

**XINYUAN REAL ESTATE CO., LTD.**  
**AUDIT COMMITTEE CHARTER**

(as adopted in 2007)

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Xinyuan Real Estate Co., Ltd. (the “Company”) has the oversight responsibility, authority and duties described in this charter (the “Charter”).

**Organization**

This Charter governs the activities of the Committee. The initial members of the Committee shall be appointed by the Board and thereafter the Committee members shall be appointed annually by the Board upon the recommendation of the Nominating and Corporate Governance Committee and shall be comprised of at least three directors, each of whom shall meet the applicable independence and financial literacy requirements of the New York Stock Exchange and other applicable laws and regulations including the Sarbanes-Oxley Act of 2002. All members of the Committee must be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement, and the 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. At least one member of the Committee shall be an “audit committee financial expert” within the definition adopted by the Securities and Exchange Commission (the “SEC”).

The Board shall designate one member as Chair of the Committee. The Committee may, at its discretion in accordance with applicable law or regulation, delegate to one or more of its members the authority to act on behalf of the Committee. Committee members may be removed from the Committee, with or without cause, by the Board.

**Purpose**

The purpose of the Committee is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Committee’s oversight responsibilities relate to (1) the integrity of the Company’s financial statements and other financial information provided by the Company to its stockholders, (2) the Company’s compliance with legal and regulatory requirements, (3) the Company’s retention of its independent auditor, including oversight of the terms of its engagement and its performance, qualifications and independence and (4) the performance of the Company’s internal controls and disclosure controls. To the extent required by the SEC, the Committee shall prepare a report of the Committee to be included in the Company’s annual report. In addition, the Committee provides an avenue for communication among the independent auditor, financial management and the Board.

Notwithstanding the foregoing, the Committee's responsibilities are limited to oversight. Committee members are not full-time employees and are not performing the functions of management or auditors. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function and internal accounting controls. The independent auditor is responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and, when and to the extent required by the rules of the SEC, auditing annually management's assessment of the effectiveness of internal control over financial reporting. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the "internal auditor") and the Company's independent auditor) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

### **Meetings**

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Memorandum and Articles of Association that are applicable to the Committee.

The Committee shall hold meetings once every fiscal quarter, or more frequently if deemed necessary or desirable by the Chair. In addition, the Committee shall meet at least annually with the Company's Chief Financial Officer and the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed. The Committee may, at its discretion, request that any officer or employee of the Company, the Company's outside counsel or the Company's independent auditor attend a meeting of the Committee or meet with any members of, or consultants to, the Committee.

Meetings of the Committee may be called by the Chief Executive Officer of the Company, the Chair of the Committee or any other two or more members of the Committee.

## **Duties and Powers**

The following shall be the principal recurring functions of the Committee in carrying out its oversight responsibilities. In carrying out its responsibilities, the Audit Committee and its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

### Independent Auditor

1. Be directly responsible for the appointment, compensation and oversight of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing its audit of the Company and its subsidiaries for each fiscal year, and, to the extent required by the rules of the SEC, attestation services. Review the performance and audit fee arrangements of the independent auditor at least annually.
2. Review and provide prior approval of all audit and non-audit services to be provided by the independent auditor.
3. Ensure that the independent auditor prepare and deliver at least annually a formal written statement delineating all relationships between the independent auditor and the Company addressing at least the matters set forth in Independence Standards Board, Standard No. 1, Independence Discussions with Audit Committees, as amended.
4. Discuss with the independent auditor any disclosed relationships or services that may impact the quality of audit services or the objectivity and independence of the independent auditor and recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.
5. Obtain and review at least annually a report by the independent auditor describing: (a) the audit firm's internal quality-control procedures, (b) any issues material to the Company's audit raised (i) by the most recent internal quality-control review or peer review of the audit firm or (ii) by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by such independent auditor, and (c) any steps taken to deal with any such issues.
6. Obtain from the independent auditor assurance that its audit of the Company's financial statements was conducted in accordance with auditing standards generally accepted in the United States.
7. Discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit

engagement team partner and consider whether there should be a regular rotation of the audit firm itself.

8. Confirm that the Company's independent auditor has complied with any applicable rotation requirements for the lead audit partner and any reviewing audit partner with responsibility for the Company's audit.
9. When and to the extent required by the rules of the SEC, obtain and review an attestation to and a report from the Company's independent auditor regarding management's assessment of the effectiveness of the Company's internal control over financial reporting to be included in the Company's Annual Report on Form 20-F, in advance of such filing.
10. Review all reports required to be submitted by the independent auditor to the Audit Committee pursuant to the Securities Exchange Act of 1934, as amended, including (a) a report of all critical accounting policies and practices to be used; (b) a report of all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; (c) a report of other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences; and (d) a description of any illegal acts that have been detected or have otherwise come to the attention of the independent auditor in the course of its audit.
11. Establish a policy addressing the Company's hiring of employees and former employees of the independent auditor.

#### Financial Statements, Controls and Reports

12. Consider and approve, if appropriate, any significant proposed or contemplated changes to the Company's accounting principles and financial disclosure policies as suggested by the independent auditor, management or the internal auditor (including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof); review with the independent auditor, management and the internal auditor, at appropriate intervals, the extent to which any changes or improvements in accounting or financial disclosure practices, as approved by the Audit Committee, have been implemented.
13. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as then in effect.

14. Periodically discuss with the independent auditor, without management being present, (a) its judgments about the quality, appropriateness and acceptability of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, and (b) the completeness and accuracy of the Company's financial statements.
15. Review the Company's Annual Report on Form 20-F in advance of the filing of such report.
16. Discuss with management, the internal auditor and the independent auditor the Company's annual audited financial statements including the Company's disclosures under "Operating and Financial Review and Prospects" in Form 20-F, including the disclosures regarding liquidity and capital resources and operating results.
17. Review the Company's annual consolidated financial statements with management and the independent auditor prior to the first public release of the Company's financial results for such year and review any "pro forma" or "adjusted" non-GAAP information included in such release.
18. Review the Company's earning reports and any press releases related to reporting earnings, and guidance from the Company to analysts and rating agencies.
19. Meet periodically with management and/or the independent auditor to:
  - Review the annual audit plans of the independent auditor;
  - Discuss any significant matters arising from any audit or report or communication relating to the consolidated financial statements, including any material audit problems, disagreements or difficulties and responses by management;
  - Review with the independent auditor any audit problems or difficulties and management's response to such audit problems or difficulties;
  - Understand the significant judgments made and alternatives considered in the Company's financial reporting, including the appropriateness of the alternatives ultimately chosen; and
  - Discuss policies with respect to significant risks and exposures, if any, and the steps taken to assess, monitor and manage such risks.
20. Based upon discussion with the independent auditor, review the internal audit

function of the Company, including the independence and line of authority for its reporting obligations, the scope and plan of the proposed audit for the succeeding fiscal year, the coordination of such plans with the independent auditor and appropriate staffing levels.

21. In connection with the independent auditor and internal auditor, review the adequacy of the Company's internal controls structure and procedures designed to ensure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the internal auditor.
22. Inquire of management, the internal auditor and the independent auditor about significant risks or exposures and assess the steps management has taken to minimum such risks to the Company.
23. Receive a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations of any deviation from the original plan.
24. To the extent required by the rules of the SEC, review and discuss with management the annual report on internal control over financial reporting included in the Company's Annual Report on Form 20-F.
25. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's Annual Report on Form 20-F concerning any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
26. Review with the Company's external counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

#### Reporting and Recommendations

27. Determine, based on the reviews and discussions noted above, whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 20-F for filing with the SEC.
28. Prepare any report of the Committee, including any recommendation of the Committee, required by the rules of the SEC or any exchange on which the Company's securities are listed to be included in any annual report or for any annual or other meeting of stockholders.

29. Maintain minutes or other records of meetings and activities of the Committee.
30. Report the Committee's activities to the Board on a regular basis (in no event less than once a year) and make such recommendations with respect to such activities as the Committee or the Board may deem necessary or appropriate.

#### Other Responsibilities

31. Establish and maintain procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
32. Discuss with management and/or the independent auditor, as appropriate, any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process, accounting policies or internal audit function.
33. Review and provide prior approval of all transactions or arrangements required to be disclosed pursuant to Regulation S-K Item 404, between the Company and any of its directors, officers, principal stockholders or any of their respective affiliates, associates or related parties.
34. Request assurances from management and the Company's internal auditor that the Company's foreign subsidiaries and foreign affiliated entities, if any, are in conformity with applicable legal requirements, including disclosure of affiliated party transactions.
35. Review and monitor, as appropriate, significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax, such as the SEC, the State Administration of Taxation of the People's Republic of China and the Internal Revenue Service of the United States.
36. Consider any evidence of a material violation of securities law or breach of fiduciary duty or similar violation by the Company or any agent of the Company reported to the Committee by any attorney employed by or performing legal services for the Company.
37. Take such other actions as the Committee or the Board may deem necessary or appropriate.
38. Review the Committee's performance of all of its duties on at least an annual

basis.

### **Resources and Authority**

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special counsel, independent auditor or other experts, as it deems necessary or appropriate, without seeking the approval of the Board or management.

The Committee shall have appropriate funding as determined by the Committee, in its capacity as a committee of the Board, for payment of:

1. compensation to the independent auditor and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. compensation of any advisers employed by the Committee; and
3. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **Annual Review**

The Committee shall review, on at least an annual basis, this Charter and the scope of the responsibilities of this Committee. Any proposed changes, where indicated, shall be referred to the Board for appropriate action.

### **Operating Procedures**

Formal actions to be taken by the Committee shall be by unanimous written consent or by a majority of the persons present (in person or by conference telephone) at a meeting at which a quorum is present. A quorum shall consist of at least a majority of the members of the Committee.