

XINYUAN REAL ESTATE CO., LTD.

CORPORATE GOVERNANCE GUIDELINES

Adopted on _____, 2007 and effective conditional and immediately upon commencement of the trading of the American depository shares of Xinyuan Real Estate Co., Ltd. (the “Company”) representing the Company’s common shares on the New York Stock Exchange (“NYSE”)

The Board of Directors (the “Board”) of the Company has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Amended and Restated Memorandum and Articles of Association, as amended and restated from time to time (the “Memorandum and Articles of Association”), and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its shareholders or as required by applicable laws and regulations.

The Board

Size of the Board

The Company’s Memorandum and Articles of Association, effective upon the completion of the Company’s initial public offering, provides that the number of directors shall be not more than nine (9) persons. The Board believes that not more than nine (9) directors is an appropriate size based on the Company’s present circumstances. However, the Board will periodically review the size of the Board, and determine the size that is most effective in relation to future operations and may from time to time by ordinary resolution increase or reduce this limit in the number of Directors.

Independence of the Board

The Board will be comprised of at least three (3) directors who qualify as independent directors (the “Independent Directors”) under the listing standards of the NYSE.

The Board will review annually the relationships that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors whom the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the NYSE. The basis for any determination that a relationship is not material will be published in the Company’s annual report on Form 20-F filed with the SEC.

Separate Sessions of Non-Management Directors and Independent Directors

The non-management directors will meet in executive session without management directors or management present at least two times per year. The name of the chair of such meetings will be published in the Company’s annual report on Form 20-F along with a means for shareholders to communicate with the non-management directors. The non-management directors will consider such matters as they may deem appropriate at such meetings. Non-management directors are all directors who are not presently officers or employees of the Company, but may include such directors who are

not independent by virtue of a material relationship, former status or family membership, or for any other reason.

In addition, if the non-management directors include directors who are not also Independent Directors, the Independent Directors shall also meet separately at least once per year in executive session.

Director Qualification Standards

The nominating and corporate governance committee of the Board (the “Nominating and Corporate Governance Committee”) is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and for its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Nominating and Corporate Governance Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, shall take into account such factors as the Nominating and Corporate Governance Committee or the Board deems relevant, including the candidate’s ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of a publicly traded company in today’s business environment, experience in the Company’s industry and with relevant social policy concerns, understanding of the Company’s business on a technical level, other board service and educational and professional background. Each candidate must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating and Corporate Governance Committee also considers the director’s past attendance at meetings and participation in and contributions to the activities of the Board.

No Specific Limitation on Other Board Service

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities, except with respect to members serving on the audit committee of the Board (the “Audit Committee”), as described below. However, the Nominating and Corporate Governance Committee and the Board will take into account the nature of and time involved in a director’s service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company’s shareholders.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other U.S. public companies at the same time as they are serving on the Audit Committee.

Service on other boards and/or committees should be consistent with the Company’s conflict of interest policies set forth below.

Directors Who Resign Their Current Positions With Their Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer, such director should submit his or her resignation to the Board, which the Board may accept or reject based on the recommendation of the Nominating and Corporate Governance Committee.

Term Limits

The Board does not believe it is in the best interests of the Company to establish term limits at this time. Such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board.

Director Responsibilities

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Memorandum and Articles of Association and each committee's respective charter. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities and is expected to exercise his or her business judgment in what he or she reasonably believes to be in the best interest of the Company. In discharging his or her responsibilities, a director may rely on the honesty and integrity of the Company's executive officers and its outside advisors and auditors. The Board's responsibilities include, but are not limited to:

- (1) overseeing the conduct of the Company's business, to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determining under these Guidelines, the Company's Code of Business Conduct and Ethics (the "Code of Business Conduct and Ethics") and other Company policies;
- (4) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;
- (5) reviewing and evaluating the performance of the Chief Executive Officer and other members of management based on reports from the compensation committee of the Board (the "Compensation Committee");
- (6) providing advice and counsel to the Chief Executive Officer and principal senior executives;
- (7) evaluating the overall effectiveness of the Board, as well as selecting and recommending to shareholders qualified candidates for election to the Board;
- (8) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations; and
- (9) performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

Compensation

The Company's employee directors shall not receive additional compensation for their service as directors.

Compensation for non-employees directors, if any, shall be determined and periodically reviewed by the Compensation Committee. It is the sense of the Board that all or a portion of compensation for non-employee directors may and should be in the form of equity-based awards.

Members of the Audit Committee may not directly or indirectly receive any compensation from the Company other than their directors' compensation, which includes their compensation for service on committees of the Board and the receipt of equity incentive awards.

Stock Ownership

Subject to the Company's Statement of Policies Governing Material, Non-Public Information and the Prevention of Insider Trading, directors may purchase and sell shares of the Company's securities. Pursuant to its charter, the Compensation Committee shall periodically review and recommend to the Board for its consideration the adoption or modification of any stock ownership policy or guidelines for directors and/or executive officers of the Company.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of such a conflict. If an actual or potential conflict of interest develops, the director should immediately report the matter to the Chairman of the Board. Any significant conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director will disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter.

Board Orientation and Continuing Education of Board Members

The Company provides new directors with a director orientation program to familiarize them with, among other things, the Company's business, strategic plans, significant financial, accounting and management issues, compliance programs, conflicts policies, Code of Business Conduct and Ethics, Guidelines, principal officers, internal auditors and independent auditors.

The Company will make available to directors continuing education programs, and each director is expected to participate in such programs, as management or the Board determines desirable.

Interaction with Institutional Investors, the Press and Customers

The Board believes that management generally should speak for the Company. Each director should refer all inquiries from institutional investors, the press or customers to the Chief Executive Officer or the Chief Financial Officer of the Company. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Management should comply promptly and fully with such requests from directors, and directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

Board Access to Independent Advisors

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

Code of Business Conduct and Ethics

The Board expects all directors, as well as officers and employees, to act ethically at all times and to adhere to the Code of Business Conduct and Ethics.

Board Attendance at Annual General Meeting of Shareholders

Directors are invited and strongly encouraged to attend any annual general meeting of the Company's shareholders.

Annual Self-Evaluation

Following the end of each fiscal year, the Nominating and Corporate Governance Committee will oversee an annual assessment by the Board of the Board's performance. The Nominating and Corporate Governance Committee will be responsible for establishing the evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The annual assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines. The purpose of the review will be to improve the performance of the Board as a unit, and not to target the performance of any individual Board member. The Nominating and Corporate Governance Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

Board Meetings

Frequency of Meetings

The Board will meet at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors and the Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

Attendance of Non-Directors

The Board encourages the Chairman of the Board or of any committee to bring Company management and outside advisors or consultants from time to time into Board and/or committee meetings to (i) provide insight into items being discussed by the Board which involve the manager, advisor or consultant, (ii) make presentations to the Board on matters which involve the manager, advisor or consultant, and (iii) bring managers with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

Agendas

The Chairman establishes the agenda for each Board meeting with input from the management and, as necessary or desired, from the other directors.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

Committee Matters

Number, Name, Responsibilities and Independence of Committees

The Board currently has three standing committees. From time to time, the Board may form a new committee or disband a current committee, depending upon the circumstances. Each committee will perform its duties as assigned by the Board in compliance with the Company's Memorandum and Articles of Association and each committee's respective charter. The current committees are:

- (1) *Audit Committee.* The Audit Committee consists of at least three (3) members, and, as described in more detail below, all of its members are required to be Independent Directors. Each member of the Audit Committee must satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. The Audit Committee shall have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the member's financial sophistication, and at least one member of the Audit Committee must meet the definition of "audit committee financial expert" as determined by the Board in its business judgment in accordance with Item 407(d) of Regulation S-K under the Securities Act of 1933, as amended.
- (2) *Compensation Committee.* The Compensation Committee consists of at least three (3) members. A majority of the committee members are required to be Independent Directors and a majority of its members must qualify as "outside directors" within the meaning of Internal Revenue Code Section 162(m).
- (3) *Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee consists of at least three (3) members and the majority of the committee members are required to be Independent Directors.

Assignment and Rotation of Committee Members

The Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Company.

Frequency of Committee Meetings

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall hold regular meetings periodically or as specified in each committee's

respective charter. In addition, each committee may hold special meetings as set forth in its respective charter.

Committee Agendas

The chairman of each committee, in consultation with the appropriate members of the committee, will develop his or her committee's agenda.

Committee Self-Evaluations

Following the end of each fiscal year, each committee will review its performance and charter and recommend to the Board any changes it deems necessary.

Leadership Development

Annual Review of Chief Executive Officer

The Compensation Committee, with input from the Board, shall annually establish the performance criteria (including both long-term and short-term goals) to be considered in connection with the Chief Executive Officer's next annual performance evaluation and shall review the Chief Executive Officer's performance against such performance criteria after the end of each fiscal year. Factors to be considered in assessing CEO performance include strategic vision and leadership, external representation of the Company and management of external relationships, executive officer leadership development and succession planning, the Company's financial and operational performance, employee morale and motivation, and rapport with the Board.

Succession Planning

The Nominating and Corporate Governance Committee works on a periodic basis with the Chief Executive Officer to review, maintain and revise, if necessary, the Company's succession plan upon the Chief Executive Officer's retirement and in the event of an unexpected occurrence. The Nominating and Corporate Governance Committee shall report annually to the Board on succession planning for the Chief Executive Officer [and senior management positions], including a discussion of assessments, leadership development plans and other relevant factors.

Management Development

The Board will determine that a satisfactory system is in effect for the education, development and orderly succession of senior and mid-level managers throughout the Company.