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PRESENTATION

Operator

Good day, everyone, and welcome to the Xinyuan Real Estate Company, Ltd. Fourth Quarter Full Year Conference Call. Please note today's conference is being recorded.

I would now like to turn the conference over to Mr. Bill Zima of ICR. Please go ahead, sir.

William Zima - Integrated Corporate Relations - IR

Hello, everyone and welcome to Xinyuan's Fourth Quarter 2014 Earnings Conference Call. The company's fourth quarter earnings results were released earlier today and are available on the company's IR website as well as on Newswire services.

Before we continue, please note that the discussion today will contain forward-looking statements made under the Safe Harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risks and uncertainties. As such, our results will be materially different from the views expressed today. Further information regarding these and other risks and uncertainties is included in our registration statement in our Form 20-F and other documents filed with the U.S. Securities and Exchange Commission.

Xinyuan does not assume any obligation to update any forward-looking statements, except as required under applicable law. Today, you will hear from Mr. Yong Zhang, company's Chairman, who will comment on our operating results and provide some perspective on the property market environment. He will be followed by Dr. Manbo He, the company's Chief Financial Officer, who will provide some additional color on Xinyuan's performance, review the company's financial results and discuss the financial outlook.

Following management's prepared remarks, we will open up the call to questions. During the Q&A, session, Mr. Zhang will speak in Mandarin and his comments will be translated into English by Ms. Helen Zhang, the company's Financial Controller.

With that said, I would now like to turn the call over to Xinyuan's Chairman, Mr. Zhang, please go ahead.



Yong Zhang - *Xinyuan Real Estate Co., Ltd. - Chairman*

Thank you, Bill. Good morning, and thank you all for joining our fourth quarter and our full year 2014 earnings conference call. We are pleased to end a difficult year with strong fourth quarter results, with this year-over-year contract sales and revenue growth. Our revenue and profit recognition for 2014 reporting was strongest in the fourth quarter despite the tough market in 2014. We still grew revenue and our contract sales over 2013.

Xinyuan is investing for its future development and growth. We launched 10 new projects in 2014 and acquired eight projects. Outside of China, presale for our New York Oosten project remains active. We want to express our thanks to our shareholders and for standing with Xinyuan during these turbulent times in 2014.

We distributed a dividend of \$0.05 per ADS each quarter, and we repurchased 4.5 million ADS in 2014. We believe 2015 can be productive year for Xinyuan. We will further scale our operations and grow Xinyuan into a leading real estate developer in China.

Now please allow me to turn the call over to our CFO, Dr. Manbo He.

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Thank you, Mr. Chairman. Hello, everyone, welcome to join us today. First of all, allow me to review our key financials for the fourth quarter of 2014. The fourth quarter contract sales revenue and net income increased dramatically over the third quarter. Total fourth quarter revenues were \$362 million, a 121% increase from \$163 million recorded in the third quarter of 2014, and a 25% increase from \$289 million recorded in the fourth quarter of 2013.

And contract sales totaled \$402 million, which is a 140% increase from \$167 million recorded in the third quarter of 2014, and a 6.6% increase from \$377 million recorded in the fourth quarter of 2013.

We started presales of four new projects, which contributed 8.6% of contract sales in the fourth quarter. Additionally, existing projects sales performed better than prior quarters due to the recent government policy to lower mortgage rates for first-time homebuyers.

Further, over \$45 million in unrecognized contract sales from the previous quarters were recognized in the fourth quarter. Here, I would like to explain a little bit further this one. Unrecognized contract sales represented down payments of less than 30% of the paid for unit value. When the payments have reached to above 30% levels, those unrecognized contract sales turning to recognized contract sales.

Total gross floor area, the GFA sales, were 252,000 square meters, which is 151% increase from third quarter, and a 4.3% increase from the same quarter last year. We started presales of four new projects, which contributed 10% of GFA sales in the fourth quarter.

The average selling price per square meter was RMB9,800 in the fourth quarter, compared with RMB10,272 in the third quarter of 2014. The decrease was mainly due to the implementation of promotions of certain projects to improve market demand and lower ASP for certain newly launched projects. Our four projects in Zhengzhou contributed 35% of total GFA sales followed by our two projects in Jinan at 18%.

As we look at the overall performance of our projects, the property market performed relatively better in Zhengzhou and Jinan compared to the broad property market.

Gross profit for the fourth quarter of 2014 was \$96.1 million or 26.5% revenue, compared to a gross profit of \$43.5 million or 26.6% of revenue in the third quarter and gross profit of \$94.9 million or 32.8% of revenue in the same quarter of last year.

SG&A expenses were \$53.1 million for the fourth quarter of 2014, compared to \$32.1 million for the third quarter this year and \$35.1 million for the fourth quarter of previous year.

As a percentage of total revenue, SG&A expenses were 14.6%, compared to 19.6% in the third quarter and 12.1% in the fourth quarter of 2013. So the increase of SG&A expenses compared to the third quarter was mainly due to four new projects beginning presales and the year-end bonus accrual in the fourth quarter. In addition, we recognized loss from the extinguishment of debt of \$10 million due to the redemption of TPG convertible notes.

Net income for the fourth quarter of 2014 was \$23.8 million, compared to \$7.8 million for the third quarter and \$31.6 million for the fourth quarter of last year.

Net margin was 6.6%, compared to 4.8% in the third quarter of 2014 and 10.9% in the fourth quarter of 2013. Diluted earnings per ADS were \$0.34, compared to \$0.10 per ADS in the third quarter of 2014 and \$0.36 per ADS in the fourth quarter of 2013.

Now let's look at the balance sheet. As of December 31, 2014, the company reported \$509.4 million in cash and cash equivalents, compared to \$553 million as of September 30, 2014. Total debt outstanding was \$1.5 billion, an increase of \$117 million, compared to \$1.39 billion at the end of the third quarter of 2014. The balance of the company's real estate property under development at the end of the fourth quarter was \$1.7 billion, compared to \$1.59 billion at the end of the third quarter of 2014.

The operational update, the balance of our real estate property under development at the end of the fourth quarter increased to \$1.7 billion, reflecting 18 active development projects, with another six projects that are expected to commence presales in 2015. As of December 31, 2014, our total sellable GFA was approximately 3.08 million square meters, representing both active projects and projects in the planning stage, reaching a new record for Xinyuan.

We commenced presales of four development projects in the fourth quarter, Xingyang Splendid II, Changsha Splendid, Sanya Yazhou Bay No.1 and the Xi'an Metropolitan. The four projects contributed 10% of the total GFA sales in the fourth quarter. In addition, we acquired four parcels of land in Zhengzhou and one in Tianjin for a total GFA of 800,000 square meters, a total cost of \$229 million.

The floor price of our Zhengzhou land parcels average approximately RMB2,000 per square meter, while the average selling price of Zhengzhou project, adjusting to the new land parcels, averaged approximately RMB7,000. And the floor price of Chengdu land is just a little over RMB1,000.

Going forward, we will continue to forecast on existing cities in which we operate, targeting higher-margin projects for our future development, particularly in Zhengzhou and Jinan.

The company's New York Oosten project has a total GFA of 37,000 square meters as of December 31, 2014; 75% of the concrete superstructure has been completed. We are scheduled to top out the entire superstructure in the first part of 2015, while work on the mechanical plumbing and electrical systems have been carried out simultaneously as planned.

We started presales on a limited scope in the third quarter of 2014. Presales are proceeding well at a smooth but controlled pace. While we are trying to balance the number of contract sales with strategically planned price increases, given the pricing uptrend in the New York City housing market. As of December 31, 2014, total contracted amount was approximately \$90 million.

Now I will run through our financial results for the full year of 2014. For the year ended December 31, 2014, total revenue increased by 2.5% to \$919.7 million from \$897.7 million in 2013. The GFA sales decreased by 5.5% to 629,000 square meters from 665,000 square meters in 2013. Contract sales increased by 4.1% to \$1.041 billion, from \$1 billion in 2013.

Gross profit was \$242.2 million or 26.3% of revenue in 2014, compared to a gross profit of \$299 million or 33.3% of revenue in 2013. The company commenced presales on 10 projects in 2014, while certain projects' margins were lower, given the softer market environment.

Our SG&A expenses were \$145 million or 15.8% of revenue, compared to \$85.2 million or 9.5% of revenues in 2013. The increase in SG&A was mainly due to new project promotions and an increase in headcount related to business expansion efforts.

Net income was \$48.5 million in 2014, compared to \$126.4 million in 2013. Diluted earnings per ADS was \$0.66 in 2014, compared to \$1.70 per ADS in 2013.

Overall, we experienced a challenging property market through 2014. In spite of these challenges, we were pleased to achieve an increase in contract sales over the prior year. We commenced presales in 10 projects in 2014, of which four projects we acquired in the same year, namely Chengdu Thriving Family, Changsha Splendid, Sanya Yazhou Bay No.1 and the Xi'an Metropolitan.

The company's fast asset turnover strategy and strong execution capability overall stresses the challenging market conditions. We remain confident about our future prospects and we purchased approximately \$4.5 million ADS in the market at a total cost of around \$17 million in the year of 2014. Additionally, our board approved the payment of total dividend of \$0.05 per ADS in each quarter for a total of \$0.20 per ADS for the year of 2014.

As we look at our opportunities in 2015, we intend to acquire projects that can be more profitable and largely focus on cities in which we currently operate with basic criteria of land acquisition and maintain an ROI above 15%. We also plan on evaluating our financing opportunities to lower overall project expenses. And our current financing cost for construction loans ranging from 5.8% to 9.1% and trust loan ranging from 10% to 12.5%, so on average, our overall financing cost is around 10%.

So that's the year ending results as I just reported. And I'm going to spend a little time give out the forecast for the coming year. And I would like to remind the listeners that as our -- Bill pointed out that all forward-looking numbers may have some material difference from the reality, and that the management is doing its best in those forecasting. However, due to the versatility nature of the market, especially for Chinese real estate market, those numbers may dramatically change.

As of now, the best forecast from the management, looking ahead, we do see the overall real estate market recovers and we believe the macro real estate environment continues to stabilize. And with our continued focus on existing cities, along with our flexible growth strategy and solid execution and stringent cost controls, we believe that 2015 can be a productive year for Xinyuan.

For the first quarter of 2015, the company expects contract sales to reach approximately \$210 million to \$216 million. And our first quarter revenue is expected to total \$210 million to \$215 million, while net income is expected to reach approximately \$4.1 million. For the full year, the company expects contract sales to reach \$1.8 billion. The full year revenue is expected to total around \$2 billion. While the full year net income, we expect it to be at \$90 million to \$95 million.

Again, please note that those projections are subject to change, given the market environment.

So this concludes our prepared remarks for today. Operator, we are now ready to take some questions. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll take our first question from Stella Li with Morgan Stanley.

Stella Li - Morgan Stanley - Analyst

I have three questions, the first one is, could you please run through your cash flow in 2014? How much cash you received from your contract sales? And then how much cash you've spent for land acquisition, how much for construction and then SG&A, interest, et cetera?



Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, Stella, I think all those numbers, you can actually get from the disclosure. We have the full statement that tells all that. You can find all those numbers there.

Stella Li - *Morgan Stanley - Analyst*

I think we can get to the disclosure about the total contract sales in 2014. But I wonder, how much cash actually we received from this contract sales?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

For the full year of 2014 -- (inaudible - inaccessible microphone). You want the full cash flow statement?

Stella Li - *Morgan Stanley - Analyst*

I'm asking for the 2014. Yes, around the total -- around \$1 billion contract sales we recorded, how much cash actually we received?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

The cash received from all the sales? All those numbers, you can have it on all those cash flow statements.

Stella Li - *Morgan Stanley - Analyst*

Okay, so you're suggesting we'll wait for the cash flow statement to be published?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

We have the full -- yes, we (inaudible). We have the full numbers on that. I can give you the -- for the RMB number, I can give you a full amount. Our cash received from sales is RMB6.4 billion. That's what we have received in cash for the full year. And for the land spending, that's what you're asking, right?

Stella Li - *Morgan Stanley - Analyst*

Yes, yes.

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

For the land spending, we spent RMB6.1 billion. All of that is in RMB. All right?

Stella Li - *Morgan Stanley - Analyst*

Okay. What about construction cost and then SG&A?



Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Construction spending, we spent RMB2.87 billion, all right? Were those numbers you wanted?

Stella Li - *Morgan Stanley - Analyst*

Yes. Okay. And do you have a projection for -- or a budget for 2015? How much you plan to spend to acquire land and also how much you'll spend for the construction for 2015?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Yes. For 2015, actually, because we are having higher expectations for the sales, we will expect a more positive cash inflow from the sales side. However, given the uncertainties in the real estate market, we are very conservative in terms of spending and acquiring new land. At this moment, those numbers may be very much subject to change of market conditions. However, as of now, we are expecting our land purchase in 2015 at a similar level as we did in 2014.

Stella Li - *Morgan Stanley - Analyst*

Okay. And also construction would also be similar to 2014?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Yes, construction will also be -- but on that part, it's a little bit different, because we do need more units to [fill] to satisfy the market demand. So on that part -- actually, on the construction side, we will be spending more than we did in 2014.

Stella Li - *Morgan Stanley - Analyst*

Okay, I understand. Thank you. And my second question is, amongst your roughly \$1.5 billion total debt as of December 2014, so apart from \$400 million are U.S. dollar bonds, what are the breakdown of the rest of \$1.1 billion, how much is construction loan and how much is trust loan?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, the spread actually between our construction loan and the trust loan is about 1 to 2. So for the rest, you can approximately estimate roughly 1/3 of it is for the construction loan and the rest is the trust loan.

Stella Li - *Morgan Stanley - Analyst*

Okay, I see. And then for the short-term loan -- the short-term debt that are due within a year, roughly how much percentage is trust loan and how much is construction loan? Is it also like 1/3-2/3 split?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Yes, it's very similar to the long term. So it's about the same.

Stella Li - Morgan Stanley - Analyst

Okay, and then for the refinancing of the trust loan this year, is the company going to sign new trust loans or may consider other funding channels?

Manbo He - Xinyuan Real Estate Co., Ltd. - CFO

Well, actually, that is a very good question. As we are going forward to tackle new market opportunities, we are also trying to find new ways to financing our projects, which also including getting into some kind of equity corporation with other organization to loosen up the pressure on our financing side. So we are going to maintain our current finance activities, plus some new, more creative and more productive ways of financing our new projects.

Stella Li - Morgan Stanley - Analyst

When you are saying other organizations, do you mean other property companies or maybe private equity funds or other financial institutions?

Manbo He - Xinyuan Real Estate Co., Ltd. - CFO

Actually, at this moment, we are open to all kinds of corporations, as long as it can give us the opportunity to tackle all those opportunities that's going to be available in the market.

Stella Li - Morgan Stanley - Analyst

Okay, that's very good. And my third question is do you have any gearing or leverage target? It seems that as of December 2014, the leverage of company was a little bit high. So I just wonder if you have any longer term to try to bring down the leverage to a certain comfortable level?

Manbo He - Xinyuan Real Estate Co., Ltd. - CFO

Of course. Actually, the short answer to that question is yes. We are, actually, trying to, as I just mentioned, that we are trying to lower the cost of our overall financing cost. And also, we are trying to open to some other ways of financing our projects, which can loose up the pressure on the company's balance sheet.

And in terms of the gearing position of the company, even though we are not as low as we would expect, compared with all the other developers in Chinese market, Xinyuan's position is actually, relatively good. And we, as the management, actually working on all different ways, trying to keep the company's financing situation as healthy as possible. And we are confident that going into 2015, our total financial position will improve. That's the plan.

Stella Li - Morgan Stanley - Analyst

Okay, that's very good to know. Can I just confirm, previously, you mentioned around 1/3 of the debt were construction loan and then around 2/3 were trust loan?

Manbo He - Xinyuan Real Estate Co., Ltd. - CFO

Yes, that's aside from the overseas loan.

Stella Li - *Morgan Stanley - Analyst*

Right, right, understand. Okay, great. Thank you very much.

Operator

(Operator Instructions) We'll take our next question from [John Sheehy] with -- he's a private investor.

John Sheehy - *Private Investor*

Thank you for the detailed introductory explanation. I have only one question. Do you have any new international project plans that you're working on in 2015?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, actually, development into global market is always a strategy for the company, and we are constantly looking for any new opportunities. However, we are very, very careful in making sure that any new project, especially overseas project, will fit into both the strategy of the company's development direction, and also the profitability criteria as we require for all of our investments. And that will be an ongoing process.

John Sheehy - *Private Investor*

Okay. Thank you very much.

Operator

(Operator Instructions) We'll take our next question from [Erb Singh]. He's a private investor.

Erb Singh - *Private Investor*

Thank you for the excellent presentation. My question for you regards the disconnect between what I think is the fair value of the company and what the market is valuing the company at. And after much thought, my thought was, has management considered floating the underlying shares on another exchange, which may have a better appreciation for the value of the company and its long-term potential, so as to diminish the difference between what the market's currently valuing the company at and what the underlying true value is?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, I think the management is in agreement with your observation that we, too, believe that the company is severely undervalued. And because it is a very, very big matter, as you suggested, whether the company should consider changing our listing location, and that has to be decided by the board and also has to be approved by all the shareholders, as I would imagine.

So I -- while I appreciate and understand and agree with your opinion, it will be very difficult for us to give you a very clear answer on that question tonight. But as time goes, I think we may be seeing some movement on that subject. But again, as of today, I really have no answer to that question. Sorry about that.



Erb Singh - - *Private Investor*

Thank you.

Operator

(Operator Instructions) And we have a question from Brett Mayo with Genesco Incorporated.

Brett Mayo - *Genesco Inc - Shareholder*

My question was, I know that you mentioned that the shares are severely undervalued. And I tend to agree with that. But I guess, this is a question for yourself. Helen can chime in and the Chairman as well. What do you guys feel like would be a fair value for the ADS, the American Depositary Shares, like, I mean, should the stock trade at book value? Or do you guys have an internal gauge, I mean, of what you think -- and I know it's not going to be an exact figure, but of what management kind of believes the shares should trade up?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, Brett, now, I think you raised a very, very good but very difficult question. I do believe the management of the company, including the people you just mentioned, me, Helen and both -- I mean, Chairman, we all expect that the company will be valued at a much higher and a much better position, whereby we can really give our shareholders a very good valuation through the market.

However, I just would like to share my observation a little bit with you. I think there are two problems now that the company is facing. Number one is the Chinese real estate market is a very versatile market, and especially for the last two years. And also, the capital market in the States and outside of China, by and large, is not very knowledgeable, in my opinion, towards the situation of Chinese real estate market, and that created some dramatic problems for our stock price.

And secondly, the whole global economy, when you consider the Chinese factor into it, it's making the judgment on the fair value of a company like Xinyuan on the U.S. stock exchange more difficult.

To the expectation of the management of this company, we do see the trend that we are very confident that the business of Xinyuan is getting -- as you say, we have passed the most difficult time and we are seeing the trend of recovering from the end of last year. And also, we do see the turnaround of these markets sometime later this year. So that's why the company is confident that we will be able to give the market some -- more reason to better value this company and to better reflect our value through the stock market -- through the stock price.

Brett Mayo - *Genesco Inc - Shareholder*

Yes, sir, that's a good explanation. And I think given the external pressures that have -- of the Chinese real estate market, and trying to expand essentially, inflate your balance sheet while it's kind of the market was going down, I think management did a phenomenal job of steering the ship through that. And I generally agree with you that, that outlook seems more stable and that, as a shareholder, that's exciting for me.

One, I guess, the follow-up question to that would be, do you guys ever discuss or expect to expand like shareholder rights, that the holders of the ADS, the American Depositary Shares, get to vote on like compensation matters or board members, dividend policy, et cetera? Or is that -- because I think when I got my proxy statement this year, the only item on it was to whether or not we wanted to adopt Ernst & Young as the outside auditors. Again, do you guys ever talk about maybe expanding those rights? And that maybe that would have a positive effect as well on the share price?



Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, obviously I think the company is listening very carefully to all the opinions, suggestions, advice from our shareholders. However, as we are running this company with a large group of shareholders, many decisions like that will be reviewed very carefully through over the management and the board, and also the -- maybe in large, by the shareholders' meeting, to discuss the suggestion you had just raised. But again, I can assure you that the company, including the Chairman and all the top management here are open to all the suggestions and advice from shareholders. And we will make our best effort to meet all the reasonable requirements from the shareholders.

Brett Mayo - *Genesco Inc - Shareholder*

Thank you, sir. To all of you all, congratulations on a great quarter. I think you beat the net income figure by 300% or something like that as far as what was projected last quarter. So awesome quarter, thank you for your time and look forward to holding the stock for many years to come. Thank you, sir.

Operator

We'll take our next question from Chenlan Bao with Credit Suisse.

Chenlan Bao - *Credit Suisse - Analyst*

I just have one question regarding the recent consent solicitation. Just wondering how much you actually received in regard to the consent?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, actually, we received a very overwhelming positive response from the holders. And the numbers is actually higher than what we previously predicted. So we do have the support from our note holders that this is the right thing for the company to do, especially on such a difficult time for the market, for the industry way.

Chenlan Bao - *Credit Suisse - Analyst*

Do you mind disclosing the specific percentage?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

For the 2018 notes, if I remember correctly, we got over 75%. And for the 2019 notes, we got over 85%.

Chenlan Bao - *Credit Suisse - Analyst*

Thank you. Okay, and does the company have any specific plan for relaxing the different covenants for the consent solicitation?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

I think, as you can see from the disclosure we've made along with the consent solicitation, the change of the restriction to us is not necessarily for the company to expand our financing activity. Actually, it's more for a safety consideration so that the company can operate in a much more supportive environment.



For instance, after the change of the restrictions, the company will be able, and now we are able to issue more dividends. We are able to buy back more shares, which gives the company more flexibility in showing to the market, and showing to our shareholders the confidence of the management and also to support or to kind of pay back to the shareholders, that the company is doing our best to uphold the shareholders' value.

So in terms of the flexibility, we're seeing more financing headroom for the company, which is also an added room for the company, when we see the opportunities on the market, the company will have the resources to capture all of those opportunities. So that's the main consideration why the company did that at this time.

Chenlan Bao - *Credit Suisse - Analyst*

Thank you.

Operator

Our next question comes Trung Nguyen with Lucror.

Trung Nguyen Dang - *Lucror Analytics - Analyst*

Just had a few questions. The first is you have almost 900 million debt maturing this year, almost 300 million in short-term bank loan, and the rest which is the current portion of the long-term bank loan. How are you going to refinance this? Or how are you going to find the spot? And second question is, what is your average borrowing rate, especially for the trust loan? And third, it would be great if you can give some guidance on your cash flow, expected cash flow here? Thank you.

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Okay, all right. So on the first question, for the refinancing of our current debt, actually, as the company's ongoing concern as we just mentioned, we are going through our new project every year, and which actually is a rollover of our loans, because most of the loans are based on our project. So as we go into new projects, we'll get a new loan. And as we've started collecting money from the sales of the project, we will pay back the old notes. So it's a continuing process.

So the refinancing of all those loans, we don't see any problem. And especially at the level of the gearing for the company at the moment. We don't see any problem for 2015 or the following year. And that's on the refinancing portion of the question.

And the second posted question is regarding the rates for those loans. As I pointed out in my remarks minutes ago, that on average our trusted -- our construction loan interest rate ranging from 5.8% to 9.1%, and the trust loan interest rate ranging from 10% to 12.5%. And overall, the average financing cost for the company is around 10%, which is actually right I would say okay for this industry.

And the last question about cash flow situation, actually, the company maintains very strong cash flow position, whereby in principle, we will always have enough cash to support our operation for at least three to six months. And that's the topline company to hold through all times, and that policy will continue. And we will always make sure that our cash flow situation is healthy and sound.

Trung Nguyen Dang - *Lucror Analytics - Analyst*

Thank you. So maybe can you give a bit more color on the cash flow, how much are you expected to receive? How much are you expected to pay in terms of construction and (inaudible) of buying new land?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Okay. All right, I think I've answered part of that question in the previous caller, but I will repeat here again.

Trung Nguyen Dang - *Lucror Analytics - Analyst*

Thank you. I joined the call late, sorry.

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Okay, no problem. For 2015, actually our expectation was actually our revenue of contract sales will be around RMB12 billion. And of that, we expected to collect cash from the sales about actually that amount. So it's also about RMB12 billion. And out of those cash received, we are planning on spending on land purchase, as I mentioned before pretty much similar to what we did in 2014, which is about 6. -- around RMB6 billion in land purchase and for construction spending will be a little bit lower than the land purchase. But it will be higher than what we've spent on construction payments in 2014 due to the much higher sales, which will demand more input and more spending in construction side. So that's the rough picture for 2015. Did that answer your question?

Trung Nguyen Dang - *Lucror Analytics - Analyst*

Yes. That's very helpful. Thank you and congrats on the results again.

Operator

Our next question comes from Erb Singh, who's a private investor.

Erb Singh - *Private Investor*

This follows on regarding the Board of Directors, I know that with Mr. Walton and Wertheimer passing off the board, I was wondering how the board is going to go about helping this composition and what sort of characteristics the board is looking for in additional leadership?

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Well, as you know from all the press release that our two directors of the board had resigned last year for their personal reasons. I think it's very clear that both two gentlemen are over 70 years of age. And it will be too much to handle for directors at such an age, because the company is going through a very, very dramatic growth path, and which demand a lot of contributions from everyone involved, including our Board of Directors.

As to your questions regarding the characters of our board members, which obviously is a matter for our board and shareholders to decide, however, I do believe that the company is, at this moment, looking for professional guidance and professional advice through different areas.

For instance, in the industry of real estate development, we do need professional advice and also resources in helping the company going through our growing path. And also in terms of corporate governance, in terms of company financing, we also need experienced professionals, who can help the company from the board, as well as the company is also tackling all opportunities of overseas markets, which also requires our board members can provide some professional help and to bring more resources to help the company expanding.

I do believe that the company is looking for all those talents and resources and the professional mind to join our board. And when we have -- making any new progress on that, it will be reported to the market.



Erb Singh - - *Private Investor*

Thank you.

Operator

There appears to be no further questions in queue. I would like to turn the conference over to our management for any closing remarks.

Manbo He - *Xinyuan Real Estate Co., Ltd. - CFO*

Okay. If there are no more further questions, I would like to take this opportunity to thank each and everyone participating in this conference call and for your continued support to the company and management. Thanks to everyone.

Operator

Thank you. That does conclude today's conference. We thank you for your participation.

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