

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

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In re :
 : Chapter 11
CHINA FISHERY GROUP LIMITED :
(CAYMAN), et al., :
 :
 : Case No. 16-11895 (JLG)
 : (Jointly Administered)
Debtors.¹ :
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**DECLARATION OF NG PUAY YEE (JESSIE) IN SUPPORT OF FIFTH AMENDED
CHAPTER 11 PLAN OF REORGANIZATION OF
PACIFIC ANDES INTERNATIONAL HOLDINGS LIMITED (BERMUDA)
AND CERTAIN OF ITS 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 Pacific Andes International Holdings Limited (Bermuda) and Certain of Its Affiliated Debtors* (as amended, the “PAIH 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, and information concerning the Debtors. If called to testify, I would testify competently to the

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 Capiales 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, Sevenses Enterprises Limited, Silliker 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.

facts set forth in this Declaration.

I. Background and Overview of PAIH Plan:

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

4. 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 Plan³, 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, which addresses and satisfies the claims of the creditors within the PAIH Group.⁴

³ All terms not otherwise defined herein shall have the meanings ascribed to them in the PAIH Plan.

⁴ 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 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

5. 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”, which was principally engaged in the production and export of seafood products and 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”, 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”).

6. 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.

7. 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—CFG 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 is the direct or indirect parent of the Peruvian OpCos as well as a number of other subsidiaries.

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.

8. 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.

9. 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.

10. 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 debtor 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.

11. 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 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 (if any). 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.

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

13. The PAIH Plan contemplates the appointment of a Plan Administrator to administer the wind down of the Plan Debtors and their Non-Debtor Affiliated Companies in the PAIH Group. Upon the Effective Date 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.

B. 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 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.

C. The Proposed Purchase and Sale Transaction

23. The PAIH Plan authorizes and approves the Sale Transactions pursuant to, *inter alia*, Bankruptcy Code Sections 1123(a)(5) and 1141. The Sale Transactions consist 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 those certain Sale and Purchase Agreements (“SPAs”), dated as of September 27, 2021.⁵ Copies of the SPAs are annexed to the PAIH Plan as Exhibits C through I.

24. 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).⁶

⁵ The Sale Transactions 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 will not affect the proposed “fixed” distribution to Allowed Claims under the terms of the PAIH Plan. Subject to approval of the Bankruptcy Court, certain parties holding 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.

⁶ It is contemplated that the Debtors will be authorized (but not directed) to withdraw the Chapter 11 Bankruptcy Case of PAE HK on the Effective Date or contemporaneously with the Closing of the Sale Transaction, which will permit

25. The Real Properties and Property Owning Companies are as follows:

	Property Owning Company	Property Address
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 Belview 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

26. The transaction value is reflective of an independent valuation obtained by the Debtors from Vigers Group net of a bulk purchase discount. A copy of Vigers Group's independent valuation is attached hereto as Exhibit A.

the sale of the Interests of PAE HK, rather than the Real Property. This would result in significant tax savings to the Debtors.

27. The discount is in line with expectations for transactions of this nature in Hong Kong according to advice by Colliers International (Hong Kong) Limited. *See* Declaration of Stella Ho of Colliers International.

28. 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 Plan Debtors believe the Sale Transactions are in the best interests of the Plan Debtors, their estates and their creditors.

29. 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.

30. 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.

31. It is contemplated that the Sale Transactions will be closed as soon as reasonably practicable after the Bankruptcy Court's entry of the Confirmation Order or the Effective Date.

D. Significant Settlements.

a. Liquidators and Liquidator-Controlled Companies

32. 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”).

33. 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.

34. On January 10, 2021, the Debtors, 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 follows⁷:

- (a) On or before the earlier of February 28, 2022 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”). 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.
- (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

⁷ 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.

shall be made in accordance with the terms of the PAIH Plan, and the Confirmation Order:

- (i) Richtown Development Limited (in liquidation) [Class 15] 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.
 - (ii) Pacos Trading Limited (Cayman)(in liquidation) [Class 16] 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.
 - (iii) Pacific Andes Enterprises (BVI) Limited (in liquidation) [Class 17] 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.
- (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 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.

35. 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.

36. 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.

37. It is expected that, upon approval, the Liquidator-Controlled Companies Settlement Agreement will be incorporated into and adopted by the PAIH Plan.

b. HSBC-HK Settlement Deed.

38. 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.

39. The HSBC-HK Settlement Deed provides⁸, 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

⁸ The description of the settlement herein is qualified entirely by the HSBC-HK Settlement Deed.

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 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”).

40. 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.

41. 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.

42. The Plan Debtors believe the HSBC-HK Settlement Deed is in the best interests of the Plan Debtors, their estates and their creditors, and is fair, equitable, and reasonable.

43. It is expected that, upon approval, the HSBC-HK Settlement Deed will be incorporated into and adopted by the PAIH 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.

44. 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 PAIH Plan, each Claim and Interest in each Class is substantially similar to the other Claims and Interests in such Class.

45. Section 4.5 of the PAIH Plan provides for the following Twenty-Four (24) Classes, in addition to Administrative Expense Claims, Priority Tax Claims, and Professional Fees which do not need to be designated:

Class	Designation	Treatment	Entitled to Vote
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 Claims ⁹	Unimpaired	No (deemed to accept)
22	Intercompany Claims	Unimpaired	No (deemed to accept)
23	Intercompany Interests	Unimpaired	No (deemed to accept)
24	Existing Interests	Impaired	No (deemed to reject)

46. In addition to Administrative Expense Claims, Priority Tax Claims, Professional Fees, which need not be designated pursuant to section 1123(a)(1) of the Bankruptcy Code, the Plan designates twenty-two (22) classes of Claims and two (2) classes of Equity Interests. The Claims and Interests placed in each Class are substantially similar to other Claims and Equity Interests, as the case may be, in each such Class. Class 1 includes only the Qinqdao Plant-Related Facility Claims. Class 2 includes only Maybank Secured Facility Claims. Class 3 includes only Other Secured Claims. Class 4 includes only Other Priority Claims. Class 5 includes only Maybank PATM Term Loan Claims. Class 6 includes only Maybank Banking Facility Claims. Class 7 includes only Rabobank Europaco Trade Facility Claims. Class 8 includes only Rabobank NFS Facility Claims. Class 9 includes only Standard Chartered Banking Trade Facility Claims. Class 10 includes only CITI Banking Facility PAIH Claims. Class 11 includes only Pickenpack Letters of Comfort Claims. Class 12 includes only KBC Facility Claims. Class 13 includes only UOB Banking Facility (Europaco) Claims. Class 14 includes only Fubon Factoring Facility Claims.

⁹ 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 have agreed 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.

Class 15 includes only Richtown Intercompany Claims. Class 16 includes only Pacos Trading Intercompany Claims. Class 17 includes only PAE (BVI) Intercompany Claims. Class 18 includes only PAIH General Unsecured Claims. Class 19 includes only the PAE HK Loan Claims. Class 20 includes only Teh Hong Eng Loan Claims. Class 21 includes only the N.S. Hong Club Facility Guaranty Claim. Class 22 includes only Intercompany Claims. Class 23 includes only Intercompany Interests. Class 24 includes only Existing Interests.

47. Valid business, legal, and factual reasons exist for classifying the various Classes of Claims and Interests created under the PAIH 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 PAIH Plan satisfies Section 1122 of the Bankruptcy Code.

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

48. 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 PAIH 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 PAIH Plan satisfies the requirements under Section 1123(a)(1) of the Bankruptcy Code.

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

49. 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 and 5 of the PAIH Plans identify that Classes 1, 2, 3, 4, 21, 22, and 23 are unimpaired. As such, the Plan Debtors submit that the PAIH Plan satisfies the requirements under Section 1123(a)(2) of the Bankruptcy Code.

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

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

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

51. 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 Section 5 of the PAIH 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 PAIH Plan satisfies the requirements of Section 1123(a)(4) of the Bankruptcy Code.

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

52. Section 1123(a)(5) of the Bankruptcy Code requires that a plan provide “adequate means” for its implementation. I believe that the PAIH Plan provides adequate means by which the PAIH Plan will be implemented. Among other things, Section 6 of the PAIH Plan provides for:

- a. *The Sale Transactions:* On or before the Effective Date, the Plan Debtors shall be authorized to 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 PAIH’s business judgment, desirable or necessary to effectuate the Sale Transactions. The Sale Transaction Proceeds will be utilized to make distributions to Holders of Allowed Claims and Interests as set forth in the PAIH Plan.

- b. *Liquidator-Controlled Companies Settlement:* The PAIH Plan incorporates and adopts the terms of the global settlement between the Debtors, the Non-Debtor Affiliates and the Ng Family Members, on the one hand, and the Liquidators and the Liquidator-Controlled Companies, on the other hand. Under the global settlement agreement, the Parties thereto 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 (each as defined therein) had, have or may in the future have against each other, subject to the terms of and except as otherwise provided in such releases.
- c. *HSBC-HK Settlement Agreement:* The PAIH Plan incorporates and adopts the terms of the Settlement Deed between the Debtors, the Non-Debtor Affiliates and the Ng Family Members, on the one hand, and Hongkong and Shanghai Banking Corporation Limited (“HSBC-HK”), on the other hand. Except as other set forth in the HSBC-HK Settlement Agreement (as defined therein), the Parties thereto shall exchange mutual releases, which are intended to irrevocably and unconditionally, fully and forever release any and all claims that such 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.
- d. *The appointment of the Plan Administrator;*
- e. *The cancellation of Existing Interests under applicable foreign laws; and*
- f. *Authorization and direction for all actions contemplated by the PAIH Plan.*

53. The precise terms governing the execution of these transaction are set forth in the PAIH 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).

54. 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

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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 PAIH Plan

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

55. 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 PAIH Plan satisfies the requirements of Section 1123(a)(7) of the Bankruptcy Code.

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

56. 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 PAIH Plan has been proposed by the Plan Debtors in good faith, and is in the best interest of the estates.

57. As set forth in the PAIH Plan, the terms of the PAIH Plan has been subject to years

of hard negotiations. First, the Debtors had more than three years of negotiations with creditors in an effort to effectuate the transaction under the PAIH Motion. Creditors holding more than \$425 million in claims had reached agreement to support that transaction. When the CFG Peru Plan was filed by the Creditor Plan Proponents, and the original purchaser withdrew when an agreement could not be reached with the Liquidators, the Plan Debtors continued to seek an avenue for creating value for the creditors of the Plan Debtors' estates.

58. The Plan Debtors quickly changed tack. Despite difficult financial and environmental conditions, including the worldwide COVID 19 pandemic which has impacted the ability to sell real estate especially in Hong Kong, the Plan Debtors negotiated the present terms of the Sale Transactions with the new independent third party purchaser, providing similar economic return for the Plan Debtors' estates (notwithstanding that the real property interests and real property were held by Non-Debtor Affiliates).

59. The Plan Debtors quickly continued the good faith negotiations with these same creditors holding a majority of the Claims, resulting in the proposed fixed 8.75% distribution to the majority of similarly situated general unsecured Creditors under the PAIH Plan. The Plan Debtors proposed a plan which would result in no distribution for Intercompany Claims, thus ensuring an ability to meet the obligations under the PAIH Plan.

60. Lastly, the Plan Debtors renewed the mediation with Judge Drain, and negotiated the Liquidator-Controlled Companies Settlement Agreement with the Liquidators. Further, the Plan Debtors negotiated the HSBC-HK Settlement Deed with HSBC-HK. These proposed compromises and settlements eliminated the last significant roadblocks to the confirmation of the PAIH Plan and resolution of these Bankruptcy Cases.

61. I firmly believe that the PAIH Plan represents, and the liquidation analysis

confirms, the best result for the Plan Debtors, their creditors and their estates, all of which results in a material distribution to creditors of all Classes of Claims. The result is fair and equitable, the result of years long negotiations, and leads to the ultimate conclusion of these Bankruptcy Cases. As such, the Plan Debtors believe that the PAIH 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).

62. 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 PAIH Plan, Professionals' Fee Claims are subject to approval of the Bankruptcy Court. Under Section 3.2 of the PAIH 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 PAIH Plan, the Debtors remain jointly and severally liable for the professional Fee Claims. As such, the Plan Debtors believe that the PAIH Plan satisfies the requirements of Section 1129(a)(4) of the Bankruptcy Code.

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

63. 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 PAIH Plan or (b) receive or retain under the PAIH Plan property of a value, as of the effective date of the PAIH 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.

64. I understand that all Classes entitled to vote on the PAIH Plan voted to accept the PAIH Plan. As such, the Plan Debtors submit that Section 1129(a)(7) of the Bankruptcy Code is

satisfied. Under the liquidation analysis prepared by Kroll, LLC, none of the Classes which contained creditors who voted against the PAIH Plan would receive less under the PAIH Plan than under a chapter 7 liquidation.

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

65. 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 PAIH Plan provides for payment of all priority Claims under the PAIH 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 PAIH Plan satisfies the requirements of Section 1129(a)(9) of the Bankruptcy Code.

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

66. 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 all impaired Classes voted to accept the PAIH Plan independent of any insiders’ votes. The Plan Debtors submit that the PAIH Plan satisfies the requirements of Section 1129(a)(10) of the Bankruptcy Code.

N. Feasibility - § 1129(a)(11).

67. Section 1129(a)(11) of the Bankruptcy Code permits a plan to be confirmed only if it is feasible. The PAIH 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.

68. 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 PAIH 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 PAIH Plan. The Plan Debtors submit that the PAIH 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).

69. Section 1129(a)(12) of the Bankruptcy Code requires the payment of all fees payable under 28 U.S.C. § 1930. Section 13.1 of the PAIH 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 PAIH Plan satisfies the requirements of Section 1129(a)(12) of the Bankruptcy Code.

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

70. 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 PAIH 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 PAIH Plan satisfies the requirements of Section 1129(D) of the Bankruptcy Code.

IV. Certain Sections of the Bankruptcy Code are Inapplicable.

71. Sections 1129(a)(5) and 1129(e) of the Bankruptcy Code do not apply to the PAIH Plan.

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

72. 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.

73. The Plan Debtors believe that the Debtors Release provided in Section 11.7 of the PAIH Plan is appropriate. The PAIH Plan, including the Debtors Release, was 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 PAIH Plan.

74. 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 PAIH 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.

75. Under Section 11.8 of the PAIH 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.

76. Firstly, the Third-Party Release was the result of arm's length negotiations with sophisticated creditors, and was a key component to consensus achieved on the PAIH 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 may not be able to move forward with the PAIH Plan under the current terms. Further, 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 PAIH Plan. The Third-Party Release benefits all creditors of the Plan Debtors' estates.

77. Secondly, 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 PAIH 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 PAIH Plan by the Plan Objection Deadline, or (iii) timely voting to reject the PAIH Plan. All parties in interest were provided with notice of these chapter 11 cases, the PAIH Plan, and the deadline to object to the Confirmation of the PAIH Plan.

78. It is understood that certain parties did indeed choose to opt out of the Third-Party

Release, while the majority of the other creditors voted in favor of the PAIH Plan and did not exercise their right to opt out. As this Court is aware, none of the creditors in these Bankruptcy Cases are located within the United States, however the Debtors have been in constant communication with these creditor bodies, keeping them apprised of developments and providing information as requested.

79. Third, to the extent required, the Third-Party Release was given for consideration. The Ng Family and Ng Entities (as defined in the PAIH Disclosure Statement) have taken actions, to their personal detriment, in the best interest of Plan Debtors' estates and their creditors, and made a substantial contribution to these estates, 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, potential 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 (plus the Holdback Amount) 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.

80. 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 (plus the Holdback Amount) 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.

81. The PAIH Plan would not be possible without the contributions and significant concessions of these third parties.

82. The Plan Debtors submit that the Third-Party Release is fully 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.

83. Section 11.9 of the PAIH 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 PAIH Plan or consummating the PAIH Plan, the Disclosure Statement, or any contract, instrument, release in connection with the PAIH 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.

84. Further, Section 11.11 of the PAIH Plan provides exceptions to the Exculpation Provisions, including to the extent 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.

85. 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 PAIH 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.

86. The Injunction Provision set forth in Section 11.10 of the PAIH Plan merely implements the PAIH 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 PAIH Plan. The Injunction Provision is a necessary part of the PAIH Plan precisely because it enforces the discharge, release and exculpation provisions that are centrally important to the PAIH Plan. Further, as described above, the Injunction Provision is consensual as to any party that did not specifically object thereto.

VI. Conclusion

It is my opinion that confirmation of the PAIH Plan provides a meaningful recovery to the creditors, 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)