

AHL to raise \$108 million in share issue

By LAU WAI-KONG

Associated Hotels Ltd (AHL) will raise \$108 million by issuing new shares to pay back its debts to the Canadian Imperial Bank of Commerce (CIBC) and the Bank of Tokyo, market sources said yesterday.

The financially-troubled company proposes to restructure its capital base and hive off its flagship, the Hyatt Regency Hotel, for public listing under the aegis of its wholly-owned subsidiary, Associated International Hotels Ltd (AIHL).

Under the restructuring propos-

al, the par value of AHL shares will be first trimmed to 20 cents from \$1, and then five 20-cent shares will be combined into one, reducing its share capital to 25.6 million shares of \$1.

AHL will then issue 61 million new shares of \$1 each at a subscription price of \$1.80.

The financial adviser to the board, Mr Phoon Chong-kit, will be given one million new AHL shares, sources added.

Mr Phoon has acted as spokesman for AHL at the various press conferences and the annual general meeting following the June 1983

boardroom feud which led to a new board of directors taking over.

Oslo Peak Investment Ltd, which holds a majority stake in AHL, will subscribe to 30 million new shares at a cost of \$54 million.

Both Oslo Peak and AHL are controlled by the Singapore-based Tian Teck group.

About 22.5 million new shares will be issued to current creditors and 7.5 million to contingent creditors, the sources said.

The creditor banks also have the option to subscribe to the uncured 1990 loan stock with six per cent interest, which will be issued

after the extraordinary general meeting to be held next month.

The loan stock will be issued subject to Supreme Court approval of the restructuring scheme today.

After restructuring, AHL will have 85.67 million shares of \$1 each, of which Tian Teck will control about 60 per cent.

AHL shares were suspended on Monday until August 27.

CIBC had managed a \$110 million loan package for AHL in June last year to alleviate its liquidity problems.

The package included \$48 million in new funds in connection

with an \$80 million refurbishment programme for Hyatt and new working capital of \$62 million.

At the request of the bank syndicate AHL transferred the Hyatt Hotel's business to AIHL in June last year and granted the banks a floating charge over its business.

Under the restructuring proposal, AIHL will be listed on the stock exchanges around October 23.

In August 1981 a syndicate of 16 financial institutions, led by the Bank of Tokyo, arranged a \$520 million syndicated loan for the construction of Regentcourt, a lux-

ury residential development in Kennedy Road.

The loan, made to Regentcourt Ltd, developer of the project, on August 17, 1981, was guaranteed by AHL, Chuang's (Holdings), Legislative Councillor Mr Francis Tien Yuan-hao, Mr Ng Teng-fong of the Sino group, and Mr Cheng Yik-hung, all shareholders of Regentcourt Ltd.

AHL controlled about 57 per cent of Regentcourt Ltd.

Since the middle of last year, Bank of Tokyo has filed several writs against AHL for failing to pay its share of interest on the loan.