



鑫苑置業

XINYUAN REAL ESTATE

Xinyuan Real Estate Co., Ltd.

(NYSE: XIN)



Second 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 20-F, 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.

Agenda

I. Second Quarter 2008 Business Highlights & Market Update

By Mr. Yong Zhang Chairman & Chief Executive Officer

II. Second Quarter 2008 Financial Results & Business Update

By Mr. Frank Ng Chief Financial Officer

III. Q & A Session

By Mr. Yong Zhang Chairman & Chief Executive Officer & Mr. Frank Ng Chief Financial Officer

I. Second Quarter 2008 Business Highlights & Market Update

By Mr. Yong Zhang Chairman & Chief Executive Officer

II. Second Quarter 2008 Financial Results & Business Update

By Mr. Frank Ng Chief Financial Officer

III. Q & A Session

By Mr. Yong Zhang Chairman & Chief Executive Officer & Mr. Frank Ng Chief Financial Officer

Market Update

A solid first half of 2008 despite a challenging second quarter

- Tightened credit supply, Sichuan earthquake, slowing buyer demand resulting in overall market weakness
- Downturn more prominent than expected
- Consumers taking a wait-and-see attitude to purchasing
- 1H2008 selling prices remained stable but sales volumes were down by 20 - 30% YoY
- 1H2008 revenue growth was 117% YoY
- Net income growth was 115% - stronger than many peers

Outlook for the last four months of 2008 and beyond

- September thru December is sales high-season in China
- CPI improvements should lead to easing of monetary and fiscal policy later in 2008 and 2009
- Signs of dramatic improvement may take some time
- Long-term outlook still positive

Market Update

Land bank situation

- Fewer participants present at land auctions as developers wait to see if land will become cheaper

Xinyuan's land acquisition strategy

- Maintain a very cautious approach to land acquisition
- No immediate plan to purchase land
- Continue to carefully analyze land markets across our six cities
- Good cash position and strong balance sheet allows flexibility to purchase land and use rapid asset turnover business model to generate early cash flows

Focus

- Maintain strong balance sheet, improve execution capacity and corporate governance
- Strengthen local sales teams, streamline business practices



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 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

I. **Second Quarter 2008 Business Highlights & Market Update**

By Mr. Yong Zhang Chairman & Chief Executive Officer

II. **Second Quarter 2008 Financial Results & Business Update**

By Mr. Frank Ng Chief Financial Officer

III. **Q & A Session**

By Mr. Yong Zhang Chairman & Chief Executive Officer & Mr. Frank Ng Chief Financial Officer

Challenging quarter due to weaker market conditions

Total revenues*

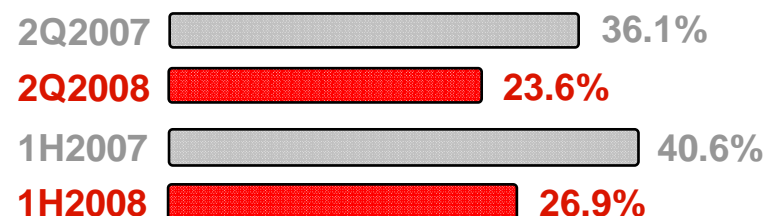


- 1H2008 revenues increased due to a 52% increase in GFA and 31% increase in ASP over 1H2007
- Sequential decrease in revenues mainly due to a 37% decrease in GFA recognized during Q2
- Sequential decrease in revenue offset by a 9% QoQ increase in ASP's to RMB6,300 p/sqm

* Source: Company data as of 30th June, 2008

Challenging quarter due to weaker market conditions

Gross margin percentage*



Gross Profit*



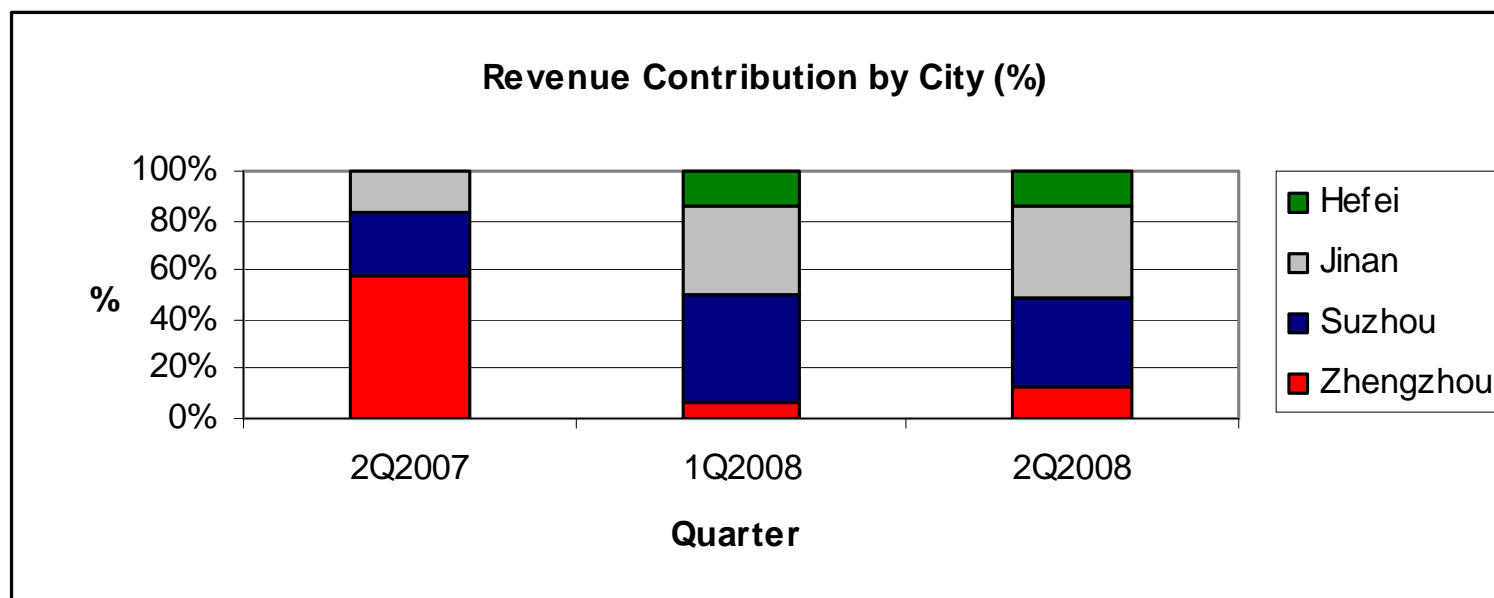
- SG&A expenses increased sequentially to US\$12.4 million in 2Q2008
- QoQ and YoY decreases in gross margin mainly due to higher land acquisition costs
- Operating margin for 2Q2008 was 9.4% compared to 20.5% in 1Q2008 and 29.3% in 2Q2007 due to reduced project margins and increases in SG&A
- Net income in 2Q2008 was US\$13.2m compared to US\$14.6m in 2Q2007

* Source: Company data as of 30th June, 2008

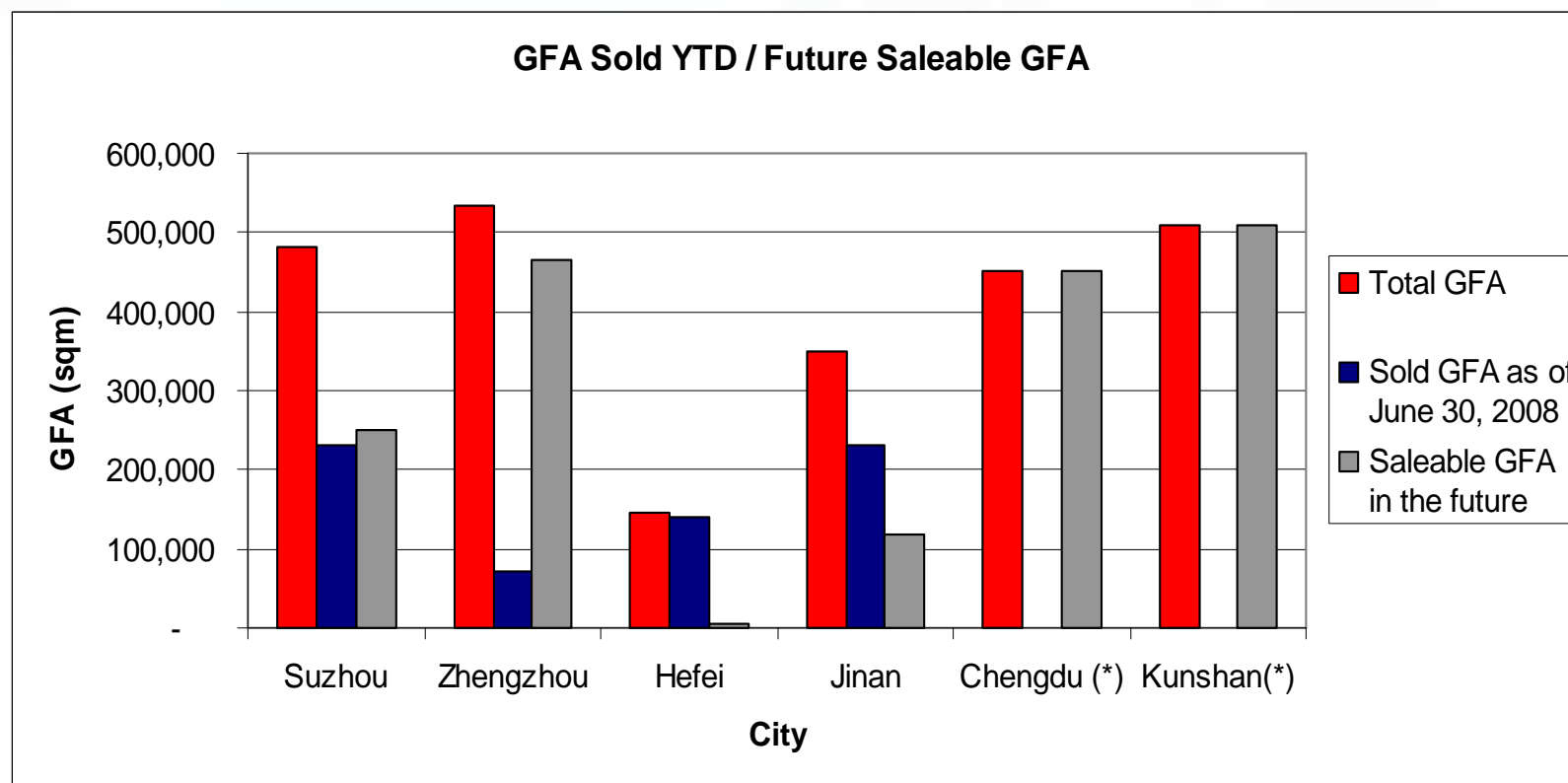
Consolidated Financial Statements



	Three months ended 6/30/2007	Three months ended 6/30/2008	Six months ended 6/30/2007	Six months ended 6/30/2008
Total revenue (US\$000)	74,828	87,723	97,705	212,860
Net income (US\$000)	14,568	13,172	21,435	46,124
Diluted earnings per share (US\$)	0.12	0.08	0.18	0.22



Consolidated Financial Statements



* The Company targets to launch the pre-sales of projects in these cities in the second half of 2008

Outlook for 2008

- Expected total revenues for 2008 to be in the range of US\$450m to US\$520m, representing year- over-year growth of 45% to 68%
- Bottom line guidance will remain unchanged / net income estimated to be in the range of US\$60m – US\$70m, representing year-over-year growth of approximately 31% to 53% respectively



Second Quarter 2008 Highlights



Second quarter 2008 project & development highlights

- Launched Zhengzhou Xinyuan Colorful Garden – total developable GFA almost 190,000m²
- Completed approximately 53,000m² of construction on Suzhou Lake Splendid project (total GFA 195,419sqm)
- Utilizing unique business model, strong balance sheet and prudent financial management



Zhengzhou Xinyuan Colorful Garden

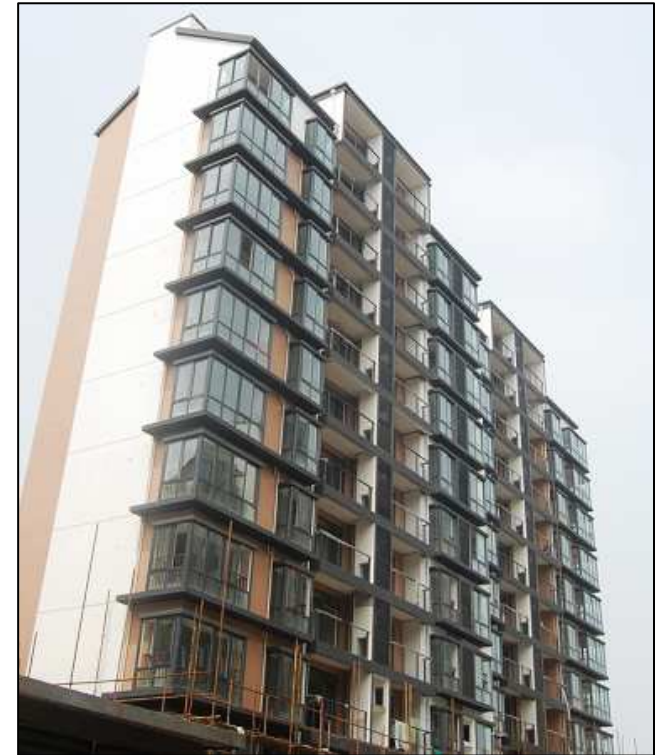
GFA: 189,198sqm

Number of units 2,228

Second Quarter 2008 Highlights



Second quarter 2008 project & development highlights



Suzhou International City Garden

GFA: 204,992sqm

Number of units: 2,462

Second Quarter 2008 Highlights



Second quarter 2008 project & development highlights

- Expect to launch new projects in Chengdu and Kunshan in September



Chengdu Xinyuan Splendid I

GFA: 230,893sqm

Number of units: 4,069



Kunshan International City Garden

GFA: 509,851

Number of units: 5,103

I. **Second Quarter 2008 Business Highlights & Market Update**

By Mr. Yong Zhang Chairman & Chief Executive Officer

II. **Second Quarter 2008 Financial Results & Business Update**

By Mr. Frank Ng Chief Financial Officer

III. **Q & A Session**

By Mr. Yong Zhang Chairman & Chief Executive Officer & Mr. Frank Ng Chief Financial Officer

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)

	Three months ended		
	June 30, 2007	March 31, 2008	June 30, 2008
Revenue	\$74,828	\$125,137	\$87,723
Cost of revenue	-47,833	-88,582	-66,997
Gross profit	26,995	36,555	20,726
Selling and distribution expenses	-2,173	-1,853	-4,153
General and administrative expenses	-2,865	-9,016	-8,285
Operating income	21,957	25,686	8,288
Interest income	152	1,041	1,205
Interest expense	492	-3	3
Share of income in an equity investee	3,599	3,585	3,716
Exchange gains	724	2,232	1,522
Change in fair value of warrant liabilities	-4,822	11,296	2,776

Income from operations before			
income taxes	22,102	43,837	17,510
Income taxes	-7,534	-10,885	-4,338
Net Income	14,568	32,952	13,172
Accretion of Series A convertible preference shares	-723	-	-
Net income attributable to ordinary shareholders	<u>\$13,845</u>	<u>\$32,952</u>	<u>\$13,172</u>
Earnings (loss) per share:			
Basic	\$0.13	\$0.22	\$0.09
Diluted ⁽¹⁾	\$0.12	\$0.13	\$0.08
Shares used in computation:			
Basic	106,510	148,398	148,398
Diluted	115,749	161,373	160,467

- Note (1) Diluted Earnings per Share for the three months ended June 30, 2007, March 31, 2008 and June 30, 2008
- The diluted earnings per share for the three months ended June 30, 2007, March 31, 2008 and June 30, 2008 are calculated as follows:
- (All US\$ amounts and number of shares data in thousands, except per share data)

	Three Months Ended		
	30-Jun-07	31-Mar-08	30-Jun-08
Numerator:			
Net income	\$14,568	\$32,952	\$13,172
Change in fair value of warrant liabilities*	-723	-11,296	-
Net income attributable to ordinary shareholders – diluted	13,845	21,656	13,172
Denominator:			
Number of shares outstanding - basic	106,510	148,398	148,398
Incremental shares as if warrants were exercised at beginning of period*	-	61	-
Convertible subordinated notes	8,317	9,597	9,597
Incremental shares of Burnham warrant	922	-	-
Stock options	-	3,317	2,472
Number of shares outstanding - diluted	115,749	161,373	160,467
Diluted earnings per share	\$0.12	\$0.13	\$0.08

* The Company assumes the warrants embedded in the floating rate notes to be exercised on January 1, 2008. This would have caused the Company not to recognize the US\$11.3 million gain arising from the change in fair value of the warrants because there would be no change in the fair value of the warrants during the three months ended March 31, 2008 if they were exercised on January 1, 2008. For the three months ended June 30, 2007 and 2008, the potential dilutive effects of the warrants were excluded from the computation of diluted earning per share because their effects were anti-dilutive.

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)

	Six months ended	
	June 30, 2007	June 30, 2008
Revenue	\$97,705	\$212,860
Cost of revenue	-58,059	-155,579
Gross profit	39,646	57,281
Selling and distribution expenses	-3,191	-6,006
General and administrative expenses	-4,758	-17,301
Operating income	31,697	33,974
Interest income	317	2,246
Interest expense	318	-
Share of income in an equity investee	3,599	7,301
Exchange gains	724	3,754
Change in fair value of warrant liabilities	-4,346	14,072
Income from operations before income taxes	32,309	61,347
Income taxes	-10,874	-15,223
Net Income	21,435	46,124
Accretion of Series A convertible preference shares	-1,445	-
Net income attributable to ordinary shareholders	\$19,990	\$46,124
Earnings (loss) per share:		
Basic	0.19	0.31
Diluted	0.18	0.22
Shares used in computation:		
Basic	106,510	148,398
Diluted	111,372	160,920

XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS DATA
 (U.S. Dollars in thousands)

	Audited	Unaudited
	December 31, 2007	June 30, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$309,315	\$120,126
Restricted cash	48,267	72,868
Accounts receivable	257	2,172
Other receivables	4,750	1,695
Other deposits and prepayments	12,864	21,799
Advances to suppliers	3,052	12,164
Real estate property development completed	4,917	279
Real estate property under development	379,142	678,096
Other current assets	7,782	2,432
Total current assets	770,346	911,631
Real estate property under development	9,738	-
Real estate properties held for lease, net	6,811	12,865
Property and equipment, net	4,649	4,892
Other long-term investment	242	242
Interests in an equity investee	9,344	17,558
Other assets	6,065	5,991
TOTAL ASSETS	\$807,195	\$953,179

	Audited	Unaudited
	December 31, 2007	June 30, 2008
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$45,490	\$62,987
Short-term bank loans	49,284	77,235
Customer deposits	25,261	35,019
Income tax payable	5,406	7,668
Deferred tax liabilities	7,532	14,009
Other payables and accrued liabilities	18,296	20,070
Payroll and welfare payable	3,105	1,599
Total current liabilities	154,374	218,587
Long-term bank loans	137,858	154,647
Warrant liabilities	16,592	2,520
Deferred tax liabilities	4,776	6,012
Unrecognized tax benefits	11,925	12,699
Other long-term debt	91,771	93,220
Total liabilities	417,296	487,685
Shareholders' equity		
Common shares	15	15
Additional paid-in capital	490,361	496,182
Statutory reserves	12,145	12,145
Accumulated deficit(2)	(123,704)	(77,579)
Accumulated other comprehensive earnings	11,082	34,731
Total shareholders' equity	389,899	465,494
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$807,195	\$953,179

Note (2) On November 13, 2007, the holders of the Company's Series A convertible preference shares agreed to waive the contingent conversion option contained in the shares. The modification was deemed to be substantive and was treated for accounting purpose as an extinguishment of the Series A convertible preference shares. In connection with this, the Company recognized a dividend of approximately US\$182.2 million to the Series A convertible preference shareholders, representing the difference between the fair value of the convertible preference shares immediately after the modification and the carrying value of the preference shares immediately prior to the modification. This deemed dividend did not affect the Company's net income or cash flows. However, it reduced the net income attributable to ordinary shareholders and retained earnings for the year ended December 31, 2007 by the same amount.

XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
RECONCILIATION OF GAAP to NON-GAAP RESULTS
 (U.S. Dollar in thousands, except per share data)

Three months ended				
	30-Jun-08			Non-GAAP
	GAAP		Adjustments	Results
Gross profit	20,726			20,726
Operating expenses	12,438	(a)	-2,441	9,912
		(b)	-85	
Operating income	8,288	(a)	2,441	10,814
		(b)	85	
Net income	13,172	(a)	2,560	11,519
		(b)	85	
		(c)	-2,776	
		(e)	-1,522	

Three months ended				
	31-Mar-08			Non-GAAP
	GAAP		Adjustments	Results
Gross profit	36,555			36,555
Operating expenses	10,869	(a)	-3,175	7,609
		(b)	-85	
Operating income	25,686	(a)	3,175	28,946
		(b)	85	
Net income	32,952	(a)	3,344	22,853
		(b)	85	
		(c)	-11,296	
		(e)	-2,232	

- (a) To adjust stock-based compensation charges
- (b) To adjust amortization of property management rights
- (c) To adjust changes in fair value of derivative warrant liabilities
- (d) To adjust amortization of convertible debt issuance cost
- (e) To adjust unrealized exchange gain

Three months ended				
	30-Jun-07			Non-GAAP
	GAAP		Adjustments	Results
Gross profit	26,995			26,995
Operating expenses	5,038	(b)	-85	4,953
Operating income	21,957	(b)	85	22,042
Net income	14,568	(b)	85	19,122
		(c)	4,822	
		(d)	371	
		(e)	-724	

XINYUAN REAL ESTATE CO., LTD. AND ITS SUBSIDIARIES
RECONCILIATION OF GAAP to NON-GAAP RESULTS
 (U.S. Dollar in thousands, except per share data)

Six months ended					
	30-Jun-08				Non-GAAP
	GAAP		Adjustments		Results
Gross profit	57,281				57,281
Operating expenses	23,307	(a)	-5,616		17,521
		(b)	-170		
Operating income	33,974	(a)	5,616		39,760
		(b)	170		
Net income	46,124	(a)	5,904		34,372
		(b)	170		
		(c)	-14,072		
		(e)	-3,754		

Six months ended					
	30-Jun-07				Non-GAAP
	GAAP		Adjustments		Results
Gross profit	39,646			39,646	
Operating expenses	7,949	(b)	-170		7,779
Operating income	31,697	(b)	170		31,867
Net income	21,435	(b)	170		26,074
		(c)	4,822		
		(d)	371		
		(e)	-724		

- (a) To adjust stock-based compensation charges
- (b) To adjust amortization of property management rights
- (c) To adjust changes in fair value of derivative warrant liabilities
- (d) To adjust amortization of convertible debt issuance cost
- (e) To adjust unrealized exchange gain

Contacts:

In China:

Mr. Jacky Zhang

Deputy General Manager of Investor Relations

Xinyuan Real Estate Co., Ltd.

+86-10-8588-9262

Email: zhengang.zhang@xyre.com

Mr. Derek Mitchell

Ogilvy Financial, Beijing

Tel: +86 (10) 8520-6284

Email: derek.mitchell@ogilvy.com

In the United States:

Mr. Thomas Smith

Ogilvy Financial, New York

Tel: +1 (212) 880-5269

Email: thomas.smith@ogilvypr.com

Thank you!

