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XINYUAN REAL ESTATE

Xinyuan Real Estate Co., Ltd.
(NYSE: XIN)



First Quarter 2008

Earnings Conference Call

Safe Harbor



This presentation may contain forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Statements that are not historical facts, including statements concerning our beliefs, forecasts, estimates and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that we may be unable to complete our property developments on time or at all; the risk that our results of operations may fluctuate from period to period; the risk that the PRC government may adopt further measures to curtail the overheating property sector; the risk that we face intense competition from other real estate developers; the risk that PRC economic, political and social conditions as well as government policies can affect our business and other risks outlined in our public filings with the Securities and Exchange Commission, including our registration statement on Form F-1, as amended.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our future business development, results of operations and financial condition;
- our expectations with respect to our ability to acquire adequate suitable land use rights for future development;
- our ability to continue to implement our business model successfully;
- our ability to secure adequate financing for our project development;
- our ability to successfully sell or complete our property projects under construction and planning;
- our ability to maintain strict cost control;
- our ability to obtain permits and licenses to carry on our business;
- competition from other real estate developers;
- our belief with respect to market opportunities in, and growth prospects of, Tier II cities in China;
- the expected growth of the real estate industry in China, particularly Tier II cities;
- fluctuations in general economic and business conditions in China.

The forward-looking statements made in this presentation relate only to events or information as of the date on which the statements are made in this presentation. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Conference Call Overview



Agenda

I. First Quarter 2008 Industry & Business Highlights

By Mr. Yong Zhang Chairman & Chief Executive Officer

II. First Quarter 2008 Financial Highlights

By Mr. Longgen Zhang Chief Financial Officer

III. Q & A Session

By Mr. Yong Zhang Chairman & Chief Executive Officer & Mr. Longgen Zhang Chief Financial Officer

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III. **Q & A Session**

*By Mr. Yong Zhang Chairman & Chief Executive Officer &
Mr. Longgen Zhang Chief Financial Officer*

First Quarter 2008 Highlights



Strong growth in revenue & net income

- Q1'08 total revenues were \$125.1 million / up 447.0% year-over-year
- Q1'08 net income was \$33.0 million / up 379.9% year-over-year
- Q1'08 diluted EPS was \$0.13 / diluted earnings per ADS was \$0.26
- Successfully executed our expansion plan into Tier II cities outside Zengzhou
- Sales in Suzhou, Jinan & Hefei accounted for over 90% of Q1 revenue

First quarter 2008 project & development highlights

- Launched Suzhou International City Garden – 1,678 units / total developable GFA over 200,000m²
- Completed total GFA of approximately 115,000m² at Jinan Elegant Scenery & Suzhou Lake Splendid projects
- Success in Q1 was due to concentrated efforts on strengthening local subsidiaries and increased understanding of local markets

Current business climate

- Effects of new policy tightening measures more pronounced in Tier I cities
- New laws influencing buyer demand and the availability of credit
- Xinyuan's unique asset- light business model is an advantage over peers with large land bank reserves
- Despite new regulations, long-term growth in Tier II cities remains secure

Xinyuan's business model

- High asset turnover, efficient working capital & strict cost control
- Acquire unencumbered land use rights through public auction
- Commence development as soon as possible
- Target self-use, middle income consumer in tier 2 cities



New regulations in China

- Larger down payments needed to purchase 2nd homes
- Tightening supply of credit
- Enforcing land appreciation tax
- Authority to reclaim idle land

Projects Overview

Projects

- 8 projects covering a total developable GFA of over 1,200,000m² under construction
- Additional 5 projects covering a total developable GFA of over 1,200,000m² under planning
- 14 projects completed since 1997
- Sales from developments in Suzhou, Jinan & Hefei accounted for over 90% of Q1 revenue

Land bank strategy

- No new land acquisitions made during Q1 due to market uncertainty
- Review of land acquisition strategy will take place by the end of June
- Current land bank can sustain 1.5 – 2 years of future development



Tier II Cities

- 35 Tier II cities with a combined population over 215 million people*
- Increasing urbanization, high economic growth and growing disposable income
- Sustainable land supply for future developments
- Tier II cities: 16.4% of China's population and 30.4% of total nominal GDP*
- Tier I cities: 2.7% of China's population and 14.3% of total nominal GDP*
- Tier II cities less affected by new tightening policies compared with Tier I cities

Geographic Coverage



- **Xinyuan's present markets**
6 strategically selected Tier II cities with a combined population of more than 34.5 million people*
- **New markets targeted for expansion**
8 Tier II cities with strong demand for high quality, affordable housing

* Source: China Statistical Yearbook 2006 Edition

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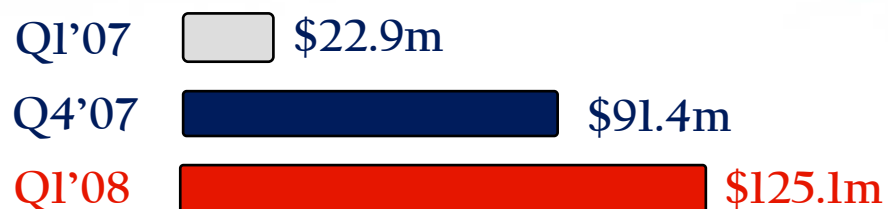
III. **Q & A Session**

*By Mr. Yong Zhang Chairman & Chief Executive Officer &
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First Quarter 2008 Financial Highlights

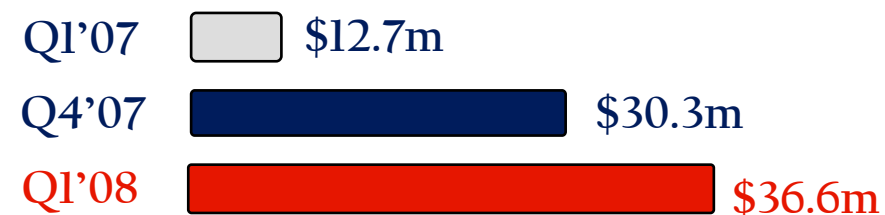


Total revenues*



Significant revenue from Jinan International City Garden, Suzhou Lake Splendid and Suzhou Colorful Garden projects

Gross profit*



Gross margin as a percentage decreased in Q1'08 partly due to favorable adjustments recognized in Q4'07

Net income*



Basic and diluted EPS was \$0.22 / \$0.13, Basic and diluted earnings per ADS was \$0.44 / \$0.26

Other highlights

- Q1'08 gross margin was 29.2%
- SG&A expenses in Q1'08 decreased sequentially to \$10.9 million
- Q1'08 operating margin was 20.5%

* Source: Company data as of 31st March, 2008

Outlook for 2008

- Prices are expected to remain stable in Tier II cities
- Xinyuan's healthy balance sheet and cash flow position will provide further growth opportunities
- Expected total revenues for 2008 to be in the range of \$550 million to \$630 million, representing year-over-year growth of 77% to 103%
- 2008 net income is anticipated to be between \$60 million and \$70 million, representing year-over-year growth of approximately 31% to 53% respectively



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Consolidated Financial Statements



XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(All US\$ amounts and number of shares data in thousands, except per share data)

	3.31.2007	12.31.2007	3.31.2008
Revenue	\$22,877	\$91,425	\$125,137
Cost of revenue	<u>(10,226)</u>	<u>(61,145)</u>	<u>(88,582)</u>
Gross profit	12,651	30,280	36,555
Selling and distribution expenses	(1,018)	(4,558)	(1,853)
General and administrative expenses	<u>(1,893)</u>	<u>(9,340)</u>	<u>(9,016)</u>
Operating income	9,740	16,382	25,686
Interest income	165	681	1,041
Interest expense	(174)	(1,765)	(3)
Share of income in an equity investee	-	2,867	3,585
Exchange gains	-	1,561	2,232
Change in fair value of warrant liabilities	<u>476</u>	<u>(2,416)</u>	<u>11,296</u>
Income from operations before income taxes	10,207	17,310	43,837
Income taxes	<u>(3,340)</u>	<u>(9,131)</u>	<u>(10,885)</u>
Net Income	6,867	8,179	32,952
Accretion of Series A convertible preference shares	(722)	(572)	-
Deemed dividend ⁽²⁾	<u>-</u>	<u>(182,229)</u>	<u>-</u>
Net income attributable to ordinary shareholders	<u>\$6,145</u>	<u>\$(174,622)</u>	<u>\$32,952</u>

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(All US\$ amounts and number of shares data in thousands, except per share data)

	3.31.2007	12.31.2007	3.31.2008
Earnings (loss) per share:			
Basic	0.08	(1.51)	0.22
Diluted ⁽³⁾	0.08	(1.51)	0.13
Shares used in computation:			
Basic	75,704	115,361	148,398
Diluted	76,190	115,361	161,373

Contacts:

In China:

Ms. Lisa Wang

Director of Investor Relations

General Manager of Strategy, Investment and
Financing Department

Xinyuan Real Estate Co., Ltd.

Tel: +86 (10) 6598-1626

Email: lisa.wang@xyre.com

Mr. Derek Mitchell

Ogilvy Public Relations Worldwide (Beijing)

Tel: +86 (10) 8520-6284

Email: derek.mitchell@ogilvy.com

In the United States:

Mr. Jeremy Bridgman

Ogilvy Public Relations Worldwide (New York)

Tel: +1 (212) 880-5363

Email: jeremy.bridgman@ogilvypr.com

Thank you!

