

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

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In re	:
	:
CHINA FISHERY GROUP LIMITED	:
(CAYMAN), et al.,	:
	:
Debtors. <sup>1</sup>	:
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**Chapter 11**  
**Case No. 16-11895 (JLG)**  
**(Jointly Administered)**

**DISCLOSURE STATEMENT FOR REVISED FOURTH AMENDED JOINT CHAPTER 11  
PLAN OF REORGANIZATION PACIFIC ANDES INTERNATIONAL  
HOLDINGS LIMITED (BERMUDA) AND CERTAIN OF ITS AFFILIATED DEBTORS**

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Dated: December 22, 2021  
New York, New York

<sup>1</sup> The Debtors in these chapter 11 cases are as follows: China Fishery Group Limited (Cayman), Pacific Andes International Holdings Limited (Bermuda), N.S. Hong Investment (BVI) Limited, South Pacific Shipping Agency Limited (BVI), China Fisheries International Limited (Samoa), CFGL (Singapore) Private Limited, Chanery Investment Inc. (BVI), Champion Maritime Limited (BVI), Growing Management Limited (BVI), Target Shipping Limited (HK), Fortress Agents Limited (BVI), Ocean Expert International Limited (BVI), Protein Trading Limited (Samoa), CFG Peru Investments Pte. Limited (Singapore), Smart Group Limited (Cayman), Super Investment Limited (Cayman), Pacific Andes Resources Development Limited (Bermuda), Nouvelle Foods International Ltd. (BVI), Golden Target Pacific Limited (BVI), Pacific Andes International Holdings (BVI) Limited, Zhonggang Fisheries Limited (BVI), Admired Agents Limited (BVI), Chiksano Management Limited (BVI), Clamford Holding Limited (BVI), Excel Concept Limited (BVI), Gain Star Management Limited (BVI), Grand Success Investment (Singapore) Private Limited, Hill Cosmos International Limited (BVI), Loyal Mark Holdings Limited (BVI), Metro Island International Limited (BVI), Mission Excel International Limited (BVI), Natprop Investments Limited, Pioneer Logistics Limited (BVI), Sea Capital International Limited (BVI), Shine Bright Management Limited (BVI), Superb Choice International Limited (BVI), Toyama Holdings Limited (BVI) and Pacific Andes Enterprises (Hong Kong) Limited.

**DISCLOSURE STATEMENT, DATED DECEMBER 22, 2021**

**Solicitation of Votes on the  
Revised Fourth Amended Plan of Reorganization of**

**PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED (BERMUDA);  
PACIFIC ANDES INTERNATIONAL HOLDINGS (BVI) LIMITED;  
NOUVELLE FOODS INTERNATIONAL LTD. (BVI);  
N.S. HONG INVESTMENT (BVI) LIMITED;  
CLAMFORD HOLDING LIMITED (BVI); AND  
PACIFIC ANDES ENTERPRISES (HONG KONG) LIMITED**

**THE VOTING DEADLINE TO ACCEPT OR REJECT THE PAIH PLAN IS 4:00 P.M. (EASTERN TIME) ON JANUARY 10, 2022 (THE “VOTING DEADLINE”), UNLESS EXTENDED BY THE PLAN DEBTORS (AS DEFINED HEREIN). THE RECORD DATE FOR DETERMINING WHICH HOLDERS OF CLAIMS MAY VOTE ON THE PAIH PLAN IS OCTOBER 20, 2021 (THE “VOTING RECORD DATE”).**

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**DISCLAIMER**

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT (THIS “**DISCLOSURE STATEMENT**”) IS INCLUDED FOR THE PURPOSES OF SOLICITING ACCEPTANCES OF THE *REVISED FOURTH AMENDED CHAPTER 11 PLAN OF REORGANIZATION OF PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED (BERMUDA) AND CERTAIN OF ITS AFFILIATED DEBTORS*, DATED DECEMBER 22, 2021 (AS MAY BE AMENDED, MODIFIED, OR SUPPLEMENTED FROM TIME TO TIME, THE “**PAIH PLAN**”), AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PAIH PLAN.<sup>2</sup> A COPY OF THE PAIH PLAN IS ATTACHED HERETO AS **EXHIBIT A**. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PAIH PLAN MAY BE MADE EXCEPT PURSUANT TO SECTION 1125 OF CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (THE “**BANKRUPTCY CODE**”).

**ALL HOLDERS OF CLAIMS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PAIH PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PAIH PLAN. IN PARTICULAR, ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER THE RISK FACTORS SET FORTH IN SECTION VI – “CERTAIN RISK FACTORS AFFECTING THE PLAN DEBTORS” OF THIS DISCLOSURE STATEMENT BEFORE VOTING TO ACCEPT OR REJECT THE PAIH PLAN. THE PAIH PLAN SUMMARY AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PAIH PLAN ITSELF AND THE EXHIBITS ATTACHED TO BOTH THE PAIH PLAN AND THIS DISCLOSURE STATEMENT AND THE PLAN SUPPLEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN ANY DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PAIH PLAN, THE TERMS OF THE PAIH PLAN GOVERN.**

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH NON-BANKRUPTCY LAW.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING WITH RESPECT TO PROJECTED CREDITOR RECOVERIES AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, OR SIMILAR LAWS, AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBE HEREIN.

AS TO CONTESTED MATTERS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the PAIH Plan.

ALSO WILL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PAIH PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE PLAN DEBTORS IN THE CHAPTER 11 CASES.

IN PREPARING THIS DISCLOSURE STATEMENT, THE PLAN DEBTORS AND THE PLAN DEBTORS' PROFESSIONALS RELIED ON LOCAL COUNSEL TO ANALYZE AND PREPARE THE STATEMENTS MADE HEREIN REGARDING, AS APPLICABLE, THE TAX, SECURITIES, CORPORATE GOVERNANCE, AND OTHER LEGAL EFFECTS OF THE PAIH PLAN ON (I) THE PAIH GROUP AND (II) HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE PLAN DEBTORS OR THEIR NON-DEBTOR AFFILIATES. ALTHOUGH THE PLAN DEBTORS' PROFESSIONALS PERFORMED CERTAIN LIMITED DUE DILIGENCE IN CONNECTION WITH THE PREPARATION OF THIS DISCLOSURE STATEMENT, THE PLAN DEBTORS' PROFESSIONALS HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND MAKE NO REPRESENTATIONS WITH RESPECT TO THE ACCURACY OF STATEMENTS OF FACT ASSERTED HEREIN. THE PLAN DEBTORS' PROFESSIONALS AND THE PLAN DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PAIH PLAN ON SUCH HOLDER'S CLAIM OR INTEREST.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

## I.

### INTRODUCTION

This Disclosure Statement is submitted in connection with the solicitation of votes on the *Revised Fourth Amended Chapter 11 Plan of Reorganization of Pacific Andes International Holdings Limited (Bermuda) and Certain of its Affiliated Debtors*, dated December 22, 2021 (the "**PAIH Plan**"). The PAIH Plan is attached hereto as **Exhibit A**.

The Plan Debtors include Pacific Andes International Holdings Limited (Bermuda) ("**PAIH**"), Pacific Andes International Holdings (BVI) Limited ("**PAIH BVI**"), Nouvelle Foods International Ltd. (BVI) ("**Nouvelle**"), N.S. Hong Investment (BVI) Limited ("**N.S. Hong**"), Clamford Holding Limited (BVI) ("**Clamford**"), and Pacific Andes Enterprises (Hong Kong) Limited ("**PAE (HK)**").

On June 30, 2016 (the "**Commencement Date**"), China Fishery Group Limited (Cayman) ("**CFGL**"), PAIH, N.S. Hong, South Pacific Shipping Agency Limited (BVI) ("**South Pacific**"), China Fisheries International Limited (Samoa) ("**CFIL**"), CFGL (Singapore) Private Limited ("**CFGL Singapore**"), Chanery Investment Inc. (BVI) ("**Chanery**"), Champion Maritime Limited (BVI) ("**Champion**"), Growing Management Limited (BVI) ("**Growing Management**"), Target Shipping Limited (HK) ("**Target Shipping**"), Fortress Agents Limited (BVI) ("**Fortress Agents**"), Ocean Expert International Limited (BVI) ("**Ocean Expert**"), Protein Trading Limited (Samoa) ("**Protein Trading**"), CFG Peru Investments Pte. Limited (Singapore) ("**CFG Peru Singapore**"), Smart Group Limited (Cayman) ("**Smart Group**"), Super Investment Limited (Cayman) ("**Super Investment**") (collectively, the "**June 2016 Debtors**") each commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**").



On September 29, 2016, Pacific Andes Resources Development Limited (Bermuda) (“**PARD**”) commenced a voluntary case under chapter 11 of the Bankruptcy Code.

On March 27, 2017, Golden Target Pacific Limited (BVI) (“**Golden Target**”) and Nouvelle each commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “**March 2017 Debtors**”).

On April 17, 2017, PAIH BVI and Zhonggang Fisheries Limited (BVI) (“**Zhonggang**”) each commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “**April 2017 Debtors**” and, together with the March 2017 Debtors and the May 2017 Debtors (as defined below) and PAE HK (as defined below), the “**New Debtors**”).

On May 2, 2017, Admired Agents Limited (BVI) (“**Admired Agents**”), Chiksano Management Limited (BVI) (“**Chiksano**”), Clamford, Excel Concept Limited (BVI) (“**Excel Concept**”), Gain Star Management Limited (BVI) (“**Gain Star**”), Grand Success Investment (Singapore) Private Limited (“**Grand Success**”), Hill Cosmos International Limited (BVI) (“**Hill Cosmos**”), Loyal Mark Holdings Limited (BVI) (“**Loyal Mark**”), Metro Island International Limited (BVI) (“**Metro Island**”), Mission Excel International Limited (BVI) (“**Mission Excel**”), Natprop Investments Limited (“**Natprop**”), Pioneer Logistics Limited (BVI) (“**Pioneer**”), Sea Capital International Limited (BVI) (“**Sea Capital**”), Shine Bright Management Limited (BVI) (“**Shine Bright**”), Superb Choice International Limited (BVI) (“**Superb Choice**”), and Toyama Holdings Limited (BVI) (“**Toyama**”) each commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “**May 2017 Debtors**”).

On September 9, 2021, PAE (HK) commenced a voluntary case under Chapter 11 of the Bankruptcy Code (together with the June 2016 Debtors, PARD, the March 2017 Debtors, the April 2017 Debtors, and the May 2017 Debtors, the “**Debtors**”).

The Debtors’ chapter 11 cases (the “**Chapter 11 Cases**”) have been consolidated for procedural purposes only and are being administered under the caption *China Fishery Group Limited (Cayman)*, Case No. 16-11895 (JLG).

On October 28, 2016, the Bankruptcy Court appointed a chapter 11 trustee for CFG Peru Singapore (the “**Chapter 11 Trustee**”). On November 10, 2016, the Bankruptcy Court entered an order approving the selection of Mr. William A. Brandt, Jr. as the Chapter 11 Trustee for CFG Peru Singapore [ECF No. 219].

On June 10, 2021, the Bankruptcy Court entered an Order, which, *inter alia*, confirmed the CFG Peru Plan and approved and authorized the CFG Peru Settlement. [ECF No.: 2569]. The CFG Peru Settlement Agreement provides, among other things, that the CFG and PARD Group Debtors shall receive at least \$20 million in cash, plus a payment in the sum of \$6 million to be allocated to and used for payment of administrative expenses and reimbursements, in exchange for, *inter alia*, the release of all claims of the Debtors against CFG Peru Singapore and its direct and indirect subsidiaries. The CFG Peru Settlement Agreement, which was approved by the Court in the CFG Peru Confirmation Order, shall become effective upon the Restructuring Effective Date (as defined therein) of the CFG Peru Plan.

On September 27, 2021, certain members of the PAIH Group entered into those certain Sale Transactions SPAs, subject to Bankruptcy Court approval.

The purpose of this Disclosure Statement is to provide holders of Claims entitled to vote to accept or reject the PAIH Plan with adequate information about (i) the Debtors’ business and certain historical events, (ii) the Chapter 11 Cases, (iii) the PAIH Plan, (iv) the rights of holders of Claims and

Interests under the PAIH Plan, and (v) other information necessary to enable each holder of a Claim entitled to vote on the PAIH Plan to make an informed judgment as to whether to vote to accept or reject the PAIH Plan. To the extent any inconsistencies exist between this Disclosure Statement and the PAIH Plan, the PAIH Plan will govern.

Pursuant to section 1125 of the Bankruptcy Code, the Plan Debtors submit this Disclosure Statement to all holders of Claims against the Plan Debtors entitled to vote on the PAIH Plan to provide information in connection with the solicitation of votes to accept or reject the PAIH Plan. This Disclosure Statement is also available to all holders of Claims against and Interests in the Plan Debtors for informational purposes, including the impact the PAIH Plan will have on such holders' Claims and Interests. This Disclosure Statement is organized as follows:

- Section I provides an introduction and general information about the PAIH Plan and Confirmation of the PAIH Plan.
- Section II provides an overview of the Debtors' business.
- Section III sets forth key events leading to the Chapter 11 Cases.
- Section IV discusses the Chapter 11 Cases.
- Section V contains a summary of the PAIH Plan.
- Section VI describes certain risk factors affecting the Plan Debtors and their non-Debtor affiliates.
- Section VII discusses certain implications of the PAIH Plan under applicable foreign law.
- Section VIII explains the procedures for voting on the PAIH Plan.
- Section IX addresses confirmation of the PAIH Plan.
- Section X discusses alternatives to confirmation of the PAIH Plan.
- Section XI concludes this Disclosure Statement and recommends that eligible creditors vote to accept the PAIH Plan.

Following consultation with key creditors, a separate plan of reorganization and disclosure statement are being prepared for the CFGL/PARD Plan Debtors.<sup>3</sup> The restructuring of the CFGL Group (as defined herein) and the PARD Group (as defined herein) will be effectuated separately from the PAIH Group. For the avoidance of doubt, the PAIH Plan and this Disclosure Statement do not relate to the CFGL Group or PARD Group except to the limited extent provided herein.

**A. BRIEF OVERVIEW OF PLAN<sup>4</sup>**

Due to the corporate structure, the business organization and the companies' operations, the restructuring of the Debtors will be implemented through three separate chapter 11 Plans—(i) the CFG Peru Plan, which was proposed by the Creditor Plan Proponents and previously confirmed by the Bankruptcy Court by the CFG Peru Confirmation Order dated June 10, 2021 [Docket No. 2569], through which, *inter alia*, the interests in CFGI were or will be distributed to holders of the Club Facility Claims and Senior Note Claims in full satisfaction and payment of the funded debt of the CFG Debtors; (ii) a Joint Debtor Plan, which addresses and satisfies the claims of the certain Debtors within the CFGL Group and PARD Group; and (iii) the PAIH Plan, as described herein, which addresses and satisfies the claims of the creditors within the PAIH Group.<sup>5</sup>

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<sup>3</sup> The CFGL/PARD Plan Debtors include the following entities: China Fishery Group Limited (Cayman), Smart Group Limited (Cayman), Grand Success Investment (Singapore) Private Limited (Singapore), South Pacific Shipping Agency Ltd. (BVI), China Fisheries International Limited (Samoa), Target Shipping Limited (HK), Ocean Expert International Limited (BVI), Toyama Holdings Limited (BVI), Hill Cosmos International Limited (BVI), Chiksano Management Limited (BVI), Gain Star Management Limited (BVI), Chanery Investment Inc. (BVI), Admired Agents Limited (BVI), Excel Concept Limited (BVI), Metro Island International Limited (BVI), Loyal Mark Holdings Limited (BVI), Mission Excel International Limited (BVI), Superb Choice International Limited (BVI), Growing Management Limited (BVI), Sea Capital International Limited (BVI), Shine Bright Management Limited (BVI), Champion Maritime Ltd. (BVI), Pioneer Logistics Ltd. (BVI), CFG Peru Investments Pte. Ltd. (Singapore), CFGL (Singapore) Private Limited (Singapore), Fortress Agents Ltd. (BVI), and Protein Trading Ltd. (Samoa), Pacific Andes Resources Development Limited (Bermuda), Golden Target Pacific Limited (BVI), Zhonggang Fisheries Limited (BVI), Super Investment Limited (Cayman), and Natprop Investments Limited (Cook Islands) (collectively, the “CFGL/PARD Plan Debtors”).

<sup>4</sup> This summary is qualified in its entirety by reference to the PAIH Plan. Statements as to the rationale underlying the treatment of Claims and Interests under the PAIH Plan are not intended to, and will not, waive, compromise or limit any rights, claims, defenses, or causes of action in the event that any objections to classification or treatment are filed or the PAIH Plan is not confirmed. You should read the PAIH Plan in its entirety before voting to accept or reject it.

<sup>5</sup> The “PAIH Group” includes, collectively, ACE Field Limited (BVI), Aqua Foods (Qingdao) Co Ltd. (PRC), Aqua Management Limited (BVI), Bestmate Investments Limited (Samoa), Bonaire Developments Limited (BVI), Chasterton Group Limited (BVI), China Cold Chain Food Products Trade Development Limited (BVI), Clamford Holding Limited (BVI), Dynamic Choice Limited (HK), Eurofish Company Limited (BVI), Europaco (HP) Limited (HK), Europaco (QP) Limited (Samoa), Fastact Group Limited (BVI), Fortune Midas Limited (BVI), Full Enrich Limited (HK), Global Research Group Inc. (BVI), Global Research Services Inc. (BVI), Glorious Ocean Limited (HK), Grandluck Enterprises Limited (BVI), Grandway Capital Resources Limited (HK), Heng Holdings (BVI) Limited (BVI), Join Power Assets Limited (BVI), Kyoshoku Company Limited (Japan), Kyoshoku Marketing Company Limited (Japan), Modern Energy Holdings Limited (BVI), N.S. Hong Investment (BVI) Limited, National Fish & Seafood Inc. (US), National Fish and Seafood Ltd. (HK), National Fish and Seafood Management Ltd. (HK), Nouvelle Foods International Ltd. (BVI), Ocean Kingdom Enterprises Limited (HK), Onn Profits Limited (BVI), Orient Ocean Limited (BVI), PA Capital Investment Limited (BVI), Pacific Andes (EP) Limited (BVI), Pacific Andes (Europe) Limited (BVI), Pacific Andes (HP) Limited (HK), Pacific Andes (Shanghai) Food Trading Company Limited (PRC), Pacific Andes Development Limited (BVI), Pacific Andes Development Sdn Bhd (Malaysia), Pacific Andes

The Plan Debtors are part of the “Pacific Andes Group,” that once collectively constituted one of the largest seafood companies in the world. The Debtors’ business can be broken down into three groups of entities: (i) the “PAIH Group” (principally engaged in the production and export of seafood products), whose holding company, Pacific Andes International Holdings Limited (Bermuda), was previously listed on The Stock Exchange of Hong Kong; (ii) the “PARD Group” (which was principally engaged in global sourcing and supply of frozen seafood products to the international markets); and (iii) the “CFGL Group” (one of the largest producers and suppliers of fishmeal and fish oil in the world). The events that precipitated these Chapter 11 Cases have also had an impact on those Pacific Andes Group companies that are not debtors in these Chapter 11 Cases.

The Debtors consist principally of holding companies. Overall, their asset of greatest value was their direct or indirect interests in two non-Debtor affiliate Peruvian operating companies— CFGI and Corporacion Pesquera Inca S.A.C. The Peruvian Opcos operate the Pacific Andes Group’s anchovy fishing business in Peru and together control a significant percentage of the anchovy fishing quotas fixed by the Peruvian government. Debtor CFG Peru Singapore is the direct or indirect parent of the Peruvian Opcos as well as a number of other subsidiaries.

Under the CFG Peru Confirmation Order, the CFG Peru Plan, *inter alia*, distributes the equity of the Peruvian OpCos, as well as certain new notes and Cash, to holders of the Club Facility Claims and the Senior Notes Claims in full satisfaction of those claims. The value of the Peruvian Opcos is not available for distribution under the PAIH Plan. In addition, the CFG Peru Plan is deemed to satisfy the Bank of America CFG Facility Claims and Standard Chartered CFG Facility Claims in full. Accordingly, as related to the PAIH Plan, as well as the Joint Debtor Plan of the CFGL Group and PARD Group of Debtors, these categories of claims are deemed satisfied in full and shall receive no recovery under the PAIH Plan.

The PAIH Plan intends to satisfy the claims of the creditors of the Plan Debtors through, among other things, (i) payment of cash from the Sale Transactions Proceeds and liquidation of other residual assets (including any preserved claims and causes of action), and/or (ii) distribution of property interests held to secure certain claims.

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Enterprises (Hong Kong) Limited (HK), Pacific Andes Food (BVI) Limited (BVI), Pacific Andes Food Limited (PRC), Pacific Andes International Holdings (BVI) Limited (BVI), PAIH, Pacific Andes Treasury Management Limited (HK), Pacific Fruit Trading Limited (HK), Paco Kappa Limited (BVI), Paco Theta Limited (BVI), Paco Zeta Limited (BVI), Paco-EP Limited (Cyprus), Paco-GP Limited (Cyprus), Paco-HP Limited (Cyprus), Pacos (QP) Limited (Cyprus), Pacos Processing Limited (Cyprus), PAE Limited (HK), Paramount Holdings Limited (HK), Peaklane Development Limited (BVI), Peaksville Limited (UK), Pelican Food Limited (BVI), Poweroute Limited (BVI), Qingdao Canning Foodstuff Co Limited (PRC), Qingdao Pacific Andes International Trading Company Limited (BVI), Qingdao Pacific Andes International Trading Company Limited (PRC), Rawley Trading Limited (BVI), Rich Reward Assets Limited (BVI), Rich System Limited (HK), Sevensseas Enterprises Limited (BVI), Silliker Hong Kong Limited (HK), Trade Ocean Limited (BVI), Value Food Supply Limited (BVI), Value Food Supply Limited (HK), Vision Invest Limited (BVI), Waton Enterprises Limited (HK), Wealthy Nation Holdings Limited (BVI), and Xinxing Foodstuffs (Qingdao) Company Limited (PRC); provided, that notwithstanding anything herein to the contrary, no Liquidator-Controlled Company shall be treated as a member of the PAIH Group for purposes of the PAIH Plan..

The PAIH Plan authorizes and approves the sale of certain non-Debtor subsidiaries' real estate holdings and/or Interests in such entities in exchange for the Sale Transactions Proceeds pursuant to, *inter alia*, Bankruptcy Code Sections 1123(a)(5) and 1141. Specifically, the PAIH Plan provides for the sale of Interests in six (6) Property Owning Companies, which hold Real Property in Hong Kong and Japan, and the sale of Real Property held by PAE (HK). While these Interests and Real Properties may be sold in a non-judicial transaction due to the fact that certain of the underlying Property-Owning Companies are non-Debtors, the Plan Debtors, as the beneficial direct and indirect owners of the Interests and Real Properties, propose the Sale Transactions under the PAIH Plan for the benefit of the Plan Debtors, their estates and their creditors. Further, while the PAIH Plan seeks authorization for the Sale Transactions, these transactions shall be subject to the laws of Hong Kong and Japan.

The Sale Transactions Proceeds, along with all other residual assets inclusive of the proceeds of the release of the Maybank Share Pledge, shall be distributed (i) to satisfy and pay the Allowed Administrative Expense Claims (including those of certain related parties that advanced sums to fund operations and professional expenses during the course of the Chapter 11 cases) and other priority claims; (ii) to satisfy and pay the Maybank Secured Facility Claim through an aggregate payment of \$4.0 million; (iii) to satisfy and pay allowed unsecured claims of the creditors of PAIH and PAIH (BVI) an amount equal to approximately 8.75% of their Allowed General Unsecured Claims; (vi) to satisfy and pay the Allowed PAE HK Loan Claim in an amount equal to 60% of the Allowed claim amount; and (v) to satisfy and pay allowed unsecured claims of Teh Hong Eng from any Residual Assets. All Intercompany Claims (except for Intercompany Claims that become Allowed Administrative Claims or Allowed general unsecured claims), including those set forth on Schedule 5.20 to the PAIH Plan, shall be deemed satisfied and extinguished under the PAIH Plan. Further, the Qingdao Related-Plant Facilities Claims, which consist of claims arising from guarantees or expired guarantees of loans secured by property in the People's Republic of China (excluding Hong Kong SAR)("PRC"), shall be satisfied in full through their secured interests in the Qingdao Related-Plant and through actions previously taken by these creditors in the PRC.

Further, the PAIH Plan and the Confirmation Order shall incorporate by reference (a) the Liquidator-Controlled Companies Settlement Agreement (as defined herein) and order of the Court approving same, and (b) the HSBC Settlement Agreement (as defined herein) and order of the Court approving same. In the event of any inconsistency between the PAIH Plan and the Liquidator-Controlled Companies Settlement Agreement, the Liquidator-Controlled Companies Settlement Agreement shall control.

The PAIH Plan contemplates the appointment of a Plan Administrator to administer the wind down of the Plan Debtors and their non-Debtor affiliates in the PAIH Group. Upon confirmation of the PAIH Plan, the Plan Administrator shall be authorized to take all corporate actions necessary consistent with applicable non-United States law to wind down and liquidate the Plan Debtors. It is anticipated that the liquidation shall extinguish all Existing Interests (other than the Existing Interests of NS Hong). In addition, the Plan Administrator will have the authority to pursue the Retained Causes of Action on behalf of the Plan Debtors, conduct the claims reconciliation process, and make distributions to holders of Allowed Claims.

Finally, pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the PAIH Plan, the provisions of the PAIH Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or interest may have with respect to any Claim or interest against or in any entity in the PAIH Group or their assets (whether or not such entities are Debtors) or any distribution to be made on account of any such Claim or interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, interests, and controversies, as well as a finding by the

Bankruptcy Court that such compromise or settlement is in the best interests of the Plan Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the PAIH Plan pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Plan Debtors and, after the Effective Date, the Plan Administrator, may compromise and settle Claims against the Plan Debtors, and Causes of Action against other Persons.

Section V of this Disclosure Statement provides a more detailed description of the PAIH Plan.

**B. SUMMARY OF DISTRIBUTIONS AND VOTING ELIGIBILITY**

As set forth in more detail in Section V.B. of this Disclosure Statement, only holders of Claims in “impaired” Classes are entitled to vote on the PAIH Plan. Under section 1124 of the Bankruptcy Code, a class of Claims or Interests is deemed to be “impaired” under the PAIH Plan unless (i) the PAIH Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the PAIH Plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. There are seventeen (17) classes of Claims whose acceptances of the PAIH Plan are being solicited:

1. Holders of Maybank PATM Term Loan Claims (Class 5)
2. Holders of Maybank Banking Facility Claims (Class 6)
3. Holders of Rabobank Europaco Trade Facility Claims (Class 7)
4. Holders of Rabobank NFS Facility Claims (Class 8)
5. Holders of Standard Chartered Banking Trade Facility Claims (Class 9)
6. Holders of CITIC Banking Facility PAIH Claims (Class 10)
7. Holders of Pickenpack Letters of Comfort Claims (Class 11)
8. Holders of KBC Facility Claims (Class 12)
9. Holders of UOB Banking Facility (Europaco) Claims (Class 13)
10. Holders of Fubon Factoring Facility Claims (Class 14)
11. Holders of Richtown Intercompany Claims (Class 15)
12. Holders of Pacos Trading Intercompany Claims (Class 16)
13. Holders of PAE (BVI) Intercompany Claims (class 17)
14. Holders of General Unsecured Claims (Class 18)
15. Holders of PAE HK Loan Claims (Class 19)

16. Holders of Teh Hong Eng Loan Claims (Class 20)

17. Holders of Intercompany Claims (Class 22)

The following table summarizes (i) the treatment of Claims and Interests under the PAIH Plan, (ii) which Classes are impaired by the PAIH Plan, (iii) which Classes are entitled to vote on the PAIH Plan, and (iv) the estimated recovery for holders of Claims and Interests. The table is qualified in its entirety by reference to the full text of the PAIH Plan. For a more detailed summary of the provisions of the PAIH Plan, see Section V below. A detailed discussion of the analysis underlying the estimated recoveries, including the assumptions underlying such analysis, is set forth in Section VIII—Valuation Analysis.

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote on the PAIH Plan	Approx. Percentage Recovery <sup>6</sup>
1	Qingdao Plant-Related Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, On the Effective Date, each Qingdao Plant-Related Facilities Claim shall be deemed fully satisfied based on actions taken in the PRC. No amounts shall be paid under the PAIH Plan on account of the Qingdao Plant-Related Claims.	Unimpaired	No (deemed to accept)	100%
2	Maybank Secured Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of the Maybank Secured Facility Claims agrees to less favorable treatment, each holder of the Maybank Secured Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for the Maybank Secured Facility Claims, its Pro-rata Share of \$4,000,000 in cash on the Effective Date, or as soon thereafter as payment can be made.	Unimpaired	No (deemed to accept)	100%
3	Other Secured Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of an Allowed Other Secured Claim agrees to less favorable treatment, each holder of an Allowed Other Secured Claim shall receive, at the election of the Plan Debtors, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for each Allowed Other Secured Claim either (i) payment in full in cash on the Effective Date, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code or (iii) such other recovery necessary to satisfy section 1129 of the Bankruptcy Code.	Unimpaired	No (deemed to accept)	100%
4	Other Priority Claims	Except to the extent that a holder of an Allowed Other Priority Claim against any of the Plan Debtors agrees to less favorable treatment, each holder of any such Allowed claims shall receive,	Unimpaired	No (deemed to accept)	100%

<sup>6</sup> The ranges set forth under Approximate Percentage Recovery are based on the range of reorganized equity value of the PAIH Plan Debtors as described in the Valuation Analysis.

		in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Claim, Cash in an amount equal to such Allowed claim, payable on the later of the Effective Date and the date on which such Other Priority Claim becomes an Allowed Priority Claim, or as soon as reasonably practical thereafter, or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.			
5	Maybank PATM Term Loan Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Maybank PATM Term Loan Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Maybank PATM Term Loan Claim. The Maybank PATM Term Loan Claims shall be Allowed in an aggregate amount of \$95,000,000.00	Impaired	Yes	8.75%
6	Maybank Banking Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Maybank Banking Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Maybank Banking Facility Claim. The Maybank Banking Facility Claims shall be Allowed in an aggregate amount of \$40,000,000.00.	Impaired	Yes	8.75%
7	Rabobank Europaco Trade Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Rabobank Europaco Trade Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Rabobank Europaco Trade Facility Claim. The Rabobank Europaco Trade Facility Claims shall be Allowed in an aggregate amount of \$15,733,148.84.	Impaired	Yes	8.75%
8	Rabobank NFS Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Rabobank NFS Facility Claims shall receive, in full and final satisfaction, compromise, settlement, a Cash payment in an amount equal to 8.75% of the Allowed Rabobank NFS Facility Claim. The Rabobank NFS Facilities Claims will be Allowed in an aggregate amount of \$81,812,495.76.	Impaired	Yes	8.75%
9	Standard Chartered Banking Trade Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Standard Chartered Banking Trade Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Standard	Impaired	Yes	8.75%



		Chartered Banking Trade Facility Claim. The Standard Chartered Banking Trade Facility Claims will be Allowed in an aggregate amount of \$8,357,318.52.			
10	CITIC Banking Facility PAIH Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed CITIC Banking Facility PAIH Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed CITIC Banking Facility PAIH Claim. The CITIC Banking Facility Claims will be Allowed in an aggregate amount of \$22,481,424.83.	Impaired	Yes	8.75%
11	Pickenpack Letters of Comfort Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Pickenpack Letters of Comfort Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Pickenpack Letters of Comfort Claim. For purposes of the PAIH Plan only, the Pickenpack Letter of Comfort Claims shall be Allowed in an aggregate amount of \$27,428,571.43.	Impaired	Yes	8.75%
12	KBC Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed KBC Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed KBC Facility Claim. The KBC Facility Claims will be Allowed in an aggregate amount of \$10,646,683.06.	Impaired	Yes	8.75%
13	UOB Banking Facility (Europaco) Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed UOB Banking Facility (Europaco) Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed UOB Banking Facility (Europaco) Claim. The UOB Banking Facility (Europaco) Claims will be Allowed in an aggregate amount of \$7,141,261.42.	Impaired	Yes	8.75%
14	Fubon Factoring Facility Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Fubon Factoring Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed Fubon Factoring Facility Claim. The Fubon Factoring Facility Claims will be Allowed in an aggregate amount of \$15,244,279.96.	Impaired	Yes	8.75%
15	Richtown	On the Effective Date, or as soon thereafter as is	Impaired	Yes	8.75%

	Intercompany Claims	reasonably practicable, each holder of an Allowed Richtown Intercompany Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal not less than \$3,292,030, being 8.75% of its Allowed Richtown Intercompany Claim. The Richtown Intercompany Claim will be allowed in an amount of \$37,623,202.00.			
16	Pacos Trading Intercompany Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Pacos Trading Intercompany Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to \$15,575.26, being 8.75% of its Allowed Pacos Trading Intercompany Claim. The Pacos Trading Intercompany Claim will be allowed in an amount of \$178,003.00.	Impaired	Yes	8.75%
17	PAE (BVI) Intercompany Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of a PAE (BVI) Intercompany Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to \$546,787.50, being 8.75% of its Allowed PAE (BVI) Intercompany Claim. The PAE (BVI) Intercompany Claim will be allowed in an amount of \$6,249,000.00.	Impaired	Yes	8.75%
18	General Unsecured Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed General Unsecured Claim (including tax claims, trade claims and contract rejection damages claims) shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of its Allowed General Unsecured Claim	Impaired	Yes	8.75%
19	PAE HK Loan Claim	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed PAE HK Loan Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of, and in exchange for such Claim, a Cash payment in an amount equal to 60% of its Allowed PAE HK Loan Claim.	Impaired	YES	60%
20	Teh Hong Eng Loan Claims	On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Teh Hong Eng Loan Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, its <i>pro rata</i> share of the PAIH Distribution Pool	Impaired	Yes	2.9%
21	N.S. Hong Club Facility Guaranty	The N.S. Hong Club Facility Guaranty Claims have been satisfied, released, waived or otherwise resolved pursuant to the CFG Peru Plan and CFG	Unimpaired	No (deemed to accept)	100%

	Claims <sup>7</sup>	Peru Settlement Agreement. As such, holders of Allowed N.S. Hong Club Facility Guaranty Claim shall not be entitled to any recovery under this Joint Debtor Plan.			
22	Intercompany Claims	Distributions under the PAIH Plan shall give effect to each Intercompany Claim, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for each Intercompany Claim, without the need for payment in Cash by any Plan Debtor.	Impaired	Yes	0%
23	Intercompany Interests	On the Effective Date, all Allowed Intercompany Interests shall be Reinstated.	Unimpaired	No (deemed to accept)	100%
24	Existing Interests	On the Effective Date, Existing Interests shall be cancelled (except for the interests in NS Hong) and each holder of an Existing Interest shall receive no distribution on account of such Existing Interests.	Impaired	No (deemed to reject)	0%

### C. CONFIRMATION HEARING

Pursuant to section 1128 of the Bankruptcy Code, a hearing to consider confirmation of the PAIH Plan (the “**Confirmation Hearing**”) will be held on **January 19, 2022 at 11:00 A.M. (Eastern Time)** before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004-1408.

Objections and responses to confirmation of the PAIH Plan, if any, must be served and filed as to be received on or before **January 10, 2022 at 4:00 P.M. (Eastern Time)** (the “**Confirmation Objection Deadline**”) in the manner described in the order approving this Disclosure Statement [ECF No. 2870] (the “**Disclosure Statement Order**”) and Section X.II.B of this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

## II.

### OVERVIEW OF DEBTORS’ OPERATIONS

#### A. DEBTORS’ BUSINESS

In 1986, Swee Hong Ng and his sons (collectively, with others, the “**Ng Family**”) started a small seafood business in the Western District of Hong Kong trading frozen shrimp, squid, and scallops. The business, later known as the Pacific Andes Group, experienced rapid growth in the 1990s and, over time, expanded its operations to include harvesting, sourcing, ocean logistics and transportation, food safety testing, processing, marketing, and distribution of a large array of frozen fish products, as well as fishmeal and fish oil. Following international growth and expansion across the globe, the Pacific Andes Group

<sup>7</sup> If the Effective Date of the CFG Peru Plan has not occurred and the CFG Peru Plan has not been implemented prior to the Voting Deadline or the deadline to object to the Plan, the holders of Claims in Class 21 (N.S. Hong Club Facility Guaranty Claims) and the Club Facility Agent shall have reserved all of their rights against the Plan Debtors and in respect of the Plan, including the right to object to the Debtor Plan on any grounds, including the grounds that the Plan improperly classified Class 21 as Unimpaired. The Plan Debtors hereby agree that they shall not assert that the holders of N.S. Hong Club Facility Guaranty Claims or the Club Facility Agent may not object to the Plan on the basis that the Plan classifies Class 21 as Unimpaired

became one of the largest seafood companies in the world. The Pacific Andes Group is comprised of over 150 operating and non-operating entities, currently including two publicly listed companies. For operation purposes, the Pacific Andes Group's business was formerly broken down into three groups of entities, described in further detail below:

The PAIH Group was principally engaged in the production and export of seafood products. The PAIH Group maintained a large fish fillet processing center in Qingdao, Shandong Province of China (the "**Qingdao Factory**"). The Qingdao Factory was one of the largest seafood processing facilities in the world, with a capacity to employ approximately 10,000 employees and process over 60,000 metric tons of seafood per year.<sup>8</sup> The PAIH Group, through non-Debtor National Fish & Seafood, Inc. (United States) ("**NFS**"), was also engaged in a joint venture that maintained a seafood processing, distribution, and sales business in the United States, including a processing facility in Gloucester, Massachusetts.<sup>9</sup> In addition, certain entities in the PAIH Group hold interests in real estate, primarily in Hong Kong. PAIH is the holding company for the PAIH Group and was formerly listed on The Stock Exchange of Hong Kong (the "**HKEx**"). PAIH was delisted on September 26, 2019. The primary assets of the PAIH Group are certain real estate interests held by wholly owned, direct and indirect subsidiaries of PAIH.

The PARD Group<sup>10</sup> principally engaged in global sourcing and supply of frozen seafood products to the international markets, in particular to the PRC. The PARD Group was also engaged in the marine transportation and logistics business through the deployment of vessels that supply other fishing vessels with marine fuel, food and other basic provisions. The PARD Group's frozen fish supply chain management business was capital intensive and required an extensive amount of working capital and trade finance. PARD is the holding company for the PARD Group and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). PARD is 66.45% owned by PAIH

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<sup>8</sup> Upon information and belief, certain holders of the Qingdao Plant-Related Facilities have foreclosed on, or commenced foreclosure proceedings as to, the collateral supporting the Qingdao Factory. As a result, the Debtors no longer have access to and do not appear to have an economic stake in the Qingdao Factory.

<sup>9</sup> As of the date of filing this Disclosure Statement, NFS has filed a voluntary petition under Chapter 7 of the Bankruptcy Code and a Chapter 7 trustee has been appointed.

<sup>10</sup> The PARD Group includes the following entities: Alliance Capital Enterprises Limited (HK), Andes Agency Limited (HK), Champion Shipping Limited (BVI), China Cold Chain Group Limited (BVI), Concept China Investment Limited (HK), Conred Limited (HK), Davis Limited (HK), Fantastic Buildings Limited (BVI), Golden Target Pacific Limited (BVI), Lions City Investment Inc. (BVI), Natprop Investments Limited (Cook Islands), New Millennium Group Holdings Limited (BVI), Pacific Andes Enterprises (BVI) Limited (BVI), Pacific Andes Food (Hong Kong) Company Limited, PARD, Pacific Andes Vegetables, Inc. (BVI), Paco (ET) Limited (Cyprus), Paco (GT) Limited (Cyprus), Paco (HT) Limited (Cyprus), Paco Alpha Limited (BVI), Paco Beta Limited (BVI), Paco Gamma Limited (BVI), Paco Sigma Limited (BVI), Pacos Trading Limited (Cayman), Pacos Trading Limited (Cyprus), PARD Trade Limited (BVI), Parkmond Group Limited (BVI), Quality Food (Singapore) Pte. Limited (Singapore), Richtown Development Limited (BVI), Super Investment Limited (Cayman), Turbo (Asia) Limited

The CFGL Group<sup>11</sup> was one of the largest producers and suppliers of fishmeal and fish oil through its fishing and processing operations located along the coast of Peru. In 2013, the CFGL Group acquired Peruvian-based operating company Corporacion Pesquera Inca S.A.C. (“**Copeinca**”) and its related fishing companies, significantly expanding its share of Peru’s anchovy fishing quota, which the group had been consolidating since 2006. Following the acquisition, Copeinca, CFG Investment S.A.C. (“**CFG**”), and Sustainable Fishing Resources S.A.C. (“**SFR**”) and, together with CFG and Copeinca, the “**Peruvian Opco**”) control 16.9% of the quota for harvesting Peruvian anchovy in the northern and central zone in Peru, as well as 14.8% in the southern zone, establishing the CFGL Group as the largest quota holder in the largest fishery in the world by volume. The CFGL Group’s operations were based in Peru, where the CFGL Group operated approximately 47 vessels and fishes for anchovy in two seasons per year in two separate coastal regions. The CFGL Group’s catch is landed at 10 production facilities along the Peruvian coast and then processed into fishmeal and fish oil. The CFGL Group formerly held interests, along with local quota holders, in a fishing, processing, and sales business, catching horse mackerel along the coast of Namibia. CFGL is the holding company for the CFGL Group and is listed on the Mainboard of the SGX-ST. PARD controls approximately 70% of the shares in CFGL through certain of its subsidiary companies.

The Ng Family continues to maintain majority equity control the Pacific Andes Group through their interest in Debtor N.S. Hong, the family’s investment vehicle. N.S. Hong directly or indirectly holds majority interests in PAIH, and a minority but controlling interest in PARD and CFGL.

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<sup>11</sup> The CFGL Group includes the following entities: Admired Agents Limited (BVI), Atlantic Pacific Fishing (Pty) Limited (Namibia), Brandberg (Mauritius) Investments Holding Ltd. (Mauritius), Brandberg Namibia Investments Company (Pty) Ltd. (Namibia), CFG Investment S.A.C. (Peru), CFG Peru Investments Pte. Ltd. (Singapore), CFGL (Singapore) Private Limited (Singapore), Champion Maritime Ltd. (BVI), Chanery Investment Inc. (BVI), Chiksano Management Limited (BVI), China Fisheries International Limited (Samoa), CFGL, China Fishery Group Limited (HK), Consorcio Vollmacht S.A.C. (Peru), Copeinca AS (Norway), Copeinca Internacional SLU (Spain), Corporacion Pesquera Frami S.A.C. (Peru), Corporacion Pesquera Inca SAC (Peru), Excel Concept Limited (BVI), Fortress Agents Ltd. (BVI), Gain Star Management Limited (BVI), Grand Success Investment (Singapore) Private Limited (Singapore), Grandwell Investment Group Limited (HK), Growing Management Limited (BVI), Hill Cosmos International Limited (BVI), Inmobiliaria Gainesville S.A.C. (Peru), Inmobiliaria Y Constructora Pahk S.A.C. (Peru), Inversiones Pesqueras West S.A.C. (Peru), J. Wiludi & Asociados Consultores En Pesca SAC (Peru), Loyal Mark Holdings Limited (BVI), Macro Capitaes S.A. (Panama), Metro Island International Limited (BVI), Mission Excel International Limited (BVI), Nidaro International Limited (BVI), Nippon Fishery Holdings Limited (BVI), Ocean Expert International Limited (BVI), PFB Fisheries BV (Netherlands), Pioneer Logistics Ltd. (BVI), Powertech Engineering (Qingdao) Co. Ltd. (PRC), Premium Choice Group Limited (BVI), Protein Trading Ltd. (Samoa), Ringston Holdings Ltd. (Cyprus), Sea Capital International Limited (BVI), Shine Bright Management Limited (BVI), Group Limited (Cayman), South Pacific Shipping Agency Ltd. (BVI), Superb Choice International Limited (BVI), Sustainable Fishing Resources S.A.C. (Peru), Sustainable Pelagic Fishery S.A.C. (Peru), Target Shipping Limited (HK), and Toyama Holdings Limited (BVI) (collectively, the “**CFGL Group**”).

**B. CAPITAL STRUCTURE**

1. *Plan Debtors' Prepetition Indebtedness*

Calculated as of each Plan Debtors' respective chapter 11 petition dates, the Plan Debtors have outstanding funded debt obligations in the aggregate amount of approximately \$750 million.<sup>12</sup> The Plan Debtors' outstanding funded debt is listed in the charts below:

(a) Secured Debt

<b><u>Secured Debt</u></b>	
<b>Qingdao Plant-Related Facilities<sup>13</sup></b>	
<b>Agricultural Bank of China Facility</b>	<b>Agricultural Bank of China Facility Claims:</b> consisting of approximately \$54,800,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain trade finance and working capital facilities, dated as of December 1, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Food Limited (PRC), as borrower, PAIH and Qingdao Canning Foodstuff Co. Ltd. (PRC), as guarantors, and the lenders party thereto (the " <b>Agricultural Bank of China Facility</b> "), including any related guarantee claims.
<b>Industrial and Commercial Bank of China Facility</b>	<b>Industrial and Commercial Bank of China Facility Claims:</b> consisting of approximately \$32,500,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain trade finance and working capital facilities, dated as of December 1, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Food Limited (PRC), as borrower, PAIH and Qingdao Canning Foodstuff Co. Ltd. (PRC), as guarantors, and the lenders party thereto (the " <b>Industrial and Commercial Bank of China Facility</b> "), including any related guarantee claims.

<sup>12</sup> Unless otherwise indicated, all amounts herein are reflected in U.S. dollars. In certain instances, the amounts have been converted to U.S. dollars from their foreign currency denominations. Where the amounts are converted to U.S. dollars, the PAIH Plan Debtors used the foreign exchange conversion rate as of the earliest chapter 11 petition date of the Debtors obligated on the particular debt. Accordingly, based on fluctuations of foreign exchange rates, such amounts are subject to foreign exchange rate gains and losses due to foreign currency movements.

<sup>13</sup> Subsequent to the Petition Date, many of the guarantees of the Qingdao Plant-Related Facilities expired without any claim being submitted. Upon information and belief, certain holders of the Qingdao Plant-Related Facilities have foreclosed on, or commenced foreclosure proceedings as to, the collateral supporting the Qingdao Plant-Related Facilities. As a result, the Debtors believe no claims against the Debtors with respect to the Qingdao Plant-Related Facilities remain unpaid.

<b><u>Secured Debt</u></b>	
<b>China Minsheng Working Capital Loan</b>	<b>China Minsheng Working Capital Loan Claims:</b> consisting of approximately \$28,600,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain working capital facilities, dated as of December 28, 2015, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Food Limited (PRC), as borrower, PAIH and Qingdao Canning Foodstuffs Co. Ltd., as guarantors, and the lenders party thereto (the “ <b>China Minsheng Working Capital Loan</b> ”), including any related guarantee claims.
<b>Bank of Communications Facilities</b>	<b>Bank of Communications Facility Claims:</b> consisting of approximately \$26,500,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain trade and working capital facilities, dated as of December 1, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Food Limited (PRC), as borrower, PAIH and Qingdao Canning Foodstuffs Co. Ltd., as guarantors, and the lenders party thereto (the “ <b>Bank of Communications Facility</b> ”), including any related guarantee claims.
<b>CITIC (\$22.2) Working Capital Facilities</b>	<b>CITIC (\$22.2) Working Capital Facility Claims:</b> consisting of approximately \$21,700,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain working capital facilities, dated as of December 10, 2015, (as amended, restated, modified, or supplemented from time to time) by and among Qingdao Pacific Andes International Trading Company Limited, as borrower, PAIH, Qingdao Canning Foodstuffs Co. Ltd., and Pacific Andes Food Limited (PRC), as guarantors, and the lenders party thereto (the “ <b>CITIC (\$22.2) Working Capital Facility</b> ”), including any related guarantee claims.
<b>CITIC (\$7.7) Working Capital Facilities</b>	<b>CITIC (\$7.7) Working Capital Facility Claims:</b> consisting of approximately \$7,500,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with those certain working capital facilities, dated as of March 22, 2017, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Food Limited (PRC) as borrower, PAIH and Qingdao Canning Foodstuffs Co. Ltd., as guarantor, and the lenders party thereto (the “ <b>CITIC (\$7.7) Working Capital Facility</b> ”), including any related guarantee claims.

<b><u>Secured Debt</u></b>	
<b>Mortgage Facilities</b>	
<b>Maybank Banking Facility (secured portion)</b>	<b>Maybank Secured Facility Claims</b> consists of those certain secured claims asserted by Maybank with respect to the Maybank Banking Facility Claim, including (i) that certain claimed security interest over an indirect subsidiary of PAIH, Pacific Andes Food Limited (PRC); (ii) that certain security interest in funds held in escrow by non-debtor affiliate Pacific Andes Development Limited from the sale of two real properties; (iii) that certain claimed security interest in certain real property and other assets in PRC; (iv) its possessory secured interest by holding title deeds to several of the Real Properties; and (v) the Maybank Share Pledge. The Maybank Secured Facility Claims shall be allowed in an aggregate amount of \$4 million.



(b) Unsecured Debt

<b><u>Unsecured Debt</u></b>	
<b>Maybank PATM Term Loan</b>	<b>Maybank PATM Term Loan Claims:</b> consisting of approximately \$95,000,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Agreement, dated as of March 21, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Pacific Andes Treasury Management Limited, as borrower, PAIH, Europaco Limited (BVI), and Pacos Processing Limited (Cayman), as guarantors, and the lenders party thereto (the “ <b>Maybank PATM Term Loan</b> ”), including any related guarantee claims.
<b>Maybank Banking Facility</b>	<b>Maybank Banking Facility Claims:</b> consisting of approximately \$40,000,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of September 30, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Europaco Limited (BVI), as borrower, PAIH, as guarantor, and the lenders party thereto (the “ <b>Maybank Banking Facility</b> ”), including any related guarantee claims.
<b>Rabobank NFS Facility</b>	<b>Rabobank NFS Facility Claims:</b> consisting of approximately \$88,400,000 in unpaid principal, plus interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of September 8, 2015, (as amended, restated, modified, or supplemented from time to time) by and among National Fish and Seafood Limited, as borrower, PAIH and Europaco Limited (BVI) as corporate guarantors, and Mr. Jack Arthur Ventola, as personal guarantor, and the lenders party thereto (the “ <b>Rabobank NFS Facility</b> ”), including any related guarantee claims.
<b>Standard Chartered Banking Trade Facility</b>	<b>Standard Chartered Banking Trade Facility Claims:</b> consisting of approximately \$8,400,000. in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of April 10, 2014, (as amended, restated, modified, or supplemented from time to time) by and among Europaco Limited (BVI), as borrower, PAIH, as guarantor, and the lenders party thereto (the “ <b>Standard Chartered Banking Trade Facility</b> ”), including any related guarantee claims.

<b><u>Unsecured Debt</u></b>	
<b>CITIC Banking Facility</b>	<b>CITIC Banking Facility PAIH Claims:</b> consisting of approximately \$22,360,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of January 13, 2016, by and among Pacific Andes Enterprises (BVI) Limited, Parkmond Group Limited (BVI), Pacos Processing Limited (Cayman), Europaco Limited (BVI), Premium Choice Group Limited (BVI), and Protein Trading Limited (Samoa), as borrowers, PARD, as guarantor with respect to the borrowings thereunder by Pacific Andes Enterprises (BVI) Limited and Parkmond Group Limited, Pacific Andes Enterprises (BVI) Limited, as guarantor with respect to the borrowings thereunder by Parkmond Group Limited, Parkmond Group Limited, as guarantor with respect to the borrowings thereunder by Pacific Andes Enterprises (BVI) Limited, PAIH, as guarantor with respect to the borrowings thereunder by Pacos Processing Limited and Europaco Limited (BVI), and CFGL, as guarantor with respect to the borrowings thereunder by Premium Choice Group Limited and Protein Trading Limited, and the lenders party thereto from time to time, including all agreements, notes, instruments, and any other documents delivered pursuant thereto or in connection therewith (in each case, as amended, restated, modified, or supplemented from time to time prior to the Petition Date) (the “ <b>CITIC Banking Facility</b> ”).
<b>Pickenpack Letters of Comfort</b>	<b>Pickenpack Letters of Comfort Claims:</b> consisting of Claims arising under or in connection with those certain Letters of Comfort, dated as of December 14, 2012 and June 12, 2015, (as amended, restated, modified, or supplemented from time to time) issued by PAIH in favor of Pickenpack Europe GmbH, Pickenpack Holding Germany GmbH, Pickenpack Production Luneburg GmbH, and TST The Seafood Traders GmbH, respectively (the “ <b>Pickenpack Letters of Comfort</b> ”).
<b>Rabobank Europaco Trade Facility</b>	<b>Rabobank Europaco Trade Facility Claims:</b> consisting of approximately \$17,100,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that Facility Letter, dated as of August 10, 2012, (as amended, restated, modified, or supplemented from time to time) by and among Europaco Limited (BVI), Pacos Processing Limited (Cayman), Europaco (EP) Limited, Europaco (GP) Limited, and Europaco (HP) Limited, as borrowers, PAIH, as guarantor, and the lenders party thereto (the “ <b>Rabobank Europaco Trade Facility</b> ”), including any related guarantee claims.

<b><u>Unsecured Debt</u></b>	
<b>KBC Facility</b>	<b>KBC Facility Claims:</b> consisting of approximately \$10,300,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of May 31, 2013, (as amended, restated, modified, or supplemented from time to time) by and among Nouvelle Foods International Limited and Europaco Limited (BVI), as borrowers, PAIH, as guarantor, and the lenders party thereto (the “ <b>KBC Facility</b> ”), including any related guarantee claims.
<b>UOB Banking Facility (Europaco)</b>	<b>UOB Banking Facility (Europaco) Claims:</b> consisting of approximately \$7,400,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under that certain Banking Facilities Letter, dated as of September 18, 2015, by and among Pacific Andes Enterprises (BVI) Limited and Europaco Limited, as borrowers, Pacific Andes Resources Development Limited (Bermuda), as guarantor with respect to the borrowings thereunder by Pacific Andes Enterprises (BVI) Limited, and PAIH, as guarantor with respect to the borrowings thereunder by Europaco Limited, and the lenders party thereto from time to time, including all agreements, notes, instruments, and any other documents delivered pursuant thereto or in connection therewith (in each case, as amended, restated, modified, or supplemented from time to time prior to the Petition Date) (the “ <b>UOB Banking Facility (Europaco)</b> ”), including any related guarantee claims.
<b>Fubon Factoring Facility</b>	<b>Fubon Factoring Facility Claims:</b> consisting of approximately \$14,400,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Facility Letter, dated as of May 14, 2015, (as amended, restated, modified, or supplemented from time to time) by and among Europaco Limited (BVI), Pacific Andes Enterprises (BVI) Limited, Europaco (EP) Limited, Europaco (HP) Limited, and Europaco (AP) Limited, as borrowers, PAIH, as guarantor for Europaco Limited, Europaco (EP) Limited, Europaco (HP) Limited, and Europaco (AP) limited, and PARD, as guarantor for Pacific Andes Enterprises (BVI), and the lenders party thereto (the “ <b>Fubon Factoring Facility</b> ”), including any related guarantee claims.
<b>Teh Hong Eng Loan</b>	<b>Teh Hong Eng Loan Claims:</b> consisting of approximately \$158,700,000 in unpaid principal, plus all accrued prepetition interest, fees, and other expenses and amounts, arising under or in connection with that certain Loan Agreement, dated as of January 25, 2013, by and among Pacific Andes International Holdings (BVI) Limited, as borrower, and the lenders party thereto (the “ <b>Teh Hong Eng Loan</b> ”).

2. *Equity Ownership*

In 1994, PAIH was publicly listed on the HKEx under the stock code 1174. As of November 26, 2015, the trading of PAIH shares was voluntarily suspended following the appointment of JPLs for CFGL and CFIL. As of November 28, 2015, approximately 7.083 billion PAIH shares were issued and outstanding. N.S. Hong holds an approximate 54.92% equity ownership of PAIH. On September 26, 2019, PAIH was delisted by the HKEx.

In 1996 and 2006, PARD (P11.SI) and CFGL (BOZ.SI), respectively, were publicly listed on the Mainboard of the SGX-ST. As of November 26, 2015, the trading of shares of both entities has been voluntarily suspended. As of the date of suspension, approximately 8.62 billion PARD shares and 3.68 billion CFGL shares were issued and outstanding.

The remaining Debtors and Non-Debtor Affiliates in the Pacific Andes Group are privately held and are direct or indirect subsidiaries of Debtor N.S. Hong.

**III.**

**KEY EVENTS LEADING TO COMMENCEMENT  
OF CHAPTER 11 CASES**

**A. EL NIÑO WEATHER EVENT**

Given the integrated capital structure of the three operating groups, following the acquisition of Copeinca in 2013, CFGL's fishmeal and fish oil operation in Peru had been a major source of revenue across the three groups, including the PAIH Group. In the last announced full year reported financial statements (2014), the Peruvian operation accounted for 68.9%, 41.7%, and 27.0% of the revenues of CFGL, PARD and PAIH respectively. In Peru, approximately 47 vessels fish for anchovy in two seasons per year in two separate coastal regions. The fish are landed at 10 production facilities along the Peruvian coast and then processed into fishmeal and fish oil.

The anchovy fishing in Peru is highly regulated, with the government establishing the allowable catch in each year and companies limited to capturing a quota share of that allowable catch. The allowable catch for each season is established based on scientific measurements of the ocean conditions and observations of the presence of anchovy in the waters.

The abundance of the anchovy is driven by cold up-welling currents off the coast of Peru. El Niño events (each, an "**El Niño Event**") cause warming of the water, which in turn causes the anchovy to disperse and swim deeper, making them difficult or impossible to catch. El Niño Events are traditionally expected to occur every seven years or so, although they may occur at shorter intervals with differing intensities. Almost immediately after the Pacific Andes Group's acquisition of Copeinca, the Peruvian coast was hit by a severe El Niño Event, commencing in May 2014. Anchovy fishing was dramatically and immediately impacted, with the second season in 2014 being completely closed to fishing. El Niño Events may be expected to persist for one or two seasons, but this most recent event continued for two calendar years, making it the most devastating event since the early 1970s. The entire Peruvian economy was impacted. As with all other Peruvian fishmeal operators, CFGL's revenue and profit dramatically reduced, and in the case of one fishing season, CFGL generated no revenue.

**B. POLITICAL TENSION IN RUSSIA**

As discussed in Section II, a significant part of the PARD Group's revenues were derived from its frozen fish supply chain management operations. In particular, PARD and its subsidiaries relied on their ability to source large volumes of whitefish, such as Alaska Pollock and Cod, from international suppliers, in particular suppliers operating in the North and South Pacific oceans.

In 2014, as a result of the accession of Crimea to the Russian Federation ("**Russia**") in March 2014 and further conflict between Russia and Crimea at that time, the United States and the European Union, among others, imposed economic sanctions on Russia. Russia responded to these sanctions by imposing bans on the import of seafood products from those countries involved. As a result of the increasing political tension, certain financial institutions became reluctant to provide working capital for any Russia-related transactions. This inability to obtain financing impacted the PARD Group's ability to source seafood raw material from critical Russian suppliers.

In addition, the increased scrutiny of foreign funds flowing into Russia impacted the ability of the PARD Group to obtain sufficient working capital for its frozen fish business. Because the PARD Group's frozen fish business was so reliant upon working capital, the lack of available financing resulted in the PARD Group's inability to purchase agreed-upon quantities of Alaskan Pollock from its suppliers. Not only did this result in significant decrease in revenues, it also resulted in certain entities in the PARD Group defaulting on their obligations under certain trade agreements with the Russian fishing companies with which certain entities in the PARD Group maintained significant prepayment balances.

**C. MARKET CONDITIONS**

1. *Seafood Processing*

Changes in market conditions for the seafood processing industry in the PRC, coupled with deteriorating prices of Alaskan Pollock, discussed below, impacted the PARD Group's ability to purchase seafood raw material from the Russian suppliers (discussed in Section III.B) for processing in the PRC at a price which would still enable the Pacific Andes Group to turn a profit. These circumstances, coupled with the PARD Group's inability to obtain financing for Russian transactions, prevented the PARD Group from purchasing Alaskan Pollock in volumes comparable to its historical average.

2. *Deteriorating Prices of Alaskan Pollock*

Because the PARD Group had historically played a significant role in Russia's Alaskan Pollock market, the PARD Group's decrease in purchase volume for storage and controlled distribution led to an oversupply of Alaskan Pollock in the spot market, leading to a substantial decline in Alaskan Pollock prices. To remain competitive, the PARD Group was forced to sell its Alaskan Pollock for lower prices. In late 2015, the Pacific Andes Group, already experiencing liquidity issues at the CFGL Group level due to the El Niño Event and working capital issues at PARD due to political tensions in Russia, decided to temporarily suspend the PARD Group's Alaskan Pollock trading operations.

**D. REGULATORY INVESTIGATIONS**

On August 18, 2015, Debtor PAIH received notice from the Hong Kong Securities and Futures Commission (the "**HKSFC**") demanding the production of certain records and documents in connection with an investigation. Also on August 18, 2015, CFGL and PARD received separate notices from the Secondary Markets Conduct and Enforcement Division, Market Conduct Department, Monetary Authority of Singapore ("**MAS**") and the Singapore Commercial Affairs Department ("**CAD**") informing

them that MAS and CAD were investigating the possibility of an offense under the Singapore Securities and Futures Act Cap 289 and that the investigation required CFGL and PARD to provide MAS and CAD with certain information and documentation (collectively with the investigation conducted by the HKSFC, the “**Regulatory Investigations**”).

On August 20, 2015, PAIH, PARD, and CFGL each, in compliance with their respective listing obligations, made public announcements regarding the Regulatory Investigations to their respective stock exchanges. The Regulatory Investigations have contributed to the Pacific Andes Group’s deteriorating financial condition because certain suppliers and customers have been unwilling to transact with entities in the Pacific Andes Group or have demanded less favorable terms since learning of the Regulatory Investigations.

*Each of the investigations have now been concluded with no action being taken by the regulators. On November 1, 2018, the Securities and Futures Commission of Hong Kong wrote to PAIH advising that its investigation had concluded with no action being taken. More recently, PARD and CFGL have been advised that the investigation by MAS and CAD in Singapore has been concluded with no further action being taken.*

#### **E. APPOINTMENT OF JOINT PROVISIONAL LIQUIDATORS**

In April 2014, The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”), a lender under (i) the bilateral facilities, dated May 17, 2012 (the “**Bilateral Facilities**”), by and among (a) Aqua Foods (Qingdao) Co., Ltd, Xinxing Food (Qingdao) co., Ltd, Qingdao Canning & Foodstuff Co., Ltd, and Pacific Andes Food Ltd, and Qingdao Pacific Andes International Trading Co., Ltd, as borrowers, and (b) HSBC, as lender, and (ii) the Club Facility, commenced a review of certain financial transactions of the Pacific Andes Group, based on HSBC’s bank accounts records. HSBC apparently had become suspicious of transactions that it felt did not reconcile with information disclosed in PAIH’s consolidated financial statements in the annual report of PAIH published for the year ending September 28, 2013 (such transactions, the “**Subject Transactions**”).

Contemporaneously, as a result of the El Niño Event discussed in Section III.A above, the Pacific Andes Group had begun to experience liquidity issues so as to put certain borrowers under the Club Facility at risk of defaulting under the Club Facility. Over the next 20 months, certain borrowers under the Club Facility requested and received multiple waivers and extensions on varying terms.

In September 2014, HSBC instructed FTI Consulting, Inc. (“**FTI**”) to review the Subject Transactions discussed above. On or around October 20, 2014, FTI issued a report to HSBC (the “**Initial FTI Report**”)<sup>14</sup> detailing its preliminary findings. It is the Debtors’ understanding that the Initial FTI Report was based solely on FTI’s review of (i) HSBC’s banking records and (ii) publicly available information. The Debtors understand that, after reviewing the Initial FTI Report, HSBC began taking steps to minimize its exposure to the Pacific Andes Group under the Bilateral Facilities. Over the course of the next four months, HSBC demanded repayment of the approximate \$102 million outstanding under the Bilateral Facilities. By December 2014, the Bilateral Facilities had been repaid in full.

On September 2, 2015, the Pacific Andes Group voluntarily convened the first of a series of group meetings with certain of its creditors. At this meeting, the Pacific Andes Group outlined the then-

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<sup>14</sup> Although dated as of November 16, 2015, this Initial FTI Report was prepared by October 20, 2014 based on information made available to FTI as of that date.

current issues with respect to certain of its outstanding banking facilities and received feedback from creditors on a proposed way forward.

On September 7, 2015, the Pacific Andes Group formally engaged Deloitte & Touche Financial Advisory Services Limited (“**Deloitte**”) as financial advisor to analyze the Pacific Andes Group’s financials and to assist the Pacific Andes Group in formulating a debt restructuring and asset disposal plan. On October 9, 2015, Deloitte presented management with a preliminary restructuring plan (the “**Deloitte Restructuring Proposal**”). The Deloitte Restructuring Proposal contemplated, among other things, a sale (the “**Prepetition Sale Process**”) of the Peruvian Opcos and their related non-operating entities (collectively, the “**Peruvian Business**”). Shortly thereafter, management and Deloitte met with the Pacific Andes Group’s major stakeholders to walk through the Deloitte Restructuring Proposal. Management also commenced preliminary term sheet discussions with potential purchasers of the Peruvian Business. Regular group meetings were convened with certain of the Pacific Andes Group’s creditors, during which Deloitte presented the creditors with progress updates on their work. Separate meetings were held for creditors at each level of the Pacific Andes Group.

On or around October 2, 2015, HSBC engaged KPMG (“**KPMG**”) to act as independent financial advisor to the Club Lenders for purposes of reviewing financials prepared by Deloitte and advising them with respect to the Deloitte Restructuring Proposal. On or around October 10, 2015, KPMG was granted access to a data room established by Deloitte.

On November 16, 2015, HSBC refused to agree to a further extension and waiver of a payment due under the Club Facility and certain borrowers under the Club Facility defaulted thereon.

On November 25, 2015, HSBC filed an *ex parte* application with the High Court of Hong Kong Special Administrative Region (the “**Hong Kong Court**”) requesting the appointment of provisional liquidators to Debtors CFGF and CFIL (the “**HK PL Application**”). HSBC also petitioned for the winding up of CFGF and CFIL. The Hong Kong Court granted the application for joint provisional liquidators on an interim basis and appointed three individuals from KPMG as joint provisional liquidators of CFGF and CFIL (the “**Hong Kong JPLs**”). A hearing to consider the HK PL Application on a final basis was scheduled for December 4, 2015. On January 5, 2016, the Hong Kong Court dismissed the Hong Kong JPLs. On February 1, 2016, the Hong Kong Court entered an order dismissing the winding up petitions.

On November 27, 2015, HSBC filed an *ex parte* application with the Grand Court of the Cayman Islands (the “**Cayman Court**”) requesting the appointment of a joint provisional liquidators for CFGF in the Cayman Islands (the “**Cayman JPL Application**”). The Cayman Court declined to consider the Cayman JPL Application on an *ex parte* basis and scheduled an *inter partes* hearing for December 8, 2015. On or around December 8, 2015, the Cayman Court granted the Cayman JPL Application and appointed joint provisional liquidators over CFGF (the “**Cayman JPLs**” and, together with the Hong Kong JPLs, the “**JPLs**”). On January 28, 2016, the Cayman Court dismissed the Cayman JPLs as a result of the January 2016 Undertaking (as defined in Section III.F below).

The appointment of the JPLs had an adverse impact on the Prepetition Sale Process and further exacerbated financial difficulties already being experienced by the CFGF Group by deterring key participants from collaborating with the Peruvian Business. Parties integral to the success of the Peruvian Business, including, among others, local banks, suppliers, employees, and crew, declined to continue doing business with the Peruvian Opcos in light of the JPLs’ appointment. Moreover, potential investors in the Peruvian Business conveyed to the Pacific Andes Group’s management team that they were no longer interested in purchasing the Peruvian Business in light of the JPLs’ appointment and/or their interest was conditioned upon the JPLs being dismissed.

**F. DEEDS OF UNDERTAKING**

On December 25, 2015, PAIH and PARD entered into a deed of undertaking with three of the Club Lenders—Rabobank, SCB, and DBS—pursuant to which these lenders agreed to support CFGL and CFIL’s position that the Hong Kong JPLs should be dismissed (the “**December 2015 Undertaking**”) subject to certain conditions. Among other things, PAIH and PARD agreed to engage PriceWaterhouseCoopers Consulting Hong Kong Limited (“**PwC**”) as independent reporting accountant and to appoint a Chief Restructuring Officer to, among other things, advise PAIH and PARD with respect to a financial restructuring.

On January 20, 2016, CFGL and CFIL consensually entered into a deed of undertaking with HSBC (the “**January 2016 Undertaking**” and, together with the December 2015 Undertaking, the “**Deeds of Undertaking**”). Pursuant to the January 2016 Undertaking, HSBC agreed to seek entry of an order by the Cayman Court terminating the Cayman JPLs. HSBC also agreed to dismiss an appeal of the Hong Kong Court’s order dismissing the winding up petitions, subject to certain conditions and milestones. Among other things, CFGL and CFIL agreed to appoint Paul Jeremy Brough as Chief Restructuring Officer and engage Grant Thornton Recovery & Reorganization Limited, Hong Kong (“**Grant Thornton**”) as reporting accountant, to assist with the sale of the Peruvian Business. One of the milestones under the January 2016 Undertaking required the Pacific Andes Group to sell the Peruvian Business no later than July 15, 2016 (the “**Sale Milestone**”); if the Sale Milestone was not met, the Cayman JPLs were to be reappointed immediately.

Pursuant to the December 2015 Undertaking, on January 22, 2016, PAIH and PARD engaged Patrick Wong to serve as Chief Restructuring Officer of PAIH and PARD. On or around the same date, PAIH and PARD also each retained PwC to serve as an independent reporting accountant to provide an independent business review, cash monitoring, and to assist with the restructuring process.

In the months leading up to the Sale Milestone, the Pacific Andes Group and Paul Jeremy Brough developed a comprehensive, two-stage sale process of the Peruvian Business. The Group engaged CITIC CLSA to assist with identification of potential purchasers and marketing of the investment opportunity. Among other things, marketing teasers and a comprehensive information memorandum were completed and utilized in the sale process. The Pacific Andes Group also engaged Toppan Vite as consultants to assist with the establishment of the virtual data room, a copy of which has been provided to the Chapter 11 Trustee, so that bidders who had been qualified and entered the second stage of the sale process could evaluate the Peruvian Business’ financials.

As the Sale Milestone approached, management became increasingly concerned with the ability of the Pacific Andes Group to sell the Peruvian Business for an amount that would maximize value for all of the Pacific Andes Group’s stakeholders, specifically creditors of the PARD Group and PAIH Group. The Peruvian fishing industry had yet to recover from the El Niño Event and management was still working to rehabilitate the local business community’s perception of the Peruvian Business in the wake of the appointment of the JPLs.

Shortly before the Sale Milestone, the June 2016 Debtors determined it was necessary to seek emergency relief under chapter 11 of the Bankruptcy Code.

**G. FTI ALLEGATIONS**

Certain members of FTI (the “**FTI Liquidators**”) have been appointed as joint provisional liquidators over a number of the Debtors’ affiliates and other related parties, including Pacific Andes Enterprises (BVI) Limited, Parkmond Group Limited, PARD Trade Limited, Solar Fish Trading Limited,



Europaco Limited, Palanga Limited, Zolotaya Orda Limited, Richtown Development Limited, Metro Win Inc Limited, Alatair Limited, and Perun Limited (the “**Liquidation Companies**”). In addition, the FTI Liquidators are the directors of and exercise control over certain other companies within the Pacific Andes Group (together with the Liquidation Companies, the “**Liquidator-Controlled Companies**”). The FTI Liquidators have issued a number of reports (each, an “**FTI Liquidator Report**”). The initial FTI Liquidator Report issued on February 13, 2017 (the “**Initial Liquidator Report**”) at the outset of their engagement, expressed concerns that there was a circular flow of funds in relation to certain prepayments made to Russian fish suppliers and stated that the FTI Liquidators could not conclusively prove any connection between the circular flow of funds and the prepayment for fish or payment to suppliers. The Initial Liquidator Report hypothesized that the flow of funds was suspicious and that sales of fish were fictitious. In the Initial Liquidator Report, the FTI Liquidators alleged that these finding could have resulted in a misstatement of financial accounts. Moreover, the Initial Liquidator Report stated that, while taking a view that there were suspicious transactions, the FTI Liquidators were unable to form a definitive view without access to further accounting information.

There have been several additional FTI Liquidator Reports issued since the Initial Liquidator Report. These additional FTI Liquidator Reports have been issued to creditors in the FTI Liquidators’ capacity as liquidators of the Liquidation Companies, all non-Debtor entities within and affiliated with the Pacific Andes Group. The additional FTI Liquidator Reports have continued to build on the broad themes in the Initial Liquidator Report.

The Debtors vehemently dispute all the allegations made in the FTI Liquidator Reports. Further, it is the Debtors’ understanding that, in conducting its investigation, the FTI Liquidators have only reviewed a subset of the relevant documents pertaining to the Subject Transactions, which may impact the FTI Liquidators’ analysis.

#### IV.

### CHAPTER 11 CASES

#### A. DEBTORS’ PROFESSIONALS

The Debtors (excluding CFG Peru Singapore) have retained the following professionals pursuant to separate orders of the Bankruptcy Court: (i) Weil, Gotshal & Manges LLP (“**Weil**”), as their restructuring counsel;<sup>15</sup> (ii) Kroll, LLC f/k/a Duff & Phelps, LLC (“**Kroll**”), as their financial advisor<sup>16</sup>; (iii) RSR Consulting, LLC (“**RSR**”), as restructuring consultant; (iv) Klestadt, Winters, Jureller, Southard & Stevens, LLP (“**Klestadt**”), as conflicts counsel; and (v) Epiq Bankruptcy Solutions, LLC (“**Epiq**”), as

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<sup>15</sup> On July 19, 2016, the Bankruptcy Court entered an order authorizing the Debtors (other than PARD) to retain and employ the law firm Meyer, Suozzi, English & Klein, P.C. (“**MSEK**”) as general bankruptcy counsel *nunc pro tunc* to the Commencement Date [ECF No. 89]. On October 28, 2016, the Bankruptcy Court entered an order authorizing PARD to retain and employ Klestadt as general bankruptcy counsel to PARD [ECF No. 31, Case No. 16–12739]. On April 28, 2017, the Bankruptcy Court entered an order authorizing the Debtors (other than CFG Peru Singapore) to retain and employ Weil as general bankruptcy counsel *nunc pro tunc* to February 15, 2017 [ECF No. 492] (the “**Weil Retention Order**”). Pursuant to the Weil Retention Order, Weil replaced MSEK as general bankruptcy counsel to the Debtors (including PARD but excluding CFG Peru Singapore). On May 4, 2017, the Bankruptcy Court entered an order authorizing Klestadt to transition to the role of conflicts counsel to the Debtors (excluding CFG Peru Singapore) [ECF No. 501].

<sup>16</sup> Kroll replaced Goldin Associates, LLC effective as of June 18, 2020.

claims, noticing, and balloting agent and administrative advisor. The contact information for these professionals is set forth below:

**Weil, Gotshal & Manges LLP**

767 Fifth Avenue  
New York, NY 10153  
Attn: Matthew S. Barr, Esq.  
Gabriel Morgan, Esq.  
Tel: (212) 310-8000

**Kroll, LLC**

55 East 52<sup>nd</sup> Street  
New York, NY 10055  
Attn: David W. Prager  
Tel: (212) 277-0129

**RSR Consulting, LLC**

1330 Avenue of the Americas, Suite 23A  
New York, NY 10019  
Attn: Robert Rosenfeld, CPA, CFE  
Tel: (212) 658-0300

**Klestadt, Winters, Jureller, Southard  
& Stevens, LLP**

200 West 41st Street, 17th Floor  
New York, NY 10036  
Attn: Tracy Klestadt, Esq.  
John E. Jureller, Jr., Esq.  
Brendan M. Scott, Esq.  
Tel: (212)-972-3000

**Epiq Bankruptcy Solutions, LLC**

757 3rd Ave.  
New York, NY 10017  
Attn: Brian Karpuk  
Brian Hunt  
Tel: (646) 282-2500

**B. FIRST AND SECOND DAY PLEADINGS**

On the Commencement Date, or shortly thereafter, the June 2016 Debtors filed various “first-day” and “second-day” motions seeking certain immediate or expedited relief from the Bankruptcy Court designed to allow the Debtors to continue to operate in chapter 11. The Bankruptcy Court granted substantially all of the relief requested in the first and second day motions (the “**First Day Relief**”) including, among other things:

- Joint administration of the June 2016 Debtors’ Chapter 11 Cases for procedural purposes only [ECF No. 27].
- Entry of an order enforcing and restating the automatic stay and anti-discrimination provisions under section 362, 365(e)(1), and 525 of the Bankruptcy Code [ECF No. 26].
- Authorization for the June 2016 Debtors to maintain use of their cash management system, bank accounts, and business forms [ECF No. 93].
- Extension of the deadline for each of June 2016 Debtors to file their schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs (the “**Schedules and Statements**”) and their 2015.3 Reports [ECF No. 30].

On September 29, 2016, PARD commenced its voluntary case under chapter 11 of the Bankruptcy Code. Shortly thereafter, PARD filed motions requesting the Bankruptcy Court grant the First Day Relief discussed above to PARD, and the Bankruptcy Court granted such relief.

**C. ADDITIONAL DEBTORS**

On March 27, 2017, April 17, 2017, May 2, 2017, and September 9, 2021, the March 2017 Debtors, the April 2017 Debtors, the May 2017 Debtors and PAE (HK) each commenced a voluntary case under chapter 11 of the Bankruptcy Code, respectively.

On March 30, 2017, the Bankruptcy Court entered an order [Case No. 17-10733, ECF No. 12; Case No. 17-10734, ECF No. 12] (the “**Additional Debtors Order**”) directing that all generally applicable orders in the Chapter 11 Cases be made applicable to any entities in the Pacific Andes Group that filed for chapter 11 under the Bankruptcy Code, including the New Debtors.

Accordingly, pursuant to the Additional Debtors Order, the First Day Relief discussed in Section IV.B is applicable to the New Debtors.

**D. APPOINTMENT OF CHAPTER 11 TRUSTEE**

On August 9, 2016, the Club Lenders<sup>17</sup> (excluding HSBC) filed an application [ECF No. 57] (the “**Chapter 11 Trustee Application**”) seeking the appointment of a chapter 11 trustee pursuant to section 1104(a)(2) of the Bankruptcy Code.

On October 28, 2016, the Bankruptcy Court overruled the Debtors’ objection and appointed a chapter 11 trustee to CFG Peru Singapore. On November 10, 2016, the Bankruptcy Court entered an order [ECF No. 219] approving the selection of Mr. William A. Brandt, Jr. as the chapter 11 trustee for CFG Peru Singapore.

**E. SCHEDULES AND BAR DATES**

*1. Schedules and Statements*

On July 29, 2016, CFGL, PAIH, CFG Peru Singapore, and Protein Trading filed their Schedules and Statements.

On August 12, 2016, CFGL PL, Fortress Agents, Target Shipping, Super Investments, Ocean Expert, and Smart Group filed their Schedules and Statements.

On August 15, 2016, Growing Management, Champion Maritime, South Pacific, CFIL, Chanery, and N.S Hong filed their Schedules and Statements.

On October 14, 2016, PARD filed its Schedules and Statements. On January 23, 2017, PARD filed amended Schedules and Statements.

On May 10, 2017, the March 2017 Debtors and the April 2017 Debtors filed their Schedules and Statements.

On June 23, 2017, the May 2017 Debtors filed their Schedules and Statements.

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<sup>17</sup> When the Chapter 11 Trustee Application was originally filed, China CITIC Bank International Limited (“**China CITIC**”) was one of the Club Lender Parties, and represented by DLA Piper LLP (United States) (“**DLA Piper**”). Shortly after the filing of the Chapter 11 Trustee Application, however, DLA Piper withdrew as counsel for China CITIC, who indicated that it did not support the appointment of a chapter 11 trustee. *See* ECF Nos. 76, 138.

On September 15, 2021, PAE (HK) filed its Schedules and Statements.

2. *Bar Dates*

On November 25, 2016, the Bankruptcy Court entered an order [ECF No. 253] (the “**June 2016 Debtors Bar Date Order**”), establishing January 13, 2017 at 5:00 p.m. (Eastern Time) as the deadline for each person or entity (including governmental units) to file proofs of claim (“**Proofs of Claim**”) in respect of any prepetition claims against any of the June 2016 Debtors (the “**June 2016 Debtors’ Bar Date**”).

On April 5, 2017, the Bankruptcy Court entered an order [ECF No. 432] (the “**PARD Bar Date Order**”), establishing May 12, 2017 at 5:00 p.m. (Eastern Time) as the deadline for each person or entity (including governmental units) to file Proofs of Claim in respect of any prepetition claims against PARD (the “**PARD Bar Date**”).

On August 3, 2017, the Bankruptcy Court entered an order [ECF No. 686] (the “**New Debtors’ Bar Date Order**” and, together with the June 2016 Debtors’ Bar Date Order and the PARD Bar Date Order, the “**Bar Date Orders**”), establishing (i) October 10, 2017 at 5:00 p.m. (Eastern Time) as the deadline for each person or entity, not including governmental units to file Proofs of Claim in respect of any prepetition claims against any of the New Debtors (the “**New Debtors’ General Bar Date**”) and (ii) October 30, 2017 at 5:00 p.m. (Eastern Time) as the deadline for governmental units to file proofs of claim in respect of any prepetition claims against any of the New Debtors.

On October 4, 2021, the Bankruptcy Court entered an order [ECF No. 2718] (the “**PAE HK Bar Date**”), establishing (i) November 15, 2021 at 5:00 p.m. (Eastern Time) as the deadline for each person or entity, not including governmental units to file Proofs of Claim in respect of any prepetition claims against PAE HK (the “**PAE HK General Bar Date**”) and (ii) March 7, 2022 at 5:00 p.m. (Eastern Time) as the deadline for governmental units to file proofs of claim in respect of any prepetition claims against PAE HK (the “**PAE HK Governmental Bar Date**”, and, together with the June 2016 Debtors’ Bar Date, the PARD Bar Date, the New Debtors’ Bar Date and the PAE HK General Bar Date, as the “**Bar Dates**”).

**F. FOREIGN PROCEEDINGS**

Collectively, the Debtors and their Non-Debtor Affiliates are incorporated and/or maintained assets or operations in the following jurisdictions: the United States, Germany, Bermuda, the Cayman Islands, the British Virgin Islands, Hong Kong, the PRC, Singapore, Peru, Samoa, Cyprus, the United Kingdom, Japan, Spain, Malaysia, Namibia, Mauritius, the Cook Islands, the Netherlands, Norway, and Panama. As a result, in addition to the Debtors in these Chapter 11 Cases, other entities in the Pacific Andes Group are, were, or may become subject to bankruptcy, insolvency, or equivalent proceedings in courts outside of the United States. As of the date hereof, foreign insolvency proceedings have been commenced in the following jurisdictions:

1. *British Virgin Islands*

On June 30, 2016, a creditor of PARD and its non-Debtor subsidiary Richtown Development Limited (“**Richtown**”), Sahara Investment Group Private Limited (“**Sahara**”), petitioned the High Court of Justice of the British Virgin Islands, Commercial Division (the “**BVI Court**”) for the appointment of provisional liquidators over Richtown [BVIHCM 2016/089]. On that same date, the BVI Court entered an order appointing Stuart MacKellar as a provisional liquidator of Richtown. On October

10, 2016, with authorization from the BVI Court, Sahara withdrew the winding up petition for Richtown. The provisional liquidation process for Richtown was terminated.

On September 26, 2016, Bank of America, N.A. (“**BANA**”) petitioned the BVI Court for the appointment of joint provisional liquidators over non-Debtors (i) Pacific Andes Enterprises (BVI) Limited (“**PAE BVI**”) [BVIHCM 2016/132]; (ii) Parkmond Group Limited (“**Parkmond**”) [BVIHCM 2016/133]; and (iii) PARD Trade Limited (“**PARD Trade**”) [BVIHCM 2016/134]. On October 28, 2016, Rabobank and SCB petitioned the BVI Court for the appointment of joint provisional liquidators over PAE BVI.

On October 31, 2016, the BVI Court appointed Nicholas James Gronow, Joshua Taylor and Ian Morton of FTI as joint provisional liquidators of PAE BVI. On November 1, 2016, the BVI JPLs took corporate governance actions to remove the existing board of directors of Parkmond. On November 18, 2016, the BVI Court granted the winding up petitions for PAE BVI, Parkmond, and PARD Trade and appointed Nicholas James Gronow, Joshua Taylor and Ian Morton of FTI as joint provisional liquidators over PAE BVI, Parkmond, and PARD Trade (the “**BVI JPLs**”).

On December 6, 2016, Glacier Fish Company, a supplier and trade creditor of Europaco Limited (BVI) (“**Europaco**”) petitioned the BVI Court for the appointment of provisional liquidators over Europaco [BVIHCM 2016/0184]. In addition, on January 25, 2017, Maybank petitioned the BVI Court for the appointment of joint provisional liquidators over Europaco. On February 13, 2017, the BVI Court granted the petitions and appointed the BVI JPLs as joint provisional liquidators over Europaco. On March 10, 2017, the BVI JPLs took corporate governance actions to remove the existing board of directors of Europaco and four of its wholly owned subsidiaries: (i) Europaco (AP) Limited; (ii) Europaco (GP) Limited; (iii) Europaco (BP) Limited; and (iv) Europaco (EP) Limited.

On January 23, 2017, the BVI JPLs, in their capacity as JPLs over PAE BVI, issued a statutory demand to Nouvelle [BVIHCM 2017/017]. On February 6, 2017, Nouvelle petitioned the BVI Court to set aside the statutory demand (the “**Demand**”). On March 24, 2017, the BVI Court denied Nouvelle’s request to set aside the Demand (the “**Nouvelle Order**”) and Nouvelle filed an appeal with the Court of Appeal of the Eastern Caribbean Supreme Court (the “**ECSC CoA**”) [BVICA 2017/008]. On March 27, 2017, Nouvelle commenced its voluntary case under chapter 11 of the Bankruptcy Code. On July 3, 2017, the Nouvelle Order was stayed by order of the ECSC CoA pending the outcome of Nouvelle’s chapter 11 case.

On April 12, 2017, the BVI JPLs, in their capacity as JPLs of Parkmond, petitioned the BVI Court to appoint JPLs over Richtown. The BVI granted the petition and appointed the BVI JPLs over Richtown [BVIHCM 2017/055]. Subsequently, Richtown filed with the BVI Court an application to set aside the BVI JPLs’ appointment. On April 13, 2017, the BVI JPLs took corporate governance actions to remove the existing board of directors of certain non-Debtor direct subsidiaries of Richtown: (i) Paco Sigma Limited; (ii) New Millennium Group Holdings Limited; (iii) Fantastic Building Limited; and (iv) Pacos Trading Limited.

On June 2, 2017, following a contested evidentiary hearing, the BVI Court declined to grant Richtown’s request to set aside the BVI JPLs’ appointment and ordered the winding up of Richtown.

## *2. Singapore*

On June 30, 2016, PARD and certain of its subsidiaries commenced insolvency proceedings in Singapore contemporaneously with the commencement of the June 2016 Debtors’ Chapter 11 Cases (the “**Singapore Proceedings**”). On September 26, 2016, the Singapore Court (the “**Singapore**

**Court**”) supervising the Singapore Proceedings held that the Singapore Court had no jurisdiction to restrain creditor actions outside the territorial confines of Singapore and was therefore unable to provide PARD with the global protection it required. The Singapore Court also held that it had no jurisdiction to provide relief to PARD’s subsidiaries. Although the Singapore Court expressed its hope that PARD’s reorganization would continue under the supervision of the Singapore Court, certain creditors of PARD took immediate actions against PARD by commencing the Bermuda Proceedings (defined below) and applying for the appointment of provisional liquidators over PARD within hours of the Singapore Court’s decision. In response to the actions taken by creditors, PARD commenced its voluntary case under chapter 11 of the Bankruptcy Code. Shortly thereafter, PARD withdrew its insolvency proceeding in Singapore.

Separate from the Singapore Proceedings, on July 17, 2017, with the authorization of the Bankruptcy Court [ECF No. 473], the Chapter 11 Trustee filed an *ex parte* application for recognition by the Singapore Court. On July 24, 2017, the Singapore Court entered an order which, among other things, (i) recognized the Chapter 11 Cases of CFG Peru Singapore and the role of the Chapter 11 Trustee and (ii) affirmed the Chapter 11 Trustee’s powers with respect to any of CFG Peru Singapore’s property and assets located in Singapore.

### 3. *Bermuda*

On September 26, 2016, following the Singapore Court’s ruling that it did not have the authority to restrain creditor action outside of Singapore, Maybank petitioned the Bermuda Court (the “**Bermuda Court**”) for the appointment of provisional liquidators (the “**Bermuda Proceedings**”). Before Maybank’s petition could be heard by the Bermuda Court, PARD commenced its voluntary case under chapter 11 of the Bankruptcy Code. In response to PARD’s chapter 11 filing, the Bermuda Court imposed a moratorium on the Bermuda Proceedings. As of the date of the filing of this Disclosure Statement, the moratorium remains in place.

### 4. *Peru*

On June 30, 2016, three creditors (the “**Petitioning Creditors**”) initiated involuntary insolvency proceedings under the Peruvian General Law of Bankruptcy System (Law No. 278909) with respect to each of the Peruvian Opcos (the “**Involuntary Peruvian Proceedings**”). The Involuntary Peruvian Proceedings were held before the El Institute de Defensa de la Propriedad Intelectual (“**INDECOPI**”), the administrative and regulatory agency responsible for adjudicating insolvency proceedings in Peru. On that same date, each of the Peruvian Opcos petitioned the Bankruptcy Court for recognition of the Involuntary Peruvian Proceedings as a foreign main proceeding pursuant to Chapter 15 of the Bankruptcy Code [Case No. 16-11891, ECF No. 1; Case No. 16-11892, ECF No. 1; Case No. 16-11894, ECF No. 1] (the “**Chapter 15 Petitions**”).

On September 30, 2016, each of the Peruvian Opcos commenced voluntary bankruptcy proceedings before INDECOPI (the “**Voluntary Peruvian Proceedings**” and, together with the Involuntary Peruvian Proceedings, the “**Peruvian Insolvency Proceedings**”).

On November 23, 2016, a stipulation by and among the Chapter 11 Trustee and each of the Peruvian Opcos was filed with the Bankruptcy Court [Case No. 16-11914, ECF No. 31] (the “**Chapter 11 Trustee Stipulation**”). Pursuant to the Chapter 11 Trustee Stipulation, the Peruvian Opcos and SFR each agreed to, among other things, (i) satisfy the claims of the Petitioning Creditors and take such other actions as reasonably necessary to provide for a dismissal of the Involuntary Peruvian Proceedings, (ii) withdraw from the Voluntary Peruvian Proceedings, and (iii) upon dismissal of the Peruvian Insolvency Proceedings, withdraw the Chapter 15 Petitions with prejudice.

Shortly after entering into the Chapter 11 Trustee Stipulation, the Peruvian Opcos withdrew the Voluntary Peruvian Proceedings, payments to the Petitioning Creditors were satisfied, and the Involuntary Peruvian Proceedings were dismissed by the INDECOPI. On December 27, 2016, the Bankruptcy Court entered consent orders confirming each of the Peruvian Opcos' withdrawal of the Chapter 15 Petitions with prejudice [Case No. 16-11891, ECF No. 28; Case No. 16-11892, ECF No. 11; Case No. 11894, ECF No. 11].

On December 16, 2020, Sun Securities Limited ("**Sun Securities**") submitted petitions to INDECOPI for the purpose of commencing bankruptcy proceedings in respect of CFGI and Copeinca in Peru. After an appeal of a rejection of the petition, INDECOPI admitted Sun Securities' petitions on October 19, 2021. The Creditor Plan Proponents and/or the Plan Administrator of CFG Peru disputes the validity of the INDECOPI petitions. The proceedings remain pending.

## 5. *Hong Kong*

As discussed in Section III.E above, on November 25, 2015, HSBC filed the PL HK Application with the Hong Kong Court requesting the appointment of provisional liquidators to Debtors CFGL and CFIL. HSBC also petitioned for the winding up of CFGL and CFIL. The Hong Kong Court appointed three individuals from KPMG as joint provisional liquidators of CFGL and CFIL on an interim basis. A hearing to consider the PL HK Application on a final basis was scheduled for December 4, 2015. On January 5, 2016, the Hong Kong Court dismissed the Hong Kong JPLs. On February 1, 2016, the Hong Kong Court entered an order dismissing the winding up petitions.

On March 17, 2016, DHCJ Kwok SC issued an opinion providing the basis for dismissing the HK JPLs, however, the opinion was not made available to the public because the hearing at which the HK JPLs was *in camera*.

On August 30, 2016, CFGL and CFIL filed summonses in the Hong Kong Court requesting leave to disclose all documents produced in HCCW 367 and 368 of 2015 (*i.e.* the HK winding up proceedings) in overseas proceedings involving CFGL and CFIL and their affiliates ("**Summonses**"). HSBC contested the disclosure of the documents. A hearing to consider the Summonses was scheduled for September 21, 2016. On September 21, 2016, the Hong Kong Court ordered the parties to provide evidence and adjourned the Summonses to December 7, 2016. On October 12, 2016, CFGL and CFIL sought leave to amend the Summonses ("**Amended Summonses**") by clarifying the categories of documents for which they sought leave to disclose and the proposed use of the documents. On December 7, 2016, the Hong Kong Court further adjourned the hearing on the Amended Summonses to May 23, 2017 and permitted HSBC to file additional evidence and to indicate which, if any, individuals it wanted to cross-examine at the hearing.

On May 18, 2017, CFGL and CFIL applied to withdraw the Amended Summonses. On May 23, 2017 the Hong Kong Court granted CFGL and CFIL permission to withdraw the Amended Summonses and ordered CFGL and CFIL to pay HSBC's costs in connection with the Amended Summonses. On May 23, 2017, the Hong Kong Court ordered that copies of the documents filed in connection with the Amended Summons not be shared without further order of the Hong Kong Court.

On January 30, 2018, under High Court Miscellaneous Proceedings No. 134 of 2018, in action entitled *William A. Brandt, Jr., The Chapter 11 Trustee of CFG Peru Investments Pte. Limited (Singapore) v. The Hongkong and Shanghai Banking Corporation Limited*, the Trustee issued an *ex parte* originating summons for leave to use the Decision of DHCJ Kenneth Kwok, SC made on January 5, 2016 in HCCW 367 and 368 of 2015 issued by HSBC discharging the joint and provisional liquidators appointed over CFGL and CFGI and Reasons for Decision handed down on March 17, 2016, in the Bankruptcy Cases.

By Reasons of Decision dated January 19, 2019 of J. Harris, the Hong Kong Court denied the Trustee's application. The Trustee filed an appeal with the Hong Kong Court of Civil Appeal, No. 515 of 2018. These litigations were resolved under the Trustee's approved settlement with HSBC in the Bankruptcy Court's Order confirming the CFG Peru Plan.

On May 31, 2019, the FTI Liquidators<sup>18</sup>, on behalf of certain of the Liquidation Companies, filed their Statement of Claim before the High Court of the Hong Kong Special Administrative Region, Court of First Instance (the "**Hong Kong Court**") under HCA 688/2019, asserting certain claims against, *inter alia*, the Ng Family<sup>19</sup> and certain related entities<sup>20</sup> (the "**Ng Lawsuit**"). The FTI Liquidators have asserted claims against the Ng Family and the Ng Entities, among others, under Hong Kong legal principles based upon the trade finance fraud allegedly perpetrated by the Debtors through a fictitious fishing scheme. These same entities have asserted over 200 similar or same claims against various of the Debtors.

There have been numerous interlocutory proceedings in the Ng Lawsuit. Most significantly, the Ng Family and Ng Entities have succeeded in obtaining (i) an order requiring the FTI Liquidators to lodge in excess of HK\$10 million with the court as security for costs until the close of pleadings with liberty to the Ng Family and Ng Entities to apply for further security; (ii) a consent order requiring the FTI Liquidators to provide substantial further and better particulars in respect of the Statement of Claim; and (iii) a further order requiring the Liquidators to honor their agreement to provide those further particulars, but such order has still not been complied with. In addition, the FTI Liquidators sought a *Mareva* injunction against the Ng Family and Ng Entities, seeking to freeze the defendants' assets. However by Decision dated June 16, 2020, the High Court of Hong Kong, Deputy High Court Judge Le Pichon dismissed the application by the FTI Liquidators, finding that after six years of making allegations against Pacific Andes, the FTI Liquidators failed to demonstrate a risk of dissipation of assets and that it is of "considerable significance" that "despite extensive investigations and document disclosure that have taken place and the Investigation Report, the regulatory agencies in Hong Kong and Singapore and the Hong Kong criminal law enforcement agencies, have concluded the investigations without further action being taken against the defendants."

On or about May 10, 2019, the FTI Liquidators, on behalf of certain of the Liquidation Companies, filed their Statement of Claim before the Hong Kong Court, under HCA 836/2019, asserting certain claims against CFGI in the action pending before the Hong Kong Court under HCA 836/2019 (the "**CFGI Lawsuit**").

On July 29, 2020 the Hong Kong Court consolidated the CFGI Lawsuit and Ng Lawsuit. The defendants in the Ng Lawsuit filed their defense on April 1, 2021.

By Order of the Bankruptcy Court dated April 12, 2021 [ECF No. 2398], a settlement between the Trustee and the Liquidation Companies was approved, which included the withdrawal of the CFGI Lawsuit.

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<sup>18</sup> The following individuals (in varying combinations) were appointed as joint official liquidators of the various Liquidation Companies: Nicholas Gronow, Ian Morton, John Ayers and/or Joshua Taylor (collectively, the "**FTI Liquidators**").

<sup>19</sup> "Ng Family" shall include Ng Joo Siang, Teh Hong Eng, Ng Joo Kwee, Ng Joo Puay, Frank, Ng Puay Yee, Annie, Ng Joo Thieng, and Ng Joo Chuan.

<sup>20</sup> "Ng Entities" shall include Teh Hong Eng Investments Holdings Limited, Harper Group Limited, Kobe Holding Investment Limited, or Kato Investments Limited, and Meridian Investment Group Pte Ltd.



6. *Cayman Islands*

As discussed in Section III.E above, on November 27, 2015, HSBC filed the Cayman JPL Application with the Cayman Court requesting the appointment of joint provisional liquidators for CFGF in the Cayman Islands. The Cayman Court declined to consider the Cayman JPL Application on an *ex parte* basis and scheduled an *inter partes* hearing for December 8, 2015. On or around December 8, 2015, the Cayman Court granted the Cayman JPL Application and appointed the Cayman JPLs over CFGF. On January 28, 2016, the Cayman Court dismissed the Cayman JPLs as a result of the January 2016 Undertaking.

7. *Germany*

Certain of the Debtors' Non-Debtor Affiliates hold a 19% interest in a group of entities commonly referred to as the "Pickenpack Group" (the "**Pickenpack Group**"). The Pickenpack Group consists of Pickenpack Production Lüneburg GmbH ("**Pickenpack Production**"), Pickenpack Europe GmbH ("**Pickenpack Europe**"), Pickenpack Holding Germany GmbH ("**Pickenpack Holding**") and TST The Seafood Traders GmbH ("**TST**"). The Pickenpack Group is involved in insolvency proceedings currently pending in Germany. Friedrich von Kaltenborn-Stachau ("**Kaltenborn-Stachau**") is the appointed Insolvency Administrator of the Pickenpack Group. Mr. Kaltenborn-Stachau, in his capacity of Insolvency Administrator of the Pickenpack Group, as the duly authorized foreign representative, sought entry of an order granting recognition of the insolvency proceedings in Germany as a foreign main proceeding under Chapter 15 of the Bankruptcy Code on September 22, 2016. The Bankruptcy Court entered an order granting the German insolvency proceedings recognition as a foreign main proceeding pursuant to section 1517(a) of the Bankruptcy Code on October 27, 2016.

**G. INTERCOMPANY CLAIMS**

Similar to many corporate families, the Debtors and their Non-Debtor Affiliates utilized a centralized cash management system, whereby a single entity conducted most of the cash transactions on behalf of its affiliates, serving much like a bank for the group. Europaco Limited, Pacific Andes Enterprises (BVI) Limited and China Fisheries International Limited, historically served as the "bank" entities for each of PAIH Group, PARD Group and CF Group respectively. Each time a member of the PAIH Group, PARD and or CF Group received or disbursed funds on behalf of an Affiliate, one or more Intercompany Claims was recorded. Additional Intercompany Claims arose from exchanges of goods and services and, at times, from fundraising activity.

These claims accrued over time and, as of the petition date, the books and records of the Debtors and their non-Debtor Affiliates reflected Intercompany Claims among the members of the CF Group aggregating approximately \$6 billion. Both the asset side and the liability side of such Intercompany Claims generally sit within the CF Group.

**H. CFG PERU PLAN AND CFG PERU SETTLEMENT**

On October 28, 2016, the Court issued an order (the "**Trustee Order**"), appointing a Chapter 11 Trustee for CFG Peru Singapore, the direct and indirect holding company for the Peruvian OpCos. [ECF No. 203]. In doing so, the Court found that "[m]ost importantly, however, is that a trustee is in the best position to evaluate the optimal way to maximize the value of the Peruvian Business and to determine how to realize that value for the benefit of the Debtors' estates

and creditors.” *See* Trustee Order, pp. 47-48. In concluding its decision, the Court held that “[i]t will be incumbent upon the appointed trustee, in furtherance of his or her fiduciary duties, without limitation, to assess the highest and best use of those assets in the context of the resolution of these Chapter 11 cases and the means for the Debtors to realize maximum benefit from those assets.” *See Id.*, pp. 48-49.

Since his appointment, the Chapter 11 Trustee took steps to stabilize the Peruvian OpCos in an effort to sell the asset which was identified as the “Crown Jewel” of the Pacific Andes Group. Despite his efforts, the Chapter 11 Trustee was unable to consummate a sale for the Threshold Price, which was set at the amount necessary to pay in full all claims held at the Peruvian OpCos level, including the claims of the Club Lenders and the Holders of Senior Notes.

As a result, certain of the creditors of CFG Peru sought to file and effectuate their own plan of reorganization for CFG Peru and its direct and indirect subsidiaries including the Peruvian OpCos. On March 16, 2021, the Creditor Plan Proponents filed their proposed plan and disclosure statement. The Creditor Plan Proponents’ plan provides for, *inter alia*, the satisfaction of the claims of the Club Lenders and Holders of Senior Notes through the transfer of 100% of the equity in CFGI, the direct holders of the Peruvian OpCos. In addition, the CFG Peru Plan is deemed to satisfy the Bank of America CFG Facility Claims and Standard Chartered CFG Facility Claims in full. Accordingly, as related to the PAIH Plan, as well as the Joint Debtor Plan of the CFGI Group and PARD Group of Debtors, these categories of claims are deemed satisfied in full and shall receive no recovery under the PAIH Plan. The CFG Peru Plan did not provide for any value of the Peruvian OpCos for distribution to the Debtors (other than CFG Peru).

On June 10, 2021, the Bankruptcy Court entered an Order, which, *inter alia*, confirmed the CFG Peru Plan. [ECF No.: 2569].

In addition to confirming the CFG Peru Plan, the CFG Peru Confirmation Order authorized and approved the CFG Peru Settlement between the Debtors, the non-Debtor Affiliates, the Ng Family members, and Burlington Loan Management DAC and Monarch Alternative Capital LP, solely on behalf of certain advisory clients and related entities that hold claims, in their capacities as the Creditor Plan Proponents.

The CFG Peru Settlement provides, among other things, that the CFGI and PARD Group Debtors shall receive at least \$20.0 million in cash, plus the Holdback Payment, if any, plus the CFG Peru Administrative Expense Settlement Payment, in exchange for, *inter alia*, supporting the CFG Peru Plan and the release of all claims of the Debtors against CFG Peru Singapore and its direct and indirect subsidiaries. The CFG Peru Settlement Agreement, which was approved by the Court in the CFG Peru Confirmation Order, shall become effective upon the Restructuring Effective Date (as defined therein) of the CFG Peru Plan, including upon sanction of the CFG Peru Plan by the U.K. Court. As a result of Sun Securities’ petitions to INDECOPI, which were admitted on October 21, 2021, the proceedings in the U.K. to sanction the CFG Peru Plan have been postponed until January 2022 pending resolution of the INDECOPI petitions.

A significant portion of the Debtors’ post-petition expenses, including professional fees, have been advanced by non-Debtor entities including Meridian Investment Group Pte. Ltd. By order of the Bankruptcy Court, dated August 19, 2016 [Docket No. 93] (“**Case Management Order**”),

certain Administrative Expense Claims were capped at \$500,000 (the “**Non-Debtor Administrative Cap**”), subject to further order of the Court. The PAIH Plan seeks to modify the provisions of the Case Management Order to remove the Non-Debtor Administrative Cap, subject to Bankruptcy Court Approval in the Confirmation Order.

## **I. PROPOSED SETTLEMENT WITH CERTAIN CREDITORS AND INVESTORS.**

On October 4, 2019, certain of the Plan Debtors filed the *Motion of Pacific Andes International Holdings Limited (Bermuda) and Pacific Andes International Holdings (BVI) Limited, Pursuant to Bankruptcy Code Sections 105, 363 And 502, and Bankruptcy Rules 2002, 3001(E), 3007, 4001, 6004, 9014 and 9019, (i) to Approve Compromise Among Movants, Certain Creditors and Investors, (ii) to Authorize Certain Corporate Governance Actions in Furtherance of Compromise, (iii) to Approve the Compromise and Allowance of Certain Claims Related to The Proposed Transaction, and (iv) to Grant Related Relief [Docket No. 1753]* (“**PAIH Settlement Motion**”). By the PAIH Settlement Motion, the Debtors asked the Court to approve a compromise, and certain transaction documents associated therewith, intended to bring about a resolution of the majority of the non-PRC claims in the PAIH Group of Debtors, and to authorize certain corporate actions that were intended to pave the way for the conclusion of the Plan Debtors’ chapter 11 cases. As part of the compromise, the Debtors executed conditional agreements with unrelated, third party investors (collectively as “**Investors**”) – special purpose entities held by a major Hong Kong property investment group – agreed, conditional upon the Court’s approval, to purchase, and the majority of the Plan Debtors’ non-PRC creditors agreed to sell and assign, the majority of PAIH’s non-PRC existing indebtedness, inclusive of certain indebtedness of certain non-debtor affiliates of PAIH. The contemplated transaction was the anticipated first step in the PAIH Group’s ability to finalize and file a plan of reorganization.

As part of the transaction, the Investors agreed to compromise the certain claims (“**Purchased Debt Claims**”), totaling in the aggregate approximately \$423 million, in exchange for a call option over PAIH’s equity interest in certain indirect, wholly-owned non-Debtor real estate holding entities, *i.e.*, the Property Owning Companies. Upon the Investors exercise of the call option, the Purchased Debt Claims would have been fully satisfied as against the Debtors. The direct result of the proposed transaction would have been (i) initial compromise and ultimate satisfaction of \$423 million Purchased Debt Claims, representing the majority of the PAIH Group’s non-PRC indebtedness, in exchange for certain non-core real estate assets for value, (ii) receipt and release of significant cash proceeds to facilitate the payment of certain accrued and outstanding professional fees and other ongoing administrative expenses incurred in these bankruptcy cases, and (iii) the enhanced ability to confirm a plan of reorganization at the Plan Debtors’ corporate structure, thus taking a major step towards moving these bankruptcy cases towards ultimate closure.

An integral part of the transaction was that upon exercise of the call option, the Debtors would sell, assign and transfer the issued and paid up share capital of each of the Property Owning Companies, free and clear of any liens, claims and encumbrances, pursuant to section 363(f) of the Bankruptcy Code.

All of the relevant real estate was owned by non-Debtor affiliates, that were 100% owned by certain of the Plan Debtors. When the Chapter 11 petition of PAIH was filed on June

30, 2016, PAIH non-debtor affiliates owned approximately 34 pieces of real estate. Between the Petition Date and October 4, 2019, the non-debtor affiliates disposed of 20 parcels of that real estate for a total consideration of just under US\$58 million, leaving 14 parcels of remaining real estate that were included in the transaction contemplated in the Settlement Motion. The vast majority of the proceeds from the prior sales of real estate were used to pay down mortgages. As of the Petition Date, the Real Properties were encumbered by approximately \$74 million in mortgages. As of October 4, 2019, only \$18 million in mortgages remained on the Real Properties.

On October 22, 2019, the Chapter 11 Trustee filed a limited objection to the PAIH Settlement Motion [Docket No. 1772]. On February 11, 2021, the FTI Liquidators, on behalf of the Liquidation Companies, filed an objection to the PAIH Settlement Motion [Docket No. 2335]. The PAIH Settlement Motion was adjourned from time to time until the spring of 2021.

On February 12, 2021, PAIH and PAIH BVI filed a First Supplement to the PAIH Settlement Motion [Docket No. 2341], wherein it was disclosed that eight (8) of the fourteen (14) Real Properties that were the subject of the PAIH Settlement Motion had been sold in exchange for total consideration of \$16,051,484. The sales took place to preserve value, given the decline in the Hong Kong property market at the time, and to satisfy the requirements of DBS Bank (Hong Kong) Limited as secured mortgage holder (the “Mortgage Bank”). All or most of the sale proceeds were applied to satisfy the outstanding first-lien mortgages on the real property. As of February 12, 2021, all mortgages on the Real Properties had been paid and satisfied in full.

On March 9, 2021, the FTI Liquidators filed a supplemental objection to the PAIH Settlement Motion [Docket No. 2362].

On April 23, 2021, after the filing of the CFG Peru Plan, PAIH and PAIH BVI withdrew the PAIH Settlement Motion [Docket No. 2440], so as to effectuate the sale transactions under a plan of reorganization of the PAIH Group.

## **J. SALE TRANSACTIONS**

The PAIH Plan authorizes and approves the Sale Transactions pursuant to, *inter alia*, Bankruptcy Code Sections 1123(a)(5) and 1141. The Sale Transactions consists of the “as is, where is” sale of the equity interests in the Real Property Owners and/or the direct purchase of certain of the Real Properties, for the aggregate purchase price of \$52 million in cash, pursuant that certain Sale and Purchase Agreement (“SPAs”), dated as of September 27, 2021. Copies of the SPAs are annexed to the PAIH Plan as **Exhibits C through I**. Specifically, the PAIH Plan provides for the sale of Interests in six (6) Property Owning Companies, which hold Real Property in Hong Kong and Japan, and the sale of Real Property held by PAE (HK). The Real Properties and Property Owning Companies are as follows:

	<b>Property Owning Company</b>	<b>Property Address</b>
1.	Rawley Trading Limited	Flat A1, 20/F & Roof, Blk A, Evergreen Villa, 43 Stubbs Road and Car Parking Space No. 108, Hong Kong
2.	Fastact Group Limited	Block 1, 14/ F and Car Port Space No. G122 and Car Parking Space No. 250, Repulse Bay Garden, Nos. 18-40 Bellevue Drive, Hong Kong
3.	Chasterton Group Limited	House No. 36, Manderly Garden, 48 Deep Water Bay Road, Hong Kong
4.	Pacific Andes Enterprises (Hong Kong) Limited	House No. 34, Manderly Garden, 48 Deep Water Bay Road, Hong Kong
5.	Bonaire Development Limited	Unit 8B and Car Parking Space No. L39 on Lower Ground Floor, Celestial Garden, 5 Repulse Bay Road, Hong Kong
6.	Grandluck Enterprises Limited	Apartment B33, 2/F, Block B3, Woodgreen Estate, 5 Shouson Hill Road, Hong Kong & Car parking Space No.10 & 20
7.	ACE Field Limited (BVI)	The Vale Niseko Unit 205, 166-9, 226-5 Aza-Yamada, Kutchan-Cho, Abuta-Gun, Hokkaido, Building No. 166-9-205, Aza Yamada, Japan

The transaction value is reflective of an independent valuation obtained by the Debtors from Vigers Group net of a bulk purchase discount. The discount is in line with expectations for transactions of this nature according to advice by Colliers International (Hong Kong) Limited. Additionally, the PAIH Group's desire to sell these properties has been publicly known for many years and no other purchasers have offered higher and better bids for the Interests and Real Properties. Accordingly, the Debtors believe the Sale Transaction is in the best interests of the Debtors and their estates.

While these Interests and Real Properties may be sold in a non-judicial transaction due to the fact that certain of the underlying Property Owning Companies are non-Debtors, the Plan Debtors, as the beneficial direct and indirect owners of the Interests and Real Properties, propose the Sale Transactions under the PAIH Plan for the benefit of the Plan Debtors, their estates and their creditors.

The Sale Transaction Purchaser is VG Real Assets SP, or its designees. The Sale Transaction Purchaser is not an insider. The Sale Transactions shall be subject to the laws of Hong Kong and Japan. It is contemplated that the Sale Transactions will be closed as soon as reasonably practicable after the Bankruptcy Court's entry of an order confirming the PAIH Plan. The Sale Transactions shall provide for an amount equal to \$18 million (the "Withholding Amount" as defined in the SPA) to be held in escrow for a period of two (2) years pursuant to the terms of that certain Deed of Indemnity. The Withholding Amount should not affect the proposed distribution to creditors under the PAIH Plan. Certain parties with administrative expense claims have agreed to accept a deferred payment of such Allowed amount of their respective administrative expense claims to correspond with the release of the escrow under the SPA (as described herein). *See* Section V.C.1 below. The Plan Debtors or the Plan Administrator, as the case may be, shall be authorized to take all corporate actions necessary to close the Sale Transactions as authorized under the PAIH Plan.

**K. LIQUIDATOR-CONTROLLED COMPANIES SETTLEMENT**

Pursuant to the Bankruptcy Court's *Order Referring to Mediation Certain Plan Dispute And Remaining Liquidator Disputes* dated October 26, 2021 [Docket No. 2780], the Plan Debtor, the CFGL/PARD Plan Debtors, the Ng Family and the Ng Entities (collectively, the "Debtor Settlement Parties"), on the one hand, and the Liquidators and the Liquidator-Controlled Companies (each as defined in the Liquidator-Controlled Companies Settlement Agreement)(the "Liquidator Settlement Parties"), on the other hand, participated in a renewed mediation before Hon. Robert D. Drain on November 12, 2021 ("Renewed Mediation"). As a result of the Renewed Mediation, the Debtor Settlement Parties and the Liquidator Settlement Parties reached an agreement in principle on the terms of a global settlement, subject to agreeing and finalizing the settlement agreement.

On December [ ], 2021, the Debtors, the Ng Family Members and the Ng Entities (each as defined in the Liquidator-Controlled Companies Settlement Agreement)(the "Debtor Settlement Parties"), on the one hand, and the Liquidators and the Liquidator-Controlled Companies (the "Liquidator Settlement Parties"), on the other hand, entered into a Settlement Agreement ("Liquidator-Controlled Companies Settlement Agreement"), subject to approval by the Bankruptcy Court. The Liquidator-Controlled Companies Settlement Agreement provides in part as follows<sup>21</sup>:

1. On or before the earlier of February 28, 2022<sup>22</sup> or the Effective Date of the PAIH Plan (the "Settlement Payment Date"), the Debtor Settlement Parties shall pay to the Liquidator Settlement Parties the sum of \$14,100,000 ("Settlement Payment").

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<sup>21</sup> This summary is qualified in its entirety by reference to the full terms of the Liquidator-Controlled Companies Settlement Agreement. In the event of a conflict between the terms of the Plan and the Liquidator-Controlled Companies Settlement Agreement, the Liquidator-Controlled Companies Settlement Agreement shall control.

<sup>22</sup>The inclusion of February 28, 2022 as the latest date by which the Settlement Payment must be paid in full is a material part of the Liquidator-Controlled Companies Settlement Agreement that was negotiated by the parties and time is of the essence. Should the Settlement Payment not be timely paid in full, the Debtor Settlement Parties will be in default of the Liquidator-Controlled Companies Settlement Agreement and the Liquidator-Controlled Companies Settlement Agreement may be terminated.

In addition, on or before December 13, 2021, fifty percent (50%) of the Settlement Payment shall be deposited into an escrow account and released to the Liquidators upon the Settlement Payment Date. Notwithstanding anything herein to the contrary, (i) the Settlement Payment is not intended to fix the measure of the Liquidator-Controlled Companies' loss and (ii) nothing in the PAIH Plan, the Confirmation Order or the Liquidator-Controlled Companies Settlement Agreement shall release, discharge, waive, diminish, impair, or affect in any way any claims, causes of action, or rights of recovery against the Pre-Petition Auditors.

The Debtor Settlement Parties shall waive and release any right, claim or interest, if any, in or to the proceeds of the sale of that certain Hong Kong office space Rooms 3201-10 and 15, Hong Kong Plaza, 188 Connaught Road West, Hong Kong for approximately \$8,500,000 (HK\$66,132,300) on or about November 20, 2018, which proceeds shall for all purposes be the property of and retained by Richtown Development Limited (in liquidation).

2. The following Liquidator-Controlled Companies shall receive a fixed distribution of 8.75% of the Allowed claim amounts as set forth below. All such distributions shall be made in accordance with the terms of the PAIH Plan, and the Confirmation Order:
  - a. Richtown Development Limited (in liquidation) [Class 15]: Holders of the Richtown Intercompany Claim shall receive a cash distribution under the PAIH Plan in an amount not less than \$3,292,030.18, being 8.75% of the Allowed Richtown Intercompany Claim. The Richtown Intercompany Claim will be allowed in an amount of USD \$37,623,202.00.
  - b. Pacos Trading Limited (Cayman)(in liquidation) [Class 16]: Holders of the Pacos Trading Intercompany Claim shall receive a cash distribution under the PAIH Plan in an amount not less than \$15,575.26, being 8.75% of its Allowed Pacos Trading Intercompany Claim. The Pacos Trading Intercompany Claim will be allowed in an amount of USD \$178,003.00.
  - c. Pacific Andes Enterprises (BVI) Limited (in liquidation) [Class 17]: Holders of the PAE (BVI) Intercompany Claim shall receive a cash distribution under the PAIH Plan in an amount not less than \$546,787.50, being 8.75% of its Allowed PAE (BVI) Intercompany Claim. The PAE (BVI) Intercompany Claim will be allowed in an amount of USD \$6,249,000.00.
3. As consideration for the settlement, the Debtor Settlement Parties and the Liquidator Settlement Parties shall exchange mutual global releases, which are intended to irrevocably and unconditionally, fully and forever release any and all claims that the Debtor Settlement Parties and the Liquidator Settlement Parties had, have or may in the future have against each other, subject to the terms of and except as otherwise provided in such releases.

4. Subject to the Debtor Settlement Parties' compliance with the terms of the Liquidator-Controlled Companies Settlement Agreement, and provided the PAIH Plan and Joint Debtor Plan are consistent with the Liquidator-Controlled Companies Settlement Agreement and otherwise in form and substance reasonably acceptable to the Liquidators, (i) the Liquidators shall vote each of their Class 15, 16 and 17 Claims in favor of confirmation of the PAIH Plan, (ii) all other claims of the Liquidator-Controlled Companies shall be temporarily disallowed for voting purposes pursuant to Rule 3018(a) of the Bankruptcy Rules, and (iii) the Liquidator Settlement Parties shall not file an objection to, or solicit any other person or entity to file an objection to, the Joint Debtor Plan and related Disclosure Statement, or the PAIH Plan and related Disclosure Statement, or confirmation of the Joint Debtor Plan or PAIH Plan.

Notwithstanding anything to the contrary herein, any default by the Debtor Settlement Parties in the performance of the terms of the Liquidator-Controlled Companies Settlement Agreement shall constitute a material default under the terms of the PAIH Plan and the Joint Debtor Plan.

In consideration of the Liquidator-Controlled Companies Settlement resulting from the Renewed Mediation, covering actual and potential disputes between and among, *inter alia*, the Debtors and the Liquidators and the Liquidator-Controlled Companies, the Debtors shall seek approval of the settlement from the Court pursuant to Bankruptcy Rule 9019, including its resolution of the Liquidators' proofs of claim, and the compromises of other Claims and matters covered by the Liquidator-Controlled Companies Settlement Agreement. The Debtors believe that the Liquidator-Controlled Companies Settlement Agreement is in the best interests of the Plan Debtors, their estates and their creditors, and is fair, equitable, and reasonable. It is expected that, upon approval, the PAIH Plan will incorporate and adopt the terms and conditions of the Liquidator-Controlled Companies Settlement Agreement.

The Liquidator-Controlled Companies Settlement Agreement remains subject to approvals of, as applicable, the BVI Court and the Hong Kong Court (each as defined in the Liquidator-Controlled Companies Settlement Agreement).

#### **L. HSBC-HK SETTLEMENT**

On December [ ], 2021, the Plan Debtors, the CFGL/PARD Plan Debtors, certain non-Debtor Affiliates, the Ng Family and HSBC-HK entered into a Settlement Deed ("**HSBC-HK Settlement Deed**") that resolves remaining disputes between them, including among other things, claims held by the Debtors and Ng Family arising from HSBC-HK's efforts to appoint the JPLs, and claims held by HSBC-HK relating to the Club Facility. The description of the settlement herein is qualified entirely by the HSBC-HK Settlement Deed. The HSBC-HK Settlement Deed provides in part that the parties thereto are, subject to certain exceptions, conclusively, absolutely, unconditionally, irrevocably and forever, releasing and discharging each other from any and all claims, interests, or causes of action, rights and remedies, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise, including any derivative claims that any party would have been legally entitled to assert



in their own right (whether individually or collectively) or any other person or entity would have been legally entitled to assert on behalf of the applicable party, based on or relating to, or in any manner arising from, in whole or in part from, among other things:

1. the Club Facility, the Deeds of Undertaking, any amendments or waivers with respect to any of the foregoing, all other banking and financing transactions entered into by and among HSBC-HK and any other party prior to the effective date of the HSBC-HK Settlement Deed and any exercise of remedies, or disclosures or reporting relating thereto, any defaults in respect of any of the foregoing, or any other actions or legal proceedings related to any of the foregoing; and
2. the management, governance, finances, accounting and operations of the PAIH and its direct and indirect subsidiaries (the “**Pacific Andes Group**”) prior to the effective date of the HSBC-HK Settlement Deed, the Initial FTI Report (and related reports), the preparation thereof, the HK PL Application, the Cayman JPL Application, the appointment and removal of the JPLs and any legal proceedings relating thereto, any actions taken by (including any transactions entered into by) or otherwise involving the JPLs, any action of KPMG relating to the HK PL Application, the Cayman JPL Application, HSBC-HK or the Pacific Andes Group, the business operations and any realized or potential transactions involving, *inter alia*, the Peruvian OpCos, the negotiation, execution and implementation of the Deeds of Undertaking, the Chapter 11 Cases, the CFG Peru Settlement and that certain HSBC-HK Settlement Stipulation and Order, between the Chapter 11 Trustee and HSBC, as so ordered by the Bankruptcy Court on June 10, 2021 (the “**HSBC-HK Stipulation and Order**”).

The Plan Debtors shall seek approval of the settlement by the Court pursuant to Bankruptcy Rule 9019. The HSBC-HK Settlement Deed provides finality to disputes and other matters that date back several years involving HSBC-HK and certain Plan Debtors, the CFGL/PLAN Debtors and members of the Ng Family without the need for costly litigation, and without the need for any cash payment by the Debtors’ estates. The Plan Debtors believe the consideration granted by the Plan Debtors’, *i.e.* releases issued to HSBC-HK is reasonable in light of the fact that the Plan Debtors are receiving in-kind releases. In all, the Plan Debtors believe the HSBC-HK Settlement Deed is reasonable and in the best interests of the Plan Debtors’, their estates and their creditors. Upon approval, the PAIH Plan shall adopt and incorporate the HSBC-HK Settlement Deed.

One June 29, 2018, the Chapter 11 Trustee commenced an adversary proceeding against HSBC-HK in the Bankruptcy Court (the “**HSBC-HK Litigation**”), relating to HSBC-HK purported actions related to the HK PL Application and the Cayman JPL Application. HSBC-HK and the Chapter 11 Trustee entered into a settlement in connection with the HSBC-HK Litigation through the HSBC-HK Stipulation and Order, which, among other things, provided for the final dismissal of the HSBC-HK Litigation and mutual releases among HSBC-HK and the Chapter 11 Trustee.

V.

**PAIH PLAN**

**A. INTRODUCTION**

This section of the Disclosure Statement summarizes the PAIH Plan, a copy of which is attached hereto as **Exhibit A**. This summary is qualified in its entirety by reference to the provisions of the PAIH Plan; thus the provisions of the PAIH Plan will control in the event of any discrepancy between this Disclosure Statement and the PAIH Plan.

In general, a chapter 11 plan divides claims and equity interests into separate classes, specifies the property that each class is to receive under the PAIH Plan, and contains other provisions necessary to implement the PAIH Plan.

Under the Bankruptcy Code, “claims” and “equity interests,” rather than “creditors” and “equity holders,” are classified because creditors and equity holders may hold claims and equity interests in more than one class.

Statements as to the rationale underlying the treatment of claims and equity interests under the PAIH Plan are not intended to, and will not, waive, compromise or limit any rights, claims or causes of action in the event objections to classification or treatment are filed or the PAIH Plan is not confirmed.

**THE PLAN DEBTORS URGE YOU TO READ THE PAIH PLAN IN ITS ENTIRETY  
BEFORE VOTING TO ACCEPT OR REJECT THE PAIH PLAN.**

**B. CLASSIFICATION AND TREATMENTS  
OF CLAIMS AND INTERESTS UNDER THE PAIH PLAN**

One of the key concepts under the Bankruptcy Code is that only claims that are “allowed” may receive distributions under a chapter 11 plan. This term is used throughout the PAIH Plan and the descriptions below.

In general, an “allowed” claim or an “allowed” equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor. Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is automatically “allowed” unless the debtor or other party in interest objects. However, section 502(b) of the Bankruptcy Code specifies certain claims that may not be “allowed” in bankruptcy even if a proof of claim is filed. These include, but are not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or under applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor’s equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damages in excess of specified amounts, late-filed claims, and contingent claims for contribution and reimbursement. In addition, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor’s schedules or is listed as disputed, contingent or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires, for purposes of treatment and voting, that a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their

legal nature. Claims of a substantially similar legal nature are not necessarily classified together, nor are equity interests of a substantially similar legal nature necessarily classified together. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the “claims” and “equity interests” themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as “impaired” (affected by the PAIH Plan) or “unimpaired” (unaffected by the PAIH Plan). If a class of claims is “impaired,” the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the PAIH Plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code. Under section 1124 of the Bankruptcy Code, a class of claims or interests is “impaired” unless the PAIH Plan (i) does not alter the legal, equitable, and contractual rights of the holders or (ii) irrespective of the holders’ acceleration rights, cures all defaults (other than those arising from the debtor’s insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, and contractual rights.

Pursuant to section 1126(f) of the Bankruptcy Code, holders of unimpaired claims or interests are “conclusively presumed” to have accepted the PAIH Plan. Accordingly, their votes are not solicited. Under the PAIH Plan, the following classes are Unimpaired, and therefore, the holders of such Claims are “conclusively presumed” to have voted to accept the PAIH Plan: Class 1 (Qingdao Plant-Related Facility Claims), Class 2 (Maybank Secured Facility Claims), Class 3 (Other Secured Claims), Class 4 (Other Priority Claims), and Class 21 (Intercompany Interests).

The following classes are Impaired under the PAIH Plan and, therefore, entitled to vote whether to accept or reject the PAIH Plan: Class 5 (Maybank PATM Term Loan Claims), Class 6 (Maybank Banking Facility Claims), Class 7 (Rabobank Europaco Trade Facility Claims), Class 8 (Rabobank NFS Facility Claims), Class 9 (Standard Chartered Banking Trade Facility Claims), Class 10 (CITIC Banking Facility PAIH Claims), Class 11 (Pickenpack Letters of Comfort Claims), Class 12 (KBC Facility Claims), Class 13 UOB Banking Facility (Europaco) Claims, Class 14 (Fubon Factoring Facility Claims), Class 15 (Richtown Intercompany Claims), Class 16 (Pacos Trading Intercompany Claims), Class 17 PAE (BVI) Intercompany Claims, Class 18 General Unsecured Claims, Class 19 (PAE HK Loan Claim); Class 20 (Teh Hong Eng Loan Claims), and Class 23 (Intercompany Claims).

Pursuant to section 1126(g) of the Bankruptcy Code, a class is deemed not to have accepted a plan if such plan provides that the claims or interests of such class do not entitle the holders of such claims or interests to receive or retain any property under the plan on account of such claims or interests. Under the Joint Debtor Plan, Class 24 (Existing PAIH Interests) is Impaired and deemed not to have accepted the Joint Debtor Plan. Accordingly, holders of Existing PAIH Interests are not entitled to vote to accept or reject the Joint Debtor Plan.

### **C. UNCLASSIFIED CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests described in the PAIH Plan and are not entitled to vote to accept or reject the PAIH Plan.

1. *Administrative Expense Claims*

Administrative Expense Claims are the actual and necessary costs and expenses of administration during the Chapter 11 Cases pursuant to sections 328, 330, 363, 364(c)(1), 365, 503(b) or 507(a)(2) of the Bankruptcy Code.

On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of an Allowed Administrative Expense Claim (other than Fee Claims) agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Administrative Expense Claim, Cash in an amount equal to the Allowed amount of such Claim, or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

Except as otherwise provided in the PAIH Plan, requests for payment of Administrative Expense Claims must be Filed with the Bankruptcy Court and served on the Plan Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than any Bar Date applicable to the Administrative Claims. Holders of Administrative Expense Claims that are required to, but do not, File and serve a request for payment of such Administrative Expense Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Expense Claims against the Plan Debtors, their Non-Debtor Affiliates, or their respective property, and such Administrative Expense Claims shall be deemed released as of the Effective Date. Objections to such requests, if any, must be Filed with the Bankruptcy Court and served on the Plan Debtors, and the requesting party by the applicable claims' objection deadline.

As set forth in Section IV.H above, pursuant to the Cash Management Order certain Administrative Expense Claims of Non-Debtor Affiliates were capped at the aggregate amount of \$500,000 (the "**Non-Debtor Administrative Cap**"), subject to further order of the Court. The PAIH Plan shall modify the provisions of the Cash Management Order to release the Non-Debtor Administrative Cap, subject to Bankruptcy Court Approval. Meridian Investment Group Pte. Ltd. ("**Meridian**") and Ocean Incorporate Ltd. ("**OIL**"), have agreed, upon approval of their administrative expense claims, to accept payment on a two-year deferred basis, which will correspond with the release of the escrow under the SPA (as described herein). The deferral will not affect payment to other administrative expense claims or other creditors holding Allowed Claims under the PAIH Plan.

2. *Professional Fee Claims*

(a) All Professionals seeking an award by the Bankruptcy Court of Fee Claims (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is forty-five (45) days after the Effective Date. The Allowed amounts of such Fee Claims shall be determined by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and any prior order of the Bankruptcy Court.

(b) Accrued and unpaid Allowed professional fees and management salaries<sup>23</sup> that are paid by the Plan Debtors shall be paid from the PAIH Distribution Pool. Any holdbacks of

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<sup>23</sup> Certain senior management employees/directors were not paid during portions of these Cases. Administrative Claims for unpaid management salaries shall be capped at \$1 million in the aggregate.

previously approved Fee Claims may be paid upon Confirmation of the PAIH Plan and shall be paid no later than as soon as practical following the closing of the Sale Transactions.

(c) The Debtors are jointly and severally liable for the Accrued and unpaid Allowed professional fees and management salaries. The Debtors shall attempt to allocate the Accrued and unpaid Allowed professional fees and management salaries between the CFGL Group and PARD Group, on the one hand, and PAIH Group, on the other hand, with each group paying its allocated professional fees and management salaries. However, to the extent either group of Debtors be unable to pay its Allowed Administrative Claims and any other fixed recoveries under its respective plan, the other group will satisfy any jointly and severally liable claims necessary to enable both groups to satisfy their plan obligations. Any Debtor that satisfies the any jointly and severally liable claims may, at the paying Debtor's sole discretion, waive, subordinate or defer any subrogation or reimbursement rights emerging from such payment.

(d) Except as otherwise specifically provided in this PAIH Plan, from and after the Effective Date, the Plan Administrator shall pay in Cash the reasonable professional fees and expenses incurred by such Plan Debtor after the Effective Date in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court. On the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code shall terminate, and each Plan Debtor or the Plan Administrator, as applicable, may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

### 3. *Priority Tax Claims*

Except to the extent that a holder of an Allowed Priority Tax Claims against a Plan Debtor agrees to a less favorable treatment, each holder of any such Allowed claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, cash in an amount equal to such Allowed claim on the Effective Date, or as soon as practicable thereafter, or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

## **D. CLASSIFICATION OF CLAIMS AND INTERESTS**

As set forth in Section 4 of the PAIH Plan, the classification of Claims and Interests in the PAIH Plan will apply separately to each of the Plan Debtors. All of the potential classes for the Plan Debtors are set forth in the PAIH Plan. Certain of the Plan Debtors may not have holders of Claims or Interests in a particular Class or Classes; such Classes will be treated as set forth in Section 4.7 of the PAIH Plan.

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and distribution under the PAIH Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code; *provided*, that, a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to the PAIH Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

The PAIH Plan (including Section 3, Section 4, and Section 5 of the PAIH Plan) groups the Plan Debtors together solely for the purpose of describing treatment under the PAIH Plan, confirmation of the PAIH Plan, and distributions to be made in respect of Claims against and Interests in the Plan Debtors under the PAIH Plan. Such groupings shall not affect each PAIH Plan Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger or consolidation of any legal entities, or cause the transfer

of any assets. Except as otherwise provided by or permitted under the PAIH Plan, all Plan Debtors shall continue to exist as separate legal entities.

The following table designates the Classes of Claims against and Interests in each of the Plan Debtors and specifies which of those Classes are (i) Impaired or Unimpaired by the PAIH Plan, (ii) entitled to vote to accept or reject the PAIH Plan in accordance with section 1126 of the Bankruptcy Code, and (iii) deemed to reject the PAIH Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Section 4 of the PAIH Plan. All of the potential Classes for the Plan Debtors are set forth in the PAIH Plan.

<b>Class</b>	<b>Designation</b>	<b>Treatment</b>	<b>Entitled to Vote</b>
1	Qingdao Plant-Related Facility Claims	Unimpaired	No (deemed to accept)
2	Maybank Secured Facility Claims	Unimpaired	No (deemed to accept)
3	Other Secured Claims	Unimpaired	No (deemed to accept)
4	Other Priority Claims	Unimpaired	No (deemed to accept)
5	Maybank PATM Term Loan Claims	Impaired	Yes
6	Maybank Banking Facility Claims	Impaired	Yes
7	Rabobank Europaco Trade Facility Claims	Impaired	Yes
8	Rabobank NFS Facility Claims	Impaired	Yes
9	Standard Chartered Banking Trade Facility Claims	Impaired	Yes
10	CITIC Banking Facility PAIH Claims	Impaired	Yes
11	Pickenpack Letters of Comfort Claims	Impaired	Yes
12	KBC Facility Claims	Impaired	Yes
13	UOB Banking Facility (Europaco) Claims	Impaired	Yes
14	Fubon Factoring Facility Claims	Impaired	Yes
15	Richtown Intercompany Claims	Impaired	Yes
16	Pacos Trading Intercompany Claims	Impaired	Yes
17	PAE (BVI) Intercompany Claims	Impaired	Yes
18	PAIH General Unsecured Claims	Impaired	Yes
19	PAE HK Loan Claims	Impaired	Yes
20	Teh Hong Eng Loan Claims	Impaired	Yes
21	N.S. Hong Club Facility Guaranty Claim	Unimpaired	No (deemed to accept)
22	Intercompany Claims	Impaired	Yes

23	Intercompany Interests	Unimpaired	No (deemed to accept)
24	Existing Interests	Impaired	No (deemed to reject)

## E. TREATMENT OF CLAIMS AND INTERESTS

### 1. *Class 1: Qingdao Plant-Related Facility Claims.*

(a) *Classification:* Class 1 consists of Qingdao Plant-Related Facility Claims against any of the Plan Debtors. The “Qingdao Plant-Related Facilities Claims” shall consist of the Claims arising from guarantees or expired guarantees of loans secured by property in the PRC, including the Agricultural Bank of China Facility Claims, Industrial and Commercial Bank of China Facility Claims, Bank of Communications Facility Claims, and the CITIC Working Capital Facility Claims. To the extent that Qingdao Plant-Related Facility Claims are secured by different Collateral or different interests in the same Collateral, such Claims shall be treated as separate subclasses of Class 1.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each Allowed Qingdao Plant-Related Facilities Claim shall be deemed fully satisfied based on actions taken in the PRC. No amounts shall be paid under this Plan on account of the Qingdao Plant-Related Claims.

(c) *Impairment and Voting:* Class 1 is Unimpaired, and the holders of Qingdao Plant-Related Facility Claims are conclusively presumed to have accepted the PAIH Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Qingdao Plant-Related Facility Claims are not entitled to vote to accept or reject the PAIH Plan.

### 2. *Class 2: Maybank Secured Facility Claims.*

(d) *Classification:* Class 2 consists of Maybank Secured Facility Claims.

(e) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of the Maybank Secured Facility Claims agrees to less favorable treatment, each holder of the Maybank Secured Facility Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for the Maybank Secured Facility Claims, its *pro-rata* Share of \$4,000,000 in cash on the Effective Date, or as soon thereafter as payment can be made.

(f) *Impairment and Voting:* Class 2 is Unimpaired, and the holders of the Maybank Secured Facility Claims are conclusively presumed to have accepted the PAIH Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of the Maybank Secured Facility Claims are not entitled to vote to accept or reject the PAIH Plan.

### 3. *Class 3: Other Secured Claims.*

(a) *Classification:* Class 3 consists of Other Secured Claims. To the extent that Other Secured Claims are secured by different Collateral or different interests in the same Collateral, such Claims shall be treated as separate subclasses of Class 3.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, except to the extent that a holder of an Allowed Other Secured Claim agrees to less favorable treatment, each holder of an Allowed Other Secured Claim shall receive, at the election of the Plan Debtors, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for each Allowed Other Secured Claim either (i) payment in full in cash on the Effective Date, (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code or (iii) such other recovery necessary to satisfy section 1129 of the Bankruptcy Code.

(c) *Impairment and Voting:* Class 3 is Unimpaired, and the holders of Other Secured Claims are conclusively presumed to have accepted the PAIH Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Other Secured Claims are not entitled to vote to accept or reject the PAIH Plan.

**4. Class 4: Other Priority Claims.**

(a) *Classification:* Class 4 consists of Other Priority Claims against any of the Plan Debtors.

(b) *Treatment:* Except to the extent that a holder of an Allowed Other Priority Claims against any of the Plan Debtors agrees to less favorable treatment, each holder of any such Allowed claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Claim, Cash in an amount equal to such Allowed claim, payable on the later of the Effective Date and the date on which such Priority Claim becomes an Allowed Priority Claim, or as soon as reasonably practical thereafter, or such other treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

(c) *Impairment and Voting:* Class 4 is Unimpaired, and the holders of Other Priority Claims are conclusively presumed to have accepted the PAIH Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Other Priority Claims are not entitled to vote to accept or reject the PAIH Plan.

**5. Class 5: Maybank PATM Term Loan Claims.**

(a) *Classification:* Class 5 consists of Maybank PATM Term Loan Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, to the extent the Maybank PATM Term Loan Claims are not otherwise settled and released pursuant to the terms of a binding settlement, each holder of an Allowed Maybank PATM Term Loan Claims shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Maybank PATM Term Loan Claim. The Maybank PATM Term Loan Claims shall be Allowed in an aggregate amount of \$95,000,000.00.

(c) *Impairment and Voting:* Class 5 is Impaired, and the holders of Allowed Maybank PATM Term Loan Claims and Allowed Maybank PATM Term Loan Guarantee Claims are entitled to vote on the PAIH Plan.



**6. Class 6: Maybank Banking Facility Claims.**

(a) *Classification:* Class 6 consists of Maybank Banking Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, to the extent the Maybank Banking Facilities Claims are not otherwise settled and released pursuant to the terms of a binding settlement, each holder of an Allowed Maybank Banking Facilities Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Maybank Banking Facility Claim. The Maybank Banking Facility Claims shall be Allowed in an aggregate amount of \$40,000,000.00.

(c) *Impairment and Voting:* Class 6 is Impaired, and the holders of Allowed Maybank Banking Facility Claims are entitled to vote on the PAIH Plan.

**7. Class 7: Rabobank Europaco Trade Facility Claims.**

(a) *Classification:* Class 7 consists of Rabobank Europaco Trade Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Rabobank Europaco Trade Facility Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Rabobank Europaco Trade Facility Claim. The Rabobank Europaco Trade Facility Claims shall be Allowed in an aggregate amount of \$15,733,148.84.

(c) *Impairment and Voting:* Class 7 is Impaired, and the holders of Allowed Rabobank Europaco Trade Facility Claims are entitled to vote on the PAIH Plan.

**8. Class 8: Rabobank NFS Facility Claims.**

(a) *Classification:* Class 8 consists of Rabobank NFS Facility Claims.

(b) *Treatment:* On the Effective Date, to the extent the Rabobank NFS Facilities Claims are not otherwise settled and released pursuant to the terms of a binding settlement, each holder of an Allowed Rabobank NFS Facilities Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Rabobank NFS Facility Claim. The Rabobank NFS Facilities Claims will be Allowed in an aggregate amount of \$81,812,495.76.

(c) *Impairment and Voting:* Class 8 is Impaired, and the holders of Allowed Rabobank NFS Facility Claims are entitled to vote on the PAIH Plan.

**9. Class 9: Standard Chartered Banking Trade Facility Claims.**

(a) *Classification:* Class 9 consists of Standard Chartered Banking Trade Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Standard Chartered Banking Trade Facility Claim shall receive, in

full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Standard Chartered Banking Trade Facility Claim. The Standard Chartered Banking Trade Facility Claims will be Allowed in an aggregate amount of \$8,357,318.52.

(c) *Impairment and Voting:* Class 9 is Impaired, and the holders of Allowed Standard Chartered Banking Trade Facility Claims are entitled to vote on the PAIH Plan.

**10. Class 10: CITIC Banking Facility Claims.**

(a) *Classification:* Class 10 consists of CITIC Banking Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed CITIC Banking Facility Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed CITIC Banking Facility Claim. The CITIC Banking Facility Claims will be Allowed in an aggregate amount of \$22,481,424.83.

(c) *Impairment and Voting:* Class 10 is Impaired, and the holders of Allowed CITIC Banking Facility Claims are entitled to vote on the PAIH Plan.

**11. Class 11: Pickenpack Letters of Comfort Claims.**

(a) *Classification:* Class 11 consists of Pickenpack Letters of Comfort Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Pickenpack Letter of Comfort Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Pickenpack Letters of Comfort Claims Claim. For purposes of the PAIH Plan only, the Pickenpack Letter of Comfort Claims shall be Allowed in an aggregate amount of \$27,428,571.43.

(c) *Impairment and Voting:* Class 11 is Impaired, and the holders of Allowed Pickenpack Letters of Comfort Claims are entitled to vote on the PAIH Plan.

**12. Class 12: KBC Facility Claims.**

(a) *Classification:* Class 12 consists of KBC Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed KBC Facility Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed KBC Facility Claim. The KBC Facility Claims will be Allowed in an aggregate amount of \$10,646,683.06.

(c) *Impairment and Voting:* Class 12 is Impaired, and the holders of Allowed KBC Facility Claims are entitled to vote on the PAIH Plan.

**13. Class 13: UOB Banking Facility (Europaco) Claims.**

(a) *Classification:* Class 13 consists of UOB Banking Facility (Europaco) Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed UOB Banking Facility (Europaco) Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed UOB Banking Facility (Europaco) Claim. The UOB Banking Facility (Europaco) Claims will be Allowed in an aggregate amount of \$ 7,141,261.42.

(c) *Impairment and Voting:* Class 13 is Impaired, and the holders of Allowed UOB Banking Facility (Europaco) Claims are entitled to vote on the PAIH Plan.

**14. Class 14: Fubon Factoring Facility Claims.**

(a) *Classification:* Class 14 consists of Fubon Factoring Facility Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Fubon Factoring Facility Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Fubon Factoring Facility Claim. The Fubon Factoring Facility Claims will be Allowed in an aggregate amount of \$15,244,279.96.

(c) *Impairment and Voting:* Class 14 is Impaired, and the holders of Allowed Fubon Factoring Facility Claims are entitled to vote on the PAIH Plan.

**15. Class 15: Richtown Intercompany Claims.**

(a) *Classification:* Class 15 consists of Richtown Intercompany Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Richtown Intercompany Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Richtown Intercompany Claim. For purposes of the PAIH Plan, the Richtown Intercompany Claim will be allowed in an amount of \$37,623,202.00

(c) *Impairment and Voting:* Class 15 is Impaired, and the holders of Allowed Richtown Intercompany Claims are entitled to vote on the PAIH Plan.

**16. Class 16: Pacos Trading Intercompany Claims.**

(a) *Classification:* Class 16 consists of Pacos Trading Intercompany Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Pacos Trading Intercompany Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed Pacos Trading Intercompany Claim. For purposes of the PAIH Plan, the Pacos Trading Intercompany Claim will be allowed in an amount of \$178,003.00

(c) *Impairment and Voting:* Class 16 is Impaired, and the holders of Allowed Pacos Trading Intercompany Claims are entitled to vote on the PAIH Plan.

**17. Class 17: PAE (BVI) Intercompany Claims.**

(a) *Classification:* Class 17 consists of PAE (BVI) Intercompany Claims.

(b) *Treatment:* On the Effective Date or as soon thereafter as is reasonably practicable, each holder of an Allowed PAE (BVI) Intercompany Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed PAE (BVI) Intercompany Claim. For purposes of the PAIH Plan, the PAE (BVI) Intercompany Claim will be allowed in an amount of \$6,249,000.00.

(c) *Impairment and Voting:* Class 17 is Impaired, and the holders of Allowed PAE (BVI) Intercompany Claims are entitled to vote on the PAIH Plan.

**18. Class 18: General Unsecured Claims.**

(a) *Classification:* Class 18 consists of General Unsecured Claims. Notwithstanding anything herein to the contrary, for purposes of the PAIH Plan all prepetition Claims of the Liquidators or the Liquidator-Controlled Companies other than the Richtown Intercompany Claims, the Pacos Trading Intercompany Claims and the PAE (BVI) Intercompany Claims shall be classified as Class 18 General Unsecured Claims and allowed subject to and to the extent provided pursuant to the terms of the Liquidator-Controlled Companies Settlement Agreement.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed General Unsecured Claim (including tax claims, trade claims and contract rejection damages claims) shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 8.75% of the Allowed General Unsecured Claim.

(c) *Impairment and Voting:* Class 18 is Impaired, and holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the PAIH Plan.

**19. Class 19: PAE HK Loan Claims.**

(a) *Classification:* Class 19 consists of PAE HK Loan Claims.

(b) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed PAE HK Loan Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, a Cash payment in an amount equal to 60% of the Allowed PAE HK Loan Claim. For purposes of the PAIH Plan, the PAE HK Loan Claims will be allowed in the amount of \$1,479,927.85.

(c) *Impairment and Voting:* Class 19 is Impaired, and the holders of Allowed PAE HK Loan Claims are entitled to vote on the PAIH Plan.

**20. Class 20: Teh Hong Eng Loan Claims.**

(d) *Classification:* Class 20 consists of Teh Hong Eng Loan Claims.

(e) *Treatment:* On the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Teh Hong Eng Loan Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such claim, the payment of any Residual Asset up to the amount of the Allowed Teh Hong Eng Loan Claim. For purposes of the PAIH Plan, the Teh Hong Eng Loan Claims will be allowed in the amount of \$167,000,000.

(f) *Impairment and Voting:* Class 20 is Impaired, and the holders of Allowed Teh Hong Eng Loan Claims are entitled to vote on the PAIH Plan.

**21. Class 21: N.S. Hong Club Facility Guaranty Claims.**

(a) *Classification:* Class 21 consists of all N.S. Hong Club Facility Claims.

(b) *Treatment:* The N.S. Hong Club Facility Guaranty Claims have been satisfied, released, waived or otherwise resolved pursuant to the CFG Peru Plan and CFG Peru Settlement Agreement. As such, holders of Allowed N.S. Hong Club Facility Guaranty Claim shall not be entitled to any recovery under this Joint Debtor Plan.

(c) *Impairment and Voting:* Class 21 is Unimpaired, and the holders of Allowed N.S. Hong Club Facility Guaranty Claim are conclusively presumed to have accepted this Joint Debtor Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Allowed N.S. Hong Club Facility Guaranty Claims are not entitled to vote to accept or reject this Joint Debtor Plan.

**22. Class 22: Intercompany Claims.**

(a) *Classification:* Class 22 consists of Intercompany Claims.

(b) *Treatment:* Distributions under the PAIH Plan shall give effect to each Intercompany Claim, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for each Intercompany Claim, without the need for payment in Cash by any Plan Debtor.

(c) *Impairment and Voting:* Class 22 is Impaired, and the holders of Allowed Intercompany Claims are entitled to vote on the PAIH Plan.

**23. Class 23: Intercompany Interests.**

(a) *Classification:* Class 23 consists of Intercompany Interests.

(b) *Treatment:* Intercompany Interests are Unimpaired. On the Effective Date, all Allowed Intercompany Interests shall be Reinstated subject to the terms of Section 7 hereof.

(c) *Impairment and Voting:* Class 23 is Unimpaired, and the holders of Allowed Intercompany Interests are conclusively presumed to have accepted the PAIH Plan pursuant to section

1126(f) of the Bankruptcy Code. Therefore, holders of Intercompany Interests are not entitled to vote to accept or reject the PAIH Plan.

**24. Class 24: Existing Interests.**

(a) *Classification:* Class 24 consists of Existing Interests.

(b) *Treatment:* On the *Effective Date*, Existing Interests shall be cancelled and each holder of an Existing Interests shall receive no distribution on account of such Existing Interests. For the avoidance of doubt, the Plan Debtors will continue to exist as a legal entity after the Effective Date for the purposes of effectuating the plan and liquidating or otherwise dissolving the Debtor and non-Debtor subsidiaries under applicable foreign laws. All equity interests in the Plan Debtors shall be vested in the Plan Administrator.

(c) *Impairment and Voting:* Class 24 is Impaired, and the holders of the Allowed Existing Interests are conclusively deemed to have rejected the PAIH Plan pursuant to section 1126(g) of the Bankruptcy Code. The holders of Existing Interests are not entitled to vote to accept or reject the PAIH Plan.

**F. MEANS FOR IMPLEMENTATION**

**1. *The Sale Transactions***

On the Effective Date, the Plan Debtors shall be authorized take all corporate governance actions including, but not limited to voting stock, passing shareholders' resolutions, directing managers to execute any necessary documentation, paying broker commissions and taxes or other actions that are in the Plan Debtor's business judgment, desirable or necessary to effectuate the Sale Transactions. The aggregate purchase price for the sale of the Interests in the Real Property-Owning Companies and/or the Real Properties, as set forth in Schedule 6.1, shall be \$52,000,000, which shall be payable in cash. Upon confirmation of the PAIH Plan, the Sale Transactions shall be closed in accordance with the terms of the SPAs. Copies of the SPAs are annexed to the PAIH Plan as **Exhibits C through I**. The Sale Transactions were negotiated at arms'-length between the Plan Debtors and the Sale Transactions Purchasers and in the Plan Debtors' business judgment are in the best interests of the Plan Debtors and their creditors and estates.

**2. *The PAIH Plan Administrator***

The PAIH Plan shall be implemented through the appointment of the Plan Administrator, pursuant to the PAIH Plan Administrator Agreement.

(a) *Appointment of the Plan Administrator.* The Plan Administrator shall be selected by the Plan Debtors, in their sole discretion, and shall be identified in the Plan Supplement. For the avoidance of doubt, the Plan Debtors, all holders of Claims, and the Plan Administrator shall be bound by the terms of the Plan Administrator Agreement.

(b) *The Plan Administrator Agreement.* The Plan Administrator Agreement shall be executed and delivered by the Debtor and the Plan Administrator.

(c) *Bond.* The Plan Administrator shall not be required to be bonded.

(d) *Powers and Duties.* As of the Effective Date, in addition to any other powers described in the PAIH Plan and the Plan Administrator Agreement, the powers and duties of the Plan Administrator shall consist of the following:

- i. To take such corporate action necessary to effectuate and close the Sale Transactions as set forth in Section 6.1 hereof;
- ii. To make Distributions on account of all Allowed Claims, consistent with the terms of the PAIH Plan;
- iii. To retain persons and professionals to assist in carrying out the powers and duties enumerated pursuant to the PAIH Plan and/or the Plan Administrator Agreement, including without limitation, the Disbursing Agent;
- iv. To retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Retained Causes of Action held by the Plan Debtors prior to the Effective Date
- v. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to the PAIH Plan and/or the Plan Administrator Agreement;
- vi. To pay expenses incurred in carrying out the powers and duties enumerated in pursuant to the PAIH Plan and/or the Plan Administrator Agreement, including professional fees incurred after the Effective Date;
- vii. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the PAIH Plan and/or the Plan Administrator Agreement;
- viii. Take such actions as are necessary to implement the reorganization of the Plan Debtors' corporate structure, including by taking such action pursuant to or as permitted by applicable law to dilute, cancel, or otherwise eliminate the Existing Interests in the Plan Debtors and give effect to the terms of the PAIH Plan;
- ix. to take all corporate actions necessary consistent with applicable non-United States law to liquidate the Plan Debtors and their Affiliates;
- x. To effectuate any of the applicable provisions in the PAIH Plan and the PAIH Plan Administrator Agreement; and
- xi. At the appropriate time, to ask the Bankruptcy Court to enter the final decree.

(e) *Exculpation, Indemnification, Insurance and Liability Limitation.* The Plan Administrator and all professionals retained by the Plan Administrator, each in their capacities as such, shall be deemed exculpated and indemnified, except for fraud, willful misconduct, or gross negligence, in all respects by the Plan Debtors or as otherwise agreed by the Plan Administrator and any other Entity. The Plan Administrator may obtain, at the expense of the Plan Debtors, commercially reasonable liability or other appropriate insurance with respect to the indemnification obligations of the Plan Debtors. The Plan Administrator may rely upon written information generate by Plan Debtors.

3. *Dissolution of Plan Debtors and Non-Debtor Affiliates*

The Plan Administrator shall be authorized to take such corporate actions necessary consistent with non-United States law to liquidate the Plan Debtors and their non-Debtor Affiliates, and to dilute, cancel, or otherwise eliminate the Interests of the Plan Debtors and the Intercompany Interests and give effect to the terms of the PAIH Plan.

From and after the Effective Date, the Plan Debtors (1) for all purposes shall be deemed to have withdrawn from their business operations from any state in which the Plan Debtors were previously conducting, or are registered or licensed to conduct, its business operations, and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (2) shall be deemed to have canceled pursuant to the PAIH Plan all Existing Interests, and (3) shall not be liable in any manner to any taxing authority for franchise, business license, or similar taxes accruing on or after the Effective Date. For avoidance of doubt, the Plan Debtors shall continue to exist as legal entities to effectuate the PAIH Plan.

4. *Compromise and Settlement of Claims, Interests, and Controversies*

Pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the PAIH Plan or applicable law, the provisions of the PAIH Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Claim or Interest against or in any Person in the Plan Debtors or their non-Debtor Affiliates or their assets (whether or not such entities are Plan Debtors) or any distribution to be made on account of any such Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is binding and is in the best interests of the Plan Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the PAIH Plan pursuant to sections 363 and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Plan Debtors and, after the Effective Date, the PAIH Plan Administrator may compromise and settle Claims against the Plan Debtors, and Retained Causes of Action against other Persons.

5. *Corporate Governance Actions.*

On the Effective Date, the Plan Administrator is authorized to execute, deliver, and enter into or cause to be executed, delivered, and entered into, and shall execute, deliver, and enter into or cause to be executed, delivered, and entered into, all plan-related documents, and any related documents, agreements, instruments, or certificates, without the need for any further corporate, partnership, limited liability company, or shareholder action.

6. *Cancellation of Existing Interests; Reinstatement of Intercompany Interests*

(a) On the Effective Date, all Existing Interests (except for Existing Interests in N.S. Hong) shall be cancelled and as set forth herein, all assets and Interests of the Plan Debtors shall vest in the Plan Administrator.

(b) *Intercompany Interests:* All Intercompany Interests shall be reinstated and vested to the Plan Administrator. On or after the Effective Date, the Plan Administrator shall take corporate actions under applicable foreign law to cancel or have a similar effect to cancelling the Intercompany Interests.



7. *Cancellation of Certain Existing Agreements*

Except as expressly provided herein, on the Effective Date, all loans, notes, instruments, certificates, and other documents evidencing debt of or Interests in the Plan Debtors and all options and other entitlements to purchase and/or receive Existing Interests, shall be deemed surrendered and cancelled and obligations of the Plan Debtors thereunder shall be discharged; provided, however that any surrender and/or cancellation of the notes, instruments and certificates evidencing debt of, or Interests in, the Plan Debtors shall only be with respect to the Plan Debtors and their Non-Debtor Affiliates and shall not alter the rights or obligations of any parties other than the Plan Debtors and their non-Debtor Affiliates in the PAIH Group vis-à-vis one another with respect to such agreements.

8. *Release of Liens*

Except as otherwise provided in the PAIH Plan or in any contract, instrument, release, or other agreement or document entered into or delivered in connection with, or created pursuant to, the PAIH Plan, upon the full payment or other satisfaction with respect to the applicable Claims made pursuant to the PAIH Plan, all mortgages, deeds of trust, Liens, Claims, pledges, or other security interests in or against the property of the Estates shall be fully released, terminated, extinguished, and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization, or approval of any Person. Any Person holding such Liens, Claims, or Interests will, if necessary, pursuant to section 1142 of the Bankruptcy Code, promptly execute and deliver to the PAIH Plan Administrator such instruments of termination, release, satisfaction, and/or assignment (in recordable form) as may be reasonably requested by the PAIH Plan Administrator and shall incur no liability to any Person in connection with its execution and delivery of any such instruments.

9. *Preservation of Rights of Action; Resulting Claim Treatment*

(a) As otherwise provided in the PAIH Plan, the Confirmation Order, or the PAIH Plan Supplement, and in accordance with section 1123(b) of the Bankruptcy Code, on the Effective Date, all of the Retained Causes of Action shall vest in the Plan Administrator. The Plan Administrator, on behalf of each Plan Debtor, shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Retained Causes of Action. For the avoidance of doubt, in accordance with Sections 6.3 and 6.10 of the PAIH Plan, the Plan Administrator shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Retained Causes of Action held by the Plan Debtors prior to the Effective Date.

(b) On the Effective Date, the Plan Debtors and the Estates shall preserve and transfer the Retained Causes of Action to the Plan Administrator, with good, clean title to such property, free and clear of all liens, charges, Claims, encumbrances, and interests, to be pursued, pursuant to the Plan Administrator Agreement, for the benefit of holders of the Allowed Claims against the Plan Debtors. On the Effective Date, in accordance with section 1141 of the Bankruptcy Code, all of the Retained Causes of Action, as well as the rights and powers of the Debtors' Estates applicable to the Retained Causes of Action, shall automatically vest in the Plan Administrator, for the benefit of the holders of Allowed Claims against the Plan Debtors. The Plan Administrator shall be solely responsible for prosecuting the Retained Causes of Action and distributing the proceeds thereof in accordance with the PAIH Plan and the Plan Administrator Agreement, with no objective to continue or engage in the conduct of a trade or business.

(c) The Plan Administrator appointed pursuant to the Plan Administrator Agreement shall, subject to the terms of the Plan Administrator Agreement, have full power, authority, and standing to

prosecute, compromise, or otherwise resolve the Retained Causes of Action. The Plan Administrator, pursuant to the Plan Administrator Agreement, shall be authorized to exercise and perform all rights and powers held by the Estates with respect to the Retained Causes of Action, including, without limitation, the authority under section 1123(b)(3) of the Bankruptcy Code, and shall be deemed to be acting (with respect to the Retained Causes of Action) in the capacity of a bankruptcy trustee, receiver, liquidator, conservator, rehabilitator, creditors' committee, representative appointed pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, or any similar official who has been appointed to take control of, supervise, manage or liquidate the Estates, to provide for the prosecution, settlement, adjustment, retention, and enforcement of the Retained Causes of Action. The Plan Debtors and Plan Administrator shall not be subject to any counterclaims with respect to the Retained Causes of Action.

10. *Corporate Action*

Upon the Effective Date, by virtue of the solicitation of votes in favor of the PAIH Plan and entry of the Confirmation Order, all actions pursuant to, in contemplation of, or in connection with the PAIH Plan shall be deemed authorized, approved, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by holders of Claims or Interests, the Plan Debtors, or any other Person. All matters provided for in the PAIH Plan involving the corporate structure of the Plan Debtors and their non-Debtor Affiliates in the PAIH Group, and any corporate action required by the Plan Debtors and their Non-Debtor Affiliates in the PAIH Group in connection therewith, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Plan Debtors or any other Person.

11. *Withholding and Reporting Requirements.*

(a) *Withholding Rights.* In connection with the PAIH Plan and all instruments issued in connection therewith and distributed thereon, the Plan Administrator shall comply with all applicable withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions pursuant to the PAIH Plan and all related agreements shall be subject to any such withholding or reporting requirements.

(b) Notwithstanding the above, each holder of an Allowed Claim or any other Person that receives a distribution pursuant to the PAIH Plan shall have responsibility for any taxes imposed by any Governmental Unit, including, without limitation, income, withholding, and other taxes, on account of such distribution. The Plan Administrator shall have the right, but not the obligation, to not make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

(c) *Forms.* Any party entitled to receive any property as an issuance or distribution under the PAIH Plan shall, upon request, deliver to the Plan Administrator, as applicable, an appropriate Form W-9 or (if the payee is a foreign Person) W-8 series form, unless such Person is exempt under the tax code and so notifies the Plan Administrator. If such request is made by the Plan Administrator and the holder fails to comply before the date that is one hundred eighty (180) days after the request is made, the amount of such distribution shall irrevocably revert to the Plan Debtors and any Claim in respect of such distribution shall be discharged and forever barred from assertion against any Plan Debtor and its respective property. Such holder agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update its W-8 series or W-9, as applicable.

12. *Exemption From Certain Transfer Taxes*

To the extent applicable and to the maximum extent provided by section 1146(a) of the Bankruptcy Code, any post-Confirmation sale by any Plan Debtor, or any transfer from any Person pursuant to, in contemplation of, or in connection with the PAIH Plan or pursuant to: (i) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Plan Debtors; or (ii) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the PAIH Plan, including any deeds, bills of sale, assignments, or other instruments of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the PAIH Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, in each case to the extent permitted by applicable bankruptcy law, and the appropriate state or local government officials or agents shall forego collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

13. *Effectuating Documents; Further Transactions*

Prior to and after the Effective Date, the Plan Debtors and their non-Debtor Affiliates in the PAIH Group and the officers and members of the boards of directors thereof, and after the Effective Date, the Plan Administrator are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take any and all actions as may be necessary or appropriate to effectuate, implement, carry out, or further evidence the terms of the PAIH Plan, or to otherwise comply with applicable law, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the PAIH Plan.

14. *Severability*

Notwithstanding the combination of separate plans of reorganization for the Plan Debtors set forth in the PAIH Plan for purposes of economy and efficiency, the PAIH Plan constitutes a separate chapter 11 plan for each of the Plan Debtors. If the Bankruptcy Court does not confirm the PAIH Plan with respect to one or more of the Plan Debtors, it may still, with the consent of the Plan Debtors, confirm the PAIH Plan with respect to any other Plan Debtor that satisfies the confirmation requirements of section 1129 of the Bankruptcy Code.

15. *Management Incentive Plans; Employee Bonus Provisions*

The PAIH Plan does not provide for, nor is the Plan Administrator authorized to establish, any management incentive plans or other bonus provisions.

**G. DISTRIBUTIONS**

1. *Distributions Generally*

The Disbursing Agent shall make all distributions to the appropriate holders of Allowed Claims in accordance with the terms of the PAIH Plan.

2. *Post-petition Interest*

Except as otherwise specifically provided for in the PAIH Plan, the Confirmation Order, or another order of the Bankruptcy Court or required by the Bankruptcy Code, post-petition interest shall

not accrue or be paid on any Claims against a Plan Debtor, and no holder of a Claim against a Plan Debtor shall be entitled to interest accruing on such Claim on or after the Petition Date.

3. *Distribution Record Date*

Except with respect to publicly traded securities, as of the close of business on the Distribution Record Date, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors or their respective agents, shall be deemed closed, and there shall be no further changes in the record of holders of any of the Claims or Interests. The Plan Debtors or Plan Administrator shall have no obligation to recognize any transfer of the Claims or Interests occurring on or after the Distribution Record Date. In addition, with respect to payment of any Cure Obligations or disputes over any Cure Obligations, neither the Plan Debtors, the Plan Administrator, nor the Disbursing Agent shall have any obligation to recognize any party other than the non-Debtor party to the applicable Executory Contract or Unexpired Lease, even if such non-Debtor party has sold, assigned, or otherwise transferred its Claim for a Cure Obligation.

4. *Date of Distributions*

Except as otherwise provided herein, any distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is practicable; provided, that the Disbursing Agent, may implement periodic distribution dates to the extent they determine them to be appropriate. In the event that any payment or act under the PAIH Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on or as soon as reasonably practicable after the next succeeding Business Day.

The Disbursing Agent shall reserve an amount sufficient to pay holders of Disputed Claims the amount such holders would be entitled to receive under the PAIH Plan if such Claims were to become Allowed Claims. In the event the holders of Allowed Claims have not received payment in the amount such holders would be entitled to receive under the PAIH Plan on account of their Claims after the resolution of all Disputed Claims, then the Disbursing Agent shall make a final distribution to all holders of such Allowed Claims.

Notwithstanding anything to the contrary in the PAIH Plan, no holder of an Allowed Claim shall, on account of such Allowed Claim, receive a distribution in excess of the Allowed amount of such Claim plus any interest accruing on such Claim that is actually payable in accordance with this Plan.

5. *Disbursing Agent*

Unless otherwise designated prior to the Effective Date, the Plan Debtors intend to designate the Plan Administrator as the Disbursing Agent. All distributions hereunder shall be made by the Plan Administrator, as Disbursing Agent, on or after the Effective Date or as otherwise provided herein. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties.

6. *Powers of Disbursing Agent*

(a) *Powers of Disbursing Agent.* The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary or appropriate to perform its duties hereunder, (ii) make all distributions contemplated hereby, and (iii) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court,

pursuant to the PAIH Plan, or as deemed by the Disbursing Agent to be necessary or appropriate to implement the provisions hereof.

(b) *Expenses Incurred on or After the Effective Date.* To the extent the Disbursing Agent is a Person other than the Plan Administrator, except as otherwise ordered by the Bankruptcy Court, and subject to written Agreement with the Plan Administrator, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including for reasonable attorneys' and other professional fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Plan Administrator.

7. *Delivery of Distributions*

The Disbursing Agent will distribute or cause to be distributed the applicable consideration under the PAIH Plan and, subject to Bankruptcy Rule 9010, will make all distributions to any holder of an Allowed Claim as and when required by the PAIH Plan at: (i) the address of such holder on the books and records of the Plan Debtors or their agents; or (ii) at the address in any written notice of address change delivered to the Plan Debtors or the Disbursing Agent, including any addresses included on any transfers of Claim filed pursuant to Bankruptcy Rule 3001. In the event that any distribution to any holder is returned as undeliverable, no distribution or payment to such holder shall be made unless and until the Disbursing Agent has been notified of the then-current address of such holder, at which time or as soon thereafter as reasonably practicable such distribution shall be made to such holder without interest.

8. *Unclaimed Property*

One year from the later of (i) the Effective Date and (ii) the date that is ten (10) Business Days after the date a Claim is first Allowed, all distributions payable on account of Claim that are not deliverable and remain unclaimed shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and shall revert to the PAIH Plan Debtors or their successors or assigns, and all claims of any other Person (including the holder of a Claim in the same Class) to such distribution shall be discharged and forever barred. The Disbursing Agent shall have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Plan Debtors' books and records and filings with the Bankruptcy Court.

9. *Satisfaction of Claims*

Unless otherwise provided under the PAIH Plan, any distributions and deliveries to be made on account of Allowed Claims under the PAIH Plan shall be in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Claims.

10. *Manner of Payment Under Plan*

At the option of the Plan Administrator or the Disbursing Agent, any Cash payment to be made under the PAIH Plan may be made by a check or wire transfer.

11. *No Distribution in Excess of Amount of Allowed Claim*

Notwithstanding anything to the contrary in the PAIH Plan, no holder of an Allowed Claim shall receive, on account of such Allowed Claim, distributions in excess of the Allowed amount of such Claim plus any post-petition interest on such Claim, to the extent such interest is permitted by Section 7.2 of the PAIH Plan.

12. *Setoffs and Recoupments*

The Plan Administrator, may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, offset or recoup against any Allowed Claim and the distributions to be made pursuant to the PAIH Plan on account of such Allowed Claim any and all Claims, rights, and Retained Causes of Action that a Plan Debtor or its successors may hold against the holder of such Allowed Claim; *provided*, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by a Plan Debtor or its successor of any Claims, rights, or Retained Causes of Action that such Plan Debtor or its successor or assign may possess against such holder.

13. *Distributions After Effective Date*

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

14. *Allocation of Distributions Between Principal and Interest*

Except as otherwise provided in the PAIH Plan, to the extent that any Allowed Claim entitled to a distribution under the PAIH Plan includes both indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated to the principal amount (as determined for U.S. federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

**H. PROCEDURES FOR DISPUTED CLAIMS**

1. *Allowance of Claims*

After the Effective Date, the Plan Administrator, as applicable, shall have and shall retain any and all rights and defenses that the Plan Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under the PAIH Plan. Except as expressly provided in the PAIH Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the PAIH Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

2. *Objections to Claims.*

Any objections to Claims and requests for estimation of, Claims against the Plan Debtors shall be served and filed (i) on or before the one hundred eightieth (180th) day following the later of (a) the Effective Date and (b) the date that a Proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim or (ii) such later date as may be fixed by the Bankruptcy Court. All Disputed Claims not objected to by the end of such one hundred eighty (180) day period shall be deemed Allowed unless such period is extended upon approval of the Bankruptcy Court.

3. *Estimation of Claims.*

The Plan Debtors or the Plan Administrator, as applicable, may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Plan Debtors or the Plan Administrator, as applicable, previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning

any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent, unliquidated, or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Plan Debtors or the Plan Administrator, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

4. *No Distributions Pending Allowance.*

If an objection to a Claim is filed as set forth in Section 8 of the PAIH Plan, no payment or distribution provided under the PAIH Plan shall be made on account of such Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

5. *Payment of Disputed Claims.*

The Disbursing Agent shall make distributions on account of Disputed Claims (once Allowed) as if such Disputed Claims were Allowed Claims as of the Effective Date. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the PAIH Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

6. *Resolution of Disputed Claims.*

(a) On and after the Effective Date, the Plan Administrator shall have the sole authority to (i) litigate, compromise, settle, otherwise resolve, or withdraw any objections to all Claims against the Plan Debtors and to compromise and settle any such Disputed Claims without any further notice to or action, order, or approval by the Bankruptcy Court or any other party and (ii) administer and adjust the Claims Register to reflect any such settlements or compromises without any further action, order, notice to, or approval by the Bankruptcy Court or any other party.

(b) Expungement of, or Adjustment to, Paid, Satisfied, or Superseded Claims. Any Claim that has been paid, satisfied, or superseded, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Plan Administrator without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Disallowance of Late Claims. EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A FINAL ORDER OF THE BANKRUPTCY COURT ON OR BEFORE THE LATER OF THE CONFIRMATION HEARING AND THE DATE THAT IS FORTY-FIVE (45) DAYS AFTER THE APPLICABLE DEADLINE FOR FILING SUCH PROOFS OF CLAIM.

7. *Objection to Fee Claims.*

Any objections to Fee Claims shall be served and filed no later than (i) fifteen (15) days after the filing of the final applications for compensation or reimbursement by the applicable Professionals or (ii) such later date as ordered by the Bankruptcy Court.

8. *Claims Resolution Procedures Cumulative.*

All of the objection, estimation, and resolution procedures in the PAIH Plan are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently settled, compromised, withdrawn, or resolved in accordance with the PAIH Plan by any mechanism approved by the Bankruptcy Court.

9. *Disallowed Claims.*

All Claims (if any) held by Persons against whom any of the Plan Debtors has commenced a proceeding asserting a Cause of Action under sections 542, 543, 544, 545, 547, 548, 549, or 550 of the Bankruptcy Code shall be deemed “disallowed.” Claims pursuant to section 502(d) of the Bankruptcy Code and holders of such Claims shall not be entitled to vote to accept or reject the PAIH Plan. Claims that are deemed disallowed pursuant to this section shall continue to be disallowed for all purposes until the Avoidance Action against such party has been settled or resolved by Final Order and any sums due to the Plan Debtors or Plan Administrator, as applicable, from such party have been paid.

**I. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.**

**1. *Rejection of Executory Contracts and Unexpired Leases.***

As of and subject to the occurrence of the Effective Date and the payment of any applicable Cure Obligation, except as otherwise provided in the PAIH Plan, each Executory Contract and Unexpired Lease to which the Plan Debtors are party not previously rejected, assumed, or assumed and assigned shall be deemed assumed pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease: (i) is specifically designated on the Schedule of Rejected Contracts and Leases filed with the PAIH Plan Supplement or (ii) as of the Effective Date is subject to a pending motion to reject such Unexpired Lease or Executory Contract.

**2. *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.***

Any Cure Obligation due under each Executory Contract and Unexpired Lease to be assumed pursuant to the PAIH Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment in Cash on the Effective Date, subject to the limitation described below, by the Plan Debtors as an Administrative Expense Claim or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (i) the amount of the Cure Obligation, (ii) the ability of the Estates or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (iii) any other matter pertaining to assumption or the Cure Obligations required by section 365(b)(1) of the Bankruptcy Code shall be satisfied following the entry of a Final Order or orders resolving the dispute and approving the assumption.

At least five (5) days before the Voting Deadline, the Plan Debtors shall cause notice of proposed Cure Obligations to be sent to applicable counterparties to the Executory Contracts and Unexpired Leases. Any objection by such counterparty must be filed, served, and actually received by the Plan Debtors



not later than ten (10) days after service of notice of the Plan Debtors' proposed assumption and associated Cure Obligation. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed cure amount will be deemed to have assented to such assumption or assumption and assignment and the Cure Obligation, and shall be forever barred, estopped, and enjoined from challenging the validity of such assumption or assumption and assignment or the amount of such Cure Obligation thereafter.

Assumption of any Executory Contract or Unexpired Lease pursuant to the PAIH Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Obligations, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the Effective Date of assumption and/or assignment.

### **3. *Claims Based on Rejection of Executory Contracts and Unexpired Leases.***

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim based on the rejection of the Plan Debtors' Executory Contracts or Unexpired Leases pursuant to the PAIH Plan or otherwise, must be filed with the Bankruptcy Court and served on the Plan Administrator no later than thirty (30) days after the effective date of rejection of such Executory Contract or Unexpired Lease. In addition, any objection to the rejection of an Executory Contract or Unexpired Lease must be filed with the Bankruptcy Court and served on the Debtors, no later than fourteen (14) days after notice of the Plan Debtors' proposed rejection of such Executory Contract or Unexpired Lease.

Any holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely filed as set forth in paragraph (a) above shall not (i) be treated as a creditor with respect to such Claim, (ii) be permitted to vote to accept or reject the PAIH Plan on account of any Claim arising from such rejection, or (iii) participate in any distribution in the Chapter 11 Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Plan Debtors, the Estates, or the property for any of the foregoing without the need for any objection by the Plan Debtors or Plan Administrator, as applicable, or further notice to, or action, order, or approval of the Bankruptcy Court or any other Person, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully compromised, settled, and released, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Plan Debtors' prepetition Executory Contracts or prepetition Unexpired Leases shall be classified as General Unsecured Claims, except as otherwise provided by order of the Bankruptcy Court.

### **4. *Modifications, Amendments, Supplements, Restatements, or Other Agreements.***

Each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the PAIH Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall

not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

**J. INSURANCE POLICIES**

(a) Each insurance policy, including the D&O Policy, to which the Plan Debtors are a party as of the Effective Date, shall be deemed executory and shall be assumed by the Plan Debtors on behalf of the applicable PAIH Plan Debtor effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such insurance policy previously was rejected by the Plan Debtors pursuant to a Bankruptcy Court order or is the subject of a motion to reject pending on the Effective Date, and coverage for defense and indemnity under the D&O Policy shall remain available to all individuals within the definition of “Insured” in the D&O Policy.

(b) In addition, after the Effective Date, all officers, directors, agents, or employees who served in such capacity at any time before the Effective Date shall be entitled to the full benefits of any D&O Policy (including any “tail” policy) in effect or purchased as of the Petition Date for the full term of such policy regardless of whether such officers, directors, agents, and/or employees remain in such positions after the Effective Date, in each case, to the extent set forth in such policies.

**K. SURVIVAL OF PLAN DEBTORS’ INDEMNIFICATION OBLIGATIONS**

To the fullest extent permitted by applicable law, any obligations of the Plan Debtors pursuant to their corporate charters, by-laws, limited liability company agreements, memorandum and articles of association, or other documents and agreements to indemnify current and former officers, directors, agents, or employees with respect to all present and future actions, suits, and proceedings against the Plan Debtors or such officers, directors, agents, or employees based upon any act or omission for or on behalf of the Plan Debtors shall not be discharged, impaired, or otherwise affected by the PAIH Plan; *provided*, that, the Plan Debtors shall not indemnify officers, directors, agents, or employees of the Plan Debtors for any claims or Causes of Action arising out of or relating to any act or omission that is a criminal act unless such officer, director, agent, or employee had no reasonable cause to believe its conduct was unlawful, or for any other acts or omissions that are excluded under the terms of the foregoing organizational documents. All such obligations shall be deemed and treated as executory contracts to be assumed by the Plan Debtors under the PAIH Plan unless such obligation previously was rejected by the Plan Debtors pursuant to a Bankruptcy Court order, or is the subject of a motion to reject pending on the Effective Date.

**L. RESERVATION OF RIGHTS**

Neither the exclusion nor inclusion of any contract or lease in the PAIH Plan Supplement, nor anything contained in the PAIH Plan, shall constitute an admission by the Plan Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Estates have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Plan Debtors or the PAIH Plan Administrator, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the PAIH Plan.

**M. CONDITIONS PRECEDENT TO EFFECTIVE DATE**

1. *Conditions Precedent to Effective Date.*

The occurrence of the Effective Date of the PAIH Plan is subject to the following conditions precedent:

(a) the Bankruptcy Court shall have entered the Confirmation Order, the Confirmation Date shall have occurred and the Confirmation Order shall not be subject to any stay;

(b) all actions, documents, and agreements necessary to implement and consummate the PAIH Plan, including, without limitation, entry into the documents contained in the PAIH Plan Supplement, and the transactions and other matters contemplated thereby, shall have been affected or executed;

(c) the Sale Transactions shall have closed and the Plan Debtors shall have received the Sale Transactions Proceeds;

(d) The Effective Date under the CFG Peru Plan shall have occurred.

(e) the Plan Debtors shall have sufficient funds, entered into payment plans sufficient, or arranged with a creditworthy party, to pay the obligations set forth in this PAIH Plan;

(f) all governmental and third party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the PAIH Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions; and

(g) the conditions precedent to the Liquidator-Controlled Companies Settlement Agreement shall have been satisfied or waived in accordance with the terms thereof and the the Debtor Settlement Parties shall have irrevocably paid to the Liquidators the full Settlement Payment as set forth in the Liquidator-Controlled Companies Settlement Agreement.

## *2. Waiver of Conditions Precedent.*

Each of the conditions precedent in Section 10.1 of the PAIH Plan other than the conditions set forth in Section 10.1(a), 10.1(c) 10.1(d) and 10.1(g) of the Plan may be waived in writing by the Plan Debtors. The Plan Debtors may not waive Section 10.1(d) of the Plan without the prior written consent of the Majority Consenting Creditors (as defined in the Restructuring Support Agreement), the Club Facility Agent and the trustee under the Senior Notes Indenture (each as defined in the CFG Peru Plan); provided, however, that such consent shall not be unreasonably withheld. The condition precedent set forth in Section 10.1(g) of the PAIH Plan may not be waived without the prior written consent of the Liquidators.

## *3. Effect of Failure of Conditions to Effective Date.*

Unless otherwise extended by the Plan Debtors, if the Confirmation Order is vacated, (i) no distributions under the PAIH Plan shall be made, (ii) the Plan Debtors and all holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iii) all the Plan Debtors' obligations with respect to the Claims and the Interests shall remain unchanged and nothing contained in the PAIH Plan shall be deemed to constitute a waiver or release of any Claims by or against the Plan Debtors or any other entity or to prejudice in any manner the rights of the Plan Debtors or any other entity in any further proceedings involving the Plan Debtors or otherwise

**N. EFFECT OF CONFIRMATION**

1. *Vesting of Assets*

Except as otherwise provided in the PAIH Plan, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all assets of the Estates, including all claims, rights, and Retained Causes of Action and any property acquired by the Plan Debtors under or in connection with the PAIH Plan, shall vest in the Plan Administrator free and clear of all Claims, liens, encumbrances, charges and other interests, except as provided pursuant to the PAIH Plan and the Confirmation Order. Subject to the terms of the PAIH Plan, on and after the Effective Date, the Plan Administrator may operate the Debtors' businesses and may use, acquire, and dispose of property and prosecute, compromise, or settle any Claims (including any Administrative Expense Claims) and Retained Causes of Action without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the PAIH Plan or the Confirmation Order.

2. *Subordinated Claims*

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments thereof under the PAIH Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

3. *Binding Effect*

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Effective Date, the provisions of the PAIH Plan shall bind any holder of a Claim against, or Interest in, the Plan Debtors, and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under the PAIH Plan and whether or not such holder has accepted the PAIH Plan.

4. *Discharge of Claims and Termination of Interests*

Except as otherwise provided in the PAIH Plan, effective as of the Effective Date: (i) the rights afforded in the PAIH Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Plan Debtors or any of their assets, property or Estates; (ii) all Claims and Interests shall be satisfied, discharged and released in full, and the Plan Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (iii) all Persons shall be precluded and enjoined, pursuant to sections 105, 524, and 1141 of the Bankruptcy Code, from asserting against the Plan Debtors, the PAIH Plan Administrator, the Estates, their successors and assigns and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

5. *Term of Injunctions or Stays*

Unless otherwise provided in the PAIH Plan, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

6. *Retention of Causes of Action and Reservation of Rights*

Except as provided in Sections 7, 8, 9, and 11 hereof, nothing contained in the PAIH Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any rights claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Plan Debtors or the Estates had immediately before the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation, (i) any and all Claims against any Person, to the extent such Person asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Plan Debtors or the Plan Debtors' officers, directors, or representatives and (ii) the turnover of any property of the Plan Debtors' Estates. Subject to Sections 7, 8, 9, and 11 hereof, the Plan Administrator shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Plan Debtors' legal and equitable rights in respect of any Unimpaired Claim may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

7. *Releases by Plan Debtors*

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PAIH PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY ARE DEEMED RELEASED AND DISCHARGED BY THE PLAN DEBTORS, THEIR ESTATES, AND ANY PERSON SEEKING TO EXERCISE THE RIGHTS OF THE PLAN DEBTORS OR THEIR ESTATES AND THEIR RESPECTIVE PROPERTY (AND EACH SUCH RELEASED PARTY SHALL BE DEEMED RELEASED BY EACH PLAN DEBTOR AND ITS ESTATE AND THEIR RESPECTIVE PROPERTY) FROM ANY AND ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, REMEDIES, CAUSES OF ACTION, RIGHTS OF SETOFF, OTHER RIGHTS, AND LIABILITIES WHATSOEVER, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF APPLICABLE SECURITIES LAWS, AVOIDANCE ACTIONS, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR THAT COULD POSSIBLY HAVE BEEN ASSERTED DIRECTLY OR INDIRECTLY, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, AND ANY AND ALL CAUSES OF ACTION ASSERTED OR THAT COULD POSSIBLY HAVE BEEN ASSERTED, BASED ON OR IN ANY WAY RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE PLAN DEBTORS, THEIR ESTATES OR THEIR AFFILIATES, THE CONDUCT OF THE PLAN DEBTORS' BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE DISCLOSURE STATEMENT OR THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT, THIS PLAN, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASES, THE PURSUIT OF CONSUMMATION OF THIS PLAN, THE SUBJECT**

**MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR EQUITY INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE PLAN DEBTORS, THEIR ESTATES OR THEIR AFFILIATES, ON THE ONE HAND, AND ANY RELEASED PARTY, ON THE OTHER HAND, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED* THAT, THE FORGOING RELEASE SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CLAIMS OR CAUSES OF ACTION OF THE DEBTORS OR THEIR RESPECTIVE CHAPTER 11 ESTATES THAT ARE SET FORTH ON THE SCHEDULE OF RETAINED CAUSES OF ACTION; *PROVIDED, FURTHER*, NOTWITHSTANDING THE FOREGOING PROVISION, THE RELEASES BY HOLDERS OF CLAIMS AND INTERESTS SHALL NOT BE EFFECTIVE AS TO THE PICKENPACK ENTITIES' CLAIMS BETWEEN AND AMONGST THEMSELVES, AND FOR AVOIDANCE OF DOUBT, NOTHING IN THE PAIH PLAN SHALL WAIVE, ENCUMBER, OR OTHERWISE AFFECT ANY PICKENPACK ENTITY'S INTERCOMPANY CLAIMS AGAINST ANY OTHER PICKENPACK ENTITY.**

**8. *Releases by Holders of Claims and Interests***

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PAIH PLAN OR THE CONFIRMATION ORDER, AND TO THE FULLEST EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASED PARTIES AND THEIR RESPECTIVE PROPERTY ARE DEEMED TO BE RELEASED AND DISCHARGED BY THE RELEASING PARTIES FROM ANY AND ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, REMEDIES, CAUSES OF ACTION, RIGHTS OF SETOFF, OTHER RIGHTS, AND LIABILITIES WHATSOEVER, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF APPLICABLE SECURITIES LAWS, AVOIDANCE ACTIONS, INCLUDING ANY DERIVATIVE CLAIMS, ASSERTED OR THAT COULD POSSIBLY HAVE BEEN ASSERTED DIRECTLY OR INDIRECTLY, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, AND ANY AND ALL CAUSES OF ACTION ASSERTED OR THAT COULD POSSIBLY HAVE BEEN ASSERTED, BASED ON OR IN ANY WAY RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE PLAN DEBTORS, THEIR ESTATES OR THEIR NON-DEBTOR AFFILIATES, THE CONDUCT OF THE PLAN DEBTORS' BUSINESS, THE FORMULATION, PREPARATION, SOLICITATION, DISSEMINATION, NEGOTIATION, OR FILING OF THE DISCLOSURE STATEMENT OR THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH OR PURSUANT TO THE DISCLOSURE STATEMENT OR THIS PLAN, THE FILING AND PROSECUTION OF THE CHAPTER 11 CASES, THE PURSUIT OF CONSUMMATION OF THIS PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR EQUITY INTEREST THAT IS TREATED IN THIS PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE RELEASING PARTIES, ON THE ONE HAND, AND ANY RELEASED PARTY, ON THE OTHER HAND, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE BEFORE THE EFFECTIVE DATE; *PROVIDED*, NOTWITHSTANDING THE FOREGOING PROVISION, THE RELEASES BY HOLDERS OF CLAIMS AND INTERESTS SHALL NOT BE EFFECTIVE AS TO (I) THE PICKENPACK ENTITIES' CLAIMS BETWEEN AND AMONGST THEMSELVES, AND FOR AVOIDANCE OF DOUBT, NOTHING IN THE PAIH PLAN SHALL WAIVE, ENCUMBER, OR OTHERWISE AFFECT ANY PICKENPACK ENTITY'S INTERCOMPANY CLAIMS AGAINST ANY OTHER PICKENPACK ENTITY AND (II) ANY**

AND ALL CLAIMS THAT ANY ENTITY MAY HAVE TIMELY FILED IN THE PICKENPACK GROUP'S INSOLVENCY PROCEEDINGS IN GERMANY; *PROVIDED*, NOTWITHSTANDING THE FOREGOING OR ANYTHING IN THE PAIH PLAN TO THE CONTRARY, NOTHING IN THE PAIH PLAN (INCLUDING, WITHOUT LIMITATION, THE RELEASES SET FORTH HEREIN) SHALL RELEASE, DISCHARGE, WAIVE, DIMINISH, IMPAIR OR AFFECT IN ANY WAY ANY CLAIMS, CAUSES OF ACTION OR RIGHTS OF RECOVERY HELD BY THE LIQUIDATORS OR ANY LIQUIDATOR-CONTROLLED COMPANY, WHICH SHALL BE SUBJECT TO THE TERMS OF THE LIQUIDATOR-CONTROLLED COMPANIES SETTLEMENT AGREEMENT.

9. *Third Party Releases.*

IT IS CONTEMPLATED UNDER THE PAIH PLAN THAT CERTAIN THIRD PARTIES SHALL RECEIVE RELEASES ("THIRD-PARTY RELEASES"). THESE THIRD-PARTY RELEASES ARE PART OF THE OVERALL RESTRUCTURING SET FORTH IN THE PAIH PLAN AND DESCRIBED IN FURTHER DETAIL IN THIS DISCLOSURE STATEMENT. IN THAT RESPECT, PARTIES SHOULD BE AWARE THAT, IF THE PAIH PLAN IS CONFIRMED AND THE EFFECTIVE DATE OCCURS, CERTAIN PARTIES WILL BE GETTING RELEASES AND CERTAIN PARTIES WILL BE GIVING RELEASES AS SET FORTH IN SECTION 12 OF THE PAIH PLAN. IF YOU DO NOT CONSENT TO THE THIRD-PARTY RELEASES CONTAINED IN THE PAIH PLAN AND THE RELATED INJUNCTION, YOU MAY ELECT NOT TO GRANT SUCH RELEASES. IN THAT REGARD, SUBJECT TO THE IMPORTANT NOTES BELOW, ANY HOLDER OF A CLAIM OR INTEREST, WHETHER IMPAIRED OR UNIMPAIRED SHALL HAVE THE RIGHT TO "OPT OUT" OF THESE THIRD PARTY RELEASES, BUT TO DO SO MUST AFFIRMATIVELY OPT OUT OF THOSE RELEASES BY CHECKING THE APPROPRIATE BOX SET FORTH IN THE BALLOT OR NOTICE OF NON-VOTING STATUS AND RETURNING IT IN ACCORDANCE WITH THE INSTRUCTIONS APPROVED BY THE BANKRUPTCY COURT. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, HOLDERS OF CLAIMS AND INTERESTS WHO HAVE NOT OPTED OUT, WILL BE DEEMED TO HAVE CONSENTED TO THOSE RELEASES.

IMPORTANT NOTES: (A) A HOLDER OF A CLAIM OR INTEREST DOES NOT HAVE THE OPTION TO OPT OUT OF RELEASES WHICH BENEFIT PLAN DEBTORS.

(B) IF A HOLDER OF A CLAIM OR INTEREST ELECTS TO OPT OUT OF THE RELEASES SET FORTH IN SECTION 12 OF THE PAIH PLAN, SUCH PARTY WILL FOREGO THE BENEFIT OF OBTAINING THE RELEASES SET FORTH IN SECTION 12 OF THE PAIH PLAN IF THEY ARE A RELEASED PARTY OR RELEASING PARTY IN CONNECTION THEREWITH.

REGARDLESS OF WHETHER A HOLDER OF A CLAIM OR INTEREST ELECTS TO OPT OUT OF THE PAIH PLAN'S THIRD-PARTY RELEASE PROVISIONS, YOUR RECOVERY UNDER THE PLAN REMAINS UNAFFECTED.

YOUR FAILURE TO COMPLETE AND TIMELY RETURN THE NOTICE OF OPT OUT OF THIRD-PARTY RELEASES MAY ADVERSELY AFFECT YOUR RIGHTS.

THE RELEASES SET FORTH IN THE PLAN ARE SUBJECT TO FINAL APPROVAL OF THE BANKRUPTCY COURT, POSSIBLE OBJECTIONS BY OTHER PARTIES IN INTEREST INCLUDING THE OFFICE OF THE UNITED STATES TRUSTEE, AND

**POSSIBLE CONTESTED PROCEEDINGS. ACCORDINGLY, THE THIRD-PARTY RELEASES CONTAINED IN THE PAIH PLAN EITHER COULD BE APPROVED BY THE BANKRUPTCY COURT AS PRESENTED OR COULD BE ALTERED OR NOT APPROVED BY THE BANKRUPTCY COURT IN WHOLE OR IN PART, IN WHICH CASE THERE COULD BE A DELAY IN CONFIRMATION OF THE PAIH PLAN, OR RESOLICITATION OF A FURTHER AMENDED PAIH PLAN.**

**IN THE EVENT THAT ANY CREDITOR ELECTS TO OPT OUT OF THE THIRD-PARTY RELEASES, THE PLAN DEBTORS RESERVE THE RIGHT TO SEEK A DETERMINATION THAT THE THIRD PARTY RELEASES ARE BINDING NOTWITHSTANDING SUCH OPT OUT, UNDER THE DOCTRINE OF SUBSTANTIAL CONTRIBUTION AS IT RELATES TO NON-CONSENSUAL RELEASES UNDER A CHAPTER 11 PLAN.**

**THE PAIH PLAN SHALL PROVIDE THIRD-PARTY RELEASES TO THE FOLLOWING PARTIES: (I) THE NG FAMILY; (II) NG ENTITIES, (III) THE NON-DEBTOR AFFILIATES; AND (IV) RELATED PARTIES SOLELY TO THE EXTENT (A) SUCH RELATED PARTY ACTED ON BEHALF OF A RELEASED PARTY IN CONNECTION WITH MATTERS TO BE RELEASED OR (B) SUCH RELATED PARTIES ACTED ON BEHALF OF THE EXCULPATED PARTIES IN CONNECTION WITH THE MATTERS AS TO WHICH THE EXCULPATION IS PROVIDED HEREIN.**

While it is expected that the Holders of a majority of the Claims and Interests against the Debtors' estates are sophisticated parties, the Disclosure Statement shall provide additional information to such Holders of Claims and Interests regarding the bases for the Third-Party Releases, the connections and involvement in the Bankruptcy Cases of such releasees, and the benefit to the Debtors' estates resulting therefrom.

The Ng Family and Ng Entities have taken actions, to their personal detriment, in the best interest of Debtors' estates and made a substantial contribution, including, without limitation,

(i) under the Global Settlement Agreement, as modified, approved by the Bankruptcy Court by Order dated June 10, 2021, releasing claims and interests, including without limitation, indemnification claims against the Plan Debtors and all rights to receive any distribution under the CFG Peru Plan on behalf of viable pre-petition claims, and providing material assistance to the Creditor Plan Proponents under the CFG Peru Plan including in Singapore, Hong Kong and United Kingdom, which resulted in not less than \$20 million in proceeds and \$6 million in proceeds for payment of Administrative Expense Claims to being paid to the CFGL-PARD Group Debtors' estates, but for which the CFGL Group Debtors and PARD Group Debtors would have no material assets and no ability to propose a feasible plan of reorganization;

(ii) once effectuated and approved, entering into the Liquidator-Controlled Companies Settlement Agreement pursuant to the terms and conditions thereof;

(iii) releasing claims and interests so as to provide that the Debtors under the PAIH Plan are able to sell non-debtor assets, the proceeds of which shall provide for a material distribution to creditors of the Debtors' estates, but for which the PAIH Group Debtors would have no material assets and no ability to propose a feasible plan of reorganization;



(iv) agreeing pursuant to the HSBC-HK Settlement Deed to release all direct and derivative claims and causes of action against HSBC arising from HSBC's pre-petition efforts to obtain the appointment of the JPLs and otherwise interfere with the operation of the Debtors' businesses;

(v) providing for the termination of long-term leases of residential properties as part of the sale of assets under the proposed PAIH Plan;

(vi) the provision of significant post-petition funding which permitted the Debtors to propose their plans of reorganization and achieve a material recovery for creditors of the Debtors' estates;

(vii) providing essential and necessary post-petition services to the Debtors' estates without receipt of salary, material benefits or compensation, nor any certainty that such compensation could be reinstated or recovered in the future; and

(viii) releasing or subordinating valid claims against the Debtors' estates to those claims of third-party creditors and claimants.

The Non-Debtor Affiliates have taken actions, adverse to their respective interests, in the best interest of Debtors' estates including, without limitation,

(i) entering into the Intercompany Settlement Agreement, which, according to the Trustee, was a necessary and essential step in his efforts to sell the Peruvian OpCos, and releasing any objection to the CFG Peru Plan with respect to any termination of the Intercompany Settlement Agreement resulting under the CFG Peru Plan and any claims thereunder;

(ii) under the Global Settlement Agreement, releasing claims and interests, including all rights to receive any distribution under the Joint Debtor Plan on behalf of viable pre-petition claims, which resulted in not less than \$20 million in proceeds and \$6 million in proceeds for payment of Administrative Expense Claims to being paid to the CFG-L-PARD Group Debtors' estates, but for which the CFG-L Group Debtors and PARD Group Debtors would have no material assets and no ability to propose a feasible plan of reorganization;

(iii) releasing claims and interests so as to provide that the Plan Debtors are able to sell non-debtor assets, the proceeds of which shall provide for a material distribution to creditors of the Debtors' estates, but for which the PAIH Group Debtors would have no material assets and no ability to propose a feasible plan of reorganization;

(iv) once effectuated and approved, entering into the Liquidator-Controlled Companies Settlement pursuant to the terms and conditions thereof;

(v) agreeing pursuant to the HSBC-HK Settlement Deed to release all direct and derivative claims and causes of action against HSBC arising from HSBC's pre-petition efforts to obtain the appointment of the HK PL and Cayman JPLs and otherwise interfere with the operation of the Debtor's businesses, which negatively impacted the non-Debtor Affiliates businesses;

(vi) providing for the termination of long-term leases of residential properties as part of the sale of assets under the proposed PAIH Plan;

(vii) the provision of significant post-petition funding which permitted the Debtors to propose their plans of reorganization and achieve a material recovery for creditors of the Debtors' estates;

(viii) releasing or subordinating valid claims against the Debtors' estates to those claims of third-party creditors and claimants.

10. *Exculpation*

Except as otherwise provided in the PAIH Plan or the Confirmation Order, the Exculpated Parties shall neither have nor incur any liability to any Person for any post-petition act taken or omitted to be taken in connection with the chapter 11 cases, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the PAIH Plan or consummating the PAIH Plan, the Disclosure Statement, or any contract, instrument, release in connection with the PAIH Plan. Without limiting the foregoing "exculpation," the rights of any holder of a claim or interest to enforce rights arising under the PAIH Plan shall be preserved, including the right to compel payment of distributions in accordance with the PAIH Plan; *provided*, notwithstanding the foregoing, this paragraph shall not apply to any Claims held by the Liquidators or any Liquidator-Controlled Company, which shall be subject to the Liquidator-Controlled Companies Settlement Agreement.

11. *Injunction*

**EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PAIH PLAN OR IN THE CONFIRMATION ORDER, ALL PERSONS OR ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE PLAN DEBTORS TREATED UNDER THIS PAIH PLAN (OTHER THAN CLAIMS HELD BY THE LIQUIDATORS OR ANY LIQUIDATOR-CONTROLLED COMPANY, WHICH SHALL BE SUBJECT TO THE LIQUIDATOR-CONTROLLED COMPANIES SETTLEMENT AGREEMENT) SHALL BE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF ANY SUCH CLAIM OR INTEREST AGAINST ANY OF THE PLAN DEBTORS OR NON-DEBTOR AFFILIATE IN THE PAIH GROUP, (II) THE ENFORCEMENT, ATTACHMENT, COLLECTION, OR RECOVERY BY ANY MANNER OR MEANS OF ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST ANY DEBTOR OR NON-DEBTOR AFFILIATE WITH RESPECT TO SUCH CLAIM OR INTEREST, (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST ANY DEBTOR OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY PLAN DEBTOR OR NON-DEBTOR AFFILIATE WITH RESPECT TO SUCH CLAIM OR INTEREST, (IV) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE TO ANY PLAN DEBTOR OR NON-DEBTOR AFFILIATE OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY PLAN DEBTOR OR NON-DEBTOR AFFILIATE WITH RESPECT TO SUCH CLAIM OR INTEREST, EXCEPT AS CONTEMPLATED OR ALLOWED BY THIS PLAN, (V) ACTING OR PROCEEDING IN ANY MANNER IN ANY PLACE WHATSOEVER WITH RESPECT TO SUCH CLAIM OR INTEREST, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THIS PLAN, AND (VI) COMMENCING, CONTINUING, OR ASSERTING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND WITH RESPECT TO ANY CLAIMS WHICH ARE EXTINGUISHED OR RELEASED PURSUANT TO THIS PLAN; AND (VII) TAKING ANY ACTIONS TO INTERFERE WITH THE IMPLEMENTATION OR CONSUMMATION OF THE PAIH PLAN.**

12. *Exception to Exculpation Provisions.*

Notwithstanding the foregoing exculpation provisions, to the extent that a claim or cause of action is determined by a Final Order to have resulted from the actual fraud, willful misconduct, or gross negligence, of an Exculpated Party, such claim or cause of action shall not be so released against such Exculpated Party

13. *Solicitation of Plan*

As of the Effective Date and subject to the occurrence of the Effective Date: (i) the Plan Debtors shall be deemed to have solicited acceptances of the PAIH Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation; and (ii) the Plan Debtors and each of their respective directors, officers, employees, Affiliates, agents, financial advisors, investment bankers, professionals, accountants, and attorneys, in each case solely in their capacity as such, shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of any securities under the PAIH Plan (if any), and therefore, are not, and on account of such offer, issuance and solicitation will not be, liable at any time for any violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the PAIH Plan or the offer and issuance of any securities under the PAIH Plan (in each case, if applicable).

14. *Ipsa Facto and Similar Provisions Ineffective*

Upon the Effective Date, any term of any prepetition policy, prepetition contract, or other prepetition obligation applicable to a Plan Debtor shall be void and of no further force or effect with respect to any Plan Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Plan Debtors as a result of, or gives rise to a right of any Person based on any of the following: (i) the insolvency or financial condition of a Plan Debtor; (ii) the commencement of the Chapter 11 Cases; (iii) the Confirmation or Consummation of the PAIH Plan, including any change of control that will occur as a result of such Consummation; or (iv) the Restructuring or any action taken in furtherance thereof.

15. *Reservation of Rights of HSBC-HK.*

For the avoidance of any doubt, and notwithstanding anything to the contrary in the PAIH Plan or the Confirmation Order, including, without limitation, Section 11 thereof, and subject to the terms of the HSBC Settlement Deed upon approval of the Court, no release, exculpation, or injunction granted under the PAIH Plan or the Confirmation Order or any other document, instrument or agreement approved thereby shall be binding on HSBC-HK with respect to any Person or Entity other than the Plan Debtors (and solely to the extent of the discharge provided to such Plan Debtors herein).. Subject to the HSBC Settlement Deed upon approval of the Court, the rights for distribution with respect to the foregoing claims are reserved, and all loans, notes, instruments, certificates, and other documents evidencing the claims referenced in this paragraph shall not be deemed surrendered or cancelled.

16. *Plan Supplement*

The PAIH Plan Supplement shall be filed with the Clerk of the Bankruptcy Court by no later than five (5) days before the Voting Deadline. Upon its filing with the Bankruptcy Court, the PAIH Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court

hours. Documents to be included in the PAIH Plan Supplement will be posted at the website of court-appointed claims and noticing agent (<http://dm.epiq11.com/#/case/CHF/dockets>) as they become available.

17. *Reservation of Rights of the Liquidators and Liquidator-Controlled Companies*

For the avoidance of any doubt, and notwithstanding anything to the contrary in the PAIH Plan or the confirmation order, including, without limitation, section 11 thereof, and subject to the terms of the Liquidator-Controlled Companies Settlement Agreement, no release, exculpation, or injunction granted under the PAIH Plan or the confirmation order or any other document, instrument or agreement approved thereby shall be binding on the Liquidators or the Liquidator-Controlled Companies.

**O. RETENTION OF JURISDICTION**

(a) On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Chapter 11 Cases for, among other things, the following purposes:

(b) to hear and determine motions and/or applications for the assumption or rejection of Executory Contracts or Unexpired Leases and the allowance, classification, priority, compromise, estimation or payment of Claims resulting therefrom;

(c) to determine any motion, adversary proceeding, application, contested matter, or other litigated matter pending on or commenced after the Confirmation Date;

(d) to ensure that distributions to holders of Allowed Claims are accomplished as provided in the PAIH Plan;

(e) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim;

(f) to enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(g) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the Consummation, implementation, or enforcement of the PAIH Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(h) to hear and determine any application to modify the PAIH Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the PAIH Plan, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(i) to hear and determine all applications under sections 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred before the Confirmation Date;

(j) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the PAIH Plan or the Confirmation Order or any agreement, instrument, or other document governing or relating to any of the foregoing;

(k) to take any action and issue such orders as may be necessary to construe, interpret, enforce, implement, execute, and consummate the PAIH Plan or to maintain the integrity of the PAIH Plan following Consummation;

(l) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(m) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code);

(n) to adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

(o) to adjudicate any and all disputes arising from or relating to distributions under the PAIH Plan;

(p) to adjudicate any and all disputes related to or arising from the Sale Transactions, along with the Hong Kong courts;

(q) to hear and determine any other matters related to the PAIH Plan and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(r) to enter a final decree closing the Chapter 11 Cases;

(s) to enforce all orders previously entered by the Bankruptcy Court;

(t) to recover all assets of the Debtors and property of the Estates, wherever located;

(u) to adjudicate disputes relating to the Retained Causes of Action and the Plan Administrator Agreement, including, but not limited to, any distributions by the Plan Administrator; and

(v) to hear and determine any rights, Claims, or Causes of Action held by or accruing to the Debtors pursuant to the Bankruptcy Code or pursuant to any federal statute or legal theory.

**P. MISCELLANEOUS PROVISIONS**

**1. *Payment of Statutory Fees***

On the Effective Date and thereafter as may be required, the Plan Debtors or the Plan Administrator, as applicable, shall pay all fees incurred pursuant to section 1930 of title 28 of the United States Code, together with interest, if any, pursuant to section 3717 of title 31 of the United States Code for each Plan Debtor's case.

**2. *Substantial Consummation***

On the Effective Date, the PAIH Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

3. *Amendments*

(a) *Plan Modifications.* This PAIH Plan may be amended, modified, or supplemented by the Plan Debtors in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code.

(b) *Other Amendments.* Before the Effective Date, the Plan Debtors may make appropriate technical adjustments and modifications to the PAIH Plan and the documents contained in the Plan Supplement without further order or approval of the Bankruptcy Court; provided, that such technical adjustments and modifications do not adversely affect the treatment of holders of Allowed Claims or Allowed Interests under this Plan and are consistent with the terms of the Liquidator-Controlled Companies Settlement Agreement..

4. *Revocation or Withdrawal of Plan*

The Plan Debtors reserve the right to revoke or withdraw the PAIH Plan, including the right to revoke or withdraw the PAIH Plan for any Plan Debtor or all Plan Debtors, prior to the Confirmation Date. If the Plan Debtors revoke or withdraw the PAIH Plan, or if Confirmation or Consummation does not occur, then: (i) no distributions under the PAIH Plan shall be made, (ii) the Plan Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iii) all the Plan Debtors' obligations with respect to the Claims and the Interests shall remain unchanged and nothing contained in the PAIH Plan shall be deemed to constitute a waiver or release of any Claims by or against the Plan Debtors or any other entity or to prejudice in any manner the rights of the Plan Debtors or any other entity in any further proceedings involving the Plan Debtors or otherwise.

5. *Severability of Plan Provisions upon Confirmation*

If, before the entry of the Confirmation Order, any term or provision of the PAIH Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Plan Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the PAIH Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the PAIH Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms and integral to the PAIH Plan and may not be deleted or modified without the consent of the Plan Debtors.

6. *Governing Law*

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the PAIH Plan or a schedule in the Plan Supplement provides otherwise, the rights, duties, and obligations arising under the PAIH Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

7. *Time*

In computing any period of time prescribed or allowed by the PAIH Plan, unless otherwise set forth in this Plan or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

8. *Additional Documents*

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan. The Plan Debtors and all holders of Claims or Interests receiving distributions pursuant to this Plan and all other parties in interest shall, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

9. *Immediate Binding Effect*

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Plan Debtors, the holders of Claims and Interests, the Released Parties, the Exculpated Parties, and each of their respective successors and permitted assigns.

10. *Successor and Assigns*

The rights, benefits and obligations of any Person named or referred to in the PAIH Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or permitted assign, if any, of each Person.

11. *Entire Agreement*

On the Effective Date, the PAIH Plan, the Plan Supplement, and the Confirmation Order shall supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the PAIH Plan.

12. *Notices*

All notices, requests, and demands to or upon the Plan Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided in this Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(i) if to the Debtors:  
The Pacific Andes Group  
Room 3312, Hong Kong Plaza  
186 Connaught Road West  
Hong Kong  
Attn: Ng Puay Yee Annie (Jessie)

- and -

Klestadt Winters Jureller Southard & Stevens, LLP  
200 West 41st Street, 17th Floor  
New York, NY 10036  
Attn: Tracy L. Klestadt  
John E. Jureller, Jr.  
Brendan M. Scott  
Telephone: (212) 972-3000  
Facsimile: (212) 972-2245

After the Effective Date, the Plan Administrator shall have authority to send a notice to Persons stating they must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002 to continue to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Plan Administrator is authorized to limit the list of Persons receiving documents pursuant to Bankruptcy Rule 2002 to those Persons who have filed such renewed requests.

## VI.

### CERTAIN RISK FACTORS AFFECTING PLAN DEBTORS

Prior to voting to accept or reject the PAIH Plan, holders of Claims should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the PAIH Plan or its implementation. Documents filed with the SGX-XT may contain important risk factors that differ from those discussed below, and such risk factors are incorporated as if fully set forth herein and are a part of this Disclosure Statement.

#### 1. *Certain Bankruptcy Law Considerations*

##### (a) Risk of Non-Confirmation of Plan

Although the Plan Debtors believe that the PAIH Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the PAIH Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes. Moreover, the Plan Debtors can make no assurances that they will receive the requisite acceptances to confirm the PAIH Plan, and even if all Voting Classes voted in favor of the PAIH Plan or the requirements for “cramdown” are met with respect to any Class that rejected the PAIH Plan, the Bankruptcy Court, which may exercise substantial discretion as a court of equity, may choose not to confirm the PAIH Plan. If the PAIH Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan of reorganization.

##### (b) Non-Consensual Confirmation

In the event any impaired class of claims entitled to vote on a plan of liquidation does not accept a plan of reorganization or liquidation, respectively, a bankruptcy court may nevertheless confirm such plan at the proponent’s request if at least one impaired class has accepted the PAIH Plan (with such acceptance being determined without including the vote of any “insider” in such class), and as to each



impaired class that has not accepted the PAIH Plan, the bankruptcy court determines that the PAIH Plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired classes.

(c) Risk of Non-Occurrence of the Effective Date

Although the Plan Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the PAIH Plan have not occurred or have not been waived as set forth in Section 9 of the PAIH Plan, then the Confirmation Order may be vacated, in which event no distributions would be made under the PAIH Plan, the Plan Debtors and all holders of Claims or Interests would be restored to the status quo as of the day immediately preceding the Confirmation Date, and the Plan Debtors’ obligations with respect to Claims and Interests would remain unchanged.

Consummation of the PAIH Plan may require actions under foreign laws, which may not be undertaken or achieved.

(d) Conversion to Chapter 7

If no plan of reorganization or liquidation can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interest of holders of Claims and Interests, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Plan Debtors’ assets for distribution in accordance with the priorities established by the Bankruptcy Code. See Section XII.C.1(b) herein, as well as the Liquidation Analysis attached hereto as **Exhibit B**, for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

2. *Additional Factors Affecting the Value of the Plan Debtors*

(a) Claims Could Be More Than Projected

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which, in turn, could cause the value of distributions to be reduced substantially. Some assumptions may not materialize, and unanticipated events and circumstances may affect the ultimate results. Therefore, the actual amount of Allowed Claims may vary from the Plan Debtors’ projections, recovery estimates, and feasibility analysis, and the variation may be material.

Substantial General Unsecured Claims have been asserted against certain Plan Debtors. Should these Claims be Allowed at higher levels or at a more senior priority than anticipated by the Plan Debtors, the effects on estimated recoveries could be material. If the General Unsecured Claims exceed a certain level, the Plan Debtors may have insufficient funds to consummate the PAIH Plan.

(b) Risk Related to Foreign Customers, Vendors, and Creditors

The PAIH Group’s customers, vendors, and creditors may not be subject to the jurisdiction of U.S. courts and may attempt to take actions against the Plan Debtors’ assets in contravention of U.S. bankruptcy law or orders of the Bankruptcy Court. Any such efforts could have a material adverse impact on the Plan Debtors’ financial condition and results of operations.

(c) Foreign Implementation

The Plan Debtors may seek to implement the PAIH Plan, in part, through ancillary proceedings in various jurisdictions in which entities in the PAIH Group are incorporated. Such ancillary proceedings may include seeking recognition of the Confirmation Order, provisional liquidations, official liquidations, schemes of arrangement or any other proceedings necessary to affect the PAIH Plan. There is risk that courts in foreign jurisdictions may not grant recognition of the Confirmation Order, which may affect the Plan Debtors' ability to effectuate certain relief granted pursuant to the Confirmation Order outside the United States.

(d) Sale of Real Estate

The PAIH Plan is premised on the Sale Transactions. The Sale Transactions may not close or the Purchaser may fail to perform on its obligations, or the Bankruptcy Court may not approve the Sale Transactions. Certain creditors have asserted claims against non-Debtors holding the Real Estate Properties, which claims may jeopardize consummation of the Sale Transactions. If the Sale Transactions do not close, the value attained in any subsequent sale may deviate from the assumed value and the Plan Debtors may be unable to consummate the PAIH Plan.

(e) Dependence on Affiliate Bankruptcy Plans

The Plan Debtors are jointly and severally liable with other Debtors for significant Administrative Expense Claims. If those Debtors are unable to pay their share of such Administrative Expense Claims, the Plan Debtors may be obligated to pay such claims. In such case, the Plan Debtors may be unable to fund their obligations under the PAIH Plan. Additionally, the CFGL Debtors/PARD Debtors may be required to pay a portion of the joint and several Administrative Expense Claims allocated to the Plan Debtors in order for the Plan Debtors to be able to fund their obligations under the PAIH Plan. If the CFG Peru Plan is not consummated, the CFGL Debtors/PARD Debtors may be unable to pay these Administrative Expense Claims.

3. *Additional Factors*

(a) Plan Debtors Could Withdraw the PAIH Plan

The PAIH Plan may be revoked or withdrawn before the Confirmation Date by the Plan Debtors.

(b) Plan Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Plan Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Plan Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

(c) No Representations Outside Disclosure Statement Are Authorized

No representations concerning or related to the Plan Debtors, the Chapter 11 Cases, or the PAIH Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of

the PAIH Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

(d) No Legal or Tax Advice Is Provided to You by Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim or Interests should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim or Interest. This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the PAIH Plan or object to confirmation of the PAIH Plan.

(e) No Admission Made

Nothing contained herein or in the PAIH Plan will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the PAIH Plan on the Plan Debtors or on holders of Claims or Interests.

(f) Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Plan Debtors may seek to investigate, file, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the PAIH Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

(g) No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a holder of a Claim or Interest for or against the PAIH Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Plan Debtors (or any entity, as the case may be) to object to that holder's Claim or Interest, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Plan Debtors or their respective Estates are specifically or generally identified in this Disclosure Statement.

(h) Information Was Provided by Plan Debtors and Relied Upon by Their Advisors

The Plan Debtors' advisors have relied upon information provided by the Plan Debtors in connection with the preparation of this Disclosure Statement. Although the Plan Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

Except as otherwise indicated in this Disclosure Statement, all non-Pacific Andes Group specific statistics and data relating to the Debtors' industry or the economies of pertinent jurisdictions in which the Pacific Andes Group conducts operations, such as China, Russia, and Peru, have been extracted or derived from publicly available information and industry publications. The information has not been independently verified by the Plan Debtors or by their professionals, and neither the Plan Debtors nor their advisors make any representation as to the correctness, accuracy, or completeness of that information.

## VII.

### APPLICABLE FOREIGN LAW

Collectively, the entities in the Pacific Andes Group are incorporated and/or maintain assets or operations in the following jurisdictions: the United States, Germany, Bermuda, the Cayman Islands, the British Virgin Islands, Hong Kong, the PRC, Singapore, Peru, Samoa, Cyprus, the United Kingdom, Japan, Spain, Malaysia, Namibia, Mauritius, the Cook Islands, the Netherlands, Norway, and Panama. Accordingly, the transactions contemplated by the PAIH Plan, and the treatment of Claims and Interests proposed thereunder, may be subject to certain laws and regulatory bodies outside of the United States, including, without limitation, those discussed below. The Plan Debtors urge holders of Claims and Interests to consult with their own legal and tax advisors regarding the impact the PAIH Plan will have on such holders' Claims and Interests.

#### A. PLAN DEBTORS TAX CONSEQUENCES

##### 1. *No Tax Advice*

This Disclosure Statement does not purport to provide holders of Claims and Interests with tax advice. The Plan Debtors' Professionals and the Plan Debtors urge each holders of a Claim against or Interest in the Plan Debtors to consult their own tax advisors for the Federal, state, local, and foreign income and other tax consequences applicable to it under the PAIH Plan.

##### 2. *Withholding on Distributions and Information Reporting*

Certain distributions made pursuant to the PAIH Plan may be subject to certain tax withholding, including employment tax withholding. For example, under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable withholding rate.

In the U.S., certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. In addition, U.S. Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of certain thresholds. Jurisdictions in which the Plan Debtors are incorporated, publicly listed, and/or maintain assets and operations may impose similar tax and reporting requirements. The Plan Debtors urge you to consult your own tax advisor regarding whether the transactions contemplated by the PAIH Plan would be subject to U.S. Treasury Regulations or other similar tax laws and the effect such transactions will have on distributions made with respect to your Claim or Interest under the PAIH Plan.

## VIII.

### VOTING PROCEDURES

For each holder of a Claim entitled to vote, the Plan Debtors have enclosed, along with a copy of this Disclosure Statement, among other things, a ballot and voting instructions regarding how to properly complete the ballot and submit a vote on the PAIH Plan. Holders of more than one Claim will receive an individual ballot for each Claim. The individual ballots must be used to vote each individual Claim. For detailed voting instructions, please refer to the specific voting instructions and the ballot enclosed with this Disclosure Statement.

**THE PAIH PLAN PROVIDES THAT HOLDERS OF IMPAIRED CLAIMS THAT VOTE IN FAVOR OF THE PAIH PLAN, THAT ARE SOLICITED BUT DO NOT SUBMIT A BALLOT TO ACCEPT OR REJECT THE PAIH PLAN, OR THAT REJECT THE PAIH PLAN BUT DO NOT OPT OUT OF THE RELEASE PROVISIONS OF THE PAIH PLAN, IN EACH CASE ARE DEEMED TO HAVE GRANTED THE RELEASES THEREIN.**

All completed ballots must be actually received by the Plan Debtors' balloting agent, Epiq, Corporate Restructuring, LLC (the "**Solicitation Agent**") at the below address no later than **4:00 p.m. (Eastern Time) on January 10, 2022** (the "**Voting Deadline**").

**If by electronic submission:**

To submit your Ballot via the online voting portal, please visit <https://dm.epiq11.com/chinafishery>. Click on the "E-Ballot" section of the website and follow the instructions to submit your Ballot.

**If by first class mail, overnight main, or hand delivery:**

China Fishery Group Limited (Cayman) (PAIH)  
Ballot Processing c/o Epiq Corporate Restructuring, LLC  
10300 SW Allen Boulevard  
Beaverton, OR 97005  
United States of America

If you have any question regarding this Ballot, the voting instructions, the procedures for voting, or need to obtain additional solicitation materials, please contact the Solicitation Agent by a) emailing [tabulation@epiqglobal.com](mailto:tabulation@epiqglobal.com) with a reference to China Fishery in the subject line; or (b) writing to: China Fishery Group Limited (Cayman) (CFGL-PARD), Ballot Processing c/o Epiq Corporate Restructuring, LLC, 10300 SW Allen Boulevard, Beaverton, OR 97005, United States of America.

THE VOTING AGENT WILL NOT COUNT  
ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE.

**IX.**

**CONFIRMATION OF PAIH PLAN**

**A. CONFIRMATION HEARING**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a chapter 11 plan. The Bankruptcy Court has scheduled the Confirmation Hearing to commence on **January 19, 2022, at 11:00 A.M. (Eastern Time)**. The Confirmation Hearing may be adjourned from time to time by the Plan Debtors or the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

**B. OBJECTIONS**

Section 1128 of the Bankruptcy Code provides that any party in interest may object to the confirmation of a plan. Objections to confirmation of the PAIH Plan are governed by Bankruptcy Rule 9014.

Any objection to confirmation of the PAIH Plan must be in writing, must conform to the Bankruptcy Rules and the Local Bankruptcy Rules for the Bankruptcy Court, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Plan Debtors' Estates or property, the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, with a copy to the chambers of the Honorable James L. Garrity, Jr., United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York, together with proof of service thereof, and served upon the parties listed below so as to be received no later than the Confirmation Objection Deadline of **January 10, 2022 at 4:00 P.M. (Eastern Time)**:

***Debtors***

The Pacific Andes Group  
Room 3312, Hong Kong Plaza  
186 Connaught Road West  
Hong Kong  
Attn: Ng Puay Yee Annie (Jessie)

***Counsel to Certain Debtors***

Klestadt Winters Jureller  
Southard & Stevens, LLP  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, NY 10036  
Attn: Tracy L. Klestadt  
John E. Jureller  
Brendan M. Scott

***Office of United States Trustee***

201 Varick Street  
Suite 1006  
New York, NY 10014  
Attn: Richard P. Morrissey, Trial Attorney

<p><b>UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.</b></p>
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**C. REQUIREMENTS FOR CONFIRMATION OF PLAN**

1. *Requirements of Section 1129(a) of Bankruptcy Code*

(a) General Requirements

At the Confirmation Hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

- (i) The PAIH Plan complies with the applicable provisions of the Bankruptcy Code.
- (ii) The Plan Debtors have complied with the applicable provisions of the Bankruptcy Code.
- (iii) The PAIH Plan has been proposed in good faith and not by any means proscribed by law.
- (iv) Any payment made or promised by the Plan Debtors or by a person issuing securities or acquiring property under the PAIH Plan for services or for costs and expenses in, or in

connection with, the Chapter 11 Cases, or in connection with the PAIH Plan and incident to the Chapter 11 Cases, has been approved or is subject to the approval of the Bankruptcy Court as reasonable.

(v) The Plan Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the PAIH Plan, as a director, officer, or voting trustee of the Plan Debtors, an affiliate of the Plan Debtors participating in a joint plan with the Plan Debtors, or a successor to the Plan Debtors under the PAIH Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy.

(vi) With respect to each Class of Claims, each holder of an Impaired Claim either has accepted the PAIH Plan or will receive or retain under the PAIH Plan on account of such holder's Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Plan Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. *See* discussion of "Best Interests Test" in Section IX.C.1(b) below.

(vii) Except to the extent the PAIH Plan meets the requirements of section 1129(b) of the Bankruptcy Code (discussed below), each Class of Claims has either accepted the PAIH Plan or is not impaired under the PAIH Plan.

(viii) Except to the extent that the holder of a particular Claim has agreed to a different treatment of such claim, the PAIH Plan provides that administrative expenses and priority claims will be paid in full on the Effective Date.

(ix) At least one Class of Impaired Claims has accepted the PAIH Plan, determined without including any acceptance of the PAIH Plan by any insider holding a claim in such Class.

(x) Confirmation of the PAIH Plan is not likely to be followed by the need for further financial reorganization of the Plan Debtors or any successor to the Plan Debtors under the PAIH Plan, except as proposed in the PAIH Plan. *See* "Feasibility Analysis" in Section XII.C.1(c) below.

(xi) All fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the hearing on confirmation of the PAIH Plan, have been paid or the PAIH Plan provides for the payment of all such fees on the Effective Date of the PAIH Plan.

(b) Best Interests Test

As noted above, the Bankruptcy Code requires that each holder of an Impaired Claim either (i) accepts the PAIH Plan or (ii) receives or retains under the PAIH Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if Plan Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. This requirement is referred to as the "best interests test."

The best interests test requires the Bankruptcy Court to determine what the holders of allowed claims and allowed equity 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 then compared with the value offered to such classes of claims and equity interests under the PAIH Plan.

The Plan Debtors believe that under the PAIH Plan all holders of Impaired Claims and Interests will receive property with a value not less than the value such holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Plan Debtors' belief is based primarily on (i) consideration of the deleterious effects that a chapter 7 liquidation would have on the proceeds available for distribution to holders of Impaired Claims and Interests and (ii) the Liquidation Analysis prepared by the Plan Debtors, assisted by their financial advisor, Kroll, attached hereto as **Exhibit B**.

The Liquidation Analysis is a comparison of (i) the estimated recoveries for creditors and equity holders of the Plan Debtors that may result from the PAIH Plan and (ii) an estimate of the recoveries that may result from a hypothetical chapter 7 liquidation. The Liquidation Analysis is based upon a number of assumptions which are described therein. 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 therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that the Bankruptcy Court will accept the Plan Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

(c) Feasibility Analysis

In connection with confirmation of the PAIH Plan, the Bankruptcy Court will have to determine that the PAIH Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that confirmation of the PAIH Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Plan Debtors except as set forth in the PAIH Plan. The PAIH Plan provides for a liquidation of substantially all of the Plan Debtors' assets and satisfaction of all claims and interests against the Plan Debtors. Consequently, confirmation of the PAIH Plan is not likely to be followed by liquidation or the need for further reorganization. Moreover, Section VI hereof sets forth certain risk factors that may impact the feasibility of the PAIH Plan. Accordingly, the Plan Debtors believe the PAIH Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

2. *Requirements of Section 1129(b) of Bankruptcy Code*

If any Impaired Class of Claims entitled to vote does not accept the PAIH Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Plan Debtors reserve the right to amend the PAIH Plan or undertake to have the Bankruptcy Court confirm the PAIH Plan under section 1129(b) of the Bankruptcy Code or both.

Section 1129(b) permits the confirmation of a chapter 11 plan notwithstanding the rejection of such plan by one or more impaired classes of claims or interests. Under section 1129(b) of the Bankruptcy Code, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each rejecting class.

(a) No Unfair Discrimination

The "no unfair discrimination" test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or equity interests receives more than it legally is entitled to receive for its claims or equity interests. This test does not require that the treatment be the same or equivalent, but that such treatment is "fair."



The Plan Debtors believe that, under the PAIH Plan, all Impaired Classes of Claims and Interests are treated in a manner that is fair and consistent with the treatment of any and all other Classes of Claims and Interests having the same priority. Accordingly, the Plan Debtors believe the PAIH Plan does not discriminate unfairly as to any Impaired Class of Claims or Interests.

(b) Fair and Equitable Test

The “fair and equitable” test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. The test sets forth different standards for what is fair and equitable, depending on the type of claims or interests in such class. In order to demonstrate that a plan is “fair and equitable,” the PAIH Plan proponent must demonstrate the following:

(i) *Secured Creditors.* With respect to a class of impaired secured claims, a proposed plan must provide the following: (i) that the holders of secured claims retain their liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the PAIH Plan, of at least the value of such holder’s interest in the estates’ interest in such property; (ii) for the sale, subject to section 363 of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this paragraph; or (iii) that the holders of secured claims receive the “indubitable equivalent” of their allowed secured claim.

(ii) *Unsecured Creditors.* With respect to a class of impaired unsecured claims, a proposed plan must provide the following: either (i) each holder of an impaired unsecured claim receives or retains under the PAIH Plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the PAIH Plan.

(iii) *Holders of Equity Interests.* With respect to a class of equity interests, a proposed plan must provide the following: (i) that each holder of an equity interest receive or retain on account of such interest property of a value, as of the effective date of the PAIH Plan, equal to the greatest of the allowed amount of any fixed liquidation preference to such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (ii) that the holder of any interest that is junior to the interests of the class of equity interests will not receive or retain under the PAIH Plan on account of such junior interest any property.

The Plan Debtors believe the PAIH Plan satisfies the “fair and equitable” test with respect to all Impaired Classes of Claims and Interests.

(c) Application to Plan

As to any Class that may reject the PAIH Plan, the Plan Debtors believe the PAIH Plan will satisfy both the “no unfair discrimination” requirement and the “fair and equitable” requirements, because, as to any such dissenting Class, there is no Class of equal priority receiving more favorable treatment, and such Class will either be paid in full, or no Class that is junior to such a dissenting Class will receive or retain any property on account of the Claims or Interests in such Class.

**X.**

**ALTERNATIVES TO CONFIRMATION OF THE PAIH PLAN**

The Plan Debtors have evaluated all of the alternatives to the PAIH Plan. After studying these alternatives, the Plan Debtors have concluded that the PAIH Plan is the best option for the Plan Debtors and their Estates and will maximize recoveries to parties-in-interest—assuming confirmation and consummation of the PAIH Plan. If the PAIH Plan is not confirmed and consummated, the alternatives to the PAIH Plan are (i) the preparation and presentation of an alternative plan of reorganization, (ii) a sale of some or all of the Plan Debtors' assets pursuant to section 363 of the Bankruptcy Code, or (iii) a liquidation under chapter 7 of the Bankruptcy Code.

**A. ALTERNATIVE PLAN OF REORGANIZATION**

If the PAIH Plan is not confirmed, the Plan Debtors or any other party in interest could attempt to formulate a different plan. Such a plan might involve either a reorganization or continuation of the Plan Debtors' business or an orderly liquidation of its assets. The Plan Debtors, however, submit that the PAIH Plan, as described herein, enables their creditors and equity holders to realize the most value under the circumstances.

**B. SALE UNDER SECTION 363 OF THE CODE**

If the PAIH Plan is not confirmed, the Plan Debtors could seek from the Bankruptcy Court, after notice and a hearing, authorization to sell their assets under section 363 of the Bankruptcy Code. Upon analysis and consideration of this alternative, the Plan Debtors do not believe a sale of their assets under section 363 of the Bankruptcy Code would yield a higher recovery for holders of Claims than the PAIH Plan.

**C. LIQUIDATION UNDER CHAPTER 7 OR APPLICABLE NON-BANKRUPTCY LAW**

If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Plan Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The effect a chapter 7 liquidation would have on the recovery of holders of Allowed Claims and Interests is set forth in the Liquidation Analysis attached as **Exhibit B** hereto.

The Plan Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the PAIH Plan because of the delay resulting from the conversion of the cases and the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals who would be required to become familiar with the many legal and factual issues in the Plan Debtors' Chapter 11 Cases. Accordingly, the Plan Debtors believe that the PAIH Plan is in the best interests of creditors.

**XI.**

**CONCLUSION AND RECOMMENDATION**

(a) The Plan Debtors believe that confirmation and implementation of the PAIH Plan is in the best interests of all creditors, and urges holders of impaired Claims in Class 5 (Maybank ATM Term Loan Claims), Class 6 (Maybank Banking Facility Claims), Class 7 (Rabobank Europaco Trade Facility Claims), Class 8 (Rabobank NFS Facility Claims), Class (Standard Chartered Banking Trade

Facility Claims), Class 10 (CITIC Banking Facility PAIH Claims, Class 11 (Pickenpack Letters of Comfort Claims, Class 12 (KBC Facility Claims), Class 13 UOB Banking Facility (Europaco) Claims, Class 14 (Fubon Factoring Facility Claims), Class 15 (Richtown Intercompany Claims, Class 16 (Pacos Trading Intercompany Claims), Class 17 PAE (BVI) Intercompany Claims), Class 18 General Unsecured Claims), Class 19 (PAE HK Loan Claim); Class 20 (Teh Hong Eng Loan Claims), and Class 23 (Intercompany Claims) to vote to accept the PAIH Plan and to evidence such acceptance by returning their ballots so that they will be received no later than the Voting Deadline, **January 10, 2022 at 4:00 p.m. (Prevailing Eastern Time)**.

Dated: December 22, 2021

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Dated: December 22, 2021

Respectfully submitted,

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Title: Authorized Representative for each of the  
Plan Debtors

**Exhibit A**

**PAIH Plan**

**Exhibit B**

**Liquidation Analysis**