

# China Fishery Given Short Leash By NY Judge In Ch. 11

By **Jonathan Randles**

Law360, New York (October 25, 2016, 9:07 PM EDT) -- A New York bankruptcy judge on Tuesday gave China Fishery Group Ltd. additional breathing room from creditors as the frozen fish distributor explores a possible global reorganization but expressed skepticism about the company's Chapter 11 after bank lenders complained they've been left in the dark.

U.S. Bankruptcy Judge James Garrity said at a court hearing in Manhattan that he would extend through at least January 6 the period in which China Fishery can exclusively file a plan of reorganization. The grace period was set to expire by the end of the week which would have allowed creditors to negotiate competing plans.

The extension **is substantially less than the five months** China Fishery had been seeking. Lenders have accused China Fishery of failing to begin any meaningful reorganization talks and accused the company of not being transparent to its creditors.

Judge Garrity said Tuesday that he didn't believe the lengthy extension China Fishery had been seeking was warranted because the company had been engaged for several months in other insolvency proceedings in Peru and Hong Kong. China Fishery and more than a dozen units, many of them holding companies, filed for U.S. bankruptcy protection in June.

"This is not a new problem," Judge Garrity said.

An attorney for lender Malayan Banking Berhad, Hong Kong Branch said at the hearing his client would be filing a motion to dismiss the Chapter 11 case. Bank of America NA, which says China Fishery units have defaulted on multimillion credit agreements, also objected to the company's request for an extension.

If China Fishery can't work out its issues with lenders, the court will hold a hearing next month to again consider the company's request for exclusivity.

China Fisheries sources and harvests fish products, and is one of the largest producers of fishmeal and fish oil, according to the company's website. The company has been listed on the Singapore Exchange since 2006 and is a subsidiary of Pacific Andes Group, the world's leading producer of fishmeal, fish oil and frozen fish filets.

With processing plants located along Peru's coast, China Fisheries says it has access to some of the South American country's "most important fishing grounds." In July, China Fisheries and Pacific Andes said in a joint statement that the companies were looking to sell the Peruvian fish oil and fishmeal business.

But those plans to sell the Peruvian business ultimately fell through, attorneys confirmed at Tuesday's hearing. An attorney for China Fishery also confirmed at the hearing that the business is being looked at by securities regulators in Singapore.

Judge Garrity is also considering a request by lenders to appoint a Chapter 11 trustee in the bankruptcy case.

Exclusivity is a valuable tool because it allows a debtor to pursue its preferred reorganization strategies without having to deal with competing creditor plans, in essence allowing the company that filed for Chapter 11 to maintain control of its bankruptcy.

When China Fisheries filed for bankruptcy in the U.S., the company said in court filings that it needed the breathing space afforded under Chapter 11 to chart a reorganization of the business and prevent creditors from forcing a fire sale of its assets.

China Fisheries is represented by Howard B. Kleinberg, Edward LoBello and Jil Mazer-Marino of Meyer Suozzi English & Klein P.C. and Tracy L. Klestadt of Klestadt Winters Jureller Southard & Stevens LLP.

MBB is represented by Frederick D. Hyman and Christine A. Walsh of Mayer Brown LLP.

The case is In re: China Fishery Group Ltd. (Cayman) et al., case number 16-11895, in the U.S. Bankruptcy Court for the Southern District of New York.

—Editing by Joe Phalon.