

【COVER SHEET】

【Document】 Extraordinary Report

【Filing with】 Director of the Kanto Local Finance Bureau

【Date of Filing】 May 29, 2009

【Company】 Xinhua Finance Limited
(新華財經有限公司)

**【Title and Name of
the Representative】** Jae Lie, Chief Executive Officer

**【 Location of the Registered
Office】** Cricket Square, Hutchins Drive, P. O. Box 2681GT,
Grand Cayman, KY1-1111, Cayman Islands

【Name of the Attorney】 Attorney-at-law Kensuke Ambe

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【Telephone Number】 03-6266-8723

【Place for Public Inspection】 The Tokyo Stock Exchange, Inc.
2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo

1 【Reason for the Filing】

We hereby file this Extraordinary Report pursuant to the Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Law of Japan and the Article 19, Paragraph 1 and Paragraph 2 Subparagraph 2 of the Ordinance Concerning Securities Company because Xinhua Finance Limited (the “Company”), as the Issuer of the securities, has commenced the offering of the securities to less than 50 parties in the places other than Japan.

2 【Report】

1 Series and Description of Securities

The stock options (hereinafter referred to as the “Stock Option”) to obtain Par-value Common Shares of the Company (with par-value at HK\$ 20.00 per share) (hereinafter referred to as the “Common Shares”)

2 Description of the Stock Option

(1) Number of Options Issued

157,830

(2) Issue Price

Issued for free

(3) Aggregate Price for Issuance

Issued for free

(4) Series and Number of Shares to be Issued by Exercising the Stock Option

(a) Series

Common Shares of the Company

(b) Number

1 Share per 1 Stock Option

(5) Price to be paid in Exercising the Stock Option

Japanese Yen 1,703 per share

(6) Exercise Period of the Stock Option

The Stock Options will be vesting in three equal tranches and each tranches will be exercisable on and from December 31, 2009; December 31 2010; or December 31, 2011 until 31 December 2019, respectively.

(7) Conditions of Exercise of the Stock Option

(I) Following conditions shall apply to exercise of the Stock Options by resigned employees or directors;

(i) for employees whose employment is terminated for cause by the Company, all unvested Options (including the Options to be vested in the year of termination) will be forfeited immediately upon termination of employment;

(ii) for employees who resign or who are terminated not for cause, Options to be vested in the year of resignation together with all previously vested Options must be exercised within 12 months of their date of resignation or termination, and all unexercised and/or unvested Options will be forfeited immediately after that period; and

(iii) if any directors were not re-elected to the Board by the shareholders, all of the unvested Options will continue to vest as if they remain as directors of the Company. If any directors are removed for cause or resign, all unvested Options will be forfeited.

(II) Employees and directors who were allotted the Stock Option will not have to pay for the exercise price, and the number of shares issued per Stock Option will be in accordance with the following formula rounded down to the nearest whole share; provided that if the shares to be issued per the Stock Option shall exceed 1 (one), 1 (one) share shall be issued.

$$\frac{A - B}{A}$$

where

A = closing price of the Company's shares listed on the Tokyo Stock Exchange ("TSE") on the date of receipt of this Notice of Exercise by the ESOP Administrator (or the immediate preceding date if the date of receipt was not a TSE trading date);

- B = exercise price per share of the Stock Option
- (8) Amount to be Capitalized in case where Shares are issued by exercising the Stock Options
HK\$20.00 per Share
- (9) Transferability
The Stock Option is non-transferable.
- 3 Issuance Manner
Offering to certain directors and employees of the Company and its subsidiaries
- 4 Name of the Underwriter
N/A
- 5 Offering Area
Countries in North America and Asia (excluding Japan)
- 6 Amount of Proceeds and Use of them
(1) Amount of Proceeds
N/A
(2) Use of Proceeds
N/A
- 7 Deliver Date
May 22, 2009
- 8 Name of the Stock Exchange the Securities are Listed on
N/A
- 9 Capital Amount (as of April 30, 2009)
HKD29,802,115.80 JPY 376,102,701.40

Note: Capital amount means the stated capital excluding share premium.

The conversion of H.K. dollars into Japanese yen is calculated by the foreign currency

exchange rate (middle rate of telegraphic transfer selling and buying rates for customer transactions quoted by Bank of Tokyo-Mitsubishi UFJ), as of April 30, 2009, which is HKD1.00 = JPY12.62