

All creditors to sign Wah Kwong accord

By JAN ALTINK

All 46 financial creditors of the Wah Kwong Shipping group have agreed to sign today a temporary agreement that will ensure the group remains operational for another 50 days, banking sources confirmed yesterday.

"We've moved very far from last night (Wednesday)," sources said. A number of banks had been holding out against putting their signatures to the so-called interest payment plan (IPP).

The final obstacle was cleared yesterday evening when a Japanese

bank and one European bank, both of which remain unidentified, received head office approval to join the other 44 creditors and sign the IPP between 10am and 3pm today.

"They've all realised the plan as presented is in their best interests," a US banker explained.

Adhering to their own deadline, Amex Asia Ltd, financial adviser to Wah Kwong, yesterday sent creditors a telex advising them which banks were not prepared to sign the IPP.

But it was expected that last-minute phone calls to the creditors

would be made advising them of the unanimous support the plan has now received.

The telex also revealed that Wah Kwong had signed a joint credit line with Standard Chartered Bank and the Bank of Tokyo on Wednesday evening for US\$10 million. Half of the loan can be drawn immediately, with rest available upon execution of the IPP, which should be today.

Security worth \$5 million has been put up from the private assets of the Chao family that controls Wah Kwong. The family's assets re-

portedly amount to \$28 million.

One of the creditors holding out against signing the IPP is believed to be connected to the Kwok family that controls the Wing On group of companies, including the troubled Wing On Bank.

It is believed the Kwoks went into a joint venture with the Chao family on the bulk carrier Pacific Venture, 35,000 dead weight tonnes, and were even persuaded by the Chao to give a personal guarantee to the bank that financed the vessel.

Sources said Amex Asia had

given banks assurances that a long-term restructuring plan for the group will be made available long before May 30, when the IPP expires, so that creditors will have "plenty of time to review the numbers." But the IPP can be renewed if no long-term scheme can be agreed before then.

Under the plan, creditors will release all charterhire income into a pooled central fund managed by an independent administrator, so that Wah Kwong can continue to meet running costs.

The surplus that remains on

May 30 will be used to pay off interest that has accrued during the period of the IPP. Secured creditors will be paid first and the remainder of the pool will be shared between unsecured creditors and those secured creditors, called "net financial contributors," which release funds on profitable ships secured as their collateral.

Thus, although some creditors' interest payment instalments fall due after the period of the IPP, they will be pre-paid the interest that has accrued to them during the period of the plan.