

# **XINYUAN REAL ESTATE CO., LTD.**

## **CODE OF BUSINESS CONDUCT AND ETHICS**

### **1. INTRODUCTION**

This Code of Business Conduct and Ethics (the “Code”) contains general guidelines for conducting the business of Xinyuan Real Estate Co., Ltd., a company incorporated in the Cayman Islands, and its subsidiaries (the “Company”). To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (ii) full, fair, accurate, timely and understandable disclosure in reports and documents that the Company will file with, or submit to, the U.S. Securities and Exchange Commission (the “SEC”) and in other public communications made by the Company;
- (iii) compliance with applicable governmental laws, rules and regulations;
- (iv) prompt internal reporting of violations of the Code; and
- (v) accountability for adherence to the Code.

This Code applies to all of the directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative, or temporary basis. We refer to all persons covered by this Code as “Company employees” or simply “employees.” This Code is intended to qualify as a code of ethics for the purposes of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules there under.

The Board of Directors of the Company (the “Board”) has appointed or will appoint a compliance officer for the Company (the “Compliance Officer”). If you have any questions regarding the Code or would like to report any violation of the Code, please call or email the Compliance Officer. Certain provisions of this Code apply specifically to the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Administration Officer, controller, and any other persons who perform similar functions for the Company (each an “executive officer”) and any questions or violations of the Code involving an executive officer shall be directed or reported to any of our independent directors on the Board or the members of the Nominating and Corporate Governance Committee of the Board, and any such questions or violations will be reviewed directly by the Board or the Nominating and Corporate Governance Committee of the Board.

### **2. REPORTING VIOLATIONS OF THE CODE**

All employees have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code by others will not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of the Company and its employees.

If you know of or suspect a violation of this Code, it is your responsibility to immediately report the violation to the Compliance Officer, who will work with you to investigate your concern. Any suspected violation of this Code involving an executive officer will be directed or reported to any of our independent directors on the Board or to the Nominating and Corporate Governance Committee of the Board. All questions and reports of known or suspected violations of this Code will be treated with sensitivity and discretion. The Compliance Officer, the Board or the Nominating and Corporate Governance Committee of the Board and the Company will protect your confidentiality to the extent possible, consistent with the law and the Company’s need to investigate your concern.

It is the Company's policy that any employee who violates this Code will be subject to appropriate discipline in accordance with applicable laws, including termination of employment, based upon the facts and circumstances of each particular situation. Your conduct as an employee of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

The Company strictly prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. An employee inflicting reprisal or retaliation against another employee for reporting a known or suspected violation will be subject to disciplinary action in accordance with applicable laws, up to and including termination of employment.

### 3. CONFLICT OF INTEREST

#### 3.1 Identifying Conflicts of Interest

A conflict of interest occurs when an employee's private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. You should actively avoid any private interest that may influence your ability to act in the interests of the Company or that may make it difficult to perform your work objectively and effectively. Executive officers have an obligation, in the event a conflict of interest arises related to them, to provide full disclosure and refrain from the decision making process related to the matter in question.

In general, the following should be considered conflicts of interest:

- a) **Competing Business.** No employee may be concurrently employed by a business that competes with the Company or deprives it of any business.
- b) **Corporate Opportunity.** No employee should use corporate property, information or his or her position with the Company to secure a business opportunity that would otherwise be available to the Company. If you discover a business opportunity that is in the Company's line of business, through the use of the Company's property, information or position, you must first present the business opportunity to the Company before pursuing the opportunity in your individual capacity.
- c) **Financial Interests.**
  - (i) No employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business entity if such financial interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote certain time during such employee's working hours at the Company;
  - (ii) no employee may hold any ownership interest in a privately-held company that is in competition with the Company;
  - (iii) an employee may hold up to but no more than 5.0% ownership interest in a publicly traded company that is in competition with the Company; and
  - (iv) no employee may hold any ownership interest in a company that has a material business relationship with the Company.

If an employee's ownership interest in a business entity described in clause (iii) above increases to more than 5.0%, the employee must immediately report such ownership to the Compliance Officer.

- d) **Loans or Other Financial Transactions.** No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any

company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions.

- e) Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably could be expected to conflict with those of the Company. Employees must obtain prior approval from the Board before accepting any such board or committee position. The Company may revisit its approval of any such position at any time to determine whether service in such position is still appropriate.

It is difficult to list all of the ways in which a conflict of interest may arise, and we have provided only a few, limited examples. If you are faced with a difficult business decision that is not addressed above, ask yourself the following questions:

- Is it legal?
- Is it honest and fair?
- Is it in the best interests of the Company?

### 3.2 Disclosure of Conflicts of Interest

The Company requires that employees fully disclose any situations that reasonably could be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it immediately to the Compliance Officer. If a director or executive officer suspects they have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, they should discuss it with the Chairman of the Nominating and Corporate Governance Committee of the Board. Conflicts of interest may only be waived by the Board, or the Nominating and Corporate Governance Committee of the Board, and any waiver granted to an executive officer or director of the Company will be promptly disclosed to the public, to the extent required by law or the rules of any exchange on which the Company's securities are listed.

### 3.3 Family Members and Work

The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee's objectivity in making decisions on behalf of the Company. If a member of an employee's family is interested in doing business with the Company, the criteria as to whether to enter into or continue the business relationship, and the terms and conditions of the relationship, must be no less favorable to the Company compared with those that would apply to a non-relative seeking to do business with the Company under similar circumstances.

Employees should report any situation involving family members that could reasonably be expected to give rise to a conflict of interest to their supervisor or the Compliance Officer. For purposes of this Code, "family members" or "members of your family" include your spouse, brothers, sisters and parents, in-laws and children.

## 4. GIFTS AND ENTERTAINMENT

The giving and receiving of gifts is common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should never compromise, or appear to compromise, your ability to make objective and fair business decisions.

It is the responsibility of employees to use good judgment in this area. As a general rule, employees may give or receive gifts or entertainment to or from customers or suppliers only if the gift or

entertainment could not be viewed as an inducement to any particular business decision. All gifts and entertainment expenses made on behalf of the Company must be properly accounted for on expense reports, and all gift and entertainment expenses exceeding RMB1,000 made on behalf of the Company must be approved by the head of the relevant department of the Company.

Employees may only accept appropriate gifts. We encourage employees to submit gifts received to the Company. While it is not mandatory to submit small gifts, gifts of over RMB200 must be submitted immediately to the administration department of the Company.

The Company's business conduct is founded on the principle of "fair transaction." Therefore, no employee may give or receive kickbacks, bribe others, or secretly give or receive commissions or any other personal benefits.

## 5. ANTI-BRIBERY AND ANTI-CORRUPTION MATTERS

The Company expects all directors, officers and employees to (i) adhere to the Anti-bribery Laws; (ii) engage only in legitimate business and ethical practice in commercial operations and in relation to Government Authorities and Government Officials; (iii) not to pay, offer, promise or authorize directly or indirectly, a Prohibited Payment or engaged in any Prohibited Conduct when perform his or her obligations.

The following terms used in the paragraph above have the meanings set forth below:

Anti-bribery Laws means all applicable laws, regulations, statutes, orders, ordinances, codes, rules, standards, decrees, notices and binding judicial interpretations related to bribery and/or corruption (including without limitation commercial bribery), and for the avoidance of doubt, including without limitation the United States Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010, the Chinese Criminal Law, Anti-unfair Competition Law, Public Servants Law, the Interim Provisions on the Prohibition of Commercial Bribery and other related laws and regulations.

Government Authority means any (i) national, state, regional, provincial, municipal or local government; (ii) subdivision, department, regulatory authority, administrative agency or commission or other authority of any such entity or any instrumentality of any such entity; (iii) court or arbitral authority; (iv) state-owned, state-controlled, or state-operated entity or enterprise; (v) public international organization (such as the World Bank, United Nations, World Trade Organization, etc.); or (vi) quasi-governmental body, exercising or entitled to exercise, any administrative, executive, judicial, investigative, legislative, police, regulatory, supervisory, taxing, importing or other governmental, quasi-governmental, judicial or quasi-judicial authority or power of any nature and having jurisdiction over, or any other relevant authority which regulates in any way, the Company, any of the parties to the agreements to which the Company is a party, any other matter relevant to the agreements to which the Company is a party or the transactions contemplated thereby.

Government Official means any official, employee or representative of, or any other person acting for or on behalf of (i) any Government Authority; (ii) any commercial entity in which a Government Authority has an ownership interest or exerts control over such entity; or (iii) any political party or party official or political candidate.

Prohibited Conduct means to, directly or indirectly, (i) use any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) offer, make or agree to make, any payment, contribution, gift or other inducement to any Government Official or Government Authority where either the contribution, payment or gift or the purpose thereof was or is in violation of any Anti-Bribery Laws; or (iii) make or deliver (or accept or receive) any bribe, fee, commission, rebate, payoff, influence payment, kickback or any other sum of money or item of property, however characterized, to or from any intermediary, customer, Government Official or Government

Authority in the PRC or any other jurisdiction where either the contribution, payment or gift or the purpose thereof was in violation of any Anti-Bribery Laws.

Prohibited Payment means money or anything of value or promise of anything of value, including any favor, gift, stored-value card, offer, fee, sample, travel expense, entertainment, service, equipment, loan, debt forgiveness, donation, grant or other payment or support in cash or in kind, however characterized, made for the purpose of influencing any act or decision of a Government Official or the relevant Government Authority to obtain or retain business, obtain or renew a license, permit, approval, consent or authorization, or to direct business to any person; provided that, a

Prohibited Payment does not include (i) any payment of reasonable and bona fide expenditures, such as travel and lodging expenses, that are directly related to the promotion, demonstration or explanation of products or services, or the execution or performance of a contract with a Government Authority, or (ii) any conduct that is expressly permitted under applicable law.

Certain small facilitation payments to Government Officials may be permissible if intended to secure routine governmental action. Governmental action is “routine” if it is ordinarily and commonly performed by a low-level government official and does not involve the exercise of discretion. For instance, “routine” functions would include setting up a telephone line or expediting a shipment through customs. To ensure legal compliance, all facilitation payments or other payments of any travel or lodging expenses or similar expenses to any Governmental Official or Governmental Authority must receive prior written approval from the Compliance Officer and must be clearly and accurately reported as a business expense.

## 6. FAIR DEALING

The Company strives to compete and to succeed through superior performance and products and without the use of unethical or illegal practices. Accordingly, the Company’s employees should respect the rights of, and should deal fairly with, the Company’s customers, suppliers, competitors and employees and should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information or any material misrepresentation. For example, an individual should not:

- (i) give or receive kickbacks, bribe others, or secretly give or receive commissions or any other personal benefits;
- (ii) spread rumors about competitors, customers or suppliers that the individual knows to be false;
- (iii) intentionally misrepresent the nature of quality of the Company’s products; or
- (iv) otherwise seek to advance the Company’s interests by taking unfair advantage of anyone through unfair dealing practices, including engaging in unfair practices through a third party.

## 7. PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company’s assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company’s profitability. The use of the funds or assets of the Company, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company’s assets, each employee should:

- (i) exercise reasonable care to prevent theft, damage or misuse of Company property;
- (ii) promptly report the actual or suspected theft, damage or misuse of Company property;
- (iii) safeguard all electronic programs, data, communications and written materials from inadvertent access by others; and
- (iv) use Company property only for legitimate business purposes.

## 8. ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS

Upon the completion of the Company's initial public offering, the Company will be a public company which is required to report its financial results and other material information about its business to the public and the SEC. It is the Company's policy to promptly disclose accurate and complete information regarding its business, financial condition and results of operations. Employees must strictly comply with all applicable standards, laws, regulations and policies for accounting and financial reporting of transactions, estimates and forecasts. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Employees should be on guard for, and promptly report, any possibility of inaccurate or incomplete financial reporting. Particular attention should be paid to:

- (i) financial results that seem inconsistent with the performance of the underlying business;
- (ii) transactions that do not seem to have an obvious business purpose; and
- (iii) requests to circumvent ordinary review and approval procedures.

The Company's senior financial officers and other executive officers and employees working in the finance and accounting department have a special responsibility to ensure that all of the Company's financial disclosures are full, fair, accurate, timely and understandable. The Company's senior financial officers and chief executive officer must familiarize himself or herself with the disclosure requirements applicable to the Company and its disclosure controls and procedures and must ensure the Company complies with its timely disclosure obligations under applicable laws or the rules of any exchange on which the Company's securities are listed. Any practice or situation that might undermine this objective should be reported to the Compliance Officer.

The Company's senior financial officers and other executive officers must not knowingly misrepresent or cause others to misrepresent, facts about the Company to others, including to the Company's directors and auditors and to governmental regulators and self-regulatory organizations.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading. Prohibited actions include but are not limited to those actions taken to coerce, manipulate, mislead or fraudulently influence an auditor:

- (i) to issue or reissue a report on the Company's financial statements that is not warranted in the circumstances (due to material violations of U.S. GAAP, generally accepted auditing standards or other professional or regulatory standards);
- (ii) not to perform audit, review or other procedures required by generally accepted auditing standards or other professional standards;
- (iii) not to withdraw an issued report; or
- (iv) not to communicate matters to the Company's audit committee of the Board.

Employees with information relating to questionable accounting or auditing matters may also confidentially, and anonymously if they desire, submit the information in writing to the Company's audit committee of the Board.

## 9. COMPANY RECORDS

Accurate and reliable records are crucial to the Company's business and form the basis of its earnings statements, financial reports and other disclosures to the public. The Company's records are the source of essential data that guides business decision-making and strategic planning. Company records include, but are not limited to, business operating data and information, payroll, timecards,

travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

All Company records must be complete, accurate and reliable in all material respects. There is never an acceptable reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. You are responsible for understanding and complying with the Company's record keeping policy. Contact the Compliance Officer if you have any questions regarding the record keeping policy.

## 10. COMPLIANCE WITH LAWS AND REGULATIONS; INSIDER TRADING

It is the responsibility of each executive officer to promote adherence with the standards and restrictions imposed by all applicable laws, rules and regulations. Each employee has an obligation to comply with the laws of the cities, provinces, regions and countries in which the Company operates. This includes, without limitation, laws covering commercial bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, offering or receiving gratuities, employment harassment, environmental protection, occupational health and safety, false or misleading financial information, misuse of corporate assets or foreign currency exchange activities. Employees are expected to understand and comply with all laws, rules and regulations that apply to your position at the Company. If any doubt exists about whether a course of action is lawful, you should seek advice immediately from the Compliance Officer.

Employees are prohibited from trading securities while in possession of material nonpublic information, whether of the Company or other companies. "Material nonpublic" information includes any information, positive or negative, that has not yet been made available or disclosed to the public and that might be of significance to an investor, as part of the total mix of information, in deciding whether to buy or sell stock or other securities. Employees must comply with any insider trading policy implemented by the Company.

Such insiders also are prohibited from giving "tips" on material nonpublic information, that is, directly or indirectly disclosing such information to any other person, including family members, other relatives and friends, so that they may trade in our stock or other securities.

## 11. CONFIDENTIALITY

An Employee must maintain the confidentiality of all information entrusted to him or her by the Company, its suppliers, its customers and other individuals or entities related to the Company's business. Confidential information includes any nonpublic information that if disclosed might be useful to the Company's competitors or harmful to the Company, or its customers or suppliers. Confidential information includes, among other things, the Company's customer lists and details, new product plans, new marketing platforms or strategies, computer software, trade secrets, research and development findings, manufacturing processes, or the Company's acquisition or sale prospects. Employees in possession of confidential information must take steps to secure such information. Employees must take steps to ensure that only other Employees who have a "need to know" the confidential information in order to do their job can access it, and to avoid discussion or disclosure of confidential information in public areas (for example, in elevators, on public transportation, and on cellular phones). An Employee may only disclose confidential information when disclosure is authorized by the Company or legally required.

Upon termination of employment, or at such other time as the Company may request, each Employee must return to the Company any medium containing confidential information, and may not retain duplicates. An Employee has an ongoing obligation to preserve confidential information, even after his or her termination of employment with the Company, until such time as the Company discloses such information publicly or the information otherwise becomes available to the public through no fault of the Employee.

## 12. WORKPLACE ENVIRONMENT

### 12.1 Discrimination and Harassment

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, ethnicity, religion, gender, age, national origin or any other protected class. For further information, you should consult the Compliance Officer.

### 12.2 Health and Safety

The Company is committed to providing employees with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for other employees by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted

Each employee is expected to perform his or her duty to the Company in a safe manner, free of the influences of alcohol, illegal drugs or other controlled substances. The use of illegal drugs or other controlled substances in the workplace is prohibited.

## 13. WAIVERS OF THE CODE

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers of this Code may be made only by the Board, or the Nominating and Corporate Governance Committee of the Board, and any waiver granted to an executive officer or director of the Company will be promptly disclosed to the public, to the extent required by law or the rules of any exchange on which the Company's securities are listed.

## 14. CONCLUSION

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact the Compliance Officer. We expect all employees to adhere to these standards. Each employee is separately responsible for his or her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by a supervisor or someone in higher management. If you engage in conduct prohibited by the law or this Code, you will be deemed to have acted outside the scope of your employment. Such conduct will subject you to disciplinary action, including termination of employment.

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**CERTIFICATION OF COMPLIANCE**

TO: Compliance Officer

FROM: \_\_\_\_\_

RE: Code of Business Conduct and Ethics of Xinyuan Real Estate Co., Ltd.

I have received, reviewed, and understand the above-referenced Code of Business Conduct and Ethics (the "Code") and hereby undertake, as a condition to my present and continued employment at or association with Xinyuan Real Estate Co., Ltd. and/or any of its affiliated entities (collectively, the "Company"), to comply fully with the Code.

I hereby certify that I have adhered to the Code during the time period that I have been associated with the Company.

I agree to adhere to the Code in the future.

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Date: