

Our Strategy

We have the most relevant products and services targeting the right audiences in the booming China market.

The financial information, wealth management intelligence, lifestyle acumen, and entertainment that we provide to the upwardly mobile and high net worth demographic throughout China are paying off for both XFMedia and our clients.

China's advertising and media market

Media Ad Spend* (US\$bn)	2005	2006	2007	2008	Avg Share
TV	11.6	14.6	17.5	22.8	71%
Print	3.1	3.4	3.7	4.1	16%
Outdoor	0.9	1.1	1.4	1.8	5%
Radio	0.3	0.5	0.6	0.8	2%
Online	0.4	0.6	0.8	1.3	3%
Other Media	NA	0.5	0.6	1.0	3%
Total Ad Spend	16.3	20.8	24.7	31.8	
Growth		27%	19%	29%	

* Source: Group M, June 2007

Consumer spending is continuing to increase in our targeted demographic – the upwardly mobile and high net worth demographic. According to the World Bank, China had an average annual GDP growth of 10.7% between 2003 and 2007. During this same period, consumer spending increased at an average rate of 9.4%. This trend is continuing, with China's high net worth population increasing at an average annual growth rate of 11.6% between 2003 and 2008, according to DataMonitor's Global Wealth Model.

Furthermore, this demographic is shaping new consumption patterns, moving from basic necessities such as food and clothing to include investment, education, leisure, entertainment and personal communication products, among others. This growing purchasing power is predicted to shift preferences to high value items. Clearly, this is the audience that our international clients are seeking to attract for their products and services.

All of this provides our Company with great opportunities for continued growth. Most importantly, we are reaching every stage of this demographic, from college students just starting out as upwardly mobile individuals on their career path to retirees benefiting from proper financial planning and investing; in other words, ages 18 to 60 plus. Our advertisers understand the value of this dynamic and we expect to continue to attract new clients as well as to see existing clients expand their programs to embrace at least two or more of our media channels to gain a competitive advantage within this growing market.

In 2008, we will continue developing our businesses with a keen focus on broadcast, print and outdoor advertising which represents 94% of the total advertising dollars spent in China. TV alone represents 70% of the advertising spend. These three areas also provide our Company with its highest margins.

Our Strategy (continued)

Our Access to the Upwardly Mobile Demographic

