

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

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In re	:
	:
CHINA FISHERY GROUP LIMITED	:
(CAYMAN), et al.,	:
	:
	:
Debtors. ¹	:
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Chapter 11

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

**DECLARATION OF NG PUAY YEE (JESSIE) IN SUPPORT OF
FIFTH AMENDED CHAPTER 11 PLAN OF REORGANIZATION OF
CHINA FISHERY GROUP LIMITED (CAYMAN), PACIFIC ANDES RESOURCES
DEVELOPMENT LIMITED (BERMUDA)
AND CERTAIN OF THEIR AFFILIATED DEBTORS**

I, NG PUAY YEE (Jessie), hereby declare as follows:

1. I am the Managing Director of Pacific Andes International Holdings Limited (Bermuda)(“PAIH”), the Executive Chairman of Pacific Andes Resources Development Limited (Bermuda)(“PARD”), and the Chief Executive Officer of China Fishery Group Limited (Cayman)(“CFGL”). PAIH is the direct and indirect parent of the Debtors and their Non-Debtor

¹ 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) (“PARD”), 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.

Affiliated Companies² (collectively referred to as the “Pacific Andes Group”).

2. I am making this declaration (“Declaration”) in support of the confirmation of the *Fifth Amended Chapter 11 Plan of Reorganization of China Fishery Group Limited (Cayman), Pacific Andes Resources Development Limited (Bermuda) and Certain of Their Affiliated Debtors* (the “Joint Debtor Plan”).

3. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon my experience, knowledge,

² The “Non-Debtor Affiliated Companies” are Ace Field Limited, Alliance Capital Enterprises Limited, Andes Agency Limited, Andeshali Namibia Investment Holdings (Proprietary) Limited, Aqua Foods (Qingdao) Co Ltd, Aqua Management Limited, Asarmona Holdings Limited, Atlantic Pacific Fish Processors (Pty) Ltd, Atlantic Pacific Fishing (Pty) Ltd, Atlantic Pacific Management (Pty) Ltd, Bestmate Investments Limited, Bonaire Developments Limited, Brandberg (Mauritius) Investments Holding Limited, Brandberg Namibia Investments Company (Proprietary) Limited, Cfg Investments (Shanghai) Ltd, Champion Shipping Limited, Chasterton Group Limited, China Cold Chain Food Products Trade Development Limited, China Cold Chain Group Limited, China Fishery Group Limited (Hong Kong), Concept China Investment Limited, Conred Limited, Consorcio Vollmacht Sac, Corporacion Pesquera Inca S.A.C., Corporacion Pesquera Frami S.A.C., Davis Limited, Dynamic Choice Limited, Eurofish Company Limited, Europaco (Hp) Limited, Europaco (Qp) Limited, Fastact Group Limited, Fortune Midas Limited, Full Enrich Limited, Global Research Group Inc., Global Research Services Inc., Glorious Ocean Limited, Grandluck Enterprises Limited, Grandwell Investment Group Limited, Harper Group Limited, Heng Holdings (Bvi) Limited, Inmobiliaria Gainesville S.A.C., Inmobiliaria Y Constructora Pahk S.A.C., Inversiones Pesqueras West S.A.C., J.Wiludi & Asociados Consultores En Pesca Sac, Join Power Assets Limited, Kato Investments Limited, Kobe Holding Investments Limited, Kyoshoku Company Limited, Kyoshoku Marketing Company Limited, Lions City Investment Inc., Macro Capitales S.A., Mastonia Investments Limited, Meridian Investment Group Pte Ltd, Modern Energy Holdings Limited, National Fish & Seafood Limited, National Fish & Seafood Management Limited, Nidaro International Limited, Nippon Fishery Holdings Limited, Ocean Kingdom Enterprises Limited, Onn Profits Limited, Orient Ocean Limited, Pa Capital Investment Limited, Pacific Andes (Ep) Ltd, Pacific Andes (Europe) Ltd, Pacific Andes (Hp) Limited, Pacific Andes Development Limited, Pacific Andes Development Sdn Bhd, Pacific Andes Food (Bvi) Limited, Pacific Andes Food (Hong Kong) Company Limited, Pacific Andes Food Ltd, Pacific Andes International Trade Limited, Pacific Andes Treasury Management Limited, Pacific Andes Vegetables, Inc., Pacific Fruit Trading Limited, Paco (Et) Limited, Paco (Gt) Limited, Paco (Ht) Limited, Paco Alpha Limited, Paco Beta Limited, Paco-Ep Limited, Paco Gamma Limited, Paco Kappa Limited, Paco Theta Limited, Paco Zeta Limited, Paco-Gp Limited, Paco-Hp Limited, Pacos (Qp) Limited, Pacos Processing Limited (Cayman Island), Pacos Processing Limited (Cyprus), Pacos Trading Limited (Cyprus), Pae Limited, Paramount Holdings Limited, Peaklane Development Limited, Peakville Limited, Pelican Food Limited, Pfb Fisheries B.V., Poweroute Limited, Powertech Engineering (Qingdao) Co Ltd, Premium Choice Group Limited, Qingdao Canning Foodstuff Co Ltd, Qingdao Pacific Andes International Trade Limited, Qingdao Pacific Andes International Trading Company Limited, Quality Food (Singapore) Pte Limited, Rawley Trading Limited, Rich Reward Assets Limited, Rich System Limited, Ringston Holdings Limited, Sevensseas Enterprises Limited, Sillicker Hong Kong Limited, Sustainable Fishing Resources S.A.C., Sustainable Pelagic Fishery S.A.C., Teh Hong Eng Investments Holding Limited, Trade Ocean Limited, Turbo (Asia) Limited, Value Food Supply Limited (Bvi), Vision Invest Ltd, Votamos Holdings Limited, Waton Enterprises Limited, Wealthy Nation Holdings Limited, Well Hope International Limited, and Xinxing Foodstuffs (Qingdao) Co Ltd.

and information concerning the Debtors. If called to testify, I would testify competently to the facts set forth in this Declaration.

I. Background and Overview of Joint Debtor Plan:

A. Brief Overview of the Debtors' Plans of Reorganization:

4. 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 and whose holding company, Pacific Andes International Holdings Limited (Bermuda)("PAIH"), 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, which was one of the largest producers and suppliers of fishmeal and fish oil in the world. CFGL and PARD are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The events that precipitated these Chapter 11 Cases have also had an impact on those Pacific Andes Group of companies that are not debtors in these Chapter 11 Cases.

5. The Debtors consist principally of holding companies. Overall, their asset of greatest value was their indirect or direct 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.

6. 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 CFG Peru Confirmation Order dated June 10, 2021 [ECF No. 2569]; (ii) the Joint Debtor Plan, which addresses and satisfies the Claims of the Joint Plan Debtors; and (iii) the PAIH Plan, which addresses and satisfies the claims of the creditors at the PAIH Group.

7. Under the CFG Peru Confirmation Order, and subject to authorization under U.K. law and Singapore law, the CFG Peru Plan, *inter alia*, will distribute the equity of the Peruvian Opos, 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 Joint Debtor Plan. Further, 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 Joint Debtor Plan and the Plan Debtors herein, these categories of claims are deemed satisfied in full and shall receive no recovery under the Joint Debtor Plan.³

8. The Joint Debtor Plan would pay the creditors of the CFGL Plan Debtors and PARD Plan Debtors, not satisfied under the CFG Peru Plan, cash from (i) the CFG Peru Settlement Proceeds and (ii) liquidation of any Residual Assets (including preserved Claims and Causes of Action).

9. The allocation of value under the Joint Debtor Plan captures, *inter alia*, distributions to and through Intercompany Claims. As such, Intercompany Claims are satisfied by the payments to the ultimate beneficiary creditors as set forth herein and do not receive additional

³ 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 Joint Debtor Plan, the holders of Claims in Class 4 (CFGL Unsecured Facilities Claims) and the Club Facility Agent shall have reserved all of their rights against the Plan Debtors and in respect of the Joint Debtor Plan, including the right to object to the Joint Debtor Plan on any grounds, including the grounds that the Joint Debtor Plan improperly classified Class 4 as Unimpaired.

distributions. Similarly, the Joint Debtor Plan provides for unified recovery and treatment of Claims against all Plan Debtors. The allocation of value considered the presence of guarantees, joint and several liability and other assertions of multiple avenues of recovery. As such, any Claim based on the same obligations or underlying facts will only receive distribution on account of a single assertion of such Claim. Additionally, the CFG Peru Settlement Agreement allocated proceeds in recognition of other rights and causes of action held by certain Debtors or their stakeholders and the Joint Debtor Plan encapsulates such allocation.

B. Joint Debtor Plan Debtors Summary.

10. Distributions to creditors of the Plan Debtors under the Joint Debtor Plan are premised on the receipt by the Plan Debtors of at least USD \$20 million, plus the amount of the Holdback Payment (as defined in Section 1.5(b) of the CFG Peru Settlement Agreement) (the “CFG Peru Settlement Proceeds”), plus USD \$6 million allocated for and to be used for payment of certain administrative expense claims and reimbursements (the “CFG Peru Administrative Expense Settlement Proceeds”), to be paid to the Plan Debtors pursuant to the CFG Peru Settlement which was approved and authorized by the Court under Bankruptcy Rule 9019 in the CFG Peru Confirmation Order. The CFG Peru Settlement Proceeds and CFG Peru Administrative Expense Settlement Proceeds shall be paid upon the Restructuring Effective Date under the CFG Peru Plan.

11. The CFG Peru Settlement Proceeds, CFG Peru Administrative Expense Settlement Proceeds and any proceeds from the liquidation of the residual assets, shall be distributed under the Joint Debtor Plan (i) to satisfy Allowed Administrative Expense and other priority claims; (ii) to satisfy certain secured claims, (iii) to fund the wind down of the Plan Debtors, and (iv) to satisfy and pay Allowed unsecured Claims and Allowed CFGL Public Interests, as allocated in the CFG Peru Settlement Agreement.

12. Further, the Joint Debtor Plan and the Confirmation Order shall incorporate by reference, to the extent applicable, (a) the Liquidator-Controlled Companies Settlement Agreement (as defined herein) and order of the Court approving same, and (b) the HSBC Settlement Deed (as defined herein) and order of the Court approving same.

13. After the Effective Date of the Joint Debtor Plan and upon completion of all distributions under the Joint Debtor Plan, the Plan Administrator will be authorized and directed to take all corporate actions consistent with foreign laws to effectuate the Joint Debtor Plan and wind up the Plan Debtors and any non-Debtor Affiliates. It is contemplated that this shall include the commencement of a voluntary liquidation under laws of the Cayman Islands (as relates to CFGL) and the laws of Bermuda (as relates to PARD), where each of the entities were incorporated and registered. Further, as a result of both CFGL and PARD being listed on the Mainboard of the SGX-ST, any voluntary liquidation will require compliance with the SGX-ST Listing Requirements in Singapore. At the time of the voluntary liquidation, it is intended that both CFGL and PARD will have no remaining assets. Under the Voluntary Liquidation, the Existing Interests and Intercompany Interests shall be fully extinguished.

C. The Debtors' Bankruptcy Cases:

14. 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, 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) ("Protein Trading"), CFG Peru Investments Pte. Limited (Singapore) ("CFG Peru"), 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”).

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

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

17. On April 17, 2017, Pacific Andes International Holdings (BVI) Limited and Zhonggang Fisheries Limited (BVI) 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”).

18. On May 2, 2017, Admired Agents Limited (BVI), Chiksano Management Limited (BVI), Clamford Holding Limited, 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), and Toyama Holdings Limited (BVI) each commenced voluntary cases under chapter 11 of the Bankruptcy Code (collectively, the “May 2017 Debtors”).

19. On September 9, 2021, Pacific Andes Enterprises (Hong Kong) Limited (“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”).

20. 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).

21. 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].

22. 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 CFGL and PARD Group Debtors shall receive at least \$20 million in cash (plus the Holdback Payment), 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.

D. Intercompany Netting Agreement.

23. Similar to many corporate families, the Debtors, and their Non-Debtor Affiliated Companies 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. Pacific Andes Enterprises (BVI) Limited and CFIL historically served as the “bank” entity for the

PARD Group and CFGL Group respectively. Each time Pacific Andes Enterprises (BVI) Limited and/or CFIL 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.

24. 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 CFGL Group aggregating approximately \$6 billion. Both the asset side and the liability side of such Intercompany Claims generally sit within the CFGL Group.

25. These gross Intercompany Claims create very large liabilities for certain affiliates within the CFGL Group. Although no significant value would leave the group directly on account of the Intercompany Claims, the Intercompany Claims could determine the allocation of value among competing Debtors' estates. In many instances, large intercompany receivables from affiliates elsewhere in the group would effectively offset these liabilities if funds were to flow through all of the affiliates.

26. In an action taken to assist the Chapter 11 Trustee's efforts to sell the equity interests in CFGI (*i.e.*, the Peruvian OpCos), the Debtors agreed to enter into the Intercompany Netting Agreement with CFG Peru. Absent the Intercompany Netting Agreement, the acquirer of CFGI would have to satisfy approximately \$1.6 billion of debt, consisting of third-party direct claims (in excess of \$1.15 billion) and Intercompany Claims owing to the Debtors and their controlled affiliates ("CFIL Silo") (primarily a \$459 million intercompany claim owed to CFIL).

27. To avoid any negative impact to the Debtors and their creditors from voluntarily agreeing thereto, the Intercompany Netting Agreement was structured to terminate (and any netting performed thereunder undone or adjusted to the extent necessary to not negatively impact

recoveries for third-party creditors) under certain conditions, including, *inter alia*, that proceeds from any transaction would be sufficient to pay (a) any claim emerging from the Club Facility and the Senior Notes, (b) Bank of America CFGL Group Facility, and the Standard Chartered CFGL Group Facility and (c) Administrative Claims against CFG Peru and certain Debtors.

28. In the Intercompany Netting Agreement, the Netted Counterparties are CFIL and CFG Peru, the parent of the Peruvian OpCos. Specifically, all balances owed from an entity in the CFIL Silo to an entity within the Peru Silo are repointed to be owing (a) from such CFIL Silo debtor to CFIL, (b) from CFIL to CFG Peru Singapore and (c) from CFG Peru Singapore to the Peru Silo creditor. The inverse is initially true for balances owed from a Peru Silo entity to a CFIL Silo entity. The Claims arising under the Intercompany Netting Agreement were settled between the Debtors and CFG Peru under the CFG Peru Settlement Agreement (as set forth below in Section IV(H)).

E. CFG Peru Plan and CFG Peru Settlement.

29. 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].

30. Following 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. The Chapter 11 Trustee was unable to consummate a sale for the established threshold price, which was set at the amount necessary to pay in full all claims held at the Peruvian OpCos including the claims of the Club Facility and the Holders of Senior Notes.

31. 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 CFG Peru Plan and disclosure statement. The CFG Peru Plan provides for, *inter alia*, the satisfaction of the claims of the Club Facility and Holders of Senior Notes through, *inter alia*, the transfer of 100% of the equity in CFGI, the direct holders of the Peruvian OpCos. The CFG Peru Plan also provided for the satisfaction in full of the Bank of American CFGL Facility Claims and Standard Chartered CFGL Facility Claims. The CFG Peru Plan did not provide for any value of the Peruvian OpCos for distribution to the Debtors or their other creditors, except as set forth in the CFG Peru Settlement.

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

33. In addition to confirming the CFG Peru Plan, the CFG Confirmation Order authorized and approved the CFG Peru Settlement between, among others, the Debtors, the Non-Debtor Affiliates, the Ng Family members, and the Creditor Plan Proponents (as defined therein). A copy of the CFG Peru Settlement Agreement was attached to the Disclosure Statement as Exhibit B.

34. The CFG Peru Settlement Agreement provides, among other things, that the CFGL and PARD Group Debtors shall receive at least \$20 million in cash, plus the Holdback Payment, if any, plus the CFG Peru Administrative Expense Settlement Proceeds, in exchange for, *inter alia*, the release of all claims of the Plan Debtors against CFG Peru Singapore and its direct and indirect subsidiaries. The CFG Peru Settlement Agreement, which was approved under Bankruptcy Rule 9019 by the Court in the CFG Peru Confirmation Order [ECF No. 2569], shall become effective upon the Restructuring Effective Date of the CFG Peru Plan (as defined therein), including upon sanction of the CFG Peru Plan by the U.K. Court.

35. As set forth in the Creditor Plan Proponents' first motion for sanctions [Docket No.

2824], I understand that 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 at least January 2022 pending resolution of the INDECOPI petitions.

36. Pursuant to Section 1.5 of the CFG Peru Settlement Agreement, the Plan Debtors shall receive the following CFG Peru Settlement Proceeds upon the Restructuring Effective Date of the CFG Peru Plan:

(a) Initial Payment: Cash payment of USD \$20,000,000.

(b) Holdback Payment: Subject to the terms of the CFG Peru Settlement Agreement, one or more of the CFG Peru Singapore Subsidiaries or NewCo will, on or in connection with the Restructuring Effective Date, transfer Cash in an aggregate amount equal to USD \$5,000,000 (the "Holdback Amount") to the Escrow Account *less* the aggregate amount of Holdback Deductions requested as of the Restructuring Effective Date. Following the Restructuring Effective Date, but prior to the Holdback Distribution Date (as defined in the CFG Peru Settlement Agreement), counsel to the Debtors (as escrow agent under the CFG Peru Settlement) shall, if and when requested by the Creditor Plan Proponents, disburse an amount of Cash to the Creditor Plan Proponents, NewCo, or the CFG Peru Singapore Subsidiaries, (each as defined in the CFG Peru Plan) as applicable, in the amount of the unpaid aggregate Holdback Deductions as of such request. Counsel to the Debtors (as escrow agent under the CFG Peru Settlement) shall, as soon as practicable following the Holdback Distribution Date, disburse an amount of Cash to CFIL equal to the Holdback Amount less the aggregate amount of Holdback Deductions (such amount, the "Holdback Payment"); *provided*, that in the event the Holdback Distribution Date occurs prior to the Restructuring Effective Date, the Holdback Payment shall be paid directly by one or more of the CFG Peru Singapore Subsidiaries or NewCo to CFIL on or in connection with the Restructuring Effective Date.

(c) The CFG Peru Settlement Agreement also provides for payment of USD \$6,000,000, to be used to pay certain Allowed Administrative Expense Claims and reimbursements, including approved Professional Fees. *See Id., Section 1.4(c)*. In exchange for the payment, each of the Debtors has agreed to release any and all claims against CFG Peru for such Allowed Administrative Claims.

37. As the result of a web of intercompany claims within and between, *inter alia*, the CFGFL Group and the PARD Group (much of which is resolved by the Intercompany Netting Agreement, as approved by Order of the Bankruptcy Court [ECF No. 1112], the value of the Peruvian OpCos would flow to general unsecured creditors at multiple Plan Debtors. This flow of

value would vary based on assumptions as to the valuation of the Peruvian OpCos (as determined under the CFG Peru Plan), the allowance of certain intercompany and related party claims, and the outcome of equitable remedies. The CFG Peru Settlement contemplates the risks of such variables and the proportionate allocation of value under various scenarios. The CFG Peru Settlement Allocation reflects a distribution of value among and between (i) the creditors of the CFG Peru Plan Debtors other than CFGL, (ii) CFGL's general unsecured creditors, (iii) holders of CFGL Public Equity Interests, and (iv) creditors of the PARD Plan Debtors. The CFG Peru Settlement Allocation was derived based on the values available under the absolute priority rule under the analyzed scenarios and other rights and remedies and was approved under Bankruptcy Rule 9019 in the CFG Peru Confirmation Order.

38. The CFG Peru Settlement Agreement sets forth the allocation of such Settlement Proceeds as described herein, and the Joint Debtor Plan shall distribute such allocation of value. Specifically, the CFG Peru Settlement Agreement provides for the following allocations in Section 1.5(d) thereof, which are incorporated into the Joint Debtor Plan:

(i) To the extent not paid in connection with the satisfaction of the Intercompany Netting Agreement, an amount equal to the allowed and unpaid professional fees and administrative Claims against the Other Debtors for the benefit of the holders of such professional fees and administrative Claims;

(ii) An amount equal to the lesser of (a) the value of allowed Unsecured Claims against Debtor subsidiaries of CFGL and (b) \$5.1 million for the benefit of holders of allowed Unsecured Claims against Debtor subsidiaries of CFGL;

(iii) An amount equal to the lesser of (a) the value of allowed Unsecured Claims against CFGL and (b) \$1.9 million for the benefit of holders of allowed Unsecured Claims against CFGL; and

(iv) Any remaining amounts (after consideration of items (i) through (iii) above) for the benefit of (a) holders of allowed Unsecured Claims

against Super Investment and PARD (70.5% of such amount) and (b) public equity holders of CFGL (29.5% of such amount).

39. Of the amounts set forth in clauses (ii) and (iii) above, \$5.0 million will be used to settle claims against the CFGL Plan Debtors asserted by the Liquidator-Controlled Companies as part of the Liquidator-Controlled Companies Settlement.

40. The CFG Peru Settlement Agreement includes certain releases, which were specifically incorporated into the CFG Peru Plan and approved by the CFG Peru Confirmation Order, as follows:

As of the Effective Date, and except as otherwise specifically provided in the [CFG Peru Plan], in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Settlement Released Party is, and is deemed to be, hereby conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged by each Settlement Releasing Party from any and all Claims and Causes of Action, 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 asserted on behalf of the applicable Settlement Releasing Party, that any Person or Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the applicable Settlement Releasing Party, based on or relating to, or in any manner arising from, in whole or in part: (i) CFG Peru Singapore, Smart Group, the Other Debtors, the Peruvian OpCos, or NewCo (including the capital structure, management, ownership, or operation thereof), any security of CFG Peru Singapore, Smart Group, the Other Debtors, the Peruvian OpCos, or NewCo, the subject matter of, or the transactions or events giving rise to, any Claim, Interest, or Cause of Action that is treated in the [CFG Peru Plan], the UK Proceeding, and/or the Singapore Scheme, the business or contractual arrangements between any [CFG Peru Plan] Debtor, Other Debtor, Peruvian OpCo, or NewCo, and any Released Party, the assertion or enforcement of rights and remedies against CFG Peru Singapore, Smart Group, the Other Debtors, the Peruvian OpCos, or NewCo, the CFG Peru Singapore, Smart Group, or the Other Debtors' in- or out-of-court restructuring efforts, intercompany transactions between or among [CFG Peru Singapore] and any Other Debtor, the formulation, preparation, dissemination, negotiation, entry into, or Filing of, as applicable, the Restructuring Support Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement,⁴

⁴ "Global Settlement Agreement" shall be defined in the revised draft of the CFG Peru Plan to mean the CFG Peru Settlement Agreement.

and the [CFG Peru Plan] Supplement; (ii) any contract, instrument, release, or other agreement or document (including providing legal opinion requested by any Person or Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Restructuring Support Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement, and/or the [CFG Peru Plan] Supplement, or the reliance by any Settlement Released Party on the Restructuring Support Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement, the [CFG Peru Plan] Supplement, or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring Support Agreement, the Disclosure Statement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement, or the [CFG Peru Plan] Supplement, before or during the Chapter 11 Cases; (iii) the Chapter 11 Cases, the Restructuring Support Agreement, the Disclosure Statement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement, the [CFG Peru Plan] Supplement, the Filing of the Chapter 11 Cases, any settled Claims or Causes of Action, Avoidance Actions, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Restructuring Support Agreement, the Global Settlement Agreement, the [CFG Peru Plan], the UK Proceeding, and/or the Singapore Scheme, including the issuance or distribution of Securities pursuant to the Restructuring Support Agreement, the Global Settlement Agreement, the [CFG Peru Plan], the UK Proceeding Documentation, and/or the Singapore Scheme Documentation, or the distribution of property under the [CFG Peru Plan], the UK Proceeding Documentation, the Singapore Scheme Documentation, or any other related agreement; or (iv) upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date and related to any [CFG Peru Plan] Debtor or Settlement Released Party or any of the foregoing matters, including without limitation, with respect to the settled Claims or Causes of Action and all matters related thereto. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any Person or Entity under the Restructuring Support Agreement, the Global Settlement Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, or any document, instrument, or agreement (including those set forth in the [CFG Peru Plan] Supplement) executed to implement the Restructuring Support Agreement, the Global Settlement Agreement, the [CFG Peru Plan], the UK Proceeding, and the Singapore Scheme; and this release does not waive or release any right, Claim, or Cause of Action (a) in favor of any Settlement Released Party arising under the Restructuring Support Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, the Global Settlement Agreement, or the [CFG Peru Plan] Supplement or (b) as expressly set forth in the Restructuring Support Agreement, the Global

Settlement Agreement, the [CFG Peru Plan], the UK Proceeding, the Singapore Scheme, or the [CFG Peru Plan] Supplement.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing release in this Article VIII of the [CFG Peru Plan], which includes by reference each of the related provisions and definitions contained in the [CFG Peru Plan], and, further, shall constitute the Bankruptcy Court's finding that the foregoing release in Article VIII of the [CFG Peru Plan] is: (a) consensual; (b) essential to the Confirmation of the [CFG Peru Plan]; (c) given in exchange for the good and valuable consideration provided by the Settlement Released Parties, including, without limitation, the Settlement Released Parties' contributions to implementing the [CFG Peru Plan]; (d) a good faith settlement and compromise of the Claims and Causes of Action released by the foregoing release in Article VIII of the [CFG Peru Plan]; (e) in the best interests of CFG Peru Singapore, Smart Group, and their Estates; (f) fair, equitable, and reasonable; (g) given and made after due notice and opportunity for hearing; and (h) a bar to any of the Settlement Releasing Parties asserting any Claim or Cause of Action released pursuant to the foregoing release in Article VIII of the [CFG Peru Plan].

F. Significant Compromises and Settlements.

a. Liquidators and Liquidator-Controlled Companies

41. 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.

42. On January 10, 2021, the Debtor Settlement Parties, on the one hand, and 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 follows⁵:

- (a) On or before the earlier of February 28, 2022 or the Effective Date of the Joint Debtor Plan (the “Settlement Payment Date”), the Debtor Settlement Parties shall pay to the Liquidator Settlement Parties the sum of \$14,100,000 (“Settlement Payment”). 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 Joint Debtor 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.
- (b) 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).
- (c) 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 Joint Debtor Plan, and the Confirmation Order:
 - (i) Richtown Development Limited (in liquidation) [Class 15] shall receive a cash distribution under the Joint Debtor 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.
 - (ii) Pacos Trading Limited (Cayman)(in liquidation) [Class 16] shall receive a cash distribution under the Joint Debtor Plan in an amount not less than \$15,575.26, being 8.75% of its Allowed Pacos Trading

⁵ 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.

Intercompany Claim. The Pacos Trading Intercompany Claim will be allowed in an amount of USD \$178,003.00.

(iii) Pacific Andes Enterprises (BVI) Limited (in liquidation) [Class 17] shall receive a cash distribution under the Joint Debtor 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.

- (d) 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.
- (e) Subject to the Debtor Settlement Parties' compliance with the terms of the Liquidator-Controlled Companies Settlement Agreement, and provided the Joint Debtor 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 Joint Debtor 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 Joint Debtor Plan and related Disclosure Statement, or confirmation of the Joint Debtor Plan or Joint Debtor Plan.

43. 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.

44. 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.

45. The Liquidator-Controlled Companies Settlement Agreement, upon approval, will be incorporated into and adopted by the Joint Debtor Plan.

b. HSBC-HK Settlement Deed.

46. On December 30, 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.

47. The HSBC-HK Settlement Deed provides⁶, 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:

- (a) 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
- (b) the management, governance, finances, accounting and operations of the PAIH and its direct and indirect subsidiaries prior to the effective date of the HSBC-HK Settlement Deed, the Initial FTI Report (and related reports), the preparation

⁶ The description of the settlement herein is qualified entirely by the HSBC-HK Settlement Deed.

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”).

48. 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.

49. 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.

50. Upon approval, the HSBC-HK Settlement Deed will be incorporated into and adopted by the Joint Debtor Plan.

II. The Plan Fully Complies with the Applicable Provisions of the Bankruptcy Code - § 1129(a)(1).

A. Proper Classification of Claims and Interests - § 1122.

51. Section 1122 of the Bankruptcy Code requires that, in a class of claims or interests under a plan, each claim or interest must be substantially similar to the other claims or interests in such class. Under the Joint Debtor Plan, it is my understanding that each Claim and Interest in each Class is substantially similar to the other Claims and Interests in such Class.

52. Section 4.5 of the Joint Debtor Plan provides for the following Twenty-Eight (28) Classes [Nine (9) *CFGL* Classes; Seventeen (17) *PARD* Classes], in addition to Administrative

Expense Claims, Priority Tax Claims, and Professional Fees which do not need to be designated:

CFGL Plan Debtors' Classification:

Class	Designation	Treatment	Entitled to Vote
1	CFGL Secured Claims	Unimpaired	No (deemed to accept)
2	Priority Tax Claims	Unimpaired	No (deemed to accept)
3	Other Priority Claims	Unimpaired	No (deemed to accept)
4	CFGL Unsecured Facilities Claims	Unimpaired	No (deemed to accept)
5	CFGL General Unsecured Claims	Impaired	Yes
6	Reserved		
7	Intercompany Claims	Impaired	Yes
8	CFGL Intercompany Interests	Unimpaired	No (deemed to accept)
9	Existing CFGL Interests	Impaired	Yes

PARD Group Classification:

Class	Designation	Treatment	Entitled to Vote
1	PARD Secured Claims	Unimpaired	No (deemed to accept)
2	Priority Tax Claims	Unimpaired	No (deemed to accept)
3	Other Priority Claims	Unimpaired	No (deemed to accept)
4	Taipei Fubon Term Loan Claims	Impaired	Yes
5	PARD Bond Claims	Impaired	Yes
6	CITIC Banking Facilities PARD Claims	Impaired	Yes
7	Maybank PARD Group Facility Claims	Impaired	Yes
8	Standard Chartered PARD Group Facility Claims	Impaired	Yes
9	UOB Banking Facility Claims	Impaired	Yes
10	Rabobank PARD Group Facility Claims	Impaired	Yes
11	Bank of America PARD Group Facility Claims	Impaired	Yes
12	DBS PARD Group Facility Claims	Impaired	Yes
13	Sahara Loan Claims	Impaired	Yes
14	PARD General Claims	Impaired	Yes
15	Intercompany Claims	Impaired	Yes
16	PARD Intercompany Interests	Unimpaired	No (deemed to accept)
17	Existing PARD Interests	Impaired	No (deemed to reject)

53. In addition, PARD Class 1 contains only PARD Secured Claims. PARD Class 2 contains only Priority Tax Claims against the PARD Plan Debtors. PARD Class 3 contains only Other Priority Claims against the PARD Plan Debtors. PARD Class 4 contains only Taipei Fubon Term Loan Claims. PARD Class 5 contains only PARD Bond Claims. PARD Class 6 contains only CITIC Banking Facilities PARD Claims. PARD Class 7 contains only Maybank PARD Group Facility Claims. PARD Class 8 contains only Standard Chartered PARD Group Facility Claims. PARD Class 9 contains only UOB Banking Facility Claims. PARD Class 10 contains

only Rabobank PARD Facility Claims. PARD Class 11 contains only Bank of America PARD Group Facility Claims. PARD Class 12 contains only DBS PARD Group Facility Claims, PARD Class 13 contains only Sahara Loan Claims against the PARD Plan Debtors. PARD Class 14 contains only PARD General Unsecured Claims. PARD Class 15 contains only Intercompany Claims against the PARD Plan Debtors. PARD Class 16 contains only PARD Intercompany Interests. PARD Class 17 contains only Existing PARD Interests.

54. Valid business, legal, and factual reasons exist for classifying the various Classes of Claims and Interests created under the Joint Debtor Plan, and such classifications do not unfairly discriminate between Holders of Claims and Interests in any particular Class. The Plan Debtors submit that the classification scheme in the Joint Debtor Plan satisfies Section 1122 of the Bankruptcy Code.

B. Designation of Classes of Claims and Interests - § 1123(a)(1).

55. Section 1123(a)(1) of the Bankruptcy Code requires that a plan must provide the classification scheme for claims and interests under the plan. Section 4 of the Joint Debtor Plan designates between Classes of Claims and Interests. Each Class contains Claims or Interests that are substantially similar. As such, the Plan Debtors submit that the Joint Debtor Plan satisfies the requirements under Section 1123(a)(1) of the Bankruptcy Code.

C. Specification of Unimpaired Classes - § 1123(a)(2)

56. Section 1123(a)(2) of the Bankruptcy Code requires that a plan must specify whether classes of claims or interests under the plan are impaired or unimpaired. Sections 4.5, 5 and 6 of the Joint Debtor Plan identify that CFGF Classes 1, 2, 3, 4, and 8 and PARD Classes 1, 2, 3, and 16 are unimpaired. As such, the Plan Debtors submit that the Joint Debtor Plan satisfies the requirements under Section 1123(a)(2) of the Bankruptcy Code.

D. Treatment of Impaired Classes - § 1123(a)(3)

57. Section 1123(a)(3) of the Bankruptcy Code requires that a plan provide the treatment for any impaired classes of claims or interests. Sections 5 and 6 of the Joint Debtor Plan sets forth the treatment of all Impaired Classes. The Plan Debtors submit that the Joint Debtor Plan satisfies Section 1123(a)(3) of the Bankruptcy Code.

E. Equal Treatment of Similarly Situated Claims and Interests - § 1123(a)(4).

58. Section 1123(a)(4) of the Bankruptcy Code requires that a plan “provide the same treatment for each claim or interest of a particular class, unless the holder of a particular claim or interest agrees to a less favorable treatment of such particular claim or interests.” As set forth in Sections 5 and 6 of the Joint Debtor Plan, Holders of Allowed Claims or Interests will receive the same treatment as other Holders of Allowed Claims or Interests in such Holder’s Class. The Plan Debtors submit that the Joint Debtor Plan satisfies the requirements of Section 1123(a)(4) of the Bankruptcy Code.

F. Means for Implementation – § 1123(a)(5).

59. Section 1123(a)(5) of the Bankruptcy Code requires that a plan provide “adequate means” for its implementation. I believe that the Joint Debtor Plan provides adequate means by which the Joint Debtor Plan will be implemented. Among other things, Section 7 of the Joint Debtor Plan provides for, *inter alia*:

- a. *The CFG Peru Settlement (described above herein);*
- b. *Liquidator-Controlled Companies Settlement (described above herein);*
- c. *HSBC-HK Settlement Agreement (described above herein);*
- d. *The appointment of the Plan Administrator;*
- e. *The cancellation of Existing Interests under applicable foreign law; and*
- f. *Authorization and direction for all actions contemplated by the Joint Debtor Plan.*

60. The precise terms governing the execution of these transactions are set forth in the Joint Debtor Plan or in the applicable definitive documents or forms of agreement in the Plan Supplement, or in the Liquidator-Controlled Companies Settlement Agreement, or in the HSBC-HK Settlement Deed.

G. Prohibition of Issuance of Non-Voting Stock - § 1123(a)(6).

61. Section 1123(a)(6) of the Bankruptcy Code requires that a debtor's chapter 11 plan and charter prohibit the issuance of non-voting equity securities and provide related protections for holders of preferred shares. As the Plan Debtors will wind-down after the Effective Date, there will be no new corporate charter or issuance of new securities. Therefore, the Plan Debtors submit that Section 1123(a)(6) of the Bankruptcy Code does not apply to the Joint Debtor Plan.

H. Selection of the Plan Administrator - § 1123(a)(7).

62. Section 1123(a)(7) of the Bankruptcy Code requires that the manner of selection of any director, officer, or trustee, or any other successor thereto, be "consistent with the interests of creditors and equity security holders and with public policy." The Plan Debtors do not currently, and will have no continued operations following confirmation of the Plan. No new officers or directors are appointed under the Plan, nor is it expected that any new officers or directors will be appointed following confirmation of the Plan. The Plan Debtors will continue in existence in their current form to implement the Plan. Accordingly, section 1123(a)(7) of the Bankruptcy Code is not applicable. To the extent that the appointment of the Plan Administrator implicates section 1123(a)(7) of the Bankruptcy Code, the Plan Debtors submit that the appointment of the Plan Administrator is consistent with the interests of the Debtors' stakeholders. Due to the non-U.S. nature of the responsibilities, the Debtors are conferring with potential candidates in Hong Kong and BVI. It is expected that the identity and qualifications of the proposed Plan Administrator will

be identified at or before Confirmation Hearing. The Plan Debtors believe that the Joint Debtor Plan satisfies the requirements of Section 1123(a)(7) of the Bankruptcy Code.

I. The Joint Debtor Plan was Proposed in Good Faith - § 1129(a)(3).

63. Section 1129(a)(3) of the Bankruptcy Code requires that a chapter 11 plan “be proposed in good faith and not by means forbidden by law.” I firmly believe that the Joint Debtor Plan has been proposed by the Plan Debtors in good faith, and is in the best interest of the estates.

64. As set forth above, the Debtors have been working to effectuate a material distribution to creditors of the Plan Debtors’ estates. The Debtors were able to negotiate a settlement with the Creditor Plan Proponents, which provided for value to be received from the CFG Peru estates. This value will allow the Debtors to pay all administrative and priority claims in full, and provide an equitable distribution to many different creditors of the CFGL and PARD estates.

65. I believe that the Joint Debtor Plan represents, and the liquidation analysis confirms, the best result for the Plan Debtors, their creditors and their estates, and provides for a material distribution to creditors of all Classes of Claims. The result is equitable, and leads to the conclusion of these Bankruptcy Cases. As such, the Plan Debtors believe that the Joint Debtor Plan satisfies the requirements of Section 1129(a)(3) of the Bankruptcy Code.

J. Payment of Professional Fees and Expenses is Subject to Court Approval - § 1129(a)(4).

66. Section 1129(a)(4) of the Bankruptcy Code requires that the Bankruptcy Court approve certain fees and expenses as reasonable. Under Section 3.2 of the Joint Debtor Plan, Professionals’ Fee Claims are subject to approval of the Bankruptcy Court. Under Section 3.2 of the Joint Debtor Plan, the professionals shall file all final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by a date that is forty-

five (45) days after the Effective Date. As set forth in the Joint Debtor Plan, the Debtors remain jointly and severally liable for the professional Fee Claims. As such, the Plan Debtors believe that the Joint Debtor Plan satisfies the requirements of Section 1129(a)(4) of the Bankruptcy Code.

K. Best Interests Test - § 1129(a)(7).

67. Section 1129(a)(7) of the Bankruptcy Code permits the plan to be confirmed only if it is in the best interest of creditors. With respect to each Impaired Class, each Holder of a Claim or Interest in such Impaired Class must either (a) accept the Joint Debtor Plan or (b) receive or retain under the Joint Debtor Plan property of a value, as of the effective date of the Joint Debtor Plan, that is not less than the amount that the non-accepting Holder would receive or retain if the Plan Debtors were liquidated under chapter 7 on such date.

68. I understand that all Classes entitled to vote on the Joint Debtor Plan voted to accept the Joint Debtor Plan, except the PARD Class 5 PARD Bond Claims. Under the liquidation analysis prepared by Kroll, LLC, none of the Classes which contained creditors who voted against the Joint Debtor Plan would receive less under the Joint Debtor Plan than under a chapter 7 liquidation. As such, the Plan Debtors submit that Section 1129(a)(7) of the Bankruptcy Code is satisfied.

L. Priority Cash Payments - § 1129(a)(9).

69. Section 1129(a)(9) of the Bankruptcy Code requires that administrative claims receive payment in full in cash and that certain priority claims receive payment in full in cash. Section 3 of the Joint Debtor Plan provides for payment of all priority Claims under the Joint Debtor Plan, including Allowed Administrative Claims (Section 3.1), professional Fee Claims (Section 3.2) and Priority Tax Claims (Section 3.3). The Plan Debtors submit that the Joint Debtor Plan satisfies the requirements of Section 1129(a)(9) of the Bankruptcy Code.

M. Impaired Accepting Class of Claims - § 1129(a)(10).

70. Section 1129(a)(10) of the Bankruptcy Code provides that, to the extent there is an impaired class of claims, at least one impaired class of claims must accept the plan “without including any acceptance of the plan by an insider,” as an alternative to the requirement under Section 1129(a)(8) of the Bankruptcy Code that each class of claims or interests must either accept the plan or be unimpaired under the plan. I understand that the Holders of Claims and Interests in the impaired Classes (except the PARD Class 5 PARD Bond Claims) voted to accept the Joint Debtor Plan independent of any insiders’ votes. The Plan Debtors submit that the Joint Debtor Plan satisfies the requirements of Section 1129(a)(10) of the Bankruptcy Code.

N. Feasibility - § 1129(a)(11).

71. Section 1129(a)(11) of the Bankruptcy Code permits a plan to be confirmed only if it is feasible. The Joint Debtor Plan provides for the liquidation and distribution of the Plan Debtors’ assets, after which the Plan Administrator shall take all actions necessary to wind down and dissolve the Plan Debtors and their non-Debtor Affiliates under applicable foreign law. There will be no need for further reorganization of the Plan Debtors.

72. I am familiar with the financial condition of the Plan Debtors, and the Debtors as a whole. The Plan Debtors have analyzed the costs required to satisfy the obligations under the Joint Debtor Plan and have concluded that they will have sufficient funds to accomplish this goal. Under the Plans the professional fees are a joint and several liability of the Debtors. As a result of, among other things, the Sale Transactions and the CFG Peru Settlement (which itself provides for \$6 million towards outstanding administrative expense claims), the Plan Debtors believe that there are available funds necessary to cover the administrative, professional fee and priority payments due under the Joint Debtor Plan. The Plan Debtors submit that the Joint Debtor Plan is feasible and

satisfies the requirements of Section 1229(a)(11) of the Bankruptcy Code.

O. The Plan Provides for Payment of All Fees - § 1129(a)(12).

73. Section 1129(a)(12) of the Bankruptcy Code requires the payment of all fees payable under 28 U.S.C. § 1930. Section 14.1 of the Joint Debtor Plan provides that, “[o]n the Effective Date or 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, pursuant to section 3717 of title 31 of the United States Code for each Plan Debtor’s case.” The Plan Debtors submit that the Joint Debtor Plan satisfies the requirements of Section 1129(a)(12) of the Bankruptcy Code.

III. The Principal Purpose of the Joint Debtor Plan is not the Avoidance of Taxes as Required under Section 1129(D) of the Bankruptcy Code.

74. Section 1129(D) of the Bankruptcy Code states “the court may not confirm a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933.” The Plan Debtors did not file the Joint Debtor Plan for the purposes of avoiding taxes or the application of Section 5 of the Securities Act of 1933. The Plan Debtors submit that the Joint Debtor Plan satisfies the requirements of Section 1129(D) of the Bankruptcy Code.

IV. Certain Sections of the Bankruptcy Code are Inapplicable.

75. Sections 1129(a)(5) and 1129(e) of the Bankruptcy Code do not apply to the Joint Debtor Plan.

V. The Joint Debtor Plan Complies with the Discretionary Provisions of Section 1123(b) of the Bankruptcy Code.

76. Section 1123(b) of the Bankruptcy Code sets forth various discretionary provisions that may be incorporated into a chapter 11 plan, including release and exculpation provisions. As

discussed below, the Plan Debtors believe that the release and exculpation provisions comply with Section 1123(b) of the Bankruptcy Code.

A. The Debtors Release.

77. The Plan Debtors believe that the Debtors Release provided in Section 12.7 of the Joint Debtor Plan is appropriate. The Joint Debtor Plan, including the Debtors Release, was heavily negotiated by sophisticated entities that were represented by counsel and financial advisors, resulting in a compromise that reflects the give-and-take of arms' length negotiations. The Debtors Release was a key part of those negotiations and the consensus achieved on the Joint Debtor Plan.

78. The Debtors Release will facilitate the completion of these chapter 11 cases and avoid potential costly and time-consuming litigation, and the finality provided by the Debtors Release is beneficial to the Plan Debtors and all parties in interest. The acceptance of the Joint Debtor Plan by all Impaired Classes is further evidence that the Debtors Release will inure to the benefit of the Plan Debtors' stakeholders and is a sound exercise of the Plan Debtors' business judgment. Based upon my role in these negotiations, it is submitted that the Debtors Release is appropriate, justified and in the interest of the Plan Debtors' stakeholders.

B. The Third-Party Release.

79. Under Section 12.8 of the Joint Debtor Plan, each Releasing Party shall release any and all causes of action against the Plan Debtors and each of the Released Parties (the "Third-Party Release"). The Plan Debtors submit that the Third-Party Release is consensual and appropriate for several reasons.

80. First, the Third-Party Release was the result of difficult negotiations and was a key component to consensus achieved on the Joint Debtor Plan. The Third-Party Release was also a

material term to the Liquidator-Controlled Companies Settlement Agreement and the HSBC-HK Settlement Deed. Without the Third-Party Release, the Plan Debtors would be unwilling to move forward with the Joint Debtor Plan, and the parties would not be willing to move forward with either the Liquidator-Controlled Companies Settlement Agreement or the HSBC-HK Settlement Deed, each of which was integral to the ability to move forward with the Joint Debtor Plan. The Third-Party Release benefits all creditors of the Plan Debtors' estates.

81. Second, the Third-Party Release is consensual. All parties in interest to the Plan Debtors' estates were given the opportunity to Opt-Out of the Third-Party Release by either: (a) validly opting out of the Third-Party Release in the Joint Debtor Plan via the Ballots or *Notice of Non-Voting Status and Opt Out of Third-Party Release*; (b) filing an objection to the releases contained in the Joint Debtor Plan by the Plan Objection Deadline, or (iii) timely voting to reject the Joint Debtor Plan. All parties in interest were provided with notice of these chapter 11 cases, the Joint Debtor Plan, an the deadline to object to the Confirmation of the Joint Debtor Plan.

82. Third, the Third-Party Release was given for consideration. The Ng Family and Ng Entities (as defined in the Disclosure Statement) have taken actions, to their personal detriment, in the best interest of Plan 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.

83. 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 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;

ix. 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;

x. once effectuated and approved, entering into the Liquidator-Controlled Companies Settlement pursuant to the terms and conditions thereof;

xi. 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;

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

xiii. 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;

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

84. The Joint Debtor Plan would not be possible without the contributions and significant concessions of these third parties.

85. The Plan Debtors submit that the Third-Party Release is full consensual, that the relevant factors weigh heavily in favor of approving the Third-Party Release, and that the Third-Party Release is justified under the circumstances and should be approved.

C. The Exculpation Provision.

86. Section 12.9 of the Joint Debtor Plan provides that each Exculpated Party shall be released and exculpated from any Cause of Action arising out of acts or omissions in connection with the chapter 11 cases and related to formulating, negotiating, soliciting, preparing, disseminating, confirming, or implementing the Joint Debtor Plan or consummating the Joint Debtor Plan, the Disclosure Statement, or any contract, instrument, release in connection with the Joint Debtor Plan. The Liquidators and Liquidator-Controlled Companies are excluded from the exculpation provision, as the agreement between the parties is subject to the Liquidator-Controlled Companies Settlement Agreement.

87. Further, Section 12.11 of the Joint Debtor Plan provides exceptions to the Exculpation Provisions, including to the extents a Claim or Cause of Action is determined by a final order to have resulted from fraud, gross negligence, willful misconduct, malpractice, criminal conduct, unauthorized use of confidential information that causes damages, breach of fiduciary duty (to the extent applicable), and ultra vires acts of an Exculpated Party.

88. The Exculpation Provision is the product of good faith, arm's length negotiations with the other stakeholders represented by counsel. The Exculpation Provision was crucial to obtaining consensus on the Joint Debtor Plan as many of the Exculpated Parties are participating in these Chapter 11 Cases in reliance upon the protections afforded by the Exculpation Provision. The Plan Debtors submit that the Exculpation Provisions are reasonable, appropriate and will inure to the benefit of the Plan Debtors' estates.

89. The Injunction Provision set forth in Section 12.10 of the Joint Debtor Plan merely implements the Joint Debtor Plan's discharge, release, and exculpation provisions by permanently enjoining all Entities from commencing or maintaining any action against the Plan Debtors, the Exculpated Parties and the Released Parties on account of, or in connection with, or with respect to, any such Claims or Interests discharged, released, exculpated or settled under the Joint Debtor Plan. The Injunction Provision is a necessary part of the Joint Debtor Plan precisely because it enforces the discharge, release and exculpation provisions that are centrally important to the Joint Debtor Plan. Further, as described above, the Injunction Provision is consensual as to any party that did not specifically object thereto.

VI. Conclusion

90. It is my opinion that confirmation of the Joint Debtor Plan is appropriate, is in the best interests of the Plan Debtors' estates and all parties in interests thereto, and should be approved.

Pursuant to 28 U.S.C. § 1746, I hereby declare under penalty of perjury under the laws of the United States of America that the foregoing statements are true and correct to the best of my knowledge, information and belief.

Executed on 13 January 2022
in Hong Kong, Special Administrative
Region of the People's Republic of China

/s/ Ng Puay Yee (Jessie)
NG PUAY YEE (JESSIE)