS). Sir, you have no questions at this time.

Jae Lie: Okay, thank you for taking the time to attend our results announcement conference call for the first half of 2008. If you have any questions, please feel free to contact our IR team for

any information requests regarding the Company. They can be reached at ir@xinhuafinance.com. Thank you very much.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This now concludes your call and you may disconnect. Have a great day. Thank you, everyone.