Corporate Finance

Vice Chairman & Managing Director Raymond Kwok (seventh left) and Sun Hung Kai Properties (Financial Services) Executive Director Amy Kwok (sixth left) at the loan signing ceremony.

The Group's financial position remains strong, with low gearing and high interest coverage reflecting its abundant cash flows from both property sales and rental income. Its net debt to shareholders' funds ratio remained low at 14 per cent.

The Group had a very positive response to its self-arranged HK$15,250 million six-year, fully-revolving syndicated credit facility in June 2007, which was three times over-subscribed by a consortium of 26 leading local and international financial institutions. The proceeds will be used for general working capital and to refinance some short-term borrowings. The Group also issued a ten-year US$300 million bond at favourable terms under its Euro Medium Term Note Programme in March 2007. These deals are in line with the Group's policy of lengthening its debt maturity profile and procuring substantial committed facilities for future business expansion in Hong Kong and on the mainland.

The vast majority of the Group's borrowings are denominated in Hong Kong dollars, with the balance in US dollars, Renminbi or Singapore dollars, mainly to fund projects on the mainland and in Singapore. The Group's foreign exchange risk is minimal, given that its assets and operational cash flows are valued primarily in Hong Kong dollars. The Group has not entered into any transactions of speculative derivatives or structured products including collateralized debt obligations.

The Group has the highest credit ratings among Hong Kong developers from both Moody's and Standard and Poor's, reflecting its financial health and leading market position.

Credit Ratings

	Foreign currency	Local currency	Outlook
Moody's	A1	A1	Stable
Standard & Poor's	A	A	Stable