

1207/024

Translation

In the Name of Allah Most Gracious Most Merciful
In the Name of His Highness the Amir of Kuwait

State of Kuwait
Ministry of Justice
Court of First Instance
Hawally Courts Complex

In the name of His Highness Emir of the State of Kuwait
Sheikh Mishal Al Ahmad Al Jaber Al Sabah
Bankruptcy Department

[Decision]

On Sunday, corresponding to June 2, 2024, at the Bankruptcy
Department Headquarter.

With membership of Judge/ Suleiman bin Yousef
Judge

Bankruptcy

In the presence of Mr. Bader Al-Farsi

Secretary

In Application No.: 2/2023 Preventive Settlement
Listed under the Automatic No.: 232185260

Filed by	Mushrif Trading and Contracting Company
Versus	1. Kuwait Finance House 2. Bank Muscat 3. Burgan Bank 4. Gulf Bank 5. Al Ahli Bank of Kuwait 6. Warba Bank 7. Bank of Bahrain and Kuwait..... and others



Having perused the application and the attached documents,

Whereas, the facts are summarized, as indicated from perusing its papers, and to the extent sufficient to pass this decision that the Applicant Company, which is a Kuwaiti shareholding closed Company, submitted on 9/7/2023 to the Bankruptcy Department an application to open preventive settlement procedures against all its creditors, attached to it an explanatory memorandum of the facts of the Application, and in its statement, it said that its situation confirms that there are reasons that make its expect and fear that it may be unable to pay its debts, according to what is established in the labor cases filed by employees and the commercial first instance cases filed by all customers, whether suppliers or subcontractors and the banks financing the projects, which represents more than 2000 cases deliberated at the courts, some of which final judgments are passed therein, but have not been executed to date, and that there is a state of financial deficit in the Company's financial position according to what is established in the Company's financial statements for the fiscal year ended 31/12/2021, where the losses were estimated at an amount of KD 75,000,000 approximately. These losses exceed 75% of the capital. The Company assigned the work of studying the feasibility of its business ongoing to Fatma Saqr Al Rushood Office, registered with the Capital Markets Authority, and issued a technical report dated 2/12/2022 to the effect that the Company's business is viable, and shall be able to continue to pay its debts that shall be subject to preventive settlement in the normal course of its business. Thus, all the conditions for submitting a preventive settlement application apply to it. Accordingly, the Company held an extraordinary general assembly meeting on 1/9/2022, and agreed to submit a preventive settlement application. It included in its memorandum an explanation of the preventive settlement proposal, and concluded it with an

application to open preventive settlement procedures. It attached with the Application four files (4 file boxes) of documents supporting it.

It was also attached with the Application the originals consolidated financial statements of the Applicant Company for the fiscal year ended 31/12/2021 and the fiscal year ended 31/12/2022, the independent auditor's report on them issued by HLB Kuwaiti Accountant Auditing Office, copies of a statement detailing the bank dues, a statement of the names of the companies and contractors who have dues, and a statement of the names of the employees entitled to amounts.

Whereas, it is established from perusing the attached documents that during the hearing dated 14/6/2023, a judgment was passed in case No. 4439/2021 Commercial/1st instance/43 filed by (1) Khalid Ali Al Kharafi and Brothers Construction and Contracting Company KSCC, (2) Real Estate Construction and Fabrication Company KSC (by joint intervention) ruling for declaring the bankruptcy of the Applicant Company as stated in the judgment wording. The Applicant Company did not accept this judgment, so it challenged it under appeal No. 4383/2023 Commercial/7 and the appeal was not decided on at that time.

Having examined the Application by the Bankruptcy Judge, the Applicant Company submitted the original of the proposed preventive settlement plan report issued by Fatma Saqr Al Rushood Office and attached to it 2 file boxes of documents supporting the proposal.

In addition, some of the major creditors were represented by their attorneys, advocates, before the Bankruptcy Judge when the Application was deliberated during the hearings. They were M/s Kuwait Finance House, Gulf Bank, Al Ahli Bank of Kuwait, Bank Muscat, Burgan Bank, and Bank of Bahrain and Kuwait.

They adjourned the Application to prepare a reply to the proposed preventive settlement. Kuwait Finance House's attorney submitted three dockets containing copies of documents supporting the indebtedness, and Al Ahli Bank of Kuwait attorney submitted a letter summarizing the indebtedness and the enforcement measures taken against the Applicant Company, attached to which were copies of documents supporting them. Burgan Bank attorney submitted a letter commenting on the proposed preventive settlement submitted by the Applicant Company and a docket containing copies of documents supporting the indebtedness.

On 19/9/2023, the Bankruptcy Judge passed a decision to address the Bankruptcy Committee to examine the Application, and the documents submitted with it and to give its opinion on it as stated in its wording.

Accordingly, the Bankruptcy Committee submitted report No. 40 dated 15/10/2023 to the Bankruptcy Department, and it ended with the final opinion, as follows:

1. The settlement plan does not include the Company's ability to continue its activity in view of the financial deficit and the possibility of obtaining the necessary projects to carry out the activity.
2. The submitted plan did not include a statement of future cash flows, including the bases and assumptions used.
3. The plan does not include addressing the accumulated losses that exceeded the Company's capital.
4. The plan was based on collecting funds from debtors and judgments, which cannot be confirmed or estimated as it is subject to the discretion of the judicial authorities.

Therefore, it was impossible to give an opinion on the possibility of settlement or to submit a report to the Bankruptcy Department, taking into account the unavailability of the information mentioned above.

Whereas, during the hearing dated 19/10/2023, the Applicant Company was represented by an attorney advocate and another attorney, and its Chairman appeared in person. The advocate representing the Applicant submitted a defense memorandum that included a reply and objections to the conclusion of the Bankruptcy Committee's report, as well as a docket.

On 2/11/2023, the Bankruptcy Judge passed his decision to re-address the Bankruptcy Committee to examine the Application and the documents submitted with it, to give its opinion on it, and to examine the Applicant Company's objections as stated in its wording.

Accordingly, the Bankruptcy Committee lodged the second report No. 44 dated 6/11/2023 to the Bankruptcy Department, and it ended with the final opinion that based on the Company's replies to the Bankruptcy Committee's observations on its ability to carry out its activity, the Bankruptcy Committee recommends accepting the preventive settlement plan as follows:

- Meeting and acceptance of the settlement plan by the creditors with a timetable for that purpose.
- Releasing the existing mortgage on the equipment and granting the legal grace period according to the discretion of the Bankruptcy Judge so that the Company can carry out its activity while taking the precautionary measures that prevent the disposal of equipment.



- The executive management continues to manage the Company's business and follow up its claims.
- Execution of the plan to address the accumulated losses according to the submitted proposal.

After lodging the Bankruptcy Committee's second report, representatives of the creditors, M/s Kuwait Finance House, Gulf Bank, Al Ahli Bank of Kuwait, Bank Muscat, and Burgan Bank, appeared at the Bankruptcy Department headquarter as detailed in the minutes of the hearings. The representative of Kuwait Finance House stated during the hearing dated 9/11/2023 that it had perused the Bankruptcy Committee's second report No. 44 dated 6/11/2023 and expressed his agreement with the opinion concluded, provided that the observations in the committee's first report are addressed, and stated that its client has agreed to open the preventive settlement procedures. The representative of Gulf Bank submitted a memorandum during the hearing dated 14/11/2023 in which it commented on the Bankruptcy Committee's second report and expressed agreement, at the conclusion thereof, to pass a decision to open the preventive settlement procedures based on the Application submitted by the Applicant Company and to start executing the executive steps in accordance with the law. The representatives of the creditors, Al Ahli Bank of Kuwait, Bank Muscat, and Burgan Bank, requested during the hearing dated 14/11/2023 a grace period to obtain the approval of their creditor clients to open the procedures. The consideration of the Application was adjourned for consideration and action according to what develops after the creditors, Al Ahli Bank of Kuwait, Bank Muscat, and Burgan Bank, submit their reply to the Bankruptcy Committee's second report and the extent of their agreement to open the procedures.

Whereas, during the hearing dated 14/12/2023, the Applicant Company was represented by an attorney, advocate, and submitted the original of the study to verify the amounts owed to the creditors of the Applicant Company, issued by Fatma Saqr Al Rushood Office, and attached to it unsorted documents consisting of statements detailing the dues of the creditors with their names, addresses, and the amounts of indebtedness for each creditor. The study and the attached statements included that the total affected debts of the Company amount to KD 133,307,336 (One Hundred Thirty-Three Million, Three Hundred Seven Thousand, Three Hundred Thirty-Six Kuwaiti Dinars only), and that the indebtedness due to the creditor/ Gulf Bank is KD 37,236,431, and the indebtedness due to the creditor/ Kuwait Finance House is KD 37,061,194. This exceeds in total more than half of the Company's total affected debts. The representative of the Applicant Company requested to expedite passing a decision to open the preventive settlement procedures.

During the hearing dated 21/12/2023, it was established that no affidavit had been received from the creditors, namely Al Ahli Bank of Kuwait, Bank Muscat, and Burgan Bank, regarding their reply to the Bankruptcy Committee's report and the extent of their agreement to open the procedures to date. The Applicant Company submitted a letter requesting to expedite the opening of the preventive settlement procedures, which included, in its content, that the date of ruling in appeal No. 4383/2023 Commercial/7 related to the bankruptcy declaration case had been postponed to the hearing dated 10/1/2024.

On 24/12/2023, the Bankruptcy Judge passed a decision to open preventive settlement procedures regarding the Application submitted by the debtor (Mushrif Trading and Contracting Company K.S.C.C.) with the stay of all judicial claims and enforcement procedures taken against it for three months as of the date of this decision, as stated in the decision wording.

In addition, the Applicant Company submitted its letter dated 3/1/2024 requesting the formation of the Creditors Committee in the preventive settlement Application. On 16/1/2024, the representative of the Applicant Company, at the behest of the Bankruptcy Judge, submitted a letter that included the names of the representatives of the Creditors Committee, attached to which were photocopies of letters stating the selection of a representative by each creditor.

On 21/1/2024, the Bankruptcy Judge passed a decision to approve the formation of the Creditors Committee for the Applicant Company (Mushrif Trading and Contracting Company KSCC) and they are as follows: Kuwait Finance House (Chairman of the Committee) and the members Gulf Bank, Sefeena Rent A Car Co., Chowdhury General Trading Company, Ibrahim Al Sayed Morsy Jabr, specifying the name of the Chairman of the Committee and its members, the category of debts represented by each member, their email addresses, names of the representatives of each creditor, their phone numbers and email addresses. The Bankruptcy Judge instructed the Bankruptcy Department to notify the Applicant Company (debtor), the creditors, and the Bankruptcy Committee of this decision. The Creditors Committee shall, within ten days, if possible, as of the date of notification of the decision to form the committee, determine the matters that the Chairman of the committee is delegated to and notify the debtor, the Bankruptcy Department, and the Bankruptcy Committee of the same.

On 6/2/2024, the representative of the Applicant Company submitted its letter dated 4/1/2024, attached to which is a copy of the minutes of the approved Creditors Committee meeting held on 23/1/2024, stating the matters that have been delegated to the Chairman of the Creditors Committee.

Further, on 10/3/2024, the file of case No. 4439/2023 Commercial/1st Instance/43 and the appeal No. 4383/2023 Commercial/ 1st Instance were received by the Bankruptcy Department based on the referral decision passed on 10/1/2024 in appeal No. 4383/2023 Commercial/1st Instance, which ruled for accepting the appeal in form, and in subject matter for cancelation of the appealed judgment and rule that the Court of First Instance has no qualitative jurisdiction to consider the case and referring it in its status to the competent Bankruptcy Department to consider it for the hearing dated 10/3/2024. This is with all the details of the file before the Courts of First Instance and Appeal, and it is clear from it that the subject of the case relates to the Application for bankruptcy of the Applicant Company filed by Khalid Ali Al Kharafi and Brothers Construction and Contracting Company KSCC, and Real Estate Construction and Fabrication Company KSC. The Bankruptcy Judge decided to merge the file of the aforementioned case to the present Application for correlation, and to adjourn the decision on it until the finalization of the preventive settlement procedures.

It was also established that on 7/3/2024, a judgment was passed in case No. 93714/2023 Commercial/Civil/1st Instance/Government/5 filed by Al Maamar for Contracting, Finishing and Decoration Company requesting to declare the bankruptcy of the Applicant Company, which ruled that the court has no qualitative jurisdiction to consider the case and to refer it in its status to the Bankruptcy Department of the Court of First Instance. In execution of this decision, the case file was referred to the Bankruptcy Department. The Bankruptcy Judge decided to merge the file of the aforementioned case to the present Application for correlation, and to adjourn the decision on it until the finalization of the preventive settlement procedures.

In addition, the Bankruptcy Judge decided to merge the file of Application No. 202/2023 bankruptcy declaration filed by CANAR Trading and Contracting Company requesting to open the bankruptcy declaration procedures against the Applicant Company to the file of the present Application for correlation, and to adjourn the decision on it until the finalization of the preventive settlement procedures.

Further, on 17/3/2024, the representatives of the Applicant Company appeared and submitted the original of the preventive settlement proposal dated 10/3/2024, attached to the letter of the Applicant Company dated 17/3/2024, including the conditions that shall be met in accordance with Article 73 of the Bankruptcy Law, and they confirmed that this proposal shall be voted on in the creditors' meeting, and that the Applicant Company is in the process of setting a date for the creditors' meeting on Thursday, corresponding to 28/3/2024, at 1:00 PM at Millennium Hotel. Based on this, the Bankruptcy Judge passed his decision instructing the Applicant Company to invite the creditors to the preventive settlement proposal and to hold a creditors' meeting to vote on the proposal.

On 31/3/2024, the Bankruptcy Judge passed a decision to extend the period of stay of judicial claims and enforcement procedures taken against the Applicant Company for one month as of 25/3/2024 as stated in the decision wording.

On 21/4/2024, the Applicant Company lodged to the Bankruptcy Department the minutes of the creditors' meeting to vote on the preventive settlement proposal dated 10/3/2024, subject matter of the current Application, which was held on Thursday 28/3/2024 at Yacout Hall, Millennium Hotel, located in Salmiya, attached to which are six file boxes containing the notifications addressed to attend the meeting, the attendance guide and the voting guide

The meeting ended with the approval on the preventive settlement proposal. Then the Applicant Company included in this notification a request for approval of the plan. Accordingly, the Bankruptcy Judge passed a decision to notify the creditors of the approval of the preventive settlement proposal and the receipt of the minutes of the creditors' meeting to vote on the proposal with all its attachments by publication in the Official Gazette. The aforementioned decision was executed by publishing the creditors' notification of the approval of the preventive settlement proposal in the Official Gazette, Vol. No. 1684 on Sunday 28/4/2024, and a copy of the publication page was attached to the file.

It is evident from perusing the minutes of the meeting of the creditors of Mushrif Trading and Contracting Company KSCC to vote on the preventive settlement proposal dated 10/3/2024, subject matter of the current Application, that it consists of 23 pages. The Bankruptcy Judge states the most important points included in the minutes as follows:

- The meeting was held on Thursday, corresponding to 28/3/2024 at 1:00 PM at Yacout Hall, Millennium Hotel, located on the 4th Ring Road, Salmiya, Abu Thaeer Alghafari Street, 3rd floor, to vote on the preventive settlement proposal dated 10/3/2024, subject matter of Application No. 2/2023 Preventive Settlement, Bankruptcy Department, and announced to the creditors on 17/3/2024.
- The meeting was chaired by Mr. Saad Abdulaziz Ali Al Wazzan, in his capacity as Deputy Chairman and Chief Executive Officer of the debtor (the Applicant Company), and Mr. Khaled Suhail Al Ajlan, representative of Kuwait Finance House, Chairman and Representative of the Creditors Committee, attended the meeting. The meeting secretariat was undertaken by Mr. Mahmoud Abdulmajeed Mahmoud Hefny, secretary of the Committee, who undertook the duties of writing these minutes.

- Having perused the procedures for invitation to the meeting, the attendance list, and the quorum, the chairman of the meeting announced the attendance of 264 creditors representing an amount of KD 100,015,167 (One Hundred Million, Fifteen Thousand, One Hundred Sixty-Seven Kuwaiti Dinars only) out of the total debts of the Company amounting to KD 133,307,336 (One Hundred Thirty-Three Million, Three Hundred Seven Thousand, Three Hundred Thirty-Six Kuwaiti Dinars only), which is a quorum of 75.03% and all of them are affected creditors. Accordingly, the chairman of the meeting announced the validity of the procedures for holding the meeting and the availability of the legal quorum for the validity of the meeting of the affected creditors in accordance with the provisions of the Bankruptcy Law No. 71 of 2020 and its executive regulations and amendments.
- Whereas, a number of creditors present made reservations, the most important of which was the reservation made by the attorney of the creditor (Gulf Bank), Mrs. Norah Khaled Abdulatif Al Houti, where she reserved on the details of the amount due to Gulf Bank set forth in the report issued by Fatma Saqr Al Rushood Office by the amount of KD 37,236,431 and stated that this amount is divided into two parts, a part of this amount of five million Kuwaiti Dinars is due to the Bank of Bahrain and Kuwait according to an assignment, and a part of KD 32,236,431 is due to Gulf Bank. This reservation was replied to that the debts of Gulf Bank were verified in the amount stated in the report issued by Fatma Saqr Al Rushood Office and that there is no legally enforceable assignment against the Applicant Company. The vote was based on the debt of Gulf Bank by the amount of KD 37,236,431.

- The categories of creditors and the amounts due to each of them were classified, considering all creditors as holders of ordinary debts and there are no holders of debts guaranteed by mortgage or privilege on movable or real estate except for labor debts in accordance with the law that gives them a lien on all the debtor's assets. There are no holders of subordinated debts and there are also no holders of debt instruments and permanent documents.
- The total affected debts of the Company amount to KD 133,307,336, which were divided into three segments, the first of which is "segment (A) banks" and the total ordinary debts of the Company to the affected banks amount to KD 89,941,775, the second is "segment (B) subcontractors and suppliers" and the total ordinary debts of the Company to the affected subcontractors and suppliers amount to KD 37,928,391, and this amount is subject to change in accordance with the final judgments that may be passed against the Company in the future, and the third is "segment (C) affected labor debts". The total outstanding labor debts of the Company amount to KD 5,347,170, and this amount is subject to change in accordance with the judgments that may be passed against the Company in the future, as detailed in those segments in Appendices (A), (B), (C) of the report on verifying the amounts of the creditors of the Applicant Company issued by Fatma Saqr Al Rushood Office dated 25/12/2023 and submitted to the Bankruptcy Department.
- The total labor privileged debts of the Company are KD 6,259,598, detailed in Appendix (D) of the report on verifying the amounts of the creditors of the Applicant Company issued by Fatma Saqr Al Rushood Office dated 25/12/2023 and submitted to the Bankruptcy Department, and this amount is subject to change in accordance with the final judgments that may be passed against the Company in the future.

- Without prejudice to the terms and conditions stated in the other terms and conditions, the preventive settlement proposal is the Company's receipt of a deduction percentage by 60% for the debts due by it to each of the subcontractors, suppliers and banks segment, in return of which the balance part by 40% of the total debt shall be paid. This is considered as a final and comprehensive settlement. As regards labour debts, for the labour debts less than KD 10,000, the Company shall pay them in full without any deduction. As for the labour debts more than KD 10,000, 25% of the value of the debt shall be deducted and the balance percentage estimated by 75% shall be paid. The payment shall be made from the amounts received from the final judgments.
- To appoint Kuwait Finance House as payment agent, open a new bank account with it to receive all the funds which the debtor may collect from the claims and compensations due, in order for Kuwait Finance House to undertake its role for receiving and distributing these funds to the creditors proportionately according to the collected amounts. The payment agent shall receive the proceeds of the amounts ruled in favour of the Company in the new separate bank account with it, head office, in favour of the Company, and allocated for collecting the amounts due to the Company as a result of the court claims and cases for the compensations against each of the Ministry of Public Works, Public Authority for Industry and Kuwait Oil Company. This account shall not be liable to attachment or execution on it. The account shall be administered and signed for by the payment agent, and shall be used to distribute the amounts deposited therein according to the terms and conditions of the preventive settlement. The Execution Department of the Court of First Instance shall pay all the amounts awarded in favour of the Company as a result of the court claims and cases for the compensations filed or to be filed by the Company against each of

the Ministry of Public Works, Public Authority for Industry and Kuwait Oil Company, to this account only. The debts shall be paid without preference to one creditor over another, according to the amounts received from the claims and rights due to the Company that it shall receive from all the aforementioned cases, which may take approximately 3 to 5 years as of date for the Company to receive these amounts.

- Full payment of the debt is expected within three to five years as of the date of approval and ratification of the preventive settlement proposal.
- After sorting the voting cards, the chairman of the meeting announced the voting result on the above preventive settlement proposal by the affected creditors, with the approval of 183 of the affected creditors for the debt amount of KD 80,043,925 and a percentage of 80.03% of the debts represented in the meeting, with the existence of one voting card which is void by an affected creditor for the debt amount of KD 129,508 and a percentage of 0.13% of the debts represented in the meeting. Therefore, the chairman of the meeting announced the fulfilment of the two conditions for the required majority and agreement of the preventive settlement proposal according to the provisions of the Bankruptcy Law No.71 of 2020 and its executive regulation, and amendments thereto, with the approval of the numerical majority of the affected creditors represented in the meeting, and the approval of the majority (80.20%) of the debts represented in the meeting.

On 23/4/2024, the Bankruptcy Judge passed a decision to extend the period of suspension of judicial claims and enforcement measures taken against the Applicant Company for one month starting from 24/4/2024 as stated in the decision wording.

Whereas, the Bankruptcy Judge passed a decision requesting the Applicant Company, Bank of Bahrain and Kuwait and Gulf Bank to appear at the Bankruptcy Department headquarter to hear their reply regarding the debt related to the assignment issued by Gulf Bank in favor of the Bank of Bahrain and Kuwait. Based on this decision, the aforementioned representatives appeared the Bankruptcy Department headquarter on 2/5/2024 and the representative of Gulf Bank confirmed what was stated in the minutes of the creditors' meeting dated 28/3/2024 is correct, that Gulf Bank debt in the report issued by Fatma Saqr Al Rushood Office is by the amount of KD 37,236,431 is divided into two parts, one part of this amount of five million Kuwaiti dinars is due to the Bank of Bahrain and Kuwait under an assignment and the other part of KD 32,236,431 is due to Gulf Bank. The representative of the Bank of Bahrain and Kuwait acknowledged the correctness of what was mentioned by its predecessor and requested a grace period to express its opinion on the preventive settlement proposal submitted in this Application. The representative of the Applicant Company confirmed that there is no direct contractual relationship between Mushrif Trading and Contracting Company KSCC and the Bank of Bahrain and Kuwait, and that the representation of the disputed debt of five million Kuwaiti Dinars at the creditors' meeting dated 28/3/2024 was carried out in correct procedures in favor of Gulf Bank on the grounds that this debt was included in the total debt in favor of Gulf Bank according to the report issued by Fatma Saqr Al Rushood Office and submitted to the Bankruptcy Department. He added that its client, Mushrif Trading and Contracting Company KSCC, does not object to the enforcement of the assignment in favor of Bank of Bahrain and Kuwait and requested a grace period to submit the defense related to this assignment.

On 9/5/2024, the Applicant Company's representative, Gulf Bank representative, and the Bank of Bahrain and Kuwait representative appeared. The representative of the Applicant Company submitted the original of an Appendix to the list of creditors for the preventive settlement submitted by the Applicant Company on 5/12/2023, under the acknowledgment of Gulf Bank of the debt of the Bank of Bahrain and Kuwait, under the minutes of the meeting dated 2/5/2024, which included that the debt due to Gulf Bank is KD 32,236,431 and the debt due to the Bank of Bahrain and Kuwait is KD 5,000,000 (Five Million Kuwaiti Dinars), with a 60% discount to be applied according to the preventive settlement proposal that was approved in the minutes of the creditors' meeting held on 28/3/2024. The representative of the Bank of Bahrain and Kuwait submitted a memorandum of defense, which included a reply to the Application for preventive settlement and the objections thereto, requesting in its conclusion the rejection of the Application for preventive settlement, with all its consequences.

After proving the foregoing, the Bankruptcy Judge decided to submit the documents for consideration of whether the conditions for the ratification of the preventive settlement proposal are met and to take action and decide in the view of what appears in the Application for ratification of the preventive settlement proposal at the nearest hearing according to the facts presented.

Legal Ground:

Whereas, it is established by Article 1 of the Bankruptcy Law issued by Law No. 71 of 2020 that in the application of the provisions of this Law, the following words and phrases shall have the meaning ascribed to each of them:

Preventive settlement: Procedures aimed at reaching an agreement between the debtor and its creditors on a preventive settlement proposal in accordance with the provisions of this Law.

Required majority: The majority required to consider the matter submitted to the creditors' meeting as approved, and is achieved if the following conditions are met:

1. The attendance of the affected creditor or affected creditors holding more than half of the affected debts at least the meeting in which the vote may be taken.
2. The approval of the creditor or creditors holding two-thirds of the debts represented in the meeting.
3. The approval of the numerical majority of the affected creditors after excluding related parties from voting in the meeting.

Affected creditor: Any creditor whose rights are affected by the outcome of the vote on the matter submitted for discussion and voting at the creditors' meeting, and the outcome of the vote may result in it not obtaining his rights in accordance with his agreement with the debtor.

Whereas, it is established by the first paragraph of Article 81 of the Bankruptcy Law issued by Law No. 71 of 2020 that "the debtor shall, within ten days as of the date of approval or rejection of the preventive settlement proposal, notify the Bankruptcy Department, the supervisor, the Bankruptcy Committee and the designated supervisory authority - as the case may be - of that and attach the approved or rejected plan and the minutes of the meetings in which the vote was taken and the documents indicating the notifications directed to attend the meetings, the attendance guide and the voting guide. In case of approval of

the plan, the Application for ratification of the plan shall be requested within the notification."

Whereas, it is established by Article 82 of the aforementioned Bankruptcy Law that "the Bankruptcy Judge shall, within ten days as of the date of receipt by the Bankruptcy Department of the notification of the creditors' approval of the preventive settlement proposal and its attachments, ratify the proposal after verifying that the following two conditions are met: 1. The proposal has obtained the approval of the required majority. 2. The proposal meets the criteria of fairness for the affected creditors mentioned in the following article".

Whereas, it is established by Article 83 of the aforementioned Bankruptcy Law that a preventive settlement proposal shall meet the criteria of fairness if the following conditions are met:

1. The creditors have received full information and sufficient time to study the preventive settlement proposal.
2. Compliance with the procedures for the creditors' meeting and voting set forth in the preventive settlement proposal submitted to the Bankruptcy Department before the commencement of the preventive settlement procedures.
3. Observing the existing rights of creditors, especially the rights of creditors with mortgage and privilege rights, and equality between holders of rights of equal standing, especially with regard to the sharing of losses and the distribution of new rights.

Whereas, it is established by Article 86 of the Bankruptcy Law that "the preventive settlement proposal ratified by the Bankruptcy Judge shall be enforceable against all creditors covered by it, including creditors who have rejected the proposal and those who did not attend the meeting to vote on the proposal. The Bankruptcy Department shall announce, publish, notify, disclose and register, in accordance with Article (33) of this Law, any decision p to ratify the preventive settlement proposal or reject the proposal, suspend ratification, end the procedures, open restructuring procedures or declare bankruptcy within ten days as of the date of issuance of the decision. The Bankruptcy Judge may suffice by registering the decision in the bankruptcy register and the commercial register."

According to the foregoing and the aforementioned legal rules, and whereas the Applicant Company had submitted an Application to open preventive settlement procedures against all its creditors, stating therein the required procedure and its reason, and the Bankruptcy Judge passed a decision on 24/12/2023 to open preventive settlement procedures regarding the Application submitted by the Applicant Company "the debtor" (Mushrif Trading and Contracting Company KSCC) with the stay of claims as a consequence of passing this decision, in accordance with Article 61 of the Bankruptcy Law. The Applicant Company, during the period of stay of claims, exerted due diligence to convince its creditors to vote on the preventive settlement proposal, in coordination with the creditors to form the Creditors Committee, and lodged to the Bankruptcy Department a list of debt categories showing the type of debt, its amount, its classification, the name of the creditor, its representative and its email address. Then, the Creditors Committee was formed, showing the name of the chairman of the committee, its members, the category of debts represented by each member and its email address. The Bankruptcy Judge

passed his decision on 21/1/2024 to approve the formation of the committee consisting of M/S. Kuwait Finance House (Chairman of the Committee) and the members Gulf Bank, Sefeena Rent A Car Co., Chowdhury General Trading Company, Ibrahim Sayed Morsy Jabr, stating the name of the Chairman of the Committee, its members and the category of debts represented by each member and its email address, the names of the representatives of each creditor and their phone numbers and email addresses. The Creditors Committee determined the matters in which the chairman of the committee is delegated. The Applicant Company lodged a copy of the preventive settlement proposal with the Bankruptcy Department, including the basic details required by Article 73 of the Bankruptcy Law. It invited the creditors to approve the preventive settlement proposal by notifications including the date and place of the meeting in accordance with the procedures mentioned in the preventive settlement proposal. Based on this invitation, the meeting was held on Thursday, corresponding to 28/3/2024, at 1:00 PM at Yacout Hall, Millennium Hotel, located on the 4th Ring Road, Salmiya, Abu Thaeer Alghafari Street, 3rd floor, to vote on the preventive settlement proposal dated 10/3/2024, subject of matter the present Application. The meeting was chaired by Mr. Saad Abdulaziz Ali Al Wazzan, in his capacity as Deputy Chairman and Chief Executive Officer of the debtor (the Applicant Company). Mr. Khaled Suhail Al Ajlan, representative of Kuwait Finance House, Chairman and representative of the Creditors Committee, attended the meeting, and the meeting secretariat was undertaken by Mr. Mahmoud Abdulmajeed Mahmoud Hefny, secretary of the Creditors Committee, who undertook the duties of writing these minutes. Having perused the procedures for invitation to the meeting, the attendance list and the quorum, the chairman of the meeting announced the attendance of 264 creditors representing an amount of KD 100,015,167 (One Hundred Million, Fifteen Thousand, One Hundred Sixty-Seven Kuwaiti Dinars only) out of the total debts of the Company amounting to KD 133,307,336 (One Hundred

Thirty-Three Million, Three Hundred Seven Thousand, Three Hundred Thirty-Six Kuwaiti Dinars only), which is a quorum of 75.03% and all of them are affected creditors. Accordingly, the chairman of the meeting announced the validity of the procedures for holding the meeting and the availability of the legal quorum for the validity of the meeting of the affected creditors in accordance with the provisions of the Bankruptcy Law and its executive regulations. After sorting the voting cards, the chairman of the meeting announced the voting result on the above preventive settlement proposal by the affected creditors, with the approval of 183 of the affected creditors for the debt amount of KD 80,043,925 and a percentage of 80.03% of the debts represented in the meeting, with the existence of one voting card which is void by an affected creditor for the debt amount of KD 129,508 and a percentage of 0.13% of the debts represented in the meeting. Therefore, the chairman of the meeting announced the fulfillment of the two conditions for the required majority and agreement of the preventive settlement proposal according to the provisions of the Bankruptcy Law and its executive regulation, with the approval of the numerical majority of the affected creditors represented in the meeting, and the approval of the majority (80.20%) of the debts represented in the meeting. The Applicant Company submitted a comprehensive explanation of the terms of the preventive settlement proposal during the meeting held to discuss the proposal.

Accordingly, the preventive settlement proposal has met the required majority approval of the first creditors' meeting. Minutes were prepared of what took place at the meeting to vote on the preventive settlement proposal, which were signed by the debtor, the Applicant Company, the attending creditors who were entitled to vote, and the representative of the Creditors Committee. The Applicant Company, within an appropriate period from the date of approval of the preventive settlement proposal, notified the Bankruptcy Department of that

with the attachment of the approved plan, the minutes of the meeting in which the vote was taken, and the documents indicating the notifications directed to attend the meeting, the attendance guide and the voting guide. It requested, within the notification the ratification, of the plan, which is why the Bankruptcy Judge, in view of what has been stated above, sees that the two conditions required by Article 82 of the Bankruptcy Law are met, the first of which is that the proposal has received the approval of the required majority, by the attendance of the affected creditors holding more than half of the affected debts at the meeting in which the vote was taken, the approval of the creditors holding two-thirds of the debts represented in the meeting, and the approval of the numerical majority of the affected creditors present at the meeting. The second is that the proposal meets the criteria of fairness for the affected creditors mentioned in Article 83 of the Bankruptcy Law, without the availability of the required majority affecting the non-approval of the Bank of Bahrain and Kuwait on the preventive settlement proposal for the debt represented in the meeting of KD 5,000,000 (Five Million Kuwaiti Dinars only) transferred to it from Gulf Bank with its right in the debtor Company, since the required majority is available even after calculating the debt of the Bank of Bahrain and Kuwait from among the creditors who rejected the preventive settlement proposal. Therefore, the Bankruptcy Judge passes his decision to ratify the preventive settlement proposal, instructing the Bankruptcy Department to publish, register and notify the parties concerned in accordance with Article 33 of the Bankruptcy Law of the decision to ratify the preventive settlement proposal within ten days as of the date of passing the decision, instructing the Applicant Company to disclose it on its website and announce it in two local daily newspapers, one of which is issued in English language, with notification of all creditors thereof, and the Applicant Company shall lodge proof of the execution of this assignment to the Bankruptcy Department, as stated in the wording.

Therefore**We decided as follows:**

To ratify the preventive settlement proposal and instruct the Bankruptcy Department to publish the decision in the Official Gazette, register it and notify the Applicant Company, the Creditors Committee, the Bankruptcy Committee, the Central Bank and the General Department of Execution of it within ten days as of the date of passing this decision. To instruct the Applicant Company to disclose it on its website and announce it in two local daily newspapers, one of which is issued in English language, with notification of all creditors thereof. To instruct the Applicant Company to lodge proof of the execution of this assignment to the Bankruptcy Department.

Secretary
Bader Al-Farsi

[Signed by Bader Al-Farsi]

[Stamp of Bader Abdullatif Al-Farsi,
Bankruptcy Department]

Bankruptcy Judge
Suleiman bin Yousef

[Signed by Suleiman bin Yousef, on:
2/6/2024]

[Stamp of Suleiman bin Yousef,
Bankruptcy Judge]

[Stamp of Bankruptcy Department, Ministry of Justice]

Court of First Instance	Bankruptcy Department
Executive Writ	
The entity entrusted with execution shall proceed with it when requested. Every authority shall assist in its execution, even by using coercive force, if so, when requested in accordance with the law.	
The executive writ was delivered to: Mahmoud Abdulmajeed Mahmoud	
Signature: [Signed]	Date: 2/6/2024
Bankruptcy Department	

In accordance with Article (8) of the Bankruptcy Law, decisions passed by the Bankruptcy Judge shall be enforceable instruments in accordance with this Law. The Bankruptcy Department shall affix the executive writ thereto, and it shall be enforceable immediately upon its issuance without notification.