

KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP
Tracy L. Klestadt
John E. Jureller, Jr.
Brendan M. Scott
200 West 41st Street, 17th Floor
New York, New York, 10036
Tel: (212) 972-3000

Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
	:
CHINA FISHERY GROUP LIMITED	:
(CAYMAN), <i>et al.</i> ,	:
	:
Debtors.	:
-----X	

Chapter 11
Case No. 16-11895 (JLG)
(Jointly Administered)

**NOTICE OF FILING OF EXHIBITS TO DISCLOSURE STATEMENT FOR
FIRST AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF CHINA
FISHERY GROUP LIMITED (CAYMAN), PACIFIC ANDES RESOURCES DEVELOPMENT
LIMITED (BERMUDA), AND CERTAIN OF THEIR AFFILIATED DEBTORS**

PLEASE TAKE NOTICE that the Plan Debtors hereby file the following Exhibits identified in the Disclosure Statement to First Amended Chapter 11 Plan of Reorganization of China Fishery Group Limited (Cayman), Pacific Andes Resources Development Limited (Bermuda) and Certain of Their Affiliated Debtors, filed September 27, 2021 [Docket No. 2684], as follows:

1. Exhibit C: Liquidation Analysis

Dated: October 21, 2021

KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP

By: /s/ John E. Jureller, Jr.

Tracy L. Klestadt

John E. Jureller, Jr.

Brendan M. Scott

200 West 41st Street, 17th Floor

New York, New York 10036

Tel. (212) 972-3000

Fax: (212) 972-2245

Email: tklestadt@klestadt.com

jjureller@klestadt.com

bscott@klestadt.com

Attorneys for the Debtors.

EXHIBIT C

CFGL/PARD Plan

Liquidation and Recovery Analysis

(\$ millions)	Estimated Claim	Chapter 7 - Liquidation Recovery		Chapter 11 - Waterfall Recovery	
		\$	%	\$	%
<u>Assets</u>					
Settlement Proceeds		26.0		26.0	
Cash and Cash Equivalents		-		-	
Non-Core Real Estate and Land		-		3.9	
Other Assets		3.6		4.6	
Gross Liquidation Proceeds		29.6		34.5	
<u>Less Cost of Wind-Down</u>					
Estimated Wind-Down Expenses		4.0		1.0	
Chapter 7 Trustee Fees		0.9		-	
Chapter 7 Administrative/Professional Claims		3.0		-	
Total Liquidation Costs		7.9		1.0	
Net Proceeds Available for Distribution		21.7		33.5	
Administrative Claims					
Unpaid Chapter 11 Administrative Claims	5.5	5.5		5.5	
<u>CFGL Classes</u>					
Class 1: CFGL Secured Claims					
Class 2: Priority Tax Claims					
Class 3: Other Priority Claims					
Class 4: CFGL Unsecured Facilities Claims					
Class 5: CFGL General Unsecured Claims	7.1	1.9	27%	1.9	27%
Class 6: CFGL Subsidiary General Unsecured Claims	12.5	0.0	0%	5.1	41%
Class 7: Intercompany Claims	4,401.9				
Class 8: CFGL Intercompany Interests					
Class 9: Existing CFGL Interests		5.2		6.2	
PARD Classes					
Class 1: PARD Secured Claims					
Class 2: Priority Tax Claims					
Class 3: Other Priority Claims					
Class 4: Taipei Fubon Term Loan Claims	96.9	10.3	11%	7.4	8%
Class 5: PARD Bond Claims	161.2	0.0	0%	2.8	2%
Class 6: CITIC Banking Facilities PARD Claims	71.0	0.0	0%	1.2	2%
Class 7: Maybank PARD Group Facility Claims	72.6	0.0	0%	1.2	2%
Class 8: Standard Chartered PARD Group Facility Claims	42.3	0.0	0%	0.7	2%
Class 9: UOB Banking Facility Claims	26.3	0.0	0%	0.4	2%
Class 10: Rabobank PARD Group Facility Claims	27.4	0.0	0%	0.5	2%
Class 11: Bank of America PARD Group Facility Claims	14.9	0.0	0%	0.3	2%
Class 12: DBS PARD Group Facility	10.2	0.0	0%	0.2	2%
Class 13: Sahara Loan Claims	7.6	0.0	0%	0.1	2%
Class 14: PARD General Unsecured Claims	-	-	0%	-	0%
Class 15: Intercompany Claims	621.6				
Class 16: PARD Intercompany Interests	-				
Class 17: Existing PARD Interests					

Liquidation Analysis – CFGL/PARD

A. Introduction

This liquidation analysis (the “**Liquidation Analysis**”) was prepared by the Plan Debtors with the assistance of their professionals and estimates potential cash distributions to holders of Allowed Claims and Interests in a hypothetical chapter 7 liquidation of all of the CFGL Group’s and PARD Group’s assets.

The best interests test requires the Bankruptcy Court to determine what the holders of allowed claims and allowed interests in each impaired class would receive from a liquidation of the debtor’s assets and properties in the context of a liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor’s assets and properties (after subtracting the amounts attributable to the aforesaid claims) is compared with the value offered to such class under the plan.

This Liquidation Analysis is a comparison of (i) the estimated recoveries for holders of Allowed Claims and Interests of the Joint Plan Debtors that may result from the Plan (the “**Plan Recovery**”) to (ii) an estimate of the recoveries that may result from a hypothetical chapter 7 liquidation (“**Liquidation Recovery**”). The Liquidation Recovery is an estimation of (a) the cash proceeds that a chapter 7 trustee would generate if each Joint Plan Debtors’ Chapter 11 Cases were converted to chapter 7 case and the assets of such Plan Debtors’ Estates (including the assets of their non-Debtor subsidiaries) were liquidated and (b) the distribution that each holder of an Allowed Claim or Interest would receive from the net proceeds available for distribution under the priority scheme dictated in chapter 7 of the Bankruptcy Code.

The Liquidation Analysis is based upon a number of significant assumptions described herein. The Liquidation Analysis is solely for the purpose of disclosing to holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Plan Debtors, subject to the assumptions set forth herein.

Based on the following hypothetical Liquidation Analysis, the Plan Debtors submit that, other than holders of Tapei Fubon Term Loan Claims, holders of Allowed Claims and Interests in each Impaired Class would receive more value under the Plan than in a liquidation scenario, due to discounts to asset values and the incurrence of additional administrative claims in chapter 7 if these cases were converted, among other factors. The Plan, thus, satisfies the best interests test under section 1129(a)(7) of the Bankruptcy Code. The Plan Debtors caution that actual recoveries in a chapter 7 liquidation could be substantially lower than recoveries set forth in this Liquidation Analysis.

B. Liquidation Analysis Overview

The hypothetical Liquidation Analysis assumes conversion of each of the Joint Plan Debtors’ Chapter 11 Cases to chapter 7 liquidation cases on January 1, 2022 (the “Conversion Date”) and presents a recovery scenario. On the Conversion Date, it is assumed that the Bankruptcy Court

would appoint a chapter 7 trustee to oversee the liquidation of the Estates. The Liquidation Analysis is based on estimates of the CFGL Group's and PARD Group's assets and liabilities. Estimated recoveries in a hypothetical chapter 7 liquidation are estimated as of the Effective Date, as required by the Bankruptcy Code, so that they can be compared to the projected recoveries under the Plan.

The Liquidation Analysis assumes that the CFG Peru Plan and the CFG Peru Settlement Agreement will be consummated but does not assume the CFG Peru Settlement Allocation will be binding. No value is ascribed to real estate or other non-cash assets (other than notes issued by subsidiaries of CFG Peru). Any additional diminution in values, as a result of the appointment of a chapter 7 trustee, attempts to sell immediately or otherwise, would decrease Liquidation Recoveries.

The Liquidation Analysis assumes that all Intercompany Claims (after giving effect to the Intercompany Netting Agreement) are Allowed and respected.

The Liquidation Analysis was performed on a Debtor-by-Debtor basis and, as set forth herein, shows that each holder of an Allowed Claim or Interest in each Impaired Class will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Person would receive if the Plan Debtors were liquidated under chapter 7 of the Bankruptcy Code.

C. Plan Debtors' Assets

The Liquidation Analysis assumes a liquidation of all of the CFGL Group's and PARD Group's assets. As described below, the analysis segregates the CFGL Group's and PARD Group's assets into three major categories: (1) CFG Peru Settlement Proceeds; (2) Real Estate; and (3) Other Assets.

1. CFG Peru Settlement

CFG Peru Settlement Proceeds are assumed to be received in an amount of \$20.0 million plus \$6 million to be used for payment of certain Administrative Expense Claims and reimbursements.

It is assumed that the \$5.0 million Holdback will not be recoverable in the chapter 7 liquidation. The Debtors are assumed to have no other cash.

2. Real Estate

The CFGL Group owns real estate in Hong Kong. Values in the recovery scenario reflect the recent appraised values received by the Debtors, adjusted to reflect recent experience. The real estate is assumed to have no value in a liquidation.

3. Other Assets

In addition to real estate, various affiliates hold other non-core assets. These assets (other than certain holdings of Senior Notes) are assumed to have no value in a liquidation. The Senior

Notes held by CFG are valued at 90% of original principal, based on an analysis of the CFG Peru Chapter 11 plan.

D. Liquidation Costs

Liquidation Costs primarily consist of: (i) the regularly occurring general and administrative costs required to operate the Plan Debtors' businesses during the liquidation process (the "**Wind-Down Expenses**"); (ii) the chapter 7 trustee's fees; and (iii) the costs of any professionals the trustee employs to assist with the liquidation process, including investment bankers, attorneys and other advisors.

1. Wind-Down Expenses

The Wind-Down Expenses represent the anticipated operating costs to be incurred by the trustee necessary to liquidate the CFG Group's and PARD Group's remaining assets and are primarily comprised of professional fees. All Wind-Down Expenses are applied on a *pro rata* basis to assets net of encumbrances.

Wind-Down Expenses are estimated at \$4 million.

2. Chapter 7 Trustee Fees

Compensation for the chapter 7 trustee would be limited to guidelines in section 326(a) of the Bankruptcy Code. The Liquidation Analysis assumes chapter 7 trustee commissions of 3% of the gross proceeds from the liquidation (excluding current cash).

3. Liquidation Professional Fees

The Liquidation Analysis estimates the chapter 7 trustee's professional fees (legal and financial) during the liquidation process. This estimate is primarily based on knowledge of the case and consultation among the Debtors and their advisors. The chapter 7 trustee has the option to supplement or replace the existing professionals, which would require that the new team of professionals would incur time necessary to understand the complexity and status of the Chapter 11 Cases and assist in the liquidation of the Estates' assets. The Professional Fees include costs covering legal, financial, tax/accounting, and other general advisory services that would be incurred during the liquidation process.

Liquidation Professional Fees are estimated at \$3.0 million.

E. Claims

The Liquidation Analysis is presented in terms of claims and asset recoveries. A summary of the Plan Debtors' claims and assets is described below.

1. Secured Claims

The Secured Claims are described in section E of the Disclosure Statement. While the Liquidation Analysis calculates recoveries on deficiencies and guarantees separate from the secured portion of such Claims, the recoveries are presented on a consolidated basis.

2. Other Priority Claims

The CFGL/PARD Plan Debtors' Other Priority Claims include tax claims and other claims entitled to priority under section 507 of the Bankruptcy Code. The Plan Debtors estimate that there will be no Other Priority Claims.

3. Chapter 7 Administrative Claims and Wind-Down Costs

Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the chapter 7 trustee, including expenses associated with selling the Plan Debtors' assets, would be entitled to payment in full prior to any distributions to chapter 11 Administrative Claims and Other Priority Claims. The estimates used in the Liquidation Analysis for these expenses include estimates for operational expenses and certain legal, accounting and other professionals, as well as an assumed 3% commission payable to the chapter 7 trustee based on the amount of distributed assets. It is assumed that chapter 7 administrative and priority claims, including, but not limited to, professional fees and the chapter 7 trustee's commissions will be charged on a *pro rata* basis to assets net of encumbrances.

4. Other Chapter 11 Administrative Claims

The Other Chapter 11 Administrative Claims represent accrued, but unpaid, administrative expenses from the Chapter 11 bankruptcy and are primarily comprised of professional fees.

Chapter 11 Administrative Claims are estimated at \$5.5 million.

5. Unsecured Claims

The unsecured Claims are described in section E of the Disclosure Statement. To the extent non-Debtors are obligors or guarantors on unsecured Claims, the Liquidation Analysis assumes that interest accrues with respect to such non-Debtors through the Effective Date. Recoveries on unsecured Claims reflect the effects of Intercompany Claims and Intercompany Interests. The Liquidation Analysis assumes that recoveries on account of Intercompany Claims are paid as and *pari passu* to unsecured Claims at each Debtor except where contractual terms dictate otherwise.

F. Disclaimer

The Liquidation Analysis was prepared for the sole purpose of assisting the Bankruptcy Court and holders of Impaired Claims or Interests in making this determination and should not be used for any other purpose. The determination of the hypothetical proceeds and costs of the liquidation of the CFGL Group's and PARD Group's assets, is an uncertain process involving the

use of estimates and assumptions that, although reasonable, are inherently subject to significant business and economic uncertainties and contingencies beyond the control of the Plan Debtors, their management, and their advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation and unanticipated events and circumstances could affect the ultimate results. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Plan Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code after conversion of the Chapter 11 Cases. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. No independent appraisals were conducted in preparing the Liquidation Analysis.

ACCORDINGLY, WHILE THE ESTIMATES AND ASSUMPTIONS ARE REASONABLE BASED ON THE FACTS CURRENTLY AVAILABLE, NEITHER THE PLAN DEBTORS NOR THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

The Liquidation Analysis' estimates of Allowed Claims is based upon a review of Claims listed on the Plan Debtors' statements of assets and liabilities as well as proofs of claim filed to date, as well as the Plan Debtors' view on the extent to which such Claims will ultimately be Allowed. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases or currently contingent, but which could be asserted and Allowed in a chapter 7 liquidation, including, but not limited to, Administrative Claims, liquidation costs, trustee fees, and other Allowed Claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. For purposes of the Liquidation Analysis, the Plan Debtors' estimates of Allowed Claims contained in the Liquidation Analysis reference specific Claims estimates, even though the Plan Debtors' estimates of ranges of projected recoveries under the Plan to holders of Allowed Claims and Interests are based on ranges of Allowed Claims. Therefore, the estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE PLAN DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

In addition, delays in the liquidation process and complications with the repatriation of cash held in foreign subsidiaries, including as the result of foreign insolvency proceedings, among other factors, may limit the proceeds generated by the liquidation of the CFGL Group's and PARD Group's assets. For example, it is possible that the liquidation would be delayed while the chapter 7 trustee and his or her professionals become knowledgeable about the Chapter 11 Cases and the CFGL Group's and PARD Group's businesses and operations. This delay could materially reduce the value, on a present value basis, of the liquidation proceeds, the effect of which has not been

contemplated in this analysis.