

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

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|--|---|-------------------------|
|  | ) |                         |
| In re:                                 | ) | Case No. 16-11895 (JLG) |
|  | ) |                         |
| CHINA FISHERY GROUP LIMITED            | ) | Chapter 11              |
| (CAYMAN), <i>et al.</i> , <sup>1</sup> | ) |                         |
|  | ) |                         |
| Debtors.                               | ) | (Jointly Administered)  |
|  | ) |                         |
| In re:                                 | ) | Case No. 16-11914 (JLG) |
|  | ) |                         |
| CFG PERU INVESTMENTS PTE. LTD.         | ) | Chapter 11              |
| (SINGAPORE),                           | ) |                         |
|  | ) |                         |
| Debtor.                                | ) | (Jointly Administered)  |
|  | ) |                         |

**DECLARATION OF BRADLEY JORDAN IN  
SUPPORT OF THE CREDITOR PLAN PROPONENTS'  
OBJECTION TO THE FIRST AND FINAL FEE APPLICATION OF  
FORMER CHAPTER 11 TRUSTEE WILLIAM A. BRANDT, JR., FOR  
COMPENSATION FOR SERVICES RENDERED AS CHAPTER 11 TRUSTEE  
FOR THE PERIOD FROM NOVEMBER 10, 2015 THROUGH AND INCLUDING  
JULY 24, 2021, AND SECOND AND FINAL APPLICATION OF FORMER CHAPTER  
11 TRUSTEE WILLIAM A. BRANDT, JR., FOR REIMBURSEMENT OF EXPENSES  
FOR THE PERIOD OF MARCH 1, 2021 THROUGH AND INCLUDING JUNE 24, 2021**

<sup>1</sup> The debtors in these chapter 11 cases are 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. Ltd. (Singapore), Smart Group Limited (Cayman), Super Investment Limited (Cayman), Pacific Andes Resources Development Limited (Bermuda), Nouvelle Foods International Ltd., Golden Target Pacific Limited, Pacific Andes International Holdings (BVI) Limited, Zhonggang Fisheries Limited, Admired Agents Limited, Chiksano Management Limited, Clamford Holding Limited, Excel Concept Limited, Gain Star Management Limited, Grand Success Investment (Singapore) Private Limited, Hill Cosmos International Limited, Loyal Mark Holdings Limited, Metro Island International Limited, Mission Excel International Limited, Natprop Investments Limited, Pioneer Logistics Limited, Sea Capital International Limited, Shine Bright Management Limited, Superb Choice International Limited, and Toyama Holdings Limited (BVI).

I, Bradley Jordan, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director at Houlihan Lokey Capital, Inc. (“**Houlihan Lokey**”), an investment banking firm that has its principal office at 10250 Constellation Boulevard, 5th Floor, Los Angeles, California 90067. Houlihan Lokey is the exclusive financial advisor for the Creditor Plan Proponents in these chapter 11 cases.

2. I submit this Declaration in support the *Creditor Plan Proponents’ Objection to the First and Final Fee Application of Former Chapter 11 Trustee William A. Brandt, Jr., for Compensation for Services Rendered as Chapter 11 Trustee for the Period From November 10, 2016 Through and Including June 24, 2021, and Second and Final Fee Application of Former Chapter 11 Trustee William A. Brandt, Jr., for Reimbursement of Expenses for the Period March 1, 2020 Through and Including June 24, 2021*, to be filed in connection herewith (the “**Objection**”).<sup>2</sup>

3. The statements in this Declaration are, except where specifically noted, (a) based on my personal knowledge or opinion, experience, review of relevant documents, and information concerning the operation of CFG Peru and the Peruvian OpCos and their financial conditions; or (b) based on information that I received from the Creditor Plan Proponents, the Peruvian OpCos, or the Plan Administrator, or the foregoing parties’ respective advisors and representatives, including the Houlihan Lokey team working with me and under my supervision, direction, or control on this engagement.

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Objection or the *Creditor Plan Proponents’ Chapter 11 Plan for CFG Peru Investments Pte. Ltd. (Singapore)* [Docket No. 2564] (as amended, supplemented, or modified from time to time, the “**Plan**”), as applicable.

4. This Declaration is intended to be submitted in lieu of direct testimony and I understand that I will be subject to cross-examination.

**Background and Qualifications**

5. Houlihan Lokey is an internationally recognized investment banking and financial advisory firm, with offices worldwide and more than 2,000 professionals. Houlihan Lokey is a leader in providing such services to unsecured and secured creditors, debtors, acquirers, and other parties in interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan Lokey has been, and is, involved in some of the largest restructurings in the United States, both out of court and in chapter 11 cases. Houlihan Lokey has been retained to provide investment banking and financial advisory services in hundreds of complex restructuring arrangements in dozens of jurisdictions.

6. Personally, I have worked as a financial advisor and investment banker at Houlihan Lokey since 1998, and I have been a Managing Director in Houlihan Lokey's Financial Restructuring Group since 2010. I hold a B.B.A. with distinction from the University of Michigan and an M.B.A. with distinction from the Darden School of Business at the University of Virginia.

7. For more than two decades, I have worked with distressed companies and lenders as well as investors in distressed or highly leveraged companies. My experience includes conducting sales or divestitures of distressed companies and assets; advising key stakeholders in negotiations around restructuring and recapitalization transactions that are completed in bankruptcy or on an out-of-court basis, either consensually or non-consensually; and raising capital for highly leveraged companies in or out of bankruptcy. I have significant transaction experience in matters involving global companies and foreign jurisdictions, including Canada, Mexico, Norway, Australia, the United Kingdom, the Netherlands and Bahrain. My chapter 11 experience includes the following cases, among others: *In re Angelica Corp.*, Case No. 17-10870 (Bankr.

S.D.N.Y.); *In re Arcapita Bank B.S.C.*, Case No. 12-11076 (Bankr. S.D.N.Y.); *In re Borden Dairy Co. (a/k/a BDC, Inc.)*, Case No. 20-10010 (Bankr. D. Del.); *In re Bristow Group, Inc.*, Case No. 19-32713 (Bankr. S.D. Tex.); and *In re Trident Holding Co., LLC*, Case No. 19-10384 (Bankr. S.D.N.Y.).

8. In June 2018, the Creditor Plan Proponents and the other members of the Ad Hoc Group engaged Houlihan Lokey to serve as their exclusive financial advisor in connection with a restructuring involving CFG Peru and the Peruvian OpCos. In this role, Houlihan Lokey also has served as financial advisor to the Creditor Plan Proponents in connection with the development, negotiation, and preparation of the Restructuring Support Agreement, the Plan, and the Disclosure Statement.

9. Since Houlihan Lokey was retained, I have served as the lead U.S.-based banker on the team. In that role, I have acquired an in-depth understanding of the financial condition, capital structure, and the position and potential value of CFG Peru, which is a debtor in the above-captioned cases, and the non-debtor Peruvian OpCos, which are effectively wholly-owned subsidiaries of CFG Peru. Finally, as a result of Houlihan Lokey's engagement, I am familiar with Mr. Brandt's efforts to market and sell CFG Peru's equity interests in the Peruvian OpCos.

#### **Relevant Factual Background**

10. Following discussions with the Creditor Plan Proponents in connection with Houlihan Lokey's engagement in this matter, the Creditor Plan Proponents and CFG Peru's other funded debt holders were broadly aligned with the idea of having a Chapter 11 trustee appointed and, when Mr. Brandt was appointed, supported his initial steps to stabilize CFG Peru. The Court then approved bidding procedures on August 25, 2017, with the backing of CFG Peru's creditors. Then, after more than a year of sale efforts and repeated assurances from Mr. Brandt that a sale of the Peruvian OpCos was on track and forthcoming, the Creditor Plan Proponents began to have

real concerns with the lack of demonstrable progress, and determined that a course correction was warranted.

11. In response, the Ad Hoc Group, as constituted at that time, sought greater involvement with the sale process and began to develop a self-supported, self-funded backstop. As part of those efforts, the Ad Hoc Group expanded its ranks to include a significant holder under both the Senior Notes and Club Facility, Monarch Alternative Capital LP (including certain affiliated funds). To facilitate those efforts, the expanded Ad Hoc Group—which included the Creditor Plan Proponents—engaged Houlihan Lokey in 2018 to assist in the creditors’ review of potential restructuring alternatives. In November 2018, in an effort to advance CFG Peru’s restructuring and to push the sale process towards a conclusion, the Ad Hoc Group presented a preliminary proposal pursuant to which the Ad Hoc Group would act as the “stalking horse bidder” in a 363-sale process overseen by Mr. Brandt. Mr. Brandt rejected this proposal because: (a) the Ad Hoc Group, as constituted at that time, was not large enough; (b) the proposal contemplated resolution of the intercreditor dispute between the Senior Noteholders and the Club Facility Lenders regarding the allocation of value between the Peruvian OpCos; and (c) Club Lender HSBC-HK did not support the proposal.

12. The Ad Hoc Group worked to address Mr. Brandt’s stated concerns and further develop a potential creditor-backed proposal that could lead to a transaction and resolve CFG Peru’s restructuring. In particular, the Ad Hoc Group began to focus on resolution of certain intercreditor disputes, the resolution of which was a gating issue for a viable creditor-backed alternative. The Ad Hoc Group began to seek to resolve the intercreditor dispute, both among its members and, later on, as part of the mediation process overseen by Judge Drain. The Ad Hoc Group, with Houlihan Lokey’s assistance, also began to develop other aspects of a potential

creditor-led solution, including providing for necessary financing to complete a transaction. The Ad Hoc Group and its professionals also continually solicited diligence information from Mr. Brandt and his professionals and tried to further engage with Mr. Brandt on ways to advance the process. However, Mr. Brandt declined to support that process, engage in any meaningful way regarding a creditor-sponsored stalking horse bid, or provide critical tax and other critical due diligence information necessary to submit a committed bid.

13. Mr. Brandt's actions notwithstanding, by late 2020, the Ad Hoc Group had garnered support for a revised reorganization proposal (including a \$150 million committed exit facility) from creditors holding 56% of the principal amount of the Senior Notes and 71% of the principal amount of the Club Facility. Accordingly, the Ad Hoc Group once again sought the engagement of Mr. Brandt to seek his support for that transaction. Despite initially promising advisor-level discussions, Mr. Brandt ultimately refused to support any structure other than the equity sale that he had been pursuing for three years at that point, even though the only "viable" bid Mr. Brandt received was from an Ng-family backed consortium that was not actionable. That indication of interest, like other indications of interest received previously, was beset by significant execution issues, including requiring the parties to (a) negotiate the terms of illiquid debt and equity instruments, (b) fund significant cash holdbacks, (c) obtain various closing consents (including certain consents by the Ng family or its affiliates), and (d) resolve other complex tax and other structuring matters. As a result, the Ad Hoc Group did not engage in advanced discussions with Mr. Brandt regarding the bid submitted by the Ng family-affiliated consortium.

14. In late 2020 and early 2021, the Ad Hoc Group began to prepare to file and confirm a chapter 11 plan without Mr. Brandt's support. To that end, on March 2, 2021, creditors holding approximately 56% of the principal amount of the Senior Notes and 71% of the principal amount

of the Club Facility executed the Restructuring Support Agreement. On March 16, 2021, the Creditor Plan Proponents—on behalf of the parties to the Restructuring Support Agreement—filed the Plan and Disclosure Statement.

15. After filing the initial version of the Plan in March 2021, the Creditor Plan Proponents engaged with HSBC-HK (the largest single Club Lender) to obtain its support for the Restructuring Support Agreement. HSBC-HK had previously declined to support the Restructuring Support Agreement because of the pendency of litigation that had been initiated against it by Mr. Brandt. On May 6, 2021, those discussions with the Creditor Plan Proponents resulted in HSBC-HK's entry into the Restructuring Support Agreement, subject to certain limited, non-material modifications. Notably, the amended Restructuring Support Agreement did not resolve the adversary proceeding commenced by Mr. Brandt against HSBC-HK as a condition to its support obligation. At that point, Consenting Creditors holding approximately 88% of the principal amount of the Senior Notes and approximately 94% of the principal amount of the Club Facility had executed the Restructuring Support Agreement.

16. After the Creditor Plan Proponents filed the Plan, Mr. Brandt took formal steps to obstruct Plan confirmation. For example, on April 14, 2021, Mr. Brandt objected to approval of the Disclosure Statement. Mr. Brandt's objection sought a unilateral two-month extension of the Plan confirmation schedule to permit him to again restart his years-long marketing process and obtain approval of an agreement in principle with the Other Debtors. The following day, April 15, 2021, Mr. Brandt filed a new bidding procedures motion consistent with his objection to the Disclosure Statement.

17. Mr. Brandt's efforts in early 2021 also created certain issues for the Creditor Plan Proponents, which had at that time already proposed their own chapter 11 plan for CFG Peru.

Specifically, on April 21, 2021, Mr. Brandt disclosed in open court a purported agreement in principle pursuant to which he claimed the Other Debtors would support the Plan in exchange for a \$25 million cash payment and the completion of Mr. Brandt's renewed market check. At that time, the Creditor Plan Proponents did not support that settlement, which was not contemplated by the Plan as then proposed or by the Plan's funding sources. Thereafter, the Creditor Plan Proponents (through their counsel and Houlihan Lokey) engaged with Mr. Brandt, the Ng family, and the Ng family's advisors regarding a potential global settlement. During the course of that process, the Creditor Plan Proponents learned that while certain high-level terms were agreed upon, other terms were not agreed (including that the Ng family did not require completion of the sale process) and key contingencies remained unresolved. Therefore, the Creditor Plan Proponents analyzed and ultimately resolved numerous contingencies, including how to fund the \$25 million cost of the proposed settlement. Before those discussions were concluded, Mr. Brandt ceased his involvement due to the pendency of other disputes involving the Ng family and the Other Debtors. Thereafter, the Creditor Plan Proponents worked diligently to finalize, negotiate, and document the settlement's terms on their own. On June 3, 2021, the Creditor Plan Proponents, the Other Debtors, and various other entities and individuals associated with the Ng family (but not Mr. Brandt) entered into the Global Settlement Agreement, less than a week before the commencement of the confirmation hearing.

18. Ahead of confirmation, Mr. Brandt stated that he would be willing to support confirmation of the Plan *only* to the extent he could ensure that his interests in a \$30 million reserve set aside for the payment of administrative expense claims (including his own commission, fees, and expenses) were protected. Mr. Brandt alleged that he would be substantially impacted by any



reductions to the reserve and expressed concern over the interim payments to unsecured creditors, and their counsel, provided for under the Plan.

19. Solely to avoid any further delays, the Creditor Plan Proponents voluntarily modified the Plan to include a special \$25 million reserve solely for Mr. Brandt's commission, which resolved Mr. Brandt's confirmation objection. The Creditor Plan Proponents also permitted Mr. Brandt to state his opposition to certain decisions that the Plan Administrator was expected to take post-confirmation, including the \$75 million Interim Distribution, which Mr. Brandt stated was inappropriate and would starve the Peruvian OpCos of needed liquidity.

20. On June 10, 2021, the Court confirmed the Plan. Between June 10, 2021 and June 24, 2021, Mr. Brandt transitioned control of CFG Peru and its assets (including its bank accounts and control over CFGI) to Mr. Foreman. Post-confirmation, the Plan Administrator has worked with the Creditor Plan Proponents and their advisors to effectuate the Plan. For example, Mr. Brandt did not effectuate any portion of the Interim Distribution approved by the Court on January 30, 2020. On September 27, 2021, the Plan Administrator caused CFGI to remit \$50 million (out of \$75 million) of the Interim Distribution for distribution to creditors as provided under the Plan. Based on my team's conversations with the Plan Administrator, I understand that this decision was made following extensive discussions among the Plan Administrator, local management, the Creditor Plan Proponents, and the foregoing parties' relevant advisors (including the Houlihan Lokey team working with me and under my supervision, direction, or control on this engagement) and in light of the progress at that time toward completion and the overall liquidity position. Based on my team's conversations with the Plan Administrator, I understand that Mr. Brandt was not involved with effectuating this portion of the Interim Distribution.

### **The Chapter 11 Trustee's Fee Application**

21. In the Fee Application, Mr. Brandt seeks a commission of \$25,000,000. Mr. Brandt asserts in the Fee Application that the total distributions for purposes of calculating potential commission under section 326(a) of the Bankruptcy Code are comprised of: (a) \$1,894,149,430 in disbursements through June 24, 2021 that were listed in the monthly operating reports filed by Mr. Brandt on behalf of CFG Peru (the "**MOR Disbursements**"); (b) \$211,000,000 in cash distributions contemplated by the Plan (the "**Plan Cash Distributions**"); and (c) \$850,000,000, which Mr. Brandt asserts is the equity value of the CFGI equity interests (the "**CFGI Equity Interests**"), which the creditor-owned NewCo will acquire as of the Effective Date. Mr. Brandt asserts that he is entitled to seek a commission of up to \$88,677,733.

### **The Plan Cash Distributions**

22. Mr. Brandt asserts that in June 2021 he transferred cash, or the ability to control cash, of not less than \$211 million to the Plan Administrator.

23. Based on information provided to me by the Peruvian OpCos' management and the Plan Administrator, I have determined that, as of June 30, 2021, CFG Peru held cash of approximately \$67.4 million and the Peruvian OpCos held cash of approximately \$52.4 million. In other words, CFG Peru and the Peruvian OpCos collectively held cash of approximately \$119.8 million on or around Mr. Brandt's departure date, which is approximately \$91.2 million less than the amount cited by Mr. Brandt.

24. Further, the Effective Date is not expected to occur prior to January 31, 2022 unless certain litigation commenced following the confirmation date is promptly withdrawn, resolved, or adjudicated. Based on information provided to me by the Peruvian OpCos' management team and the Plan Administrator on November 8, 2021, I have determined that, as of January 31, 2022, CFG

Peru is projected to hold cash of approximately \$45.7 million and the Peruvian OpCos are projected to hold cash of approximately \$16.2 million. In other words, CFG Peru and the Peruvian OpCos collectively are projected to hold cash of approximately \$61.9 million on January 31, 2022.

25. On the Effective Date, CFG Peru and the Peruvian OpCos must satisfy transaction costs of approximately \$192.3 million (excluding the remaining \$25 million under the Interim Distribution, to the extent it is not paid prior to that time), which is \$130.4 million greater than the projected cash available as of such date. CFG Peru and the Peruvian OpCos do not have access to any incremental funding other than the \$150 million New Money Facility committed by the Creditor Plan Proponents under the Restructuring Support Agreement. As a result, due to the projected Effective Date cash shortfall, CFG Peru and the Peruvian OpCos will need to use a significant portion of the proceeds of the New Money Facility to satisfy transaction costs on the Effective Date.

### **The CFGI Equity Interests**

26. The Disclosure Statement states: “In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Creditor Plan Proponents determined that it was necessary to estimate the post-Effective Date total enterprise value of the Peruvian OpCos. Accordingly, the Creditor Plan Proponents, with the assistance of Houlihan Lokey Capital Inc., determined that the Peruvian OpCos’ total enterprise value is approximately \$850 million.” Mr. Brandt asserts—based entirely on the Creditor Plan Proponents’ determination regarding total *enterprise* value of the Peruvian OpCos (the “TEV”)—that the *equity* value of the CFGI Equity Interests upon which he bases his statutory cap calculation will equal \$850 million. I further understand that Mr. Brandt asserts that the calculation of the statutory cap should include the equity value of the CFGI Equity Interests because (a) he abandoned the CFGI Equity Interests

to CFG Peru's estate in connection with the Plan's confirmation hearing in June 2021 and (b) the Plan Administrator, on behalf of CFG Peru, will in turn distribute those CFGI Equity Interests to creditors on the Effective Date, which likely will not occur before January 2022.

27. Mr. Brandt abandoned the CFGI Equity Interests to CFG Peru's estate in connection with the Plan's confirmation hearing in June 2021. As plainly stated in the Disclosure Statement, the TEV set forth in the Disclosure Statement was an estimate of the value of the Peruvian OpCos as of the Effective Date; therefore, the TEV set forth in the Disclosure Statement was not a valuation of the CFGI Equity Interests as of June 2021.

28. To value the CFGI Equity Interests as of June 2021, one would need to factor in all of the attendant risks and issues surrounding ownership of those shares as of June 2021, including that the Effective Date and the transactions contemplated by the Plan would not occur. The transactions contemplated by the Plan to occur on or in connection with the Effective Date include: (a) the discharge of the Senior Notes and the Club Facility; (b) the implementation of the Mediated Intercreditor Settlement; (c) the implementation of the remaining transactions contemplated by the Intercompany Netting Agreements; and (d) the implementation of the Global Settlement Agreement with the Other Debtors and the Ng family. For instance, to assess the value of the CFGI Equity Interests in June 2021, one would need to consider how a buyer of the CFGI Equity Interests would evaluate their ability to extinguish or pay off the significant liabilities associated with the CFGI Equity Interests before value would accrue to the holders of those shares. The TEV set forth in the Disclosure Statement does not include an analysis of those types of issues, among others, and therefore, should not be used as a proxy for the value of the CFGI Equity Interests in June 2021. Any such valuation of the CFGI Equity Interests in June 2021 would require

consideration of materially more factors than was used by the Creditor Plan Proponents in connection with the terms and conditions of the Plan.

29. In addition, even if one wanted to use the TEV as a proxy for equity valuation of the CFGI Equity Interests as of the Effective Date, one must deduct the significant closing costs that were to be incurred and required to be paid in full in cash under the Plan on the Effective Date to calculate the value distributed to creditors under the Plan. I estimate these costs to be approximately \$211 million, and, therefore, even under Mr. Brandt's own methodology (which is not supported by the Creditor Plan Proponents), the value distributed to creditors on the Effective Date would total approximately \$639 million—i.e., \$211 million less than \$850 million.

30. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: November 17, 2021  
New York, New York

/s/ Bradley Jordan  
Bradley Jordan  
Managing Director  
Houlihan Lokey Capital, Inc.