Xinyuan Real Estate Co., Ltd.
Form 424B3
June 08, 2010

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Explanatory Note

The sole purpose of this filing is to correct the file number in the submission header. An identical filing was submitted on June 4, 2010 but was identified with file number 333-166389 within the EDGAR submission.

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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3)

Registration No. 333-160518

Subject to completion, dated May 27, 2010

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated October 30, 2009)

Xinyuan Real Estate Co., Ltd.

9,500,000 American Depositary Shares
representing 19,000,000 Common Shares

The selling shareholders identified in this prospectus supplement are offering an aggregate of 9,500,000 American Depositary Shares, or ADSs, each ADS representing two of our common shares, par value US$0.0001 per share. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders, who will receive all of the net proceeds from the sale of the ADSs offered by this prospectus supplement and the accompanying prospectus.

Our ADSs are listed on the New York Stock Exchange under the symbol XIN . On May 26, 2010, the last reported sale price of the ADSs was US$2.75 per ADS.

Investing in our ADSs involves a high degree of risk. See Risk Factors beginning on page 5 of the accompanying prospectus and on page 2 of our Report on Form 6-K furnished to the Securities and Exchange Commission on May 17, 2010 and the risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from documents that we file with the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

The selling shareholders are offering the ADSs on a best efforts basis to one or more purchasers. The selling shareholders have retained JMP Securities LLC to act as lead placement agent and Conifer Securities, LLC to act as co-placement agent in connection with this offering. The placement agents are not required to arrange for the sale of any specific number or dollar amount of the ADSs offered in this offering, but the placement agents will use their best efforts to arrange for the sale of all of the ADSs offered hereby.

	Per ADS	Maximum Offering Amount
Offering price	US$	US$
Placement agents fees	US$	US$
Proceeds, before expenses, to the selling shareholders	US$	US$

We estimate the total expenses of this offering payable by us will be approximately US$90,000. The selling shareholders are responsible for the placement agents fees. Because there is no minimum offering amount required as a condition to the closing of this offering, the actual offering amount, placement agents fees and net proceeds to the selling shareholders, if any, are not presently determinable and may be substantially less than the maximum offering amounts set forth above.

JMP Securities **Conifer Securities**

The date of this prospectus supplement is May , 2010.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the placement agents and the selling shareholders have not, authorized any other person to provide you with different information with respect to any offering hereunder. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling shareholders nor any of the placement agents is making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the date on the front cover of the respective document, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of our ADSs. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering and other information. The second part consists of the accompanying prospectus, which gives more general information, some of which may not be applicable to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described in the sections entitled Where You Can Find Additional Information and Incorporation of Certain Documents By Reference.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should not consider any information included in this prospectus supplement and the accompanying prospectus to be investment, legal or tax advice. We, the placement agents and the selling shareholders are not making any representation to any offeree or purchaser of our ADSs regarding the legality of an investment in our ADSs by that offeree or purchaser under appropriate investment or similar laws. Therefore, you should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the ADSs offered by this prospectus supplement and the accompanying prospectus.

Conventions that Apply to this Prospectus Supplement

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to:

- we, us, our company, our and Xinyuan refer to Xinyuan Real Estate Co., Ltd., its predecessor entities and its subsidiaries;

- shares or common shares refers to our common shares, par value US$0.0001 per share;

- ADSs refers to our American Depositary Shares, each of which represents two common shares, and ADRs refers to the American Depositary Receipts that evidence our ADSs;

- China or PRC refers to the People s Republic of China, excluding, for the purposes of this prospectus supplement only, Taiwan, Hong Kong and Macau; and

- US$ or U.S. dollars refers to the legal currency of the United States.

Unless otherwise indicated, the information in this prospectus supplement does not reflect common shares underlying outstanding options and unvested restricted share awards or common shares underlying outstanding warrants issued to the holder of our senior note.

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THE OFFERING

Selling Shareholders	Blue Ridge China Partners, L.P., EI Fund II China, LLC and Yuyan Yang
ADSs Offered by the Selling Shareholders	9,500,000 ADSs. Each ADS represents two common shares, par value $0.0001 per share.
Offering price per ADS	US$
Common shares outstanding prior to and after this offering	151,688,262 common shares
Risk Factors	Before making an investment decision, see Risk Factors beginning on page 5 of the accompanying prospectus and on page 2 of our Report on Form 6-K furnished to the Securities and Exchange Commission on May 17, 2010 and the risk factors incorporated by reference into this prospectus supplement and the accompanying prospectus from documents that we file with the Securities and Exchange Commission.
Use of Proceeds	We will not receive any of the proceeds from the sale of ADSs by the selling shareholders, who will receive all of the net proceeds from the sale of the ADSs offered by this prospectus supplement and the accompanying prospectus.
New York Stock Exchange symbol	XIN

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and documents incorporated by reference herein and therein contain forward-looking statements that involve risks and uncertainties. All statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, other than statements of historical facts, are forward-looking statements. These statements are made under the safe harbor provisions of the U.S. Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can generally identify these forward-looking statements by words or phrases such as may, will, could , expect, is expected to, anticipat aim, estimate, intend, plan, believe, potential, continue, is/are likely to or other similar expressions or negatives of such expressions forward-looking statements include, among others, statements about:

- our anticipated growth strategies;
- 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; and
- our belief with respect to market opportunities in, and growth prospects of, Tier II cities in China.

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, S-2

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business strategy and financial needs. Some of the assumptions, future results and levels of performance expressed or implied in the forward-looking statements we make inevitably will not materialize, and unanticipated events may occur which will affect our results. In addition, a number of known and unknown risks, uncertainties and other factors could affect the accuracy of these statements. Among the important factors to consider in evaluating our forward-looking statements are:

- 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;
- PRC laws, regulations and policies relating to real estate developers, the real estate industry and the real estate market in China, including mortgage lending practices;
- the ability of potential purchasers to secure mortgages on acceptable terms, if at all;
- our ability to enter into new geographic markets and expand our operations;
- our ability to maintain strict cost control;
- the marketing and sales ability of our third-party sales agents;
- our ability to obtain permits and licenses to carry on our business in compliance with applicable laws and regulations;
- competition from other real estate developers;
- the growth of the real estate industry in China, particularly Tier II cities;
- fluctuations in general economic and business conditions in China; and
- fluctuations in interest rates in China.

A further list and description of these risks, uncertainties and other matters can be found in our most recent Annual Report on Form 20-F and our May 17, 2010 Report on Form 6-K incorporated by reference herein. We do not guarantee that the transactions and events described in this prospectus supplement or the accompanying prospectus will happen as described or that they will happen at all. You should read thoroughly this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this prospectus supplement, the accompanying prospectus and documents incorporated by reference herein and therein relate only to events or information as of the date on which the statements are made in such document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities laws.

USE OF PROCEEDS

We will not receive any proceeds from this offering.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2010.

You should read this table together with our financial statements and the related notes, included in, and incorporated by reference in, this prospectus supplement and the accompanying prospectus and the information under Item 5. Operating and Financial Review and Prospects in our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 included in, and incorporated by reference in, this prospectus supplement and the accompanying prospectus.

	As of March 31, 2010 (US$ in thousands) (unaudited)
Long-term debt	$ 136,287
Shareholders equity:	
Common shares, US$0.0001 par value, 500,000,000 shares authorized; 151,688,262 shares issued and outstanding[(1)]	15
Additional paid-in capital	503,763
Statutory reserves	24,435
Retained earnings/(Accumulative deficits)	(105,315)
Accumulated other comprehensive earnings	36,781
Total shareholders equity	459,679
Total capitalization	$ 595,966

(1) This table excludes:

- 6,861,384 common shares underlying outstanding options and unvested restricted shares; and
- 1,516,882 common shares underlying the warrants issued to the holder of our senior note.

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MARKET PRICE INFORMATION FOR OUR ADSs

Our ADSs, each representing two of our common shares, have been listed on the NYSE since December 12, 2007. Our ADSs trade under the symbol XIN. The following table provides the high and low trading prices for our ADSs on the NYSE for the periods indicated.

	Trading Price	
	High US$	**Low US$**
Annual Highs and Lows		
2007	18.00	12.00
2008	14.71	1.54
2009	7.65	2.43
Quarterly Highs and Lows		
First Quarter 2008	14.71	6.35
Second Quarter 2008	11.61	6.07
Third Quarter 2008	6.98	2.89
Fourth Quarter 2008	3.50	1.54
First Quarter 2009	5.59	2.43
Second Quarter 2009	7.65	3.60
Third Quarter 2009	7.40	3.77
Fourth Quarter 2009	5.49	3.65
First Quarter 2010	4.82	3.31
Monthly Highs and Lows		
December 2009	5.00	4.00
January 2010	4.82	3.90
February 2010	4.25	3.31
March 2010	4.30	3.87
April 2010	4.17	3.60
May 2010 (through May 26)	3.65	2.23

The closing price for our ADSs on the New York Stock Exchange on May 26, 2010 was USD$2.75 per ADS.

EXCHANGE RATE INFORMATION

Our financial statements and other financial data included in this prospectus supplement and the accompanying prospectus are presented in U.S. dollars. Our business and operations are primarily conducted in China through our PRC subsidiaries. The functional currency of our PRC subsidiaries is RMB. The financial statements of our PRC subsidiaries are translated into U.S. dollars, using published exchange rates in China, based on (i) year-end exchange rates for assets and liabilities and (ii) average yearly exchange rates for revenues and expenses. Capital accounts are translated at historical exchange rates when the transactions occurred. The effects of foreign currency translation adjustments are included as a component of accumulated other comprehensive income in our shareholders equity. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB at any particular rate, including the rates stated below.

The RMB is not freely convertible into foreign currency. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of the RMB into foreign exchange and through restrictions on foreign trade.

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The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus supplement or the accompanying prospectus or will use in the preparation of periodic reports or other information to be provided to you. On May 21, 2010, the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board was RMB6.8262 to US$1.00.

Period	Noon Buying Rate[(1)]			
	Period End	Average[(2)]	Low	High
	(RMB per US$1.00)			
2005	8.0702	8.1826	8.0702	8.2765
2006	7.8041	7.9597	7.8041	8.0702
2007	7.2946	7.6058	7.2946	7.8127
2008	6.8225	6.9221	6.8225	7.2946
2009				
November 2009	6.8265	6.8271	6.8255	6.8300
December 2009	6.8259	6.8275	6.8244	6.8299
January 2010	6.8268	6.8269	6.8258	6.8295
February 2010	6.8258	6.8285	6.8258	6.8330
March 2010	6.8258	6.8262	6.8254	6.8270
April 2010	6.8247	6.8256	6.8229	6.8275
May 2010 (through May 21)	6.8262	6.8267	6.8245	6.8285

(1) For December 2008 and prior periods, the noon buying rate refers to the noon buying rate as reported by the Federal Reserve Bank of New York. For January 2009 and later periods, the noon buying rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual averages are calculated by averaging the exchange rate on the last business day of each month or the elapsed portion thereof during the relevant period. Monthly averages are calculated using the average of the daily rates during the relevant period.

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SELLING SHAREHOLDERS

The table below sets forth certain information with respect to beneficial ownership of our common shares, as of May 25, 2010, by the selling shareholders. The beneficial ownership of our common shares set forth in the table is determined in accordance with the rules of the Securities and Exchange Commission, or the SEC. The percentage of beneficial ownership is based on 151,688,262 common shares outstanding as of May 26, 2010.

Although we have assumed for purposes of the table that the selling shareholders will sell all of the shares offered by them in this offering, no assurance can be given as to the actual number of shares that will be sold by any of the selling shareholders, or that will be held by the selling shareholders after completion of the offering pursuant to this prospectus supplement and the accompanying prospectus. In addition, a selling shareholder may have sold or otherwise disposed of shares in one or more transactions exempt from the registration requirements of the Securities Act of 1933, as amended, or the Securities Act, or otherwise since the date such selling shareholder provided information to us.

	Common Shares Beneficially Owned Prior to Offering		Common Shares Being Offered Hereby[1]	Common Shares Beneficially Owned After Offering	
Name of Selling Shareholder	**Number**	**Percent**		**Number**	**Percent**
Blue Ridge China Partners, L.P.[2]	27,905,867	18.4%	9,000,000	18,905,867	12.5%
EI Fund II China, LLC[3]	18,603,912	12.3%	9,000,000	9,603,912	6.3%
Yuyan Yang[4]	60,755,340	39.9%	1,000,000	59,755,340	39.2%
Total	107,265,119	70.4%	19,000,000	60,359,252	59.7%

(1) This column reflects the common shares underlying the ADSs being offered under this prospectus supplement and the accompanying prospectus.

(2) The securities are owned by Blue Ridge China and may be deemed to also be beneficially owned by its general partner, Blue Ridge China Holdings, L.P., or BRCH, a Cayman Islands exempted limited partnership, and BRCH s general partner, Blue Ridge Capital Offshore Holdings LLC, or BRCOH, a New York limited liability company. John A. Griffin is the sole managing member of BRCOH and in that capacity directs its operations and (through BRCOH and BRCH) has voting and investment control over Blue Ridge China. Mr. Griffin may therefore also be deemed to beneficially own such securities. BRCH s, BRCOH s, and Mr. Griffin s pecuniary interest in such securities is limited to its or his proportionate pecuniary interest in Blue Ridge China. The address of Blue Ridge China Partners, L.P. is c/o M&C Corporate Services Limited, P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

(3) The securities are owned directly by EI Fund II China, LLC, which is owned by EI Fund II, LP. EI Fund II GP, LLC is the general partner of EI Fund II, LP with investment and voting control over the shares owned directly by EI Fund II China, LLC. EI Fund II, LP and EI Fund II GP, LLC are each owned indirectly by Equity International LLC, which may be deemed to have beneficial ownership of the shares owned directly by EI Fund II China, LLC. The address of EI Fund II China, LLC is Two North Riverside Plaza, Suite 1500, Chicago, IL 60606.

(4) The share amount includes 48,000,000 common shares owned by Yong Zhang, Ms. Yang s spouse, 620,384 common shares issuable upon the exercise of options exercisable within 60 days, which are held by Shining Gold Trading Limited, a British Virgin Islands company wholly owned and controlled by Mr. Zhang and 134,956 common shares issuable upon the exercise of options exercisable within 60 days, which are held by Star World Finance Limited, a British Virgin Islands company wholly owned and controlled by Ms. Yang. Ms. Yang s address is c/o Xinyuan Real Estate Co., Ltd., 27/F, China Central Place, Tower II, 79 Jianguo Road, Chaoyang District, Beijing 100025, People s Republic of China.

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TAXATION

U.S. Federal Income Taxation

Introduction

The following is a general discussion of certain U.S. federal income tax consequences of the ownership and disposition of the common shares or ADSs (evidenced by ADRs) by U.S. Holders (as defined below). This discussion applies only to U.S. Holders that hold the common shares or ADSs as capital assets.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation.

This discussion does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, other financial institutions, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, partnerships, dealers in securities, brokers, U.S. expatriates, persons subject to the alternative minimum tax, persons who have acquired the shares or ADSs as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a functional currency other than the U.S. dollar or persons that own (or are deemed to own) 10% or more (by voting power) of our shares). If a partnership holds common shares or ADSs, the consequences to a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding common shares or ADSs should consult its own tax adviser regarding the U.S. tax consequences of its investment in the common shares or ADSs through the partnership. This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term U.S. Holder means a beneficial owner of the common shares or ADSs that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state or political subdivision thereof or therein, including the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source thereof, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

In general, for U.S. federal income tax purposes, a U.S. Holder of ADSs will be treated as the owner of the common shares represented by the ADSs and exchanges of common shares for ADSs, and ADSs for common shares, will not be subject to U.S. federal income tax.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE OWNERSHIP AND DISPOSITION OF THE COMMON SHARES OR ADSS, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

Dividends

Subject to the discussion below under Passive Foreign Investment Company and Controlled Foreign Corporation, the gross amount of any distribution made by us on the common shares or ADSs generally will be treated as a dividend includible in the gross income of a U.S. Holder as ordinary income to the extent of

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our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, when received by the U.S. Holder, in the case of common shares, or when received by the Depositary, in the case of ADSs. To the extent the amount of such distribution exceeds our current and accumulated earnings and profits as so computed, it will be treated first as a non-taxable return of capital to the extent of such U.S. Holder s adjusted tax basis in such common shares or ADSs and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such common shares or ADSs. We, however, may not calculate earnings and profits in accordance with U.S. tax principles. In this case, all distributions by us to U.S. Holders will generally be treated as dividends. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Certain dividends received by non-corporate U.S. Holders, including individuals, in taxable years beginning before January 1, 2011, generally will be subject to a maximum income tax rate of 15%. This reduced income tax rate is applicable to dividends paid by qualified foreign corporations and only with respect to common shares or ADSs held for a minimum holding period of at least 61 days during a specified 121-day period, and if certain other conditions are met. We are considered a qualified foreign corporation with respect to the ADSs because our ADSs are listed on the NYSE. Accordingly, subject to the discussions below under Passive Foreign Investment Company and Controlled Foreign Corporation, dividends paid by us with respect to the ADSs generally should be eligible for the reduced income tax rate. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the CIT Law (see discussion under People s Republic of China Taxation below), we may be eligible for the benefits of the income tax treaty between the United States and the PRC. If we are eligible for such benefits, dividends we pay on the common shares to non-corporate U.S. Holders, regardless of whether such shares are represented by ADSs, would be subject to a maximum income tax rate of 15%.

The U.S. Treasury Department has announced its intention to promulgate rules pursuant to which U.S. Holders of the common shares or ADSs and intermediaries through whom such common shares or ADSs are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends eligible for the reduced rate, described above. Because such rules have not yet been issued, it is not clear whether we will be in a position to comply with them. Investors should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or common shares.

Dividends paid by us will constitute income from sources outside the United States for U.S. foreign tax credit limitation purposes and will be categorized as passive category income or, in the case of certain U.S. Holders, as general category income for U.S. foreign tax credit purposes. Furthermore, a foreign tax credit for any PRC withholding taxes imposed on dividend paid on the common shares or ADSs may be disallowed, if the U.S. Holder has held such shares for less than a specified minimum period during which the U.S. Holder is not protected from risk of loss, or is obligated to make payments related to the dividends. The rules relating to the U.S. foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the effect of these rules in their particular circumstance.

In the event that we are deemed to be a PRC resident enterprise under the CIT Law (see discussion under People s Republic of China Taxation below), you may be subject to PRC withholding taxes on dividends paid to you with respect to the common shares or ADSs. Subject to generally applicable limitations, PRC withholding taxes on dividends, if any, may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. Investors should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

A distribution of additional common shares or ADSs to U.S. Holders with respect to their common shares or ADSs that is made as part of a pro rata distribution to all shareholders generally will not be subject to U.S. federal income tax.

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Sale or Other Disposition of Ordinary common shares or ADSs

Subject to the discussion below under Passive Foreign Investment Company and Controlled Foreign Corporation, a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon a sale or other disposition of the common shares or ADSs in an amount equal to the difference between the amount realized from such sale or disposition and such U.S. Holder s adjusted tax basis in such common shares or ADSs. Such gain or loss generally will be a capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, including individuals) or loss if, on the date of sale or disposition, such common shares or ADSs were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations. Any gain or loss on the sale or disposition will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes.

In the event that we are deemed to be a PRC resident enterprise under the PRC tax law, you may be eligible for the benefits of the income tax treaty between the United States and the PRC. Under that treaty, if any PRC tax was to be imposed on any gain from the disposition of common shares or ADSs, the gain may be treated as PRC-source income. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign withholding tax is imposed on a disposition of the common shares or ADSs, including the availability of the foreign tax credit under their particular circumstances.

Medicare Tax on Unearned Income

Newly enacted legislation requires certain U.S. Holders that are individuals, estates or trusts to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock for taxable years beginning after December 31, 2012. U.S. Holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common shares or ADSs.

Controlled Foreign Corporation

Special rules may apply to certain U.S. Holders if we are considered a CFC. A CFC is a foreign corporation in which U.S. Holders, who own directly, indirectly or constructively at least 10% of the voting power of the foreign corporation (each a U.S. 10% shareholder), collectively own more than 50% of the total combined voting power or total value of the corporation. Given our current ownership, there is a possibility that we may be a CFC in subsequent taxable years. In general, if we were a CFC for an uninterrupted period of 30 days or more during a taxable year, a U.S. 10% shareholder on the last day of our taxable year on which we were a CFC must include in income its pro rata share of our subpart F income and may be required to include in income its pro rata share of investment by us in U.S. property. Subpart F income includes, among other things, interest, dividends and other types of passive investment income. Further, if we were a CFC, some or all of the gain from the sale of our stock by a U.S. 10% shareholder may be characterized as ordinary income rather than capital gain and the taxation of distributions made by us to such a shareholder would be subject to special rules. The particular consequences of CFC status for a U.S. 10% shareholder cannot be determined until the last day of our taxable year on which we were a CFC. However, our status as a CFC would not affect the tax treatment of a U.S. Holder that is not a U.S. 10% shareholder. Investors should consult their own tax advisors to determine whether an ownership interest in us would cause them to become a U.S. 10% shareholder of our company or any of our subsidiaries and to determine the impact of such a classification.

Passive Foreign Investment Company

Based on the composition of our assets and income, we do not believe we were a PFIC in 2009 and do not expect to be a PFIC for U.S. federal income tax purposes with respect to our current taxable year or the

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foreseeable future. Our actual PFIC status for the current taxable year ending December 31, 2010 will not be determinable until after the close of the current taxable year ending December 31, 2010, and accordingly there is no guarantee that we will not be a PFIC for 2010 or any future taxable year. The determination of PFIC status is a factual determination that must be made annually at the close of each taxable year. Changes in the nature of our income or assets, or a decrease in the trading price of the common shares or ADSs, may cause us to be considered a PFIC in the current or any subsequent year. However, as noted above, there can be no certainty in this regard until the close of the 2010 taxable year.

In general, a non-U.S. corporation will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is passive income or (ii) on average at least 50% of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions. Passive income does not include rents and royalties derived from the active conduct of a trade or business. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation s assets and receiving our proportionate share of the other corporation s income. If we are a PFIC for any year during which you hold the common shares or ADSs, we generally will continue to be treated as a PFIC for all succeeding years during which you own such shares.

If we are a PFIC in any year during which a U.S. Holder owns the common shares or ADSs, such U.S. Holder may experience certain adverse tax consequences. Such U.S. Holder could be liable for additional taxes and interest charges upon (i) distributions received by the U.S. Holder on our common shares or ADSs during the year, but only to the extent that the aggregate of the distributions for the taxable year exceeds 125% of the average amount of distributions received by the U.S. Holder in the preceding three years, or (ii) upon a sale or other disposition of the common shares or ADSs at a gain, whether or not we continue to be a PFIC (each an excess distribution). The tax will be determined by allocating the excess distribution ratably to each day of the U.S. Holder s holding period. The amount allocated to the current taxable year and any taxable year with respect to which we were not a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates applicable to ordinary income for such taxable years and, in addition, an interest charge will be imposed on the amount of such taxes.

These adverse tax consequences may be avoided if the U.S. Holder is eligible to and does elect to annually mark-to-market the common shares or ADSs. If a U.S. Holder makes a mark-to-market election, such holder will generally include as ordinary income the excess, if any, of the fair market value of the ADSs or common shares at the end of each taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the ADSs or common shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Any gain recognized on the sale or other disposition of the ADSs or common shares will be treated as ordinary income. The mark-to-market election is available only for marketable stock, which is stock that is regularly traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable Treasury regulations. The ADSs are listed on the NYSE, and we expect, although no assurance can be given, that they will be regularly traded on the NYSE.

A U.S. Holder s adjusted tax basis in the common shares or ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If a U.S. Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the common shares or ADSs are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election. U.S. Holders are urged to consult their tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

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We do not intend to prepare or provide the information that would entitle U.S. Holders to make a qualified electing fund election.

If we are regarded as a PFIC, a U.S. Holder of common shares or ADSs must make an annual return on IRS Form 8621, as directed by the Secretary of the Treasury. The reduced tax rate for dividend income, as discussed above under Dividends, is not applicable to any dividends paid by a PFIC or amounts included in income under the mark-to-market election.

Investors should consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in a PFIC.

Backup Withholding Tax and Information Reporting Requirements

Dividend payments made to U.S. Holders and proceeds paid from the sale or other disposition of their common shares or ADSs may be subject to information reporting to the Internal Revenue Service and possible U.S. federal backup withholding at a current rate of 28%. Certain exempt recipients (such as corporations) are not subject to these information reporting requirements. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder s U.S. federal income tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service in a timely manner and furnishing any required information.

Investors should consult their own tax advisors as to their qualification for an exemption from backup withholding and the procedure for obtaining this exemption.

People s Republic of China Taxation

The *PRC Corporate Income Tax Law*, or the CIT Law, and the *Implementation for the CIT Law* issued by the PRC State Council, became effective as of January 1, 2008. The CIT Law provides that enterprises established outside of China whose de facto management bodies are located in China are considered resident enterprises and are generally subject to the uniform 25% corporate income tax rate as to their worldwide income (including dividend income received from subsidiaries). Under the *Implementation for the CIT Law*, a de facto management body is defined as a body that has material and overall management and control of the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. On April 22, 2009, the State Administration of Taxation issued the *Notice on the Issues Regarding Recognition of Overseas Incorporated Domestically Controlled Enterprises as PRC Resident Enterprises Based on the De Facto Management Body Criteria*, which was retroactively effective as of January 1, 2008. Under this notice, an overseas incorporated domestically controlled enterprise will be recognized as a PRC resident enterprise if it satisfies all of the following conditions: (i) the senior management responsible for daily production/business operations are primarily located in the PRC, and the location(s) where such senior management execute their responsibilities are primarily in the PRC; (ii) strategic financial and personnel decisions are made or approved by organizations or personnel located in the PRC; (iii) major properties, accounting ledgers, company seals and minutes of board meetings and shareholder meetings, etc, are maintained in the PRC; and (iv) 50% or more of the board members with voting rights or senior management habitually reside in the PRC. However, it is still unclear whether PRC tax authorities would require (or permit) us to be treated as a PRC resident enterprise.

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Under the CIT Law and the *Implementation for the CIT Law*, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of our ADSs by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC resident enterprise, it is unclear whether dividends we pay with respect to our ADSs, or the gain you may realize from the transfer of our ADSs, would be treated as income derived from sources within the PRC and be subject to PRC tax. It is also unclear whether, if we are considered a PRC resident enterprise, holders of our ADSs might be able to claim the benefit of income tax treaties entered into between China and other countries.

PLAN OF DISTRIBUTION

The selling shareholders are offering the ADSs through placement agents. We and the selling shareholders have entered into a placement agent agreement, dated May , 2010, with JMP Securities LLC and Conifer Securities, LLC. Subject to the terms and conditions contained in the placement agent agreement, JMP Securities LLC and Conifer Securities, LLC have agreed to act as the placement agents for the sale of up to an aggregate of 9,500,000 ADSs. The placement agent agreement does not give rise to any firm commitment by the placement agents to purchase or sell any ADSs offered by this prospectus supplement and the accompanying prospectus, nor are the placement agents required to arrange for the purchase or sale of any specific number or dollar amount of ADSs, but they have agreed, subject to the terms and conditions of the placement agent agreement, to use their best efforts to arrange for the sale of all of the ADSs offered by the selling shareholders. The selling shareholders may enter into purchase agreements directly with the purchasers in connection with this offering. However, there is no requirement that any minimum number of ADSs or dollar amount of ADSs be sold in this offering and there can be no assurance that all or any of the ADSs being offered hereby will be sold.

The placement agent agreement provides that the obligations of the placement agents and the investors are subject to certain conditions precedent, including, among other things, the absence of any material adverse change in our business and the placement agents receipt of customary opinions, comfort letters and certificates from our independent registered public accounting firm and us.

Confirmations and final prospectus supplements, together with the accompanying prospectus, will be distributed to all purchasers who agree to purchase the ADSs offered by the selling shareholders under this prospectus supplement and the accompanying prospectus, informing investors of the closing date as to such ADSs. We currently anticipate that closing of the sale of the ADSs offered hereby will take place on or about June , 2010. Purchasers will also be informed of the date and manner in which they must transmit the purchase price for their ADSs.

On the scheduled closing date, the following will occur:

- the selling shareholders will receive funds in the amount of the aggregate purchase price for the ADSs that the selling shareholders are selling in this offering;
- the selling shareholders will transfer the ADSs purchased in this offering to the purchasers; and
- JMP Securities LLC and Conifer Securities, LLC will receive the placement agents fee in accordance with the terms of the placement agent agreement.

Each selling shareholder has agreed to pay the placement agents an aggregate cash placement agents fee equal to percent (%) of the gross proceeds received by such selling shareholder from the sale of

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ADSs in this offering. We may also reimburse the placement agents for certain legal fees and expenses incurred by them in connection with this offering if this offering is terminated. The estimated offering expenses payable by us are approximately $90,000, which include legal, accounting and printing costs and various other fees. After deducting the placement agents fees of $, we expect the aggregate net proceeds to the selling shareholders from this offering to be approximately $ million.

We and the selling shareholders have agreed to indemnify the placement agents and certain other related persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the placement agents may be required to make in respect of such liabilities. We and the selling shareholders have also agreed to indemnify each other and certain other related persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments we or the selling shareholders may be required to make in respect of such liabilities.

In connection with this offering, we, certain of our executive officers and directors, and the selling shareholders have agreed to certain lock-up agreements with regard to future sales of our ADSs, our common shares and other securities convertible into or exercisable or exchangeable for our common shares for a lock-up period of 90 days after the date of this prospectus supplement subject to certain exceptions set forth in the lock-up agreements. The lock-up period in all of the lock-up agreements is subject to extension if (i) during the last 17 days of the lock-up period we issue an earnings release or announce material news or a material event relating to us or (ii) prior to the expiration of the lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the lock-up period, in which case the restrictions imposed in these lock-up agreements shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event, unless the placement agents waive the extension in writing.

The placement agents may be deemed to be underwriters within the meaning of Section 2(a)(11) of the Securities Act, and any commissions received by them while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. As underwriters, the placement agents would be required to comply with the requirements of the Securities Act and the Securities Exchange Act of 1934, as amended, or the Exchange Act, including, without limitation, Rule 415(a)(4) under the Securities Act and Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of ADSs by the placement agents acting as principal. Under these rules and regulations, each placement agent:

- may not engage in any stabilization activity in connection with our securities; and

- may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

The placement agents have informed us that they will not engage in overallotment, stabilizing transactions or syndicate covering transactions in connection with this offering.

A copy of the placement agent agreement is included as an exhibit to our Report on Form 6-K that we will file with the SEC in connection with this offering.

Our ADSs are traded on the New York Stock Exchange under the symbol XIN .

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LEGAL MATTERS

The validity of the common shares represented by the ADSs offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Certain legal matters as to United States federal law and New York State law in connection with this offering will be passed upon for us by Baker & McKenzie LLP. Certain legal matters as to United States federal law and New York State law in connection with this offering will be passed upon for the placement agents by Morrison & Foerster LLP. Certain legal matters as to PRC law will be passed upon for us by TransAsia Lawyers. Baker & McKenzie LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law and TransAsia Lawyers with respect to matters governed by PRC law. Certain legal matters as to United States federal law and New York State law in connection with this offering will be passed upon for certain of the selling shareholders by Friedman Kaplan Seiler & Adelman LLP. Certain legal matters as to Cayman Islands law will be passed upon for certain of the selling shareholders by Maples and Calder.

EXPENSES

Set forth below is an itemization of the total expenses which are payable by us in connection with the offer and sale of ADSs by the selling shareholders. All amounts are estimates.

Printing expenses	15,000
Legal Fees and Expenses	50,000
Accounting Fees and Expenses	20,000
Miscellaneous	5,000
Total	$ 90,000

Certain expenses, including the SEC registration and the Financial Industry Regulatory Authority filing fee, were included at the time of filing the registration statement of which this prospectus supplement is a part. The selling shareholders will pay the placement agents fees in connection with this offering.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

This prospectus supplement and the accompanying prospectus are a part of a registration statement on Form F-3 filed with the SEC under the Securities Act and do not contain all of the information in the registration statement. The full registration statement may be obtained from the SEC, as indicated below. Forms of any documents establishing the terms of the offered securities are or will be filed as, or incorporated as, exhibits to the registration statement. Statements in this prospectus supplement and accompanying prospectus about those documents are summaries and each statement is qualified in all respects by reference to the document to which it refers. You should refer to the actual documents for a more complete description of the relevant matters.

We also file and furnish annual and other reports and other information with the SEC. You may read and copy all or any portion of the registration statement and any other document we file with or furnish to the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains a web site that contains reports, proxy and information statements and other information about issuers, such as us, who file electronically with the SEC. The address of that site is http://www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders meeting received by the depositary from us.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them. This means that we can disclose important information to you by referring you to those documents. Each document incorporated by reference is current only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference in this prospectus supplement and the accompanying prospectus is considered to be automatically updated and superseded. In other words, in the case of a conflict or inconsistency between information contained in this prospectus supplement and the accompanying prospectus and information incorporated by reference into this prospectus supplement and the accompanying prospectus, you should rely on the information contained in the document that was filed later.

We incorporate by reference the documents listed below:

- the description of our common shares contained in our Form F-1 Registration Statement filed with the SEC on November 16, 2007;
- our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 filed with the SEC on March 31, 2010;
- our Report on Form 6-K furnished to the SEC on April 16, 2010;
- Amendment No. 1 to our Annual Report on Form 20-F for the fiscal year ended December 31, 2009 filed with the SEC on April 29, 2010;
- our Report on Form 6-K furnished to the SEC on May 10, 2010;
- our Report on Form 6-K furnished to the SEC on May 17, 2010; and
- all Annual Reports on Form 20-F and any Report on Form 6-K that so indicates it is being incorporated by reference that we file with the SEC on or after the date hereof and until the termination or completion of the offering under this prospectus supplement and the accompanying prospectus.

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Each person to whom a copy of this prospectus supplement and the accompanying prospectus is delivered may request a copy of any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus at no cost. We will not include exhibits to the documents that you request unless the exhibits are specifically incorporated by reference into those documents. You may make your request for any of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus by writing or telephoning us at the following address:

Xinyuan Real Estate Co., Ltd.

27/F, China Central Place, Tower II

79 Jianguo Road, Chaoyang District

Beijing, 100025

People s Republic of China

Te: (86) 10-8588-9200

Attention: Investor Relations

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PROSPECTUS

American Depository Shares representing Common Shares

Warrants

Debt Securities

Xinyuan Real Estate Co., Ltd.

We may offer to the public from time to time in one or more series of issuances up to a total offering price of $300,000,000:

- American Depositary Shares, or ADSs, each ADS representing two common shares, par value $0.0001 per share;
- warrants to purchase common shares and/or debt securities; or
- debt securities, consisting of debentures, notes, convertible bonds that may be convertible into common shares or other evidences of indebtedness.

We refer to the ADSs, warrants and debt securities collectively as securities in this prospectus.

In addition, the selling shareholders named in the section Selling Shareholders may sell from time to time in one or more offerings pursuant to this registration statement up to 31,617,674 ADSs, representing 63,235,349 common shares. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

Each time we sell securities, or if required under the Securities Act of 1933, or the Securities Act, when the selling shareholders sell securities, we will provide a supplement to this prospectus that contains specific information about the offeror and the terms of the securities offered. This prospectus may not be used to consummate a sale of securities by us unless accompanied by the applicable prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Incorporation of Certain Documents by Reference before you invest in our securities.

Our ADSs are traded on the New York Stock Exchange under the symbol XIN . On October 30, 2009, the last reported sale price of the ADSs was $4.05 per ADS.

We will sell these securities directly to our shareholders or to purchasers or through one or more underwriters, dealers and agents to be designated from time to time, or through a combination of those methods, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe in detail the plan of distribution for that offering. For general information about the distribution of securities offered, please see Plan of Distribution in this prospectus on page 36. If any underwriters, dealers or agents are involved in the sale of any of the securities (other than open market sales by the selling shareholders), their names and any applicable purchase price, fee, commission or discount arrangements between or among them, will be set forth, or will be calculable from the information set forth, in the applicable prospectus supplement.

An investment in these securities involves risks. Please carefully consider the Risk Factors in Item 3.D of our most recent Annual Report, as amended, on Form 20-F incorporated by reference in this prospectus, and in any applicable prospectus supplement or in our future reports on Form 20-F and Form 6-K incorporated by reference in this prospectus, for a discussion of the factors you should consider carefully before deciding to purchase these securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 30, 2009.

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You should read this prospectus and any prospectus supplement together with the additional information described under the heading Where You Can Find Additional Information and Incorporation of Certain Documents by Reference.

Unless the context otherwise requires, in this prospectus:

we, us, our company, our and Xinyuan refer to Xinyuan Real Estate Co., Ltd., its predecessor entities and its subsidiaries;

shares or common shares refers to our common shares, par value US$0.0001 per share;

ADSs refers to our American depositary shares, each of which represents two common shares, and ADRs refers to the American depositary receipts that evidence our ADSs;

China or PRC refers to the People s Republic of China, excluding, for the purposes of this prospectus only, Taiwan, Hong Kong and Macau;

GFA refers to gross floor area. The amounts for total GFA in this prospectus are the amounts of total saleable residential and commercial GFA and are derived on the following basis:

for properties that are sold, the stated GFA is based on the sales contracts relating to such property; GFA may be adjusted based on final examination upon delivery of the property;

for unsold properties that are completed or under construction, the stated GFA is calculated based on the detailed construction blueprint and the calculation method approved by the PRC government for saleable GFA, after necessary adjustments; and

for properties that are under planning, the stated GFA is based on the land grant contract and our internal projection; and

RMB or Renminbi refers to the legal currency of China and $, US$ or U.S. dollars refers to the legal currency of the United States.

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At present, there is no uniform standard to categorize the different types and sizes of cities in China. In this prospectus, we refer to certain larger and more developed cities as Tier I and Tier II cities based on the categorization used by the CIHAF Valuation Report on Real Estate Investment in PRC Cities published by China Real Estate Business, an authoritative real estate publication in China, YUBO Media and Institute of Finance and Trade Economics of Chinese Academy of Social Sciences. Based on this approach, there are currently four Tier I cities and 35 Tier II cities in China.

You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement or supplements. We have not authorized any other person to provide you with different information with respect to any offering hereunder. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or any prospectus supplement or supplements is accurate only as of the date on the front cover of the respective document. Our business, financial condition, results of operations and prospects may have changed since that date.

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SUMMARY

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process, relating to the common shares, warrants and debt securities described in this prospectus. By using a shelf registration statement, we may sell any combination of our common shares, warrants and debt securities from time to time and in one or more offerings. This prospectus only provides you with a summary description of our securities. Each time we sell securities, we will provide a supplement to this prospectus that contains the specific terms of that offering. The supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the prospectus supplement. Certain selling shareholders referred to in this prospectus and identified in supplements to this prospectus may also offer and sell ADSs under this prospectus. Under this shelf process, we may sell the securities described in this prospectus in one or more offerings up to a total offering price of $300,000,000. The selling shareholders may sell up to 31,617,674 ADSs, representing 63,235,349 common shares, in one or more offerings. The offer and sale of securities under this prospectus may be made from time to time, in one or more offerings in any manner described under the section in this prospectus entitled Plan of Distribution. The prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Accordingly, you should refer to the registration statement and its exhibits for information about us and our securities.

Each time we sell securities, or if required under the Securities Act when the selling shareholders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should read both this prospectus and any prospectus supplement together with additional information described under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference.

Our Business

We are a residential real estate developer that focuses on Tier II cities in China. Our standardized and scalable model emphasizes rapid asset turnover, efficient capital management and strict cost control.

We focus on developing large scale quality residential projects, which typically consist of multiple residential buildings that include multi-layer apartment buildings, sub-high-rise apartment buildings or high-rise apartment buildings. Several of our projects include auxiliary services and amenities such as retail outlets, leisure and health facilities, kindergartens and schools. We also develop small scale residential properties. Our developments aim at providing middle-income consumers with a comfortable and convenient community life. In addition, we provide property management services for our developments and other real estate-related services to our customers. We acquire development sites primarily through public auctions of government land. This acquisition method allows us to obtain unencumbered land use rights to unoccupied land without the need for additional demolition, re-settlement or protracted legal processes to obtain title. As a result, we are able to commence construction relatively quickly after we acquire a site for development.

As of June 30, 2009, we had seven projects with estimated total GFA of 3,263,780 square meters under construction and planning, of which five projects with estimated total GFA of 1,389,324 square meters were under construction. We believe that our scalable business model, proven ability to provide large scale quality housing for middle-income consumers and other strengths allow us to compete effectively in China s real estate development market. Our strategies for further growth include, among others, to continue expanding in selected Tier II cities in China, adopt a conservative investment outlook, focus on efficient land acquisition, and maintain strict cost control.

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Corporate Information

We are a Cayman Islands holding company and conduct substantially all of our business through our operating subsidiaries in China. Our registered address is Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KYI-1104, Cayman Islands. Our principal executive offices are located at 27/F China Central Place, Tower II, 79 Jianguo Road, Chaoyang District, Beijing, 100025, People s Republic of China. Our telephone number at this address is (86) 10-8588-9390 and our fax number is (86) 10-8588-9300. Our website is www.xyre.com. The information contained on our website does not form part of this prospectus.

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RATIO OF EARNINGS (BEFORE FIXED CHARGES) TO FIXED CHARGES

The following table shows our ratio of earnings (before fixed charges) to fixed charges on a historical basis for the periods indicated. The ratio of earnings (before fixed charges) to fixed charges is computed by dividing earnings (before fixed charges) by fixed charges. For the purpose of computing the consolidated ratio of earnings (before fixed charges) to fixed charges, earnings consist of pre-tax income from continuing operations before adjustment for minority interests, plus fixed charges and amortization of capitalized interest, less interest capitalized. Fixed charges consist of interest costs, whether expensed or capitalized and an estimate of the interest costs within rental expenses.

	Year Ended December 31,					Six months ended
	2004	2005	2006	2007	2008	2009
Ratio of earnings (before fixed charges) to fixed charges	5.53	9.57	13.33	5.13	N/A	.96
Deficiency of earnings (before fixed charges) to fixed charges	$	$	$	$	$ 45,150,532	$

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, and the reports and other information that we file with the SEC and incorporate by reference in this prospectus, contain forward-looking statements. All statements in this prospectus and the documents incorporated by reference in this prospectus, other than statements of historical facts, are forward-looking statements. These statements are made under the safe harbor provisions of the U.S. Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can generally identify these forward-looking statements by words or phrases such as may, will, could, expect, is expected to, anticipat aim, estimate, intend, plan, believe, potential, continue, is/are likely to or other similar expressions or negatives of such expressions 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. Some of the assumptions, future results and levels of performance expressed or implied in the forward-looking statements we make inevitably will not materialize, and unanticipated events may occur which will affect our results. In addition, a number of known and unknown risks, uncertainties and other factors could affect the accuracy of these statements. Among the important factors to consider in evaluating our forward-looking statements are:

- 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 acquire suitable land sites for future development at reasonable prices;
- our ability to enter into new geographic markets and expand our operations;
- our ability to maintain cost control;
- our ability to obtain permits and licenses to carry on and expand our business;
- competition from other real estate developers;
- the growth of the real estate industry in China, particularly in Tier II cities;
- changes in general economic and business conditions and the credit environment in China;
- fluctuations in interest rates in China;
- PRC laws, regulations and policies relating to real estate developers and the real estate industry in China; and

- the marketing and sales ability of the third party sales agencies with whom we work.

A further list and description of these risks, uncertainties and other matters can be found in our most recent Annual Report on Form 20-F incorporated by reference herein. We do not guarantee that the transactions and events described in this prospectus or in any prospectus supplement will happen as described or that they will happen at all. You should read thoroughly this prospectus and the documents incorporated by reference herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities laws.

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RISK FACTORS

Investing in our securities involves risks. Before making an investment decision to invest in any securities that may be offered pursuant to this prospectus, you should read and carefully consider the risk factors described in Item 3.D of our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, as amended, which are incorporated by reference into this prospectus, and, if applicable, risk factors in any accompanying prospectus supplement or in our future reports on Form 20-F and Form 6-K incorporated by reference into this prospectus, as well as other information we include or incorporate by reference in this prospectus. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may affect our business, financial condition and/or future operating results.

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USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, we intend to use the net proceeds from our sale of securities under this prospectus for general corporate purposes, which may include, among others, working capital expenditures, acquisitions and investments. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

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CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2009.

You should read this table together with our financial statements and the related notes, included in, and incorporated by reference in, this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations for the Six Months Ended June 30, 2009 included in this prospectus, and Item 5. Operating and Financial Review and Prospects in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, as amended, incorporated by reference in this prospectus.

	As of June 30, 2009 (US$ in thousands)
Long-term debt	$ 119,133
Shareholders equity:	
Common shares, US$0.0001 par value, 500,000,000 shares authorized; 151,243,352 shares issued and outstanding[1]	15
Additional paid-in capital	501,118
Statutory reserves	13,167
Accumulated deficit	(143,363)
Accumulated other comprehensive earnings	36,417
Total shareholders equity	407,354
Total capitalization	526,487

(1) This table excludes:

- 3,894,461 common shares underlying outstanding options and unvested restricted shares;
- up to 9,597,000 common shares issuable upon the conversion of the convertible notes; and
- 5,357,143 common shares underlying the warrants issued to the holders of our floating rate notes.

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SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following tables present our selected consolidated financial information and certain operating data for the periods indicated. You should read the selected financial information together with the consolidated financial statements and related notes and information under Item 5. Operating and Financial Review and Prospects in our Annual Report on Form 20-F for the year ended December 31, 2008, as amended, which is incorporated by reference in this prospectus. The historical results are not necessarily indicative of results to be expected in the future.

The following selected consolidated financial information for the years ended December 31, 2004, 2005, 2006, 2007 and 2008, other than the earnings per ADS data, and the consolidated balance sheet data as of December 31, 2004, 2005, 2006, 2007 and 2008, have been derived from our audited consolidated financial statements. Our audited consolidated financial statements have been prepared and presented in accordance with United States generally accepted accounting principles, or U.S. GAAP, and have been audited by Ernst & Young Hua Ming, an independent registered public accounting firm. The report of Ernst & Young Hua Ming on our audited consolidated financial statements for the three years ended December 31, 2006, 2007 and 2008 is included in our Annual Report on Form 20-F for the year ended December 31, 2008, as amended. The selected consolidated statements of operations data for the six months ended June 30, 2009 and 2008 and the consolidated balance sheet as of June 30, 2009 have been derived from our unaudited consolidated financial statements which are included elsewhere in this prospectus. Our consolidated financial statements have been prepared as if our current corporate structure had been in existence throughout the relevant periods.

	Years Ended December 31,					Six months Ended June 30,	
	2004	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
						(unaudited)	**(unaudited)**
	(in thousands, except share, per share and per ADS data)						
Consolidated Statements of Operations Data(1)							
Total revenues	35,632	61,942	142,367	309,725	356,632	212,860	131,706
Total costs of revenues	(26,376)	(42,632)	(108,196)	(208,135)	(356,981)	(155,579)	(109,778)
Selling and distribution expenses	(1,604)	(2,175)	(2,996)	(10,515)	(13,578)	(6,006)	(3,108)
General and administrative expenses	(1,004)	(1,696)	(3,626)	(17,077)	(32,343)	(17,301)	(9,005)
Operating income(loss)	6,648	15,439	27,549	73,998	(46,270)	33,974	9,815
Net income before minority interest	3,943	9,548	16,120	45,663	(23,640)	46,125	5,002
Net income(loss)	3,943	9,563	16,123	45,663	(23,640)	46,125	5,002
Accretion of Series A convertible redeemable Preference shares			(942)	(2,739)			
Deemed dividend(2)				(182,229)			
Net income (loss) attributable to common shareholders(2)	3,943	9,563	15,181	(139,305)	(23,640)	46,125	5,002
Earnings (loss) per share							
Basic	0.07	0.16	0.21	(1.28)	(0.16)	0.31	0.03
Diluted	0.07	0.16	0.21	(1.28)	(0.16)	0.22	0.03
Shares used in computation							
Basic	60,000,000	60,000,000	72,694,467	108,690,267	149,149,309	148,398,102	151,098,537
Diluted	60,000,000	60,000,000	72,694,467	108,690,267	149,149,309	160,920,283	160,701,257
Earnings (loss) per ADS(3)							
Basic	0.14	0.32	0.42	(2.56)	(0.32)	0.62	0.06
Diluted	0.14	0.32	0.42	(2.56)	(0.32)	0.44	0.06
Other Operating Data							
Number of projects launched	2	2	3	6	3	3	
Aggregate GFA delivered (m^2)	107,455	161,717	370,105	513,878	519,100	168,700	509,340

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The following table presents a summary of our consolidated balance sheet data as of December 31, 2004, 2005, 2006, 2007 and 2008 and as of June 30, 2009:

	As of December 31,					As of June 30,
	2004 US$	2005 US$	2006 US$	2007 US$	2008 US$ (restated)	2009 US$ (unaudited)
	(in thousands)					
Consolidated Balance Sheet Data[1]						
Cash and cash equivalents	5,249	14,929	34,914	309,315	135,659	147,657
Restricted cash	11,399	5,385	32,011	48,267	57,951	89,288
Real estate property under development[4]	47,403	64,857	106,804	388,881	623,203	584,444
Total current assets	65,121	90,357	174,426	770,347	778,013	765,494
Total assets	83,004	108,702	204,956	807,195	936,166	924,866
Total current liabilities	72,855	82,228	118,840	154,374	417,989	385,405
Long-term bank loans	3,141	7,435	12,806	137,858	105,007	95,435
Minority interest	22					
Preference shares			22,309			
Capital stock			7,570	15	15	15
Total shareholders equity	6,896	17,000	46,583	389,899	400,255	407,354

(1) Our interim financial information is first prepared in RMB and then translated into U.S. dollars, for assets and liabilities, at the period-end exchange rate as of the six-month period ended June 30, 2009, and for revenues and expenses, at the period average exchange rate as of the six month period ended June 30, 2009. The rates used are set forth in the table below. Capital accounts are translated at their historical exchange rates when the transactions occurred.

	As of the Year Ended December 31,					As of the Six Month Period Ended June 30,
	2004	2005	2006	2007	2008	2009
Period-end US$: RMB exchange rate	8.2765	8.0702	7.8087	7.3046	6.8346	6.8319
Period average US$: RMB exchange rate	8.2766	8.1734	7.9721	7.6079	6.9480	6.8328

As of October 30, 2009, the RMB: US$ exchange rate was 6.8264.

(2) On November 13, 2007, the holders of the Series A convertible redeemable preference shares, or Series A preference shares, agreed to waive the contingent conversion option. The modification was deemed to be substantive and was treated for accounting purpose as an extinguishment of the Series A preference shares. In connection with this, we recognized a deemed dividend of approximately US$182.2 million to the Series A 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 our net income or cash flows. However, it reduced the net income attributable to common shareholders and retained earnings for the year ended December 31, 2007 by the amount of the dividend.

(3) Earnings per ADS are calculated based on each ADS representing two common shares.

(4) Includes real estate property under development recorded under current assets and non-current assets.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2009

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the information under Item 5. Operating and Financial Review and Prospects in our Annual Report on Form 20-F for the fiscal year ended December 31, 2008, as amended, which is incorporated by reference in this prospectus, and the section entitled Selected Consolidated Financial and Operating Data and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Risk Factors and elsewhere in this prospectus.

Operating Results

Overview

We are a fast growing residential real estate developer that focuses on Tier II cities in China. We focus on developing large scale, quality residential projects aimed at providing middle-income consumers with a comfortable and convenient community life. Since our inception in 1997, we have completed nineteen projects with total GFA of 1,591,130 square meters. Since 2006, we have expanded our operations outside of Zhengzhou and we are currently developing and planning projects in six Tier II cities. As of June 30, 2009, we had seven projects with estimated total GFA of 3,263,780 square meters under construction and planning, of which five projects with estimated total GFA of 1,389,324 square meters were under construction.

Our revenue, derived primarily from sales of residential real estate, has increased from US$142.4 million in 2006 to US$309.7 million in 2007 and to US$356.6 million in 2008. Our net income/(loss) was US$16.1 million, US$45.7 million, and US$(23.6) million, respectively, for the same periods. For the six months ended June 30, 2008 and 2009, our revenue was US$212.7 million and US$131.7 million, respectively, and our net income was US$46.1 million and US$5.0 million, respectively. We have achieved our growth by employing a standardized and scalable business model that emphasizes rapid asset turnover, efficient capital management and strict cost control. We acquire land primarily through auctions of government land. This acquisition method allows us to obtain unoccupied land with unencumbered land use rights, which in turn enables us to avoid the time and expenses associated with protracted legal processes to obtain title, demolition and re-settlement and to commence construction quickly.

The most significant factors that directly or indirectly affect our financial performance and results of operations are:

- Economic growth and demand for residential property in China
- PRC government policies and regulations, including tax guidelines
- Number, type and location of our property developments
- Availability and cost of financing
- Acquisition of land use rights in target markets
- Changes in the price of raw materials and labor costs

Our execution capability to support business expansion

We hold a 45% interest in a joint venture company, Zhengzhou Jiantou Xinyuan Real Estate Co., Ltd., or Jiantou Xinyuan, which as of June 30, 2009 had completed three projects with total GFA of 191,475 square meters. Two additional projects are under construction with an estimated total GFA of 374,563 square meters.

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One project is under planning with estimated total GFA of 194,117 square meters. All of Jiantou Xinyuan s projects are located in Zhengzhou.

On September 25, 2009, we, through our indirectly wholly owned subsidiary Henan Xinyuan Real Estate Co., Ltd., or Henan Xinyuan, entered into an Equity Transfer and Profit Distribution Agreement, or ETA, with Zhengzhou General Construction Investment Company and Zhengzhou Jiantou Project Consulting Co., Ltd., or collectively, the Sellers, to acquire their 55% equity interest in Jiantou Xinyuan. For more details on the ETA, see our report on Form 6-K furnished to the SEC on September 30, 2009.

As the Sellers are state-owned enterprises, our proposed acquisition of the Sellers 55% equity interest in Jiantou Xinyuan, or the 55% Equity, is deemed as a transfer of state-owned assets. Under PRC laws and regulations governing transfers of state-owned assets, state-owned assets, including state-owned equity interests, should be generally sold or disposed through a public listing and auction process unless a proposed sale or disposal has been exempted by the relevant authority from such listing and auction process. Under the ETA, the Sellers are responsible for obtaining the government approval to exempt the proposed transfer of the 55% Equity as contemplated under the ETA from the public listing and auction process, or the Government Approval, and the Sellers are currently in the process of applying for such exemption from the Zhengzhou municipal administration of state-owned assets. The closing of the proposed acquisition of the 55% Equity is subject to customary closing conditions, including the receipt of the Government Approval. Based on the assessment of the Sellers regarding expected timing and the likelihood of obtaining the Government Approval, the proposed acquisition of the 55% Equity is currently expected to be completed by the end of 2009.

Principal Factors Affecting Our Results of Operations

Economic growth and demand for residential property in China

Our business and results of operations are significantly affected by trends and developments in the PRC economy, including disposable income levels, urbanization rate, population growth, and availability of project and consumer financing, which affect demand for residential properties in China. During the past decade, China has experienced significant economic growth, which has created a favorable operating environment for us in the Tier II cities where we operate. Sales of our residential units have been strong and 99.7% of the units in our completed projects have been sold as of June 30, 2009. Although we experienced less demand during the fourth quarter of 2008 and the first quarter of 2009, we expect continuing economic growth in China, rising disposable income levels and population growth in Tier II cities to support demand for residential properties, including our residential units, over the next few years.

PRC government policies and regulations

Our business and results of operations are significantly affected by PRC government policies and regulations, particularly those that relate to land sales and development, project and consumer financing, property sales and transfers, property taxation and residential property prices.

Since 2004, due to concerns that investment in the PRC property market may become excessive, the PRC government introduced a series of measures to curb speculative investments in the property market, regulate real estate project lending and promote the development of more low-and mid-priced housing. These policies have included, among others, clarification of the measurement and enforcement of land appreciation tax, or LAT, 40% minimum down payment for any purchase of second or subsequent residential property, the increase of the loan interest rate for such purchases to no less than 110% of the benchmark interest rate, the tightening of money supply and the lifting of bank lending rates.

However, due to the financial crisis beginning in late 2008, the PRC government has introduced an offsetting stimulus package, which included the reduction of deed taxes for first-time purchasers of ordinary residential property of less than 90 square meters, the waiver of stamp duty fees for individuals who are purchasing or selling ordinary residential properties, and the exemption of LAT for individuals who are selling ordinary residential properties, among other benefits.

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We believe it is in the government s interest to stabilize the market, and the PRC government has reiterated that the real estate industry is a mainstay industry for China. The urbanization process and the continuous increase of disposable income will continue to bolster the long-term growth of China s real estate market, so we expect that the government will maintain policies that will foster growth.

Moreover, a substantial portion of our customers depend on mortgage financing to purchase our properties. Although government policies have generally fostered the growth of private home ownership, regulations have been adopted in recent years to tighten and then loosen mortgage lending rules. For example, the minimum down payment required for residential properties of 90 square meters or more was increased from 20% to 30% of the purchase price in 2006. In September 2007, the minimum down payment for any second or subsequent purchase of residential property was increased to 40% of the purchase price where the purchaser had obtained a bank loan to finance the purchase of his or her first property. Moreover, the interest rate for bank loans of such purchase may not be less than 110% of the People s Bank of China, or PBOC, benchmark rate of the same term and category. The down payment and mortgage loan rate policies have started being loosened by the PRC government as a result of the financial crisis. For example, as of October 27, 2008, the lowest applicable loan interest rate for non-welfare residential property was reduced to 70% of the benchmark interest rate and the lowest applicable down payment ratio for such property was reduced to 20% of the total purchase price. Effective as of December 20, 2008, when purchasing a second property to improve their living conditions, residents who have already purchased, with mortgages, an ordinary property for self-use that is smaller than the average size for their locality are entitled to the preferential loan interest and down payment ratio available to first-time purchasers of residential property. The down payment ratio, the loan interest rate and the size of mortgage financing are important factors that affect our results of operations.

Number, type and location of our property developments

The amount of revenue we record in any given period is affected by a number of factors, including the number, type and location of properties we have under construction and their stage of completion, whether the completed units have been sold and the realized selling prices for such units. The average selling prices of our projects vary depending on the types and sizes of the units sold and on the location of the projects. As the overall development moves closer to completion, the sales prices tend to increase because a more established residential community is offered to purchasers. The type of property development affects the estimated construction period of the project, which largely determines the revenue recognition method we apply. Revenue recognized in any period under the full accrual method depends on the number, aggregate GFA and average selling prices of units completed and sold during the period. Revenue recognized in any period under the percentage of completion method depends on contracted sales of units in the relevant project and the completion progress of a project (measured by the ratio of cost incurred to total estimated cost). As the completion and sales of our projects are not spread evenly over time, our results of operations may differ significantly from period to period.

Availability and cost of financing

Like other property developers, we require substantial capital investment for the acquisition of land use rights and the construction of our projects. Our ability to secure financing for such purposes affects the number of projects we are able to develop at any time. PRC authorities raised the reserve requirement ratio several times during the past two years, to 17.5% as of June 25, 2008, up from 9.5% on January 15, 2007, limiting the amount of loans banks were able to make. However, in the wake of the global financial and economic crisis, the PBOC has reduced the reserve requirement ratio imposed on banks several times since late 2008, thus impacting the total amount of bank loans available to the real estate industry. These changes in the availability of bank loans may affect our ability to obtain sufficient funding from banks to finance our business expansion.

The cost of our financing also affects our operating results. We typically obtain bank borrowings for up to 65% of our land use rights cost to fund project development after we receive the required permits. Interest rates on our commercial bank borrowings vary and are linked to benchmark lending rates published by the PBOC. The PBOC decreased the benchmark lending rate five times in 2008. For instance, the one-to-three-year benchmark lending rate was decreased from 7.29% on September 16, 2008 to 5.40% per annum on December 23, 2008. In 2007, we issued US$75 million principal amount of floating rate notes, which bear interest at a variable rate based on LIBOR plus 6.8% per annum, and US$25 million principal amount of convertible notes, which bear interest at 2% per annum. We expect our interest costs to fluctuate in future periods as a result of changes in interest rates and our outstanding borrowing.

Acquisition of land use rights in target markets

Our business model depends to a large extent on our ability to acquire land use rights for development sites and proceed quickly with construction to shorten our development cycle. As a consequence, we are frequently surveying the market for attractive development opportunities in our target Tier II cities. Under current regulations and market practice, land use rights for residential development purposes may be acquired from local governments through a competitive auction or other bidding process, in which the minimum reserve price is determined based on the appraised value. Land use rights may also be acquired in the secondary markets. Land use rights prices vary significantly from city to city.

Government land auctions are a transparent and competitive process for bringing development land to market, allowing the developer to acquire clean title and the ability to proceed immediately with development. However, as competition for development sites in Tier II cities increases, the auction mechanism tends to lead to higher market-clearing prices, which has led to increasing land use rights costs. Land use rights costs, including auction price and taxes, constituted 41.7% and 43.3% of our cost of revenue for the six months ended June 30, 2008 and 2009, respectively. We have noted that land use rights costs have stabilized in the Tier II cities where we have operations due to softness in the market during the fourth quarter of 2008 and the first quarter of 2009. Nonetheless, the higher prices for certain parcels of land we acquired in 2007 have led to a decrease in our profit margins.

Increases in the price of raw materials and labor costs

We outsource the design and construction of our property developments to third-party service providers. Our third-party contractors are responsible for providing labor and procuring a majority of the raw materials used in our project developments. Our construction contracts typically provide for fixed or capped payments, but the payments are subject to changes in certain cases, such as changes in government-suggested steel prices. The increase in labor costs and the price of raw materials like steel could result in an increase in our construction costs. In 2008, for instance, the average price of steel increased approximately 28% from January to August, and then dropped 36% from August to December. In addition, the increase in the price of raw materials, such as cement, concrete blocks and bricks, in the long run could be passed on to us by our contractors, which could increase our construction costs. Any input cost increase could reduce our earnings to the extent we are unable to pass these increased costs to our customers.

Our execution capability to support business expansion

Since 2006, we have been expanding our residential property development operations from Zhengzhou into other Tier II cities, including Chengdu in Sichuan Province, Hefei in Anhui Province, Jinan in Shandong Province, and Suzhou and Kunshan in Jiangsu Province. We plan to expand into other Tier II cities as suitable opportunities arise. The development of real estate projects outside Zhengzhou will impose significant demands on our management and other operational resources. Moreover, we will face additional competition and will need to establish brand recognition and market acceptance for our developments in these new markets. Each of these Tier II cities has its own market conditions, customer requirements and local regulations related to the real estate industry. The success of our business expansion depends on our ability to develop, market, and deliver quality development projects on time. The progress and costs for a development project can be adversely affected by many factors, such as delays in obtaining necessary licenses, permits or approvals from relevant government

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authorities, failure by local contractors to comply with our designs, specifications or standards, and disputes with our third-party contractors. For instance, we are not permitted to commence pre-sales until we have completed certain stages of the construction progress for a project. Any significant delay in construction could restrict our ability to pre-sell our properties, which could extend the recovery period for our investments. This, in turn, could have an adverse effect on our cash flow, investment returns and financial position.

Selected Statement of Operation Items

Revenues

Our revenues are derived mainly from the development and sale of real estate. In addition, we generate a small percentage of revenue from leasing ancillary facilities and residential units in certain of our residential developments, as well as from the provision of related services, including property management and real estate agency services.

	Six Months Ended June 30,			
	2008		2009	
	US$	%	US$	%
	(US$ in thousands, except for percentages)			
Real estate sales	211,226	99.2	129,047	98.0
Real estate leasing	62	0.1	85	0.1
Other revenue	1,572	0.7	2,574	1.9
Total revenues	212,860	100	131,706	100

Real Estate Sales

Real estate sales represent revenues from the sales of residential properties we develop. Throughout this prospectus, real estate sales are stated net of sales tax levied on the relevant contracted sales value. Sales tax is a one-time tariff which consists of a business tax at the rate of 5%, an urban construction tax at the rate of 0.35% and an education surcharge at the rate of 0.15%. Total tax amounted to US$12.4 million and US$7.3 million for the six months ended June 30, 2008 and 2009, respectively.

In the first six months of 2008, we recognized revenue from Suzhou Lake Splendid, Suzhou Colorful Garden, Suzhou International City Garden, Zhengzhou Commercial Plaza, Zhengzhou Xinyuan Colorful Garden, Hefei Wangjiang Garden, Jinan Elegant Scenery, and Jinan International City Garden under the percentage of completion method. The full accrual method was applied to the remainder of our projects, including Jinan City Family and Zhengzhou Xinyuan Splendid 1. In the six months ended June 30, 2009, we recognized no revenues under the full accrual method, and we recognized revenues from Suzhou Lake Splendid, Suzhou Colorful Garden, Suzhou International City Garden, Kunshan International City Garden, Zhengzhou Commercial Plaza, Zhengzhou Xinyuan Colorful Garden, Hefei Wangjiang Garden, Jinan Elegant Scenery, Jinan International City Garden and Chengdu Xinyuan Splendid I under the percentage of completion method.

Real Estate Leasing

Real estate leasing revenues represent the income from the rental of ancillary facilities, including kindergarten, elementary school, clubhouse and parking facilities, in a number of our developments. We also lease a small number of residential units owned by us.

Other Revenue

Other revenue consists primarily of fees received for our property management services, real estate agency services, landscaping and computer network engineering and other real estate-related services that we provide to residents and purchasers of our residential units.

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Cost of Revenues

The following table sets forth a breakdown of our cost of revenues for the six month period ended June 30, 2008 and June 30, 2009.

	Six Months Ended June 30,			
	2008		2009	
	US$	%	US$	%
	(US$ in thousands, except for percentages)			
Cost of real estate sales				
Land use rights costs	64,931	41.7	47,551	43.3
Construction costs	88,996	57.2	58,290	53.1
Total	153,927	98.9	105,841	96.4
Cost of real estate leasing	197	0.1	270	0.3
Other costs	1,455	0.9	3,667	3.3
Total costs of revenue	155,579	100.0	109,778	100.0

Cost of Real Estate Sales

Cost of real estate sales consist primarily of land use rights costs and construction costs. Impairment charges, if any, are also recorded under cost of real estate sales. Cost of real estate sales are capitalized and allocated to development projects using the specific identification method. When the full accrual method of revenue recognition is applied, costs are recorded based on the ratio of the sales value of the relevant units completed and sold to the estimated total project sales value, multiplied by the estimated total project costs. When the percentage of completion method of revenue recognition is applied, capitalized costs are released to our statement of operations based on the completion progress of a project.

Land use rights cost. Land use rights costs include the amount we pay to acquire land use rights for our property development sites, plus taxes. We acquire our development sites mainly by competitive bidding at public auctions of government land. Our land use rights costs for different projects vary according to the size and location of the site and the minimum amount set for the site, all of which are influenced by government policies, as well as prevailing market conditions. Our land use rights costs have increased in the past few years due to rising property prices in Zhengzhou and Suzhou and increased competition from other bidders at government land auctions.

Construction cost. We outsource the construction of all of our projects to third party contractors, whom we select through a competitive tender process. Our construction contracts provide for fixed or capped payments which cover substantially all labor, materials, fittings and equipment costs, subject to adjustments for some types of excess, such as design changes during construction or changes in government-suggested steel prices. Our construction costs consist primarily of the payments to our third-party contractors, which are paid over the construction period based on specified milestones. In addition, we purchase and supply a limited range of fittings and equipment, including elevators, window frames and door frames. Our construction costs also include capitalized interest costs in the amount of US$15.9 million and US$16.7 million for the six months ended June 30, 2008 and June 30, 2009, respectively.

Future losses and impairment charges. When the profitability of a project deteriorates due to a slow down in the sales pace or some other factor, this indicates that there may be a possible future loss on delivery and potential impairment in the recoverability of the assets. Accordingly, the assets of such project are subsequently reviewed for future losses and impairment by comparing the estimated future undiscounted cash flows for the project to the carrying value of such project. If the estimated future undiscounted cash flows are less than the asset s carrying value, such deficit will be charged as a future loss. Then the assets will be written down to its estimated fair value. We determine estimated fair value primarily by discounting the estimated future cash flows

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relating to the asset. In estimating the cash flows for a project, we use various factors including (a) the expected pace at which the planned number of units will be sold, based on competitive market conditions, historical trends in sales pace and actual average selling prices sales of similar product offerings and any other long or short-term economic conditions which may impact the market in which the project is located; (b) the estimated net sales prices expected to be attained based on the current market conditions and historical price trends, as well as any estimated increases in future sales prices based upon projected rate of unit sales, estimated time gap between presale and expected delivery, the impact of government policies, the local and regional competitive environment, and certain external factors such as the opening of a subway line, school or factory; and (c) the expected costs to be expended in the future, including, but not limited to, land and land development, home construction, construction overheads, sales and marketing, sales taxes and interest costs.

Our determination of fair value requires discounting the estimated cash flow at a rate commensurate with the inherent risk associated with the assets and related estimated cash flow. The discount rate used in determining each project s fair value depends on the stage of development, location and other specific factors that increase or decrease the risk associated with the estimated cash flows. In accordance with our accounting policies, we review each of our projects for impairments on a quarterly basis. There were no projects that had evidence of impairment during the six months ended June 30, 2008 or 2009. See also Critical Accounting Policies for our policy on impairment of long-lived assets.

As of June 30, 2009, we tested all of our active projects, consisting of projects under construction or planning, for impairment. Our testing indicated that the undiscounted cash flows of all of our projects exceeded their related carry value, and accordingly, none of the projects were considered impaired.

Cost of Real Estate Leasing

Our cost of real estate leasing consists primarily of depreciation expenses and maintenance expenses associated with the leased properties. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of our properties held for lease are 20 years.

Other Costs

Other costs represent costs incurred in connection with the property management services, real estate agency services and other property related services that we provide to residents and purchasers of our developments.

Selling and Distribution Expenses

Our selling and distribution expenses include:

- advertising and promotion expenses, such as print advertisement costs, billboard and other display advertising costs, and costs associated with our showrooms and model apartments;
- staff costs, which consist primarily of salaries and sales commissions of 0.45% of contracted sales of our sales personnel;
- agency commissions of approximately 1.2% when project sales are outsourced; and
- other related expenses.

As of June 30, 2009, we employed 38 full-time sales and marketing personnel. We expect our selling and marketing expenses to increase in the near future as we increase our sales efforts, launch more projects and target new markets to expand our operations.

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General and Administrative Expenses

General and administrative expenses principally include:

- staff salaries and benefits, quarterly and annual bonuses, and stock-based compensation;
- traveling and entertainment expenses;
- professional fees, such as audit and legal fees; and
- other expenses.

Interest Income

Interest income represents interest earned on our bank balances.

Interest Expenses

Interest expenses include (i) interest paid on our bank borrowings and other indebtedness, including our floating rate notes and convertible notes issued in April 2007, (ii) amortization of warrants and debt issuance cost, (iii) accretion of discount from embedded derivatives and (iv) change in fair value of embedded derivatives, all net of amounts capitalized to construction costs. The floating rate notes bear interest at the adjustable annual rate of six-month LIBOR plus 6.8%, while the convertible notes bear interest at the fixed annual rate of 2%. The rates of interest payable on our floating rate notes are variable. Interest rates on our bank borrowings, all of which are granted by PRC commercial banks and denominated in RMB, are typically variable and linked to benchmark rates published by PBOC. As of June 30, 2009, the PBOC benchmark rate for a one-year loan was 5.31% per annum and those for loans of more than one year ranged from 5.40% to 5.94% per annum.

Share of Income in Equity Investee

Share of income in equity investee represents profit associated with our 45% equity interest in Jiantou Xinyuan. Under the relevant joint venture agreement, we share the profit or loss of Jiantou Xinyuan according to our equity interest percentage. In the six months ended June 30, 2009, Jiantou Xinyuan completed three projects, had two projects under construction and had one project under planning. The net income of Jiantou Xinyuan for the six months ending June 30, 2008 and June 30, 2009 was US$16.1 million and US$7.7 million, respectively.

Change in Fair Value of Derivative Liabilities

We have issued warrants to Series A preference shareholders and floating rate note holders, which are accounted for as derivative liabilities. The warrants issued to the holders of our floating rate notes entitle such holders to purchase our common shares at 80% of the initial public offering price per common share in December 2007, or US$5.60 per share.

Under US GAAP, we are required to recognize the fair value of the outstanding warrants as a liability on our balance sheet. We determine the fair value of the warrants on a quarterly basis using the Black-Scholes valuation method with increases/decreases in value resulting in a charge/credit to other income/expense.

For the six months ended June 30, 2009, due to the increase in the market price of our common shares to US$3.24 per share, or US$6.48 per ADS, as of June 30, 2009 from US$1.22 per share, or US$2.44 per ADS, as of December 31, 2008, the valuation of the warrants and associated liabilities increased by US$1.8 million, from US$0.2 million to US$2.0 million, which was recorded as other expense in our June 30, 2009 results. During the six months ended June 30, 2008, due to the decrease in the market price of our common shares to US$3.04 per share, or US$6.07 per ADS, as of June 30, 2008 from US$7.12 per share, or US$14.23 per ADS as of December 31, 2007, the valuation of the warrants and associated liabilities decreased by US$14.1 million, from US$16.6 million to US$2.5 million, which was recorded as other income in our June 30, 2008 results.

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Income Taxes

The following table sets forth the components of income taxes for the six month periods ended June 30, 2008 and June 30, 2009.

	Six Months Ended June 30,			
	2008		2009	
	US$	%	US$	%
	(in thousands)		(in thousands)	
Corporate income tax	5,319	34.9	3,625	49.6
Land appreciation tax	3,175	20.9	955	13.1
Tax uncertainty benefit				
Deferred tax expense	6,729	44.2	2,723	37.3
Income taxes	15,223	100	7,303	100

Corporate Income Tax, Tax Uncertainty Benefit and Deferred Tax Expense

Cayman Islands

We are incorporated in the Cayman Islands. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

People s Republic of China

In general, enterprises in the PRC were subject to income tax at a statutory rate of 33% (30% state income tax plus 3% local income tax) on their taxable income before January 1, 2008. This tax rate was reduced to 25% according to the PRC s new Corporate Income Tax Law which took effect from January 1, 2008. In 2006, 2007 and 2008, in accordance with local provisional tax regulations in Henan province, the local tax authority in Zhengzhou determined that the taxable income of our PRC subsidiaries in Henan province should be deemed at 12% or 14% of their total cash receipts from sales of residential units. Total cash receipts include cash receipts proceeds from pre-sales of our properties that are recorded as customer deposits, which partly comprise mortgage loan proceeds received in our account from mortgage lending banks. The Zhengzhou local tax authority has provisionally confirmed that it applied the same levy method to our PRC subsidiaries located in Henan province for the year ended December 31, 2008. For our subsidiaries located in Shandong, Jiangsu, Anhui and Sichuan provinces, income tax is levied at the statutory rate of 25% on income as reported in the statutory financial statements after appropriate tax adjustments for the year ended December 31, 2008.

The Zhengzhou and other local tax authorities are entitled to re-examine taxes paid in prior years under the levy method described above; however, they have not indicated whether they will do so. We have made full provision for the corporate income tax, or CIT, payable by our PRC subsidiaries based on the statutory income tax rate of 33% for 2007 and the years prior and 25% for 2008, after appropriate adjustments to our taxable income used in the calculation. Prior to January 1, 2007, the difference between tax payable on our actual taxable income and tax levied on the deemed taxable income basis has been treated as a temporary difference, giving rise to deferred tax balances. We believe this is appropriate due to the possibility of reinterpretation of the application of the tax regulations by higher tax authorities in the PRC, as the local authorities have indicated that they will apply the regulation in the same manner in 2008. The deferred tax balances have been classified as non-current.

On January 1, 2007, we adopted the Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109*, or FIN 48. There was no cumulative effect adjustment to beginning retained earnings resulting from the adoption of FIN 48. The total liability for cumulative unrecognized tax uncertainty benefit as of January 1, 2007 was US$2.7 million. Since the adoption of FIN 48 on January 1, 2007, our total unrecognized tax uncertainty benefit increased by

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US$0.2 million to US$13.0 million at June 30, 2009. The provision for deferred tax arising from the difference between tax payable on our actual taxable income and tax levied on the deemed taxable income basis has been reclassified to unrecognized tax uncertainty benefit. The increase related to current year tax positions arises primarily from foreign exchange movements.

Land Appreciation Tax

Under PRC laws and regulations, our PRC subsidiaries engaging in property development are subject to LAT, which is levied by the local tax authorities upon the appreciation value as defined in the relevant tax laws. All taxable gains from the sale or transfer of land use rights, buildings and related facilities in China are subject to LAT at progressive rates that range from 30% to 60%. Certain exemptions are allowed for sales of ordinary residential properties if the appreciation value does not exceed a threshold specified in the relevant tax laws. Gains from sales of commercial properties are not eligible for this exemption. Whether a property qualifies for the ordinary residential property exemption is determined by the local government taking into consideration the property s plot ratio, aggregate GFA and sales price.

The Zhengzhou local tax authority did not impose the LAT on real estate companies until September 2004. Since September 2004, it has levied LAT at fixed rates of 0.8% and 1% on total cash receipts from sales, including pre-sales, of our residential units and commercial properties (which comprised certain retail space within our residential developments), respectively, rather than applying the progressive rates to the appreciation value. The State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises on December 28, 2006 and the Provisions on Administration of the Settlement of Land Appreciation Tax on May 12, 2009. These regulations provide further clarification on the payment and settlement of LAT.

We have responded by making provision for LAT on all projects completed since the date of incorporation. We have accrued all LAT payable on our property sales and transfers in accordance with the progressive rates specified in relevant tax laws, less amounts previously paid under the levy method applied by relevant local tax authorities. Provision for LAT on projects completed in prior years is charged as income tax in year 2006. In prior years, we recognized LAT as an expense upon completion of our projects based on the rate of 0.8% or 1%, as applicable, of cash receipts imposed by the local tax authority. As of December 31, 2005 our prepaid LAT balances of US$284,028, which represent amounts we had paid to local tax authorities based on cash receipts associated with the properties pre-sold during those periods, were included in other deposits and prepayments in our consolidated balance sheets, before the relevant projects were completed. Once the projects were completed, the relevant prepaid LAT balances were recorded as income tax expense.

Share-based compensation expense

We adopted our 2007 equity incentive plan for our directors, management, employees and consultants and for employees of our equity investee in August 2007. On August 11, 2007, we granted share options awards for an aggregate of 6,802,495 common shares at a weighted average exercise price of US$1.08. These options have various vesting periods ranging from 10 to 60 months, and will vest only if the holder is still a director or an employee or an affiliate of our company at the time of the relevant vesting. The share option awards commenced vesting in December 2008. These share options awards will expire no later than August 10, 2017.

In November 2007, we adopted our 2007 long term incentive plan for our directors, management and key employees of both our company and our equity investee under which we are authorized to grant options, restricted shares, restricted stock units, stock appreciation rights and other stock-based awards for the purchase of up to 10 million common shares at prevailing market prices. On November 5, 2007, we granted options for an aggregate of 2,441,844 common shares at an exercise price of US$7 per share, representing the per-common share equivalent of the initial public offering, or IPO, price of the ADSs, taking into account the ADS to common share ratio. These options have commenced vesting and have vesting periods of up to 36 months, and will expire no later than the 10th anniversary of the date of grant.

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In July 2008, under the 2007 long term incentive plan, we granted stock options for an aggregate of 360,000 common shares to our employees, at a weighted average exercise price of US$2.98. These options have vesting periods of 33 months and 36 months and will expire no later than July 1, 2018 and will vest only if the holder is still a director or an employee or an affiliate of our company at the time of the relevant vesting.

In March 2009, under the 2007 long term incentive plan, we granted share options to purchase up to 500,000 common shares to an employee, at an exercise price equal to the market price of our common shares on the grant date (US$1.87 per share). These options have a weighted average grant date fair value of US$2.56 per option, and a total expected compensation cost, net of expected forfeitures, of US$1,280,000. These options have vesting periods based on length of service of 36 months and will expire no later than March 31, 2019.

Results of Operations

The following table presents a summary of our consolidated statements of operations by amount and as a percentage of our total revenues during the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any other future period.

	Six Months Ended June 30,			
	2008		2009	
	US$	%	US$	%
	in thousands		in thousands	
Revenues	212,861	100.0	131,707	100.0
Cost of revenues	(155,579)	(73.1)	(109,778)	(83.4)
Gross profit	57,282	26.9	21,929	16.6
Selling and distribution expenses	(6,006)	(2.8)	(3,108)	(2.4)
General and administrative expenses	(17,302)	(8.1)	(9,006)	(6.8)
Operating income	33,974	16.0	9,815	7.5
Interest income	2,247	1.1	798	0.6
Interest expenses				
Exchange gains	3,754	1.8	28	0.0
Share of income in equity investee	7,301	3.4	3,522	2.7
Change in fair value of derivative liabilities	14,072	6.6	(1,858)	(1.4)
Income from operations before income taxes	61,348	28.8	12,305	9.3
Income taxes	(15,223)	(7.2)	(7,303)	(5.5)
Net income	46,125	21.7	5,002	3.8

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenues

Revenues decreased by US$81.2 million, or 38.1%, to US$131.7 million for the six months ended June 30, 2009 from US$212.9 million for the six months ended June 30, 2008.

Real estate sales

Revenue from real estate sales decreased by US$82.2 million, or 38.9%, to US$129.0 million for the six months ended June 30, 2009 from US$211.2 million for the six months ended June 30, 2008, primarily as a result of significantly reduced real estate sales across all projects in the first quarter of 2009 due to a weak residential real estate market in China. The significant decline in real estate sales in the first quarter of 2009 was partially offset by a modest recovery in the second quarter of 2009. In the six months ended June 30, 2009, we recognized revenues from Suzhou Lake Splendid, Suzhou Colorful Garden, Suzhou International City Garden, Kunshan International City Garden, Zhengzhou

Commercial Plaza, Zhengzhou Colorful Garden, Hefei Wangjiang Garden,

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Jinan City family, Jinan Elegant Scenery, Jinan International City Garden and Chengdu Xinyuan Splendid I under the percentage of completion method, while revenues from other projects were recognized under the full accrual method.

Full accrual method revenues

Revenue from the sale of properties where the construction period, the period from the construction permit award date to the unit delivery date, is expected to be 12 months or less, is recognized by the full accrual method when the sale is consummated and the unit has been delivered. A sale is considered to be consummated when the sales price has been paid, any permanent financing for which we are responsible has been arranged, all conditions precedent to closing have been performed, we do not have any substantial continuing involvement with the unit and the usual risks and rewards of ownership have been transferred to the buyer. Costs are recorded based on the ratio of the sales value of the relevant units completed and sold to the estimated total project sales value, multiplied by the estimated total project cost. For these projects, our policy is that cash payments received from the buyer are recorded as a deposit liability and costs are capitalized as incurred, up to when the sale is consummated and the unit has been delivered.

Delivery and closing take place only after the local government has certified that the building is completed and ready for habitation (comparable to a certificate of occupancy in the United States) and the following events have occurred:

The sales department has determined that the sales contract is signed, the sales tax invoice is properly issued, the purchaser is physically present and the purchaser s identification cards are checked;

All consideration has been paid by the purchaser; and

The unit has been inspected and accepted by the purchaser.

The following table sets forth for the six months ended June 30, 2008 and 2009 the aggregate GFA and the related revenues recognized under the full accrual method by project:

Project	Total GFA(1)	GFA Delivered for Six Months Ended June 30, 2008	2009	Percentage of Total GFA Delivered as of June 30, 2008	2009	Revenues recognized for Six Months Ended June 30, 2008		2009	
	m²	m²	m²	%(2)	%	US$	%(3)	US$	%
Henan Segment									
Zhengzhou Xinyuan Splendid I	62,623	952		97.8%	100%	752,777	0.4%		
Zhengzhou City Family	39,392	3,170		91.8%	100%	1,731,890	0.8%		
Shandong Segment									
Jinan City Family	71,067	4,849		100%	100%	2,506,584	1.2%		
Total	175,082	8,971				5,011,251	2.4%		

(1) The amounts for total GFA in this table are the amounts of total saleable GFA and are derived on the following basis:

% for properties that are sold, the stated GFA is based on the sale contracts relating to such property;

% for unsold properties that are completed or under construction, the stated GFA is calculated based on the detailed construction blueprint and the calculation method approved by the PRC government for saleable GFA, after necessary adjustments; and

% for properties that are under planning, the stated GFA is based on the land grant contract and our internal projection.

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(2) Percentage of total GFA delivered is the total GFA delivered as of a period end divided by the project s total GFA.

(3) Percentage of all real estate sales revenues for the financial year, including revenues recognized under full accrual method and under percentage of completion method.

Percentage of completion method revenues

Revenue from the sale of properties where the construction period is expected to be more than 12 months is recognized by the percentage of completion method on the sale of individual units based on the completion progress of a project, as described below.

We apply the percentage of completion method to projects with an expected construction period of over 12 months, not including any unforeseen delay or delays beyond our control. For these projects, our policy is that cash payments received from the buyers are initially recorded as customer deposits, and costs are capitalized as incurred.

Revenue and profit from the sale of these development properties are recognized by the percentage of completion method on the sale of individual units when the following conditions are met:

Construction is beyond a preliminary stage;

The buyer is committed to the extent of being unable to require a refund except for non-delivery of the unit;

Sufficient units have already been sold to assure that the entire property will not revert to rental property;

Sales prices are collectible; and

Aggregate sales proceeds and costs can be reasonably estimated.

Under the percentage of completion method, revenues from units sold and related costs are recognized over the course of the construction period, based on the completion progress of a project. In relation to any project, revenue is determined by calculating the ratio of incurred costs, including land use rights costs and construction costs, to total estimated costs and applying that ratio to the contracted sales amounts. Cost of sales is recognized by determining the ratio of contracted sales during the period to total estimated sales value, and applying that ratio to the incurred costs. Current period amounts are calculated based on the difference between the life-to-date project totals and the previously recognized amounts.

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The following table sets forth the percentage of completion, the percentage sold and related revenues for our projects recognized under the percentage of completion method for the six months ended June 30, 2008 and 2009.

Project	Total GFA	Percentage of Completion as of June 30,		Percentage Sold-Accumulated as of June 30,		Revenues recognized for six months ended June 30,			
		2008	2009	2008	2009	2008		2009	
	m^2	%(1)	%	%(2)	%	US$	%(3)	US$	%
Chengdu Segment									
Chengdu Xinyuan Splendid I	230,893	0.0	60.0		14.4			11,453,984	8.9
Jiangsu Segment									
Suzhou International City Garden	205,161	68.1	68.6	5.0	15.1	9,599,812	4.5	9,180,448	7.1
Suzhou Lake Splendid	196,920	92.3	99.6	92.8	97.6	47,829,995	22.6	4,288,822	3.3
Suzhou Colorful Garden	80,474	84.4	98.0	41.6	69.6	28,109,819	13.3	11,462,245	8.9
Kunshan International City Garden	497,076	0.0	52.7	0.0	8.0			16,028,754	12.4
Shandong Segment									
Jinan Elegant Scenery	100,217	93.9	99.6	98.0	99.8	18,934,188	9.0	1,108,112	0.9
Jinan International City Garden	264,412	61.7	90.0	51.8	77.8	56,056,285	26.5	33,009,817	25.6
Henan Segment									
Zhengzhou Xinyuan Colorful Garden	191,782	64.0	84.9	4.2	48.5	4,611,791	2.2	34,511,932	26.7
Zhengzhou Commercial Plaza	67,173	77.7	96.2	89.8	97.0	12,337,042	5.8	2,597,163	2.0
Anhui Segment									
Hefei Wangjiang Garden	145,452	77.8	98.4	96.2	99.2	28,735,589	13.6	5,405,473	4.2
Total	1,979,560					206,214,521	97.6	129,046,750	100

(1) Percentage of completion is calculated by dividing total costs incurred by total estimated costs for the relevant project.

(2) Percentage sold is calculated by dividing contracted sales value from property sales by total estimated sales value of the relevant project.

(3) Percentage of all real estates sales revenues for the financial year, including revenues recognized under full accrual method and under percentage of completion method.

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The following table sets forth the square meters sold and average selling price per square meter by each project, each reportable segment and on a consolidated basis for the six months ended June 30, 2008 and 2009.

	For Six Months Ended June 30,					
	2008			2009		
Project	Contract sales US$	Square Meters sold m²	Average Selling Price US$/m²	Contract sales US$	Square Meters sold m²	Average Selling Price US$/m²
Chengdu region						
Chengdu Xinyuan Splendid I				19,341,832	31,072	622
Total				**19,341,832**	**31,072**	**622**
Jiangsu region						
Suzhou International City Garden	14,932,421	13,547	1,102	12,280,587	11,434	1,074
Suzhou Lake Splendid	26,665,518	25,278	1,055	1,531,726	1,382	1,108
Suzhou Colorful Garden	34,856,323	30,429	1,145	8,877,745	7,988	1,111
Kunshan International City Garden				31,778,842	44,849	709
Total	**76,454,262**	**69,254**	**1,104**	**54,468,900**	**65,653**	**830**
Shandong region						
Jinan Elegant Scenery	14,329,522	17,444	821	387,556	412	942
Jinan International City Garden	93,072,867	115,930	803	23,267,857	30,333	767
Jinan City Family	140,083	216	649			
Total	**107,542,472**	**133,590**	**805**	**23,655,413**	**30,745**	**769**
Henan region						