

---

SECURITY COVER

---

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part 1 of this document comprises a letter from the Chairman of Kuwait Energy plc, including an Explanatory Statement in compliance with Article 126 of the Jersey Companies Law. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

If you have sold or otherwise transferred all of your Kuwait Energy Shares, you should send this document and the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or the transferee. However, this document and the accompanying documents must not be forwarded, distributed or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of Kuwait Energy Shares, please retain the documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not constitute an offer or an invitation to purchase or issue any securities or a solicitation of an offer to buy or subscribe for shares or other securities in any jurisdiction in which such offer or solicitation is unlawful nor is it a prospectus for the purposes of the Companies (General Provisions) (Jersey) Order 2002. This document is a circular relating to the Acquisition which has been prepared in accordance with Jersey law. Nothing in this document or the accompanying documents should be relied on for any other purpose. The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom, the United States, Jersey or Kuwait may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

---

## **Recommended Acquisition**

of

# **KUWAIT ENERGY PLC**

by

## **GOLD CHEERS CORPORATION LIMITED**

(a wholly-owned subsidiary of United Energy Group Limited)

*(to be effected by means of a Scheme of Arrangement under Article 125 of the Companies (Jersey) Law 1991)*

### **Circular to Kuwait Energy Shareholders and Explanatory Statement**

### **Notice of Court Meeting and Notice of Extraordinary General Meeting**

---

**This document should be read as a whole, in conjunction with the accompanying documents. Your attention is drawn, in particular, to the Explanatory Statement and Letter from the Chairman of Kuwait Energy plc, on behalf of the Directors, which is set out in Part 1 of this document and which contains the unanimous recommendation of the Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Extraordinary General Meeting. Part 1 of this document also comprises an Explanatory Statement in compliance with Article 126 of the Jersey Companies Law.**

Notices convening the Court Meeting and the Extraordinary General Meeting, each of which will be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait on 19 December 2018, are set out in Part 8 (*Notice of Court Meeting*) and Part 9 (*Notice of Extraordinary General Meeting*) of this document respectively.

**The Court Meeting will start at 10.00 a.m. (Kuwait time) on 19 December 2018. The enclosed BLUE Form of Proxy in respect of the Court Meeting should be completed and returned to the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS13 6ZY as soon as possible and should arrive no later than 6.00 p.m. (Kuwait time) on 17 December 2018.**

**The Extraordinary General Meeting will start at 10.15 a.m. (Kuwait time) on 19 December 2018 or, if later, immediately after the Court Meeting is concluded or adjourned. The enclosed PINK Form of Proxy in respect of the Extraordinary General Meeting to be valid must be completed and returned to the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS13 6ZY as soon as possible and should arrive no later than 6.00 p.m. (Kuwait time) on 17 December 2018.**

**In order to enable Kuwait Energy Shareholders to submit the Forms of Proxy more easily, the Company will, in addition to the above means of delivery, accept Forms of Proxy received:**

- **by post or (during normal business hours only) by hand by the Company marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait, together with any power of attorney or any other authority under which the Form of Proxy is signed, no later than 6.00 p.m. (Kuwait time) on 17 December 2018; or**
- **as an attachment, together with any other documentation referred to above, to an email delivered to [ir@kec.com.kw](mailto:ir@kec.com.kw) or [#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk), no later than 6.00 p.m. (Kuwait time) on 17 December 2018.**

**Alternatively, the BLUE Form of Proxy may be handed to a representative of the Registrar at the venue of the Court Meeting or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Extraordinary General Meeting, the PINK Form of Proxy will be valid only if it is returned by the time indicated above.**

**Completion and return of a BLUE and/or PINK Form of Proxy will not preclude Kuwait Energy Shareholders from attending and voting in person at the Court Meeting and the Extraordinary General Meeting or any adjournments thereof.**

**The time by which a person must be entered on the register of members of Kuwait Energy in order to have the right to attend and vote at the meetings is 6.00 p.m. (Kuwait time) on 17 December 2018. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend and vote at the Court Meeting and the Extraordinary General Meeting.**

Your attention is drawn to pages 10 and 11 of this document, which explain the actions you should take in relation to the Scheme. It is very important that Scheme Shareholders cast their votes so that the Court can be satisfied that there is a fair and reasonable representation of Scheme Shareholders' views at the Court Meeting.

No person has been authorised to make any representation on behalf of Kuwait Energy in relation to the Acquisition which is inconsistent with the statements made in this document and any representations, if made, may not be relied upon as having been so authorised. The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 3 of this document. Each Kuwait Energy Shareholder is advised to read and consider carefully the text of the Scheme itself, on the basis that this document, and in particular the Explanatory Statement and Letter from the Chairman of Kuwait Energy plc, on behalf of the Directors (which is set out in Part 1 of this document), has been prepared solely to assist Kuwait Energy Shareholders in respect of voting on this Scheme.

The contents of this document are not to be construed as legal, business, investment, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to an implication that there has been no change in the facts set forth in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Kuwait Energy, except where otherwise stated.

Words and terms used in this document are defined in Part 7 (*Definitions*) of this document.

Dated: 15 November 2018.

## TABLE OF CONTENTS

	<i>Page</i>
IMPORTANT NOTICE	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	9
ACTIONS TO BE TAKEN	10
PART 1 EXPLANATORY STATEMENT AND LETTER FROM THE CHAIRMAN OF KUWAIT ENERGY PLC	12
PART 2 CONDITIONS OF THE SCHEME AND THE ACQUISITION AND CERTAIN FURTHER TERMS	29
PART 3 THE SCHEME OF ARRANGEMENT	32
PART 4 FINANCIAL INFORMATION RELATING TO KUWAIT ENERGY	51
PART 5 TAXATION	52
PART 6 ADDITIONAL INFORMATION	53
PART 7 DEFINITIONS	72
PART 8 NOTICE OF COURT MEETING	88
PART 9 NOTICE OF EXTRAORDINARY GENERAL MEETING	90

## **IMPORTANT NOTICE**

This document does not constitute an offer or an invitation to purchase or issue any securities or a solicitation of an offer to buy or subscribe for, shares or other securities in any jurisdiction in which such offer or solicitation is unlawful nor is it a prospectus for the purposes of the Companies (General Provisions) (Jersey) Order 2002. This document is a circular relating to the Acquisition which has been prepared in accordance with Jersey law. Nothing in this document or the accompanying documents should be relied on for any other purpose. The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom, the United States, Jersey or Kuwait may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

All Kuwait Energy Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and accompanying documents into a jurisdiction outside the United Kingdom, the United States, Jersey or Kuwait should seek appropriate professional advice before taking any action.

Kuwait Energy Shareholders should not construe the contents of this document as legal, business, financial or tax advice, and should consult with their own advisers as to the matters described herein.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Kuwait Energy except where otherwise stated.

### **INFORMATION TO OVERSEAS SHAREHOLDERS**

The availability of the Acquisition or the distribution of this document to Kuwait Energy Shareholders who are not resident in the United Kingdom, the United States, Jersey or Kuwait may be restricted by the laws of the relevant jurisdiction in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, all applicable legal and regulatory requirements of their jurisdictions. Any failure to comply with the requirements of such jurisdictions may constitute a violation of the securities laws of such jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom, the United States, Jersey or Kuwait to vote their Kuwait Energy Shares at the Court Meeting or the Extraordinary General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at a Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom, the United States, Jersey or Kuwait may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the United Kingdom, the United States, Jersey or Kuwait should inform themselves about, and observe any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document has been prepared for the purposes of complying with Jersey law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside Jersey. The contents of this document are not to be construed as legal, business, financial or tax advice. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

## NOTICE TO U.S. HOLDERS

U.S. Holders should note that the Acquisition relates to the shares of a Jersey company and is proposed to be implemented under a scheme of arrangement provided for under Jersey company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Exchange Act. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in Jersey to schemes of arrangement which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. However, the Purchaser is entitled, in certain circumstances in accordance with the Transaction Agreement, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. If the Purchaser were to elect to implement the Acquisition by means of a Takeover Offer, it shall be made in compliance with all applicable laws and regulations. If such a Takeover Offer is required to be made in the United States, it will be done in compliance with the applicable tender offer rules under the U.S. Exchange Act, including Section 14(e) of the U.S. Exchange Act and Regulation 14E thereunder. In addition to any such Takeover Offer, the Purchaser, Kuwait Energy, certain affiliated companies or their nominees or brokers (acting as agents) may, pursuant to Rule 14e-5(b) of the U.S. Exchange Act, make certain purchases of, or arrangements to purchase, Kuwait Energy Shares other than pursuant to the Takeover Offer, until the date on which the Takeover Offer and/or the Scheme becomes effective, lapses or is withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the U.S. Exchange Act. Such purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices.

Financial information included in this document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and/or Jersey and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Acquisition by a U.S. Holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder (including U.S. Holders) is urged to consult its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to it.

It may be difficult for U.S. Holders to enforce their rights and claims arising out of the U.S. federal securities laws, since Kuwait Energy and the Purchaser are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. U.S. Holders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document, oral statements made regarding the Acquisition and other information published by Kuwait Energy may contain statements relating to Kuwait Energy, its business and the business sectors in which it operates which are, or may be deemed to be, "forward-looking statements". Generally, the words "will", "may", "should", "could", "would", "continues", "believes", "expects", "intends", "anticipates", "forecasts", "plans", "targets", "aims", "estimates" and "projects" or similar expressions identify forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, the outlook for prices of hydrocarbons, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Kuwait Energy's operations; and (iii) the effects of government regulation on Kuwait Energy's business.

Such statements reflect Kuwait Energy's current views with respect to future events and are subject to risks, assumptions and uncertainties that could cause the actual results to differ materially from those expressed or implied in the forward-looking statements. Many of these risks, assumptions and uncertainties relate to factors that are beyond Kuwait Energy's ability to control or estimate precisely, such as future market

conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Kuwait Energy operates, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Kuwait Energy operates and changes in laws or in supervisory expectations or requirements. Kuwait Energy can give no assurance that the forward-looking statements will prove to have been correct.

Kuwait Energy Shareholders should not, therefore, place undue reliance on these forward-looking statements, which speak only as of the date of this document. None of Kuwait Energy, the Purchaser or UEG undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required. Kuwait Energy cautions Kuwait Energy Shareholders that forward-looking statements are not guarantees of future performance and that the actual results and developments of operations, prospects, financial condition and liquidity of Kuwait Energy, and the development of the industry in which it operates, may differ materially from those made or suggested by the forward-looking statements contained in this document.

### **NO PROFIT FORECASTS OR ESTIMATES**

No statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Kuwait Energy, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Kuwait Energy.

### **PUBLICATION ON WEBSITE AND AVAILABILITY OF HARD COPIES**

A copy of this document and all information incorporated by reference into this document will be available, subject to certain restrictions relating to persons resident, located or with a registered address in any jurisdiction where the extension or availability of the Acquisition would breach any applicable law, on Kuwait Energy's website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)) by no later than 12 noon (London time) on the day following the date of this document. For the avoidance of doubt, the contents of that website are not incorporated by reference and do not form part of this document.

You may request a hard copy of this document and all information incorporated by reference into this document by contacting the Registrar during business hours on 0370 707 4040 (or, from outside the United Kingdom, +44 370 707 4040) or by submitting a request in writing to the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS13 6ZZ. Documents so requested will be despatched within two Business Days. You may also request that all future documents and information to be sent to you in relation to the Acquisition should be in hard copy form.

### **PRESENTATION OF INFORMATION**

#### **Currencies**

All references in this document to "Sterling", "pounds", "£", "p" or "pence" are to the lawful currency of the United Kingdom, unless otherwise specified. All references in this document to "\$", "U.S. Dollar(s)", "U.S. dollar(s)", "US\$", "U.S. cent(s)" are to the lawful currency of the United States, unless otherwise specified. All references in this document to "Kuwaiti Dinar" are to the lawful currency of Kuwait, unless otherwise specified.

#### **Percentages**

Percentages in tables in this document have been rounded and, accordingly, may not add up to 100 per cent. Certain financial, statistical and operating data have been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

**Time**

All references to time in this document are references to the time in London, United Kingdom, Hong Kong, Jersey, Channel Islands or Kuwait City, Kuwait (as applicable), unless otherwise stated.

Estimates of reserves, resources and associated net present values are forward-looking statements based on judgments regarding future events that may be inaccurate. The accuracy of reserves estimates and associated economic analysis is, in part, a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. It should be noted that prospective and contingent resources relate to undiscovered and/or undeveloped accumulations and accordingly by their nature are highly speculative. There is a possibility that prospects and leads will not result in the discovery of economically recoverable resources, in which case they would not be commercially developed. This document should be accepted with the understanding that reserves, resources and financial performance subsequent to the date of the estimates may necessitate revision. These revisions may be material.

**Translation**

An Arabic translation of this document will be available to Kuwait Energy Shareholders on Kuwait Energy's website on or around the date of this document at the following hyperlink: [www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/). The English language version of this document is the official document and in the case of any inconsistency between the English and Arabic translation, the English text will prevail.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and Date</i>
Publication of this document	15 November 2018
<b>Latest time for lodging BLUE Form of Proxy for the Court Meeting</b>	6.00 p.m. (Kuwait time) on 17 December 2018 <sup>1</sup>
<b>Latest time for lodging PINK Form of Proxy for the Extraordinary General Meeting</b>	6.00 p.m. (Kuwait time) on 17 December 2018 <sup>1</sup>
Voting Record Time	6.00 p.m. (Kuwait time) on 17 December 2018 <sup>2</sup>
<b>Court Meeting</b>	10.00 a.m. (Kuwait time) on 19 December 2018
<b>Extraordinary General Meeting</b>	10.15 a.m. (Kuwait time) on 19 December 2018 <sup>3</sup>
<b>The following dates are indicative only and are subject to change<sup>4</sup></b>	
<b>Court Hearing</b>	<b>(D)</b>
Latest time for receipt of currency election form	3.00 p.m. (Kuwait time) on 7 January 2019 (or D, if later) <sup>5</sup>
Scheme Record Time	6.00 p.m. (Jersey time) on D
<b>Effective Date of the Scheme</b>	<b>D+1</b>
Latest date for dispatch of cheques in respect of cash consideration due under the Scheme	within 14 days of the Effective Date
Long Stop Date	30 June 2019 <sup>6</sup>

**Notes:**

- 1 If the BLUE Form of Proxy for the Court Meeting is not lodged by this deadline it may be handed to the representative of the Registrar at the venue of the Court Meeting or to the Chairman at the Court Meeting at any time before the start of the Court Meeting. However, the PINK Form of Proxy for the Extraordinary General Meeting must be lodged by 6.00 p.m. (Kuwait time) on 17 December 2018 in order to be valid or, if the Extraordinary General Meeting is adjourned, not later than 48 hours (excluding Jersey non-working days) before the time fixed for the holding of the adjourned meeting (excluding any part of such 48 hour period falling on a non-working day).
- 2 If either the Court Meeting or Extraordinary General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. (Kuwait time) on the day falling two days (excluding Jersey non-working days) before the time fixed for the adjourned meeting.
- 3 The Extraordinary General Meeting will commence at 10.15 a.m. (Kuwait time) on 19 December 2018 or, if later, immediately after the Court Meeting is concluded or adjourned.
- 4 The Court Hearing will take place on a date to be agreed between Kuwait Energy and UEG subject to Court availability and which, depending on the date upon which the Conditions are satisfied or (if capable of waiver) waived, is expected to be before the Long Stop Date. Kuwait Energy will give adequate notice of the date of the Court Hearing by displaying a notice on its website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)) and notifying by email all Scheme Shareholders for whom the Company holds an email address. **All Scheme Shareholders have the right to attend the Court Hearing in person or through a Jersey-qualified advocate to support or oppose the sanctioning of the Scheme.**
- 5 Completed and signed currency election forms should be returned either to: (i) the Settlement Agent by post to Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours) to The Pavilions, Bridgwater Road, Bristol, BS13 8AE; or (ii) the Company by post or (during normal business hours only) by hand marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait, or as an attachment, to an email delivered to [ir@kewc.com.kw](mailto:ir@kewc.com.kw), as soon as possible and, in any event, so as to be received not later than 3.00 p.m. (Kuwait time) on 7 January 2019 or, in the event that the Court Hearing is held after 7 January 2019, by 3.00 p.m. (Kuwait time) on the date of the Court Hearing.
- 6 The Long Stop Date is the latest date by which the Scheme must become effective. However, the Long Stop Date may be extended to such later date as Kuwait Energy and the Purchaser may agree with (if required) the approval of the Court.

All references to time in this document are references to the time in London, United Kingdom, Hong Kong, Jersey, Channel Islands or Kuwait City, Kuwait (as applicable), unless otherwise stated. Any references to a day after “D” are references to a Business Day. **The dates and times given are indicative only and may be subject to change.** If any of the times and/or dates above change, Kuwait Energy will give adequate notice of the revised times and/or dates to Scheme Shareholders by displaying a notice on its website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)).

## ACTIONS TO BE TAKEN

### Voting at the Court Meeting and the Extraordinary General Meeting

The Court Meeting and the Extraordinary General Meeting will be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait on 19 December 2018, at 10.00 a.m. (Kuwait time) and 10.15 a.m. (Kuwait time), respectively (or, in the case of the Extraordinary General Meeting, immediately after the Court Meeting is concluded or adjourned, if later). The Scheme requires approval by Kuwait Energy Shareholders at both of these Meetings.

### Please check you have received with this document the following:

- a BLUE Form of Proxy for use in respect of the Court Meeting; and
- a PINK Form of Proxy for use in respect of the Extraordinary General Meeting.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF KUWAIT ENERGY SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.**

**IF YOU ARE A KUWAIT ENERGY SHAREHOLDER, YOUR ATTENTION IS DRAWN TO THE REGIME FOR THE APPOINTMENT OF PROXIES, IN PARTICULAR THE APPOINTMENT OF MORE THAN ONE PROXY, SET OUT IN THE NOTES TO THE FORMS OF PROXY AND THE NOTES IN RESPECT OF THE APPOINTMENT OF MULTIPLE PROXIES SET OUT IN THE NOTICE OF THE COURT MEETING AND THE NOTICE OF THE EXTRAORDINARY GENERAL MEETING.**

**THE DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME AT THE COURT MEETING AND THE SPECIAL RESOLUTION TO BE PROPOSED AT THE EXTRAORDINARY GENERAL MEETING.**

### The Shareholder Helpline

If you are based in Kuwait or wish to discuss any questions relating to this document or the completion and return of the Forms of Proxy with an Arabic speaker, you are welcome to call the Company between 8.00 a.m. to 4.00 p.m. (Kuwait time) Sunday to Thursday on +965 2576 7700. Please request to be put through to a member of the Investor Relations team.

Alternatively, if you are based in the UK or in any jurisdiction other than Kuwait and you have any questions relating to this document or the completion and return of the Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on:

0370 707 4040 (if calling from within the United Kingdom)

or

+44 370 707 4040 (if calling from outside the United Kingdom)

Calls to the Shareholder Helpline from within the United Kingdom are charged at the standard network rate. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline cannot provide advice on the merits of the Scheme or the Acquisition, or give business, financial, tax, investment or legal advice.

**To vote on the Acquisition**

Whether or not you plan to attend the Meetings, PLEASE COMPLETE AND SIGN BOTH the BLUE and PINK Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 6.00 p.m. (Kuwait time) on 17 December 2018 in the case of both the Court Meeting (BLUE form) and the Extraordinary General Meeting (PINK form) (or, in the case of any adjournment, not later than 48 hours (excluding Jersey non-working days) before the time fixed for the holding of the adjourned meeting). This will enable your votes to be counted at the Meetings in the event of your absence. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by 6.00 p.m. (Kuwait time) on 17 December 2018, it may be handed to a representative of the Registrar at the venue of the Court Meeting or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the Extraordinary General Meeting, unless the PINK Form of Proxy is lodged so as to be received by the time specified in the instructions thereon, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending and voting at the Court Meeting or the Extraordinary General Meeting, or any adjournment thereof, in person should you wish to do so.

**To vote at the Meetings using an electronic proxy appointment**

Alternatively, registered Kuwait Energy Shareholders may register a proxy appointment electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) by following the instructions on that website and using the control number, shareholder reference number and PIN as stated on the Forms of Proxy.

## PART 1

### EXPLANATORY STATEMENT AND LETTER FROM THE CHAIRMAN OF KUWAIT ENERGY PLC



*(Incorporated in Jersey under the Companies (Jersey) Law 1991 with registered number 106699)*

#### *Directors*

Dr. Mansour Aboukhamseen, *Chairman*  
Abdel F. Badwi, *Chief Executive Officer*  
Mohammad Ahmad Husain, *Non-Executive Director*  
Ignacio De Calonje, *Non-Executive Director*  
Ali Khalil, *Non-Executive Director*  
Husain Kothari, *Non-Executive Director*  
Shawn Reynolds, *Non-Executive Director*  
Dominic Redfern, *Non-Executive Director*  
Yousif Al Qabandi, *Non-Executive Director*

#### *Registered Office*

Queensway House  
Hilgrove Street  
St. Helier  
Jersey JE1 1ES  
Channel Islands

15 November 2018

To: Kuwait Energy Shareholders and, for information only, to participants in the Kuwait Energy Share Plans

Dear Kuwait Energy Shareholder,

#### RECOMMENDED CASH ACQUISITION OF THE ENTIRE ISSUED AND TO BE ISSUED ORDINARY SHARE CAPITAL OF KUWAIT ENERGY PLC BY UNITED ENERGY GROUP LIMITED

##### **1. Introduction**

On 24 September 2018, Kuwait Energy plc and United Energy Group Limited (**UEG**) each announced that they had agreed the terms of a recommended acquisition for cash consideration pursuant to which Gold Cheers Corporation Limited, a wholly-owned subsidiary of UEG (referred to throughout this document as the **Purchaser**), will acquire the entire issued and to be issued share capital of Kuwait Energy. It is proposed that the Acquisition will be implemented by way of a scheme of arrangement under Article 125 of the Jersey Companies Law. The Scheme requires the approval of Kuwait Energy Shareholders and the sanction of the Court.

I am writing this letter on behalf of the Directors to set out (i) the background to and terms of the Acquisition; and (ii) the reasons why the Directors are unanimously recommending that Kuwait Energy Shareholders vote in favour of the resolutions necessary to implement the Acquisition at the Court Meeting and the Extraordinary General Meeting, as the Directors who hold Kuwait Energy Shares in their own name have undertaken to do in relation to all of their own individual beneficial holdings, which amount in total to 1,286,645 Kuwait Energy Shares (representing approximately 0.40% of Kuwait Energy's issued ordinary share capital as at the Latest Practicable Date).

The Purchaser is an acquisition vehicle, set up to acquire the entire issued and to be issued ordinary share capital of Kuwait Energy. In order to approve the terms of the Acquisition, Kuwait Energy Shareholders will need to vote in favour of the resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting, to be held on 19 December 2018 at 10.00 a.m. and 10.15 a.m. (or, if later, immediately after the Court Meeting is concluded or been adjourned) (both Kuwait time), respectively, at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait.

Details of the actions you should take, and further details of the Court Meeting, the Extraordinary General Meeting and the Court Hearing, are set out in paragraphs 13 and 15 of this letter. The recommendation of the Directors is set out in paragraph 17 of this letter.

## **2. Background to and reasons for recommending the Acquisition**

Kuwait Energy is an independent oil and gas company actively engaged in the exploration, appraisal, development and production of hydrocarbons across the Middle East and North Africa. Its portfolio currently consists of exploration, development and production oil and gas assets in Egypt, Iraq, Oman and Yemen. Its most significant assets are Block 9 in Iraq, an oil field situated near Basra, the Siba gas field south of Basra and its oil-producing assets in Egypt. Over the years, Kuwait Energy has made progress in terms of the scale of its business, and has sought to derive value for shareholders by focusing on increasing the production and reserves levels of hydrocarbons across its assets.

However, Kuwait Energy remains a relatively small player within the global oil and gas industry, which itself has seen considerable consolidation over recent years. In response to challenging market conditions including oil price volatility, the Kuwait Energy Group has been reducing its exposure to less profitable assets, including by relinquishing certain assets in Pakistan, Yemen, Ukraine, Russia and Cambodia.

The combination of Kuwait Energy's large development capital commitments under its licence agreements and its financial obligations including under the Senior Notes, the Abraaj Convertible Loan and the QFB Convertible Loan means that Kuwait Energy's scope to take full advantage of the growth opportunities presented by its assets and the industry has been and remains constrained, making it more difficult for Kuwait Energy to improve its profitability and exploit the full potential of its assets than if it had greater capital resources at its disposal.

The Board and management team are aware that a significant proportion of Kuwait Energy Shareholders wish to achieve a liquidity event, and that fresh capital is required to maximise value from its existing asset base. The Board attempted to achieve a liquidity event between 2017 and early 2018 but was unsuccessful. This prompted the Board to find other alternatives by engaging advisers including an international investment bank, Tudor Pickering Holt & Co., and initiating a wide reach strategic process in June 2018 to investigate options to maximise shareholder value.

More than 70 industry partners were contacted with several parties engaging in a due diligence process. The company received varied responses, with offers for a corporate acquisition and other offers for specific assets. The Board and its advisers evaluated the offer by UEG against other proposals, current market conditions and the specific factors that have impacted the Kuwait Energy Group. The Board has determined that the Acquisition provides Kuwait Energy Shareholders with a cash value that represents fair market value of each Kuwait Energy Share, and reflects the Kuwait Energy Group's longer-term prospects and potential.

In assessing the terms of the Acquisition, the Board has also specifically considered the following:

- the Acquisition represents an opportunity for Kuwait Energy Shareholders to realise their investment in Kuwait Energy for cash at a fair and reasonable value;
- the Acquisition delivers more value to Kuwait Energy Shareholders than proposals received by Kuwait Energy from other interested parties;
- the certainty of the Acquisition (subject to the satisfaction or waiver, if possible, of the Conditions) against the inherent uncertainty of the delivery of future value that exists in the business; and
- the benefits to Kuwait Energy's employees, customers and other stakeholders from the opportunities provided by the Acquisition to support future growth and development that Kuwait Energy will have as part of a larger group, particularly due to the increased resources available to ramp up production and improve efficiencies.

Accordingly, the Directors recommend unanimously that Kuwait Energy Shareholders vote in favour of the resolutions relating to the Acquisition at the Court Meeting and the Extraordinary General Meeting.

### 3. UEG's Background to and reasons for the Acquisition

The UEG Board believes that the Acquisition is a compelling opportunity for the Purchaser Group as Kuwait Energy has a high quality asset portfolio with significant scale, strong development potential, and an experienced management team. In addition, the UEG Board believes that the risks associated with Kuwait Energy's portfolio are manageable and will enable UEG to leverage its capabilities to generate synergies.

UEG considers the Acquisition to represent a significant milestone in implementing UEG's medium and long-term growth strategy of becoming an independent international oil and gas company. The Acquisition is expected to transform UEG into a strong medium-sized international oil and gas company with a diversified portfolio of high quality assets. The production base and long reserve life of Kuwait Energy are highly complementary to UEG's existing portfolio and provides a sustainable development profile to UEG for the next two decades. UEG also expects to leverage its strong financial capabilities to enhance the development potential of the Purchaser Group's portfolio.

The UEG Board also believes that the Acquisition will allow UEG to materially enter the resource rich oil and gas markets in the Middle East and North Africa, and allow cooperation and competition with best-in-class international companies on the same platform. To date, Kuwait Energy has worked with large international oil and gas companies globally as well as national oil companies in the countries it operates. Moreover, Kuwait Energy has an established presence and reputation in the oil and gas industry in the Middle East. The UEG Board is therefore of the view that the Acquisition will significantly improve the profile of UEG and also further expand its development potential.

### 4. Summary of the terms of the Acquisition

The Purchaser has agreed to acquire the entire issued and to be issued ordinary share capital of Kuwait Energy. The Purchaser has been incorporated in Hong Kong for the purpose of making the Acquisition and UEG will guarantee the obligations of the Purchaser pursuant to the Scheme. The terms of the guarantee are described in paragraph 5 of Part 3 (*The Scheme of Arrangement*) of this document.

Kuwait Energy's Fully Diluted Share Capital as at the date of this document comprises the following:

- (a) 323,282,184 Kuwait Energy Shares held by Kuwait Energy Shareholders;
- (b) 1,604,893 Kuwait Energy Shares to be issued pursuant to the Kuwait Energy Share Plans; and
- (c) 1,804,980 Kuwait Energy Shares that would be issued pursuant to the Kuwaiti Exchange Offer if all of the outstanding holders of shares in KEC K.S.C.C. to whom the Kuwaiti Exchange Offer relates were to exchange their shares in KEC K.S.C.C. for Kuwait Energy Shares.

Under the terms of the Acquisition, which is subject to satisfaction of (or where applicable, waiver of) the Conditions and further terms set out in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document, the consideration for the Acquisition comprises:

- (a) a base consideration of approximately US\$490.7 million on the basis of Kuwait Energy's Fully Diluted Share Capital (such aggregate amount as may be adjusted for one or more Warranty Breach Adjustment Amounts, the Leakage Adjustment Amounts, the Yemen Amount, the Yemen Settlement Amount and/or the Incremental Interest Amount(s), each as described below and further in paragraph 3 of Part 3 (*The Scheme of Arrangement*) of this document, being the **Base Consideration**); and
- (b) an additional amount of up to approximately US\$160.1 million for the Convertible Shares issued prior to the Scheme Record Time, if any (the **Additional Consideration**).

The Base Consideration payable to Scheme Shareholders may be reduced on the terms set out in paragraph 3 of Part 3 (*The Scheme of Arrangement*) of this document in the following circumstances:

- (i) by an amount proportionate to the Warranty Breach Adjustment Amount(s) (or the aggregate thereof) if certain statements made by Kuwait Energy about itself and the Kuwait Energy Group and its business are untrue;

- (ii) by an amount equal to the Leakage Adjustment Amount(s) (or the aggregate thereof) if there has been any Leakage between the Accounts Date and the Effective Date;
- (iii) by an amount not exceeding US\$10 million in certain circumstances in connection with the Yemen Arbitration; and/or
- (iv) by an amount equal to the Incremental Interest Amount(s) (or the aggregate thereof), discounted at a rate of seven per cent., if one or more Relevant Refinancings occurs before the date falling eight Business Days prior to the Court Hearing.

In the case of (i) above, no adjustments will be made to the Base Consideration in respect of any Kuwait Energy Warranty being untrue if the matter or circumstances resulting in such Kuwait Energy Warranty being untrue was Disclosed to the Purchaser. Such disclosure is a mechanism under which Kuwait Energy has disclosed through, among other things, the Disclosure Letter, certain facts and circumstances to the Purchaser. In the event that any of the Kuwait Energy Warranties turns out to be untrue only in respect of matters Disclosed to the Purchaser then this will not lead to a price adjustment being made to the Base Consideration.

**The Transaction Agreement provides for all adjustments to the Base Consideration to be effected prior to the Effective Date so that the Scheme Shareholders receive their consideration as adjusted and are not expected to be required to pay back any cash proceeds received.**

The price in US dollars payable for each Kuwait Energy Share will be calculated by dividing the Base Consideration (as may be adjusted as set out above) by the total number of Kuwait Energy Shares comprising the Fully Diluted Share Capital immediately prior to the Effective Time (the **Per Share Price**).

The Additional Consideration will be paid by the Purchaser if any Convertible Shares are issued prior to the Scheme Record Time in accordance with the terms of the Abraaj Convertible Loan and/or the QFB Convertible Loan. The Purchaser will pay an additional amount in US dollars equal to the Per Share Price for each such Convertible Share, up a maximum amount of approximately US\$160,100,000. If the QFB Settlement Amount exceeds US\$89,510,000 (the **QFB Agreed Cap**) and/or the Abraaj Settlement Amount exceeds US\$70,600,000 (the **Abraaj Agreed Cap**)<sup>1</sup>, the aggregate of the Base Consideration and (if any) the Additional Consideration will be reduced, on a pro rata basis, by a US dollar amount equal to the amount by which (i) the QFB Settlement Amount exceeds the QFB Agreed Cap and/or (ii) the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, and the Per Share Price will be re-calculated accordingly.

Prior to the Scheme Record Time, if either (i) Kuwait Energy has satisfied all obligations (including payment obligations) under the Abraaj Convertible Loan, or (ii) all outstanding amounts due under the Abraaj Convertible Loan have converted into Convertible Shares in accordance with the existing terms of the Abraaj Convertible Loan, the aggregate of the Base Consideration and (if any) the Additional Consideration shall be increased, on a pro rata basis, by a US dollar amount equal to the Abraaj Upside Amount (if any)<sup>2</sup>, and the Per Share Price shall be re-calculated accordingly.

---

1 With regards to the QFB Agreed Cap, based on Kuwait Energy's calculations, a reduction in the consideration and thereby Per Share Price is only anticipated if the Effective Date occurs after 30 June 2019. With regards to the Abraaj Agreed Cap, Kuwait Energy has, in accordance with instructions received from Abraaj on 25 June 2018, repaid two instalments amounting to US\$33,500,000 due under the Abraaj Convertible Loan. Kuwait Energy intends to repay the third and final instalment of US\$16,500,000 plus accrued interest on or before 30 November 2018. Abraaj has given written notice to Kuwait Energy claiming that premium on the second and third instalments is due. Kuwait Energy is resisting the claim for premium and the premium amount but if a premium is paid or agreed to be paid to Abraaj and the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, the aggregate of the Base Consideration and (if any) the Additional Consideration will be reduced on a pro rata basis by a US dollar amount equal to the amount by which the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, and the Per Share Price will be re-calculated accordingly. However, if either: (i) a premium is paid or agreed to be paid to Abraaj or (ii) no premium is paid or agreed to be paid to Abraaj, and the Abraaj Settlement Amount is below the Abraaj Agreed Cap, there will be no resulting reduction in the aggregate of the Base Consideration and (if any) the Additional Consideration and therefore no reduction in the Per Share Price. Please refer to the illustration table on the next page for more details.

2 Kuwait Energy is resisting Abraaj's claim for premium and the premium amount but if a premium is paid or agreed to be paid to Abraaj, the Abraaj Upside Amount (if any) is to be paid in accordance with the terms of the Transaction Agreement) would be less than if no premium is paid or agreed to be paid to Abraaj and may be zero.

The Board believes that, as the Scheme Shareholders have been given the opportunity to share in the benefits and rewards of the success of the Kuwait Energy Group through share ownership, and as the Scheme Shareholders will share in the benefits of the Acquisition, it is reasonable that they also share in the potential risks of the Acquisition, including those outlined above. The Scheme has been structured with this objective in mind.

**The Per Share Price to be received by Kuwait Energy Shareholders may vary according to the adjustments described above.**

For illustrative purposes only, the table below shows certain adjustments which might lead to a price per share range of US\$1.52 and US\$1.41. The table below is prepared on the bases and assumptions set out in the notes below.

Starting Base Consideration: US\$490,747,128

Starting Per Share Price: US\$1.50

	<i>Base Consideration</i>	<i>Per Share Price</i>
<b>No premium is paid or agreed to be paid to Abraaj, such that the Abraaj Settlement Amount is less than the Abraaj Agreed Cap and the Abraaj Upside Amount is US\$4,878,200 (Scenario A)</b>	US\$495,625,328	US\$1.52
<b>A premium is paid or agreed to be paid to Abraaj, the Abraaj Settlement Amount is less than the Abraaj Agreed Cap and the Abraaj Upside Amount is US\$1,800,000 (Scenario B)</b>	US\$492,547,128	US\$1.51
<b>A premium is paid or agreed to be paid to Abraaj, the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap by US\$6,580,000 and the Abraaj Upside Amount is US\$358,200 (Scenario C)</b>	US\$484,525,328	US\$1.48
<b>Aggregate of all Warranty Breach Adjustment Amounts is US\$14,000,000</b>	US\$482,747,128	US\$1.48
<b>Aggregate of all Leakage Adjustment Amounts is US\$1,000,000</b>	US\$489,747,128	US\$1.50
<b>The Yemen Amount is US\$10,000,000 and the Yemen Settlement Amount is US\$10,000,000</b>	US\$480,747,128	US\$1.47
<b>A Relevant Refinancing occurs and the amount equal to the Incremental Interest Amount discounted at a rate of 7% is US\$5,000,000</b>	US\$485,747,128	US\$1.49
<b>If Scenario A occurs and all the other above adjustment events occur</b>	US\$471,625,328	US\$1.44
<b>If Scenario B occurs and all the other above adjustment events occur</b>	US\$468,547,128	US\$1.43
<b>If Scenario C occurs and all the other above adjustment events occur</b>	US\$460,525,328	US\$1.41

Notes:

The illustration above is on the basis that:

- (1) save as set out in the last three rows in the table above, the effect of each of the adjustment events stated above is separate and not cumulative;
- (2) the Fully Diluted Share Capital immediately prior to the Effective Time is 326,692,057; and
- (3) the Per Share Price is rounded to two decimal places. However, the cash proceeds payable to each Kuwait Energy Shareholder will be calculated without rounding the Per Share Price.

## **5. Structure of the Acquisition**

### **5.1 Introduction**

The Acquisition is to be effected by way of a scheme of arrangement under Article 125 of the Jersey Companies Law, the provisions of which are set out in full in Part 3 (*The Scheme of Arrangement*) of this document. The Scheme is an arrangement made between Kuwait Energy and the Scheme Shareholders, subject to the approval of the Court. The procedure involves an application by Kuwait Energy to the Court to sanction the Scheme and the transfer of the Scheme Shares to the Purchaser in consideration for which the Scheme Shareholders who are on the register of members of Kuwait Energy at the Scheme Record Time will receive the Per Share Price in cash for each Scheme Share.

The purpose of the Scheme is for the Purchaser to become the owner of the whole of the issued and to be issued ordinary share capital of Kuwait Energy, save for any Excluded Shares.

The Scheme is subject to the Conditions and certain further terms contained in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document and will be effective only if, among other things, the following events occur on or before 30 June 2019 (or such later date (if any) as Kuwait Energy and the Purchaser may agree with (if required) the approval of the Court):

- (i) a resolution to approve the Scheme is passed by a majority in number representing three-quarters of the voting rights of the Scheme Shareholders present and voting (either in person or by proxy) at the Court Meeting;
- (ii) the Special Resolution necessary to implement the Scheme is passed by Kuwait Energy Shareholders representing at least two-thirds of the votes cast on a poll (either in person or by proxy) at the Extraordinary General Meeting;
- (iii) the Scheme is sanctioned by the Court; and
- (iv) the Court Order is delivered to the Registrar of Companies for registration.

Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders, irrespective of whether they attended or voted at the Meetings (and, if they attended and voted, whether they voted in favour).

### **5.2 The Meetings**

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require the approval of Scheme Shareholders at the Court Meeting and the passing of the Special Resolution by Kuwait Energy Shareholders at the Extraordinary General Meeting. Notices of the Meetings are set out in Part 8 (*Notice of Court Meeting*) and Part 9 (*Notice of Extraordinary General Meeting*) of this document. The Scheme Shareholders' entitlement to attend and vote at the Court Meeting and Kuwait Energy Shareholders' entitlement to attend and vote at the Extraordinary General Meeting and the number of votes which may be cast at the Meetings will be determined by reference to holdings of the Scheme Shares and Kuwait Energy Shares respectively, as shown in the register of members of Kuwait Energy at the Voting Record Time.

Any member of the Purchaser Group which holds Scheme Shares will not be entitled to vote at the Court Meeting in respect of the Scheme Shares held or acquired by or for it and will not exercise the rights attaching to its Scheme Shares at the Court Meeting. All Kuwait Energy Shareholders will be entitled to vote at the Extraordinary General Meeting.

#### **(a) The Court Meeting**

The notice of Court Meeting, which has been convened by direction of the Court for the purpose of considering, and if thought fit, approving the Scheme, is set out in Part 8 (*Notice of Court Meeting*) of this document.

The Court Meeting, to be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait, which has been convened for 19 December 2018 at 10.00 a.m.

(Kuwait time), is being held at the direction of the Court to seek the approval of the Scheme Shareholders to the Scheme. At the Court Meeting, voting will be by poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held at the Voting Record Time. The quorum for the Court Meeting will be persons holding Kuwait Energy Shares present in person or by proxy representing not less than thirty per cent. of the total issued share capital of Kuwait Energy. The approval required at the Court Meeting is a majority in number representing three-quarters of the voting rights of the Scheme Shareholders present and voting (either in person or by proxy) at the Court Meeting.

**It is especially important that as many votes as possible are cast (whether in person or by proxy) at the Court Meeting so that the Court can be satisfied that there is a fair representation of the opinion of the Scheme Shareholders. You are therefore strongly urged to complete and lodge the BLUE Form of Proxy as soon as possible, and, in any event by 6.00 p.m. (Kuwait time) on 17 December 2018 for the Court Meeting (or, in the case of adjournment, not later than 48 hours (excluding Jersey non-working days) before the time fixed for the holding of the adjourned meeting). A Form of Proxy for the Court Meeting not lodged at the relevant time may be handed to a representative of the Registrar at the Court Meeting or to the Chairman of the Court Meeting, before the start of the Court Meeting.**

(b) *The Extraordinary General Meeting*

In addition to the Court Meeting, the Extraordinary General Meeting, also to be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait, has been convened for the same date as the Court Meeting, 19 December 2018 at 10.15 a.m. (Kuwait time) (or, if later, immediately after the Court Meeting is concluded or adjourned) to consider and, if thought fit, to pass the Special Resolution to:

- i. authorise the Directors to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect; and
- ii. amend the articles of association of Kuwait Energy to ensure that any Kuwait Energy Shares issued after the Scheme Record Time will automatically be acquired by the Purchaser.

The proposed amendments to the articles of association of Kuwait Energy referred to above are set out in Part 9 (*Notice of Extraordinary General Meeting*) of this document.

Voting on the Special Resolution will be on a poll. Each Kuwait Energy Shareholder present in person or by proxy will be entitled to one vote for every Kuwait Energy Share held at the Voting Record Time. The quorum for the Extraordinary General Meeting will be persons holding Kuwait Energy Shares present in person or by proxy representing not less than thirty per cent. of the total issued share capital of Kuwait Energy. The Special Resolution to be put to the Extraordinary General Meeting requires approval by a majority of not less than two-thirds of the votes attaching to Kuwait Energy Shares voted at the Extraordinary General Meeting.

As stated above, it is proposed that the articles of association of Kuwait Energy be amended to ensure that any Kuwait Energy Shares issued after the Scheme Record Time will automatically be acquired by the Purchaser. These arrangements are intended to avoid any person (other than the Purchaser) holding Kuwait Energy Shares after the Effective Date. Paragraph (2) of the Special Resolution set out in Part 9 (*Notice of Extraordinary General Meeting*) of this document seeks Kuwait Energy Shareholders' approval for such amendment.

### 5.3 *Sanction of the Scheme by the Court*

Under the Jersey Companies Law, the Scheme also requires the sanction of the Court.

The Court Hearing will be held at the Royal Court of Jersey, Royal Court Building, Royal Square, St Helier, Jersey JE1 1BA, Channel Islands. Kuwait Energy currently anticipates that the Court Hearing will be held on or around 7 January 2019 but this date will depend, *inter alia*, on the date upon which the Conditions are satisfied or (if capable of waiver) waived. Kuwait Energy will give adequate notice of the date of the Court Hearing by displaying a notice on its website ([www.kuwaitenergy.co/acquisition](http://www.kuwaitenergy.co/acquisition)) and notifying by email all Scheme Shareholders for whom the Company holds an email address.

**All Scheme Shareholders have the right to attend the Court Hearing in person or through a Jersey-qualified advocate to support or oppose the sanctioning of the Scheme.**

The Scheme will become effective on the delivery by Kuwait Energy to the Registrar of Companies of the Court Order for registration. Subject to the requisite approvals being obtained from Kuwait Energy Shareholders, the satisfaction or waiver (where capable of being waived) of the Conditions and the sanction of the Court, this is expected to occur during the first half of 2019.

If the Scheme becomes effective, it will be binding on all the Scheme Shareholders irrespective of whether or not they attended or voted at the Meetings (and, if they attended and voted, whether or not they voted in favour). If the Scheme does not become effective by the Long Stop Date (or such later date, if any, as the Purchaser and Kuwait Energy agree and, if required, the Court may allow), the Scheme will lapse and the Acquisition will not complete.

#### 5.4 *Modifications to the Scheme*

The Scheme contains a provision for the Purchaser and Kuwait Energy jointly to consent on behalf of all persons affected by any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification, of, or additions to, or impose a condition to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

#### 5.5 *Conditions to the Acquisition*

The Conditions to the Acquisition are set out in full in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document. The Acquisition is conditional, *inter alia*, upon:

- approval of the Scheme at the Court Meeting (or any adjournment thereof) by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters of the voting rights held by those Scheme Shareholders;
- the Special Resolution as set out in Part 9 (*Notice of Extraordinary General Meeting*) of this document being duly passed by Kuwait Energy Shareholders representing at least two-thirds of the votes cast on a poll (either in person or by proxy) at the Extraordinary General Meeting (or any adjournment thereof);
- the sanction of the Scheme by the Court;
- the delivery of the Court Order to the Registrar of Companies for registration;
- the Purchaser Shareholder Approval being obtained; and
- the Conditions (which are set out in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document) which are not otherwise identified above being satisfied or, where capable of being waived, waived.

Once the necessary approvals from Kuwait Energy Shareholders have been obtained and the other Conditions (set out in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document) have been satisfied or (where applicable) waived, the Scheme will become

effective following sanction by the Court upon delivery of the Court Order to the Registrar of Companies, which is expected to occur during the first half of 2019.

**Once effective, the Scheme will be binding on all Scheme Shareholders, including those who did not vote, or who voted against it, at the Meetings or who could not be traced.**

#### **5.6 Purchaser shareholder approval**

The Acquisition will require the approval of UEG Shareholders either (i) by way of a written approval from one or more shareholders of UEG that holds, or together hold, more than 50% of the voting rights of UEG pursuant to Rule 14.44(2) of the Listing Rules (the **Written Approval**), which is accepted by the Hong Kong Stock Exchange; or (ii) in the event that the Written Approval is not accepted by the Hong Kong Stock Exchange, by way of a majority vote at the Purchaser Shareholder Meeting.

In connection with the Acquisition, on the Transaction Agreement Date the UEG Controlling Shareholders, which together held 18,754,300,230 shares in UEG, representing approximately 71.34% of the issued share capital of UEG as at that date, provided an irrevocable undertaking to Kuwait Energy and UEG to provide Written Approval, or if such Written Approval is not accepted by the Hong Kong Stock Exchange, exercise the voting rights attaching to their shares in UEG to procure the approval of any resolution which is proposed at the Purchaser Shareholder Meeting. Such undertaking will lapse and cease to have any effect if the Transaction Agreement is terminated or if the Acquisition (whether implemented by way of the Scheme or a Takeover Offer) does not complete or become effective on or by the Long Stop Date.

As at the date of this document, the Written Approval has been obtained but not submitted to the Hong Kong Stock Exchange as it is pending confirmation whether the reporting accountant will give an opinion in the accountant's report (which will be included in UEG's circular to its shareholders) which is not qualified. If the reporting accountant's report is qualified, notwithstanding that the Written Approval has been given, the Purchaser Shareholder Meeting will have to be convened on a date not earlier than the first business day falling 14 clear days after the despatch of UEG's circular to its shareholders.

### **6. Directors, management and employees**

UEG attaches great importance to the skills, knowledge and experience of the Kuwait Energy Group's management and employees. Following the Acquisition, UEG intends to remain committed to the development and growth of the operational and technical talent of the Enlarged Purchaser Group.

Subject to the finalisation of the integration plans, where there is a functional overlap, particularly in support functions, a number of duplicate roles may become redundant, although the specific details are still to be developed. To the extent legally required, UEG will engage and consult with affected employees and employee representatives following completion of the Acquisition and prior to making any final decisions.

The Directors have confirmed that they intend to resign upon completion of the Acquisition.

UEG does not currently intend to make material changes to the Kuwait Energy Group's employee benefit arrangements. Benefit arrangements for the 2019 financial year and beyond will likely be aligned across the Enlarged Purchaser Group, although the details of this are yet to be determined.

#### ***View of the Board***

The Directors welcome UEG's statements that UEG intends to remain committed to the development and growth of the operational and technical talent of the Enlarged Purchaser Group and that material changes to employee benefit arrangements for the 2018 financial year are not currently envisaged. The Directors appreciate UEG's commitments to engage and consult with affected employees and appropriate employee representatives where legally required.

The Directors understand that, as a result of UEG's integration process, a number of duplicate roles may become redundant. Whilst regrettable, the Directors recognise that in order to maximise the benefits of the Acquisition, some restructuring through the integration process may be required following completion of the Acquisition. The Directors note that UEG's integration planning is on-going and so specific details about the impact on the Kuwait Energy Group's employees are not yet known.

## **7. Kuwait Energy Share Plans**

The Kuwait Energy Group operates two discretionary share plans to reward and retain its management and employees: a long-term incentive plan (the **Kuwait Energy LTIP**) and an annual short-term incentive plan (the **Kuwait Energy STIP**, and together with the Kuwait Energy LTIP, the **Kuwait Energy Share Plans**). Awards granted under the Kuwait Energy Share Plans are subject to continuous employment and performance conditions.

Participants in the Kuwait Energy Share Plans will be contacted separately regarding the effect of the Acquisition on their rights under the Kuwait Energy Share Plans.

All Kuwait Energy Shares issued or acquired on the vesting of awards under the Kuwait Energy Share Plans before the Scheme Record Time will be subject to the terms of the Scheme and will constitute Scheme Shares. The Scheme will extend to any Kuwait Energy Shares which are issued to or acquired by participants in the Kuwait Energy Share Plans prior to the Scheme Record Time to satisfy the exercise of options and/or vesting of awards under the Kuwait Energy Share Plans prior to the Scheme Record Time.

The Scheme will not extend to Kuwait Energy Shares issued or acquired after the Scheme Record Time and Kuwait Energy has agreed not to allot, issue or grant (under the Kuwait Energy Share Plans or otherwise) any awards in respect of any Kuwait Energy Shares, or otherwise increase its Fully Diluted Share Capital, between the Scheme Record Time and the Effective Time. However, by an amendment which is proposed to be made to the articles of association of Kuwait Energy, any Kuwait Energy Shares issued after the Scheme Record Time to any person (including any participant in the Kuwait Energy Share Plans) other than the Purchaser, will be compulsorily transferred to the Purchaser and such persons will receive the same consideration in exchange for each Kuwait Energy Share as will be given to Scheme Shareholders under the Scheme, being the Per Share Price.

Options and awards subsisting under the Kuwait Energy Share Plans which are not already exercisable will either vest in full and become exercisable immediately before the Scheme Record Time, or will be cancelled immediately prior to the Effective Time in exchange for payment to the relevant awardholder of an amount in US dollars equal to the Per Share Price multiplied by the total number of Kuwait Energy Shares that such awardholder would be entitled to receive if the relevant awards under the Kuwait Energy Share Plans vested immediately before the Effective Time. The Kuwait Energy remuneration committee has exercised its discretion to disapply time pro-rating so that options and awards under the Kuwait Energy Share Plans vest and become exercisable over the maximum number of Kuwait Energy Shares under option or award.

## **8. Directors and the effect of the Scheme on their interests**

Details of the interests of the Directors in the share capital of Kuwait Energy, and awards in respect of such share capital, are set out in Part 6 (*Additional Information*) of this document. Kuwait Energy Shares held or to be held by Directors (including following vesting of any awards under the Kuwait Energy Share Plans) will be subject to the Scheme.

All of the Directors who hold Kuwait Energy Shares in their own name have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Extraordinary General Meeting in respect of all of their own beneficial holdings of Kuwait Energy Shares. The undertakings from the Directors will remain binding in the event that a higher competing offer for Kuwait Energy is made and will cease to be binding only if: (i) the Transaction Agreement terminates in accordance with its terms; (ii) the Scheme is withdrawn, lapses or otherwise terminates in accordance with its terms (and the Purchaser has not elected to implement the Acquisition by way of a Takeover Offer); or (iii) the Acquisition (whether

implemented by way of the Scheme or a Takeover Offer) does not become effective by 30 June 2019 (or such later date (if any) as Kuwait Energy and the Purchaser may agree).

Particulars of the service contracts and letters of appointment of the Directors are set out in paragraph 6 of Part 6 (*Additional Information*) of this document. UEG expects that the appointments of the Directors will be terminated on the Effective Date and that appropriate payments will be made to the Directors in lieu of the required three months' notice, such payments reflecting the fees payable under the relevant service contracts and letters of appointment.

In common with the other participants in the Kuwait Energy Share Plans, the Directors who hold awards will receive Kuwait Energy Shares under such awards (prior to the Scheme Record Time), or any cash cancellation amount, in respect of their awards.

**Save as set out above, the effect of the Scheme on the interests of the Directors does not differ from its effect on the like interests of any other Kuwait Energy Shareholder.**

## **9. Irrevocable undertakings**

Irrevocable undertakings to vote in favour of the Acquisition have been received by the Purchaser in respect of 1,286,645 Kuwait Energy Shares held by those Directors who hold Kuwait Energy Shares in their own name in respect of all of their own beneficial holdings of Kuwait Energy Shares, which represent in aggregate approximately 0.40 per cent. of Kuwait Energy's issued ordinary share capital as at the Latest Practicable Date.

Further details of these irrevocable undertakings are set out in paragraph 4 of Part 6 (*Additional Information*) of this document.

## **10. Financing of the Acquisition**

The cash consideration payable by the Purchaser in connection with the Acquisition is being financed from new borrowings or from cash or cash equivalents (being instruments or deposits that are realisable for cash at the Purchaser's election prior to the Effective Date). The Purchaser Group expects to enter into one or more binding financing agreements and/or obtain cash or cash equivalents for a total aggregate amount of up to US\$651 million (or such lower amount as shall reflect a reduction on a US\$-for-US\$ basis following any repayment or prepayment by Kuwait Energy from time to time in respect of the Abraaj Convertible Loan or the QFB Convertible Loan) in accordance with the terms of the Transaction Agreement by no later than 31 December 2018.

## **11. Taxation**

Your attention is drawn to Part 5 (*Taxation*) of this document which contains a summary of relevant Jersey and Kuwait taxation, which is intended as a general guide only. Kuwait Energy Shareholders who are in any doubt about their tax position are strongly advised to contact an appropriately qualified independent professional adviser immediately.

## **12. Overseas Shareholders**

### **12.1 General**

The availability of the Acquisition or the distribution of this document to Kuwait Energy Shareholders who are not resident in the United Kingdom, the United States, Jersey or Kuwait may be restricted by the laws of the relevant jurisdiction in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, all applicable legal and regulatory requirements of their jurisdictions. Any failure to comply with the requirements of such jurisdictions may constitute a violation of the securities laws of such jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom, the United States, Jersey or Kuwait to vote their Kuwait Energy Shares at the Court Meeting or the Extraordinary General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at a Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. To the fullest extent permitted by

applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom, the United States, Jersey or Kuwait may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the United Kingdom, the United States, Jersey or Kuwait should inform themselves about, and observe any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document has been prepared for the purposes of complying with Jersey law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside Jersey. The contents of this document are not to be construed as legal, business, financial or tax advice. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS DOCUMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW OR REGULATION.

**Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.**

## 12.2 *Notice to U.S. Holders*

U.S. Holders should note that the Acquisition relates to the shares of a Jersey company and is being made by means of a scheme of arrangement provided for under Jersey company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Exchange Act. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in Jersey to schemes of arrangement which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. However, the Purchaser is entitled, in certain circumstances in accordance with the Transaction Agreement, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. If the Purchaser were to elect to implement the Acquisition by means of a Takeover Offer, it shall be made in compliance with all applicable laws and regulations. If such a Takeover Offer is required to be made in the United States, it will be done in compliance with the applicable tender offer rules under the U.S. Exchange Act, including Section 14(e) of the U.S. Exchange Act and Regulation 14E thereunder. In addition to any such Takeover Offer, the Purchaser, Kuwait Energy, certain affiliated companies or their nominees or brokers (acting as agents) may, pursuant to Rule 14e-5(b) of the U.S. Exchange Act, make certain purchases of, or arrangements to purchase, Kuwait Energy Shares other than pursuant to the Takeover Offer, until the date on which the Takeover Offer and/or the Scheme becomes effective, lapses or is withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the U.S. Exchange Act. Such purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices.

Financial information included in this document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and/or Jersey that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Acquisition by a U.S. Holder as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each U.S.

Holder is urged to consult its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to it.

It may be difficult for U.S. Holders to enforce their rights and claims arising out of the U.S. federal securities laws, since Kuwait Energy and the Purchaser are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. U.S. Holders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

### **13. Meetings and action to be taken by Kuwait Energy Shareholders**

The Scheme is subject to a number of Conditions described in paragraph 5.5 of this letter and set out in full in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document. The Scheme will require approval at the Court Meeting to be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait on 19 December 2018 at 10.00 a.m. (Kuwait time). In order to become effective, the Scheme must be approved by a majority in number of the holders of the Scheme Shares representing three-quarters of the voting rights held by those Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting. Implementation of the Scheme will also require the passing of the Special Resolution by Kuwait Energy Shareholders at the Extraordinary General Meeting to be held at the same place at 10.15 a.m. (Kuwait time) on the same date (or, if later, immediately after the Court Meeting is concluded or adjourned), and the subsequent sanction of the Court. **If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholder who did not vote to approve the Scheme.**

You will find enclosed with this document:

- a BLUE Form of Proxy for use in respect of the Court Meeting; and
- a PINK Form of Proxy for use in respect of the Extraordinary General Meeting.

Whether or not you plan to attend both or either of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon to the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, BS13 6ZY, as soon as possible but, in any event, so as to be received by post or by hand (during normal business hours), by 17 December 2018 at 6.00 p.m. (Kuwait time) in the case of both the Court Meeting and the Extraordinary General Meeting (or, in the case of any adjournment, not later than 48 hours (excluding Jersey non-working days) before the time fixed for the holding of the adjourned meeting).

In order to enable Kuwait Energy Shareholders to submit the Forms of Proxy more easily, the Company will, in addition to the above means of delivery, accept Forms of Proxy received:

- by post or (during normal business hours only) by hand by the Company marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait, together with any power of attorney or any other authority under which the Form of Proxy is signed, no later than 6.00 p.m. (Kuwait time) on 17 December 2018; or
- as an attachment, together with any other documentation referred to above, to an email delivered to [ir@kec.com.kw](mailto:ir@kec.com.kw) or [#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk), no later than 6.00 p.m. (Kuwait time) on 17 December 2018.

If the BLUE Form of Proxy for use at the Court Meeting is not lodged by 17 December 2018 at 6.00 p.m. (Kuwait time), it may be handed to a representative of the Registrar at the venue of the Court Meeting, or to the Chairman of the Court Meeting before the start of the Court Meeting. However, in the case of the Extraordinary General Meeting, unless the PINK Form of Proxy is lodged so as to be received by 17 December 2018 at 6.00 p.m. (Kuwait time), it will be invalid. The completion and return of a Form of Proxy will not

prevent you from attending and voting in person at either the Court Meeting or the Extraordinary General Meeting, or any adjournment thereof, should you wish to do so.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of the Scheme Shareholders' opinion. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible.**

If you are based in Kuwait or wish to discuss any questions relating to this document or the completion and return of the Forms of Proxy with an Arabic speaker, you are welcome to call the Company between 8.00 a.m. to 4.00 p.m. (Kuwait time) Sunday to Thursday on +965 2576 7700. Please request to be put through to a member of the Investor Relations team.

Alternatively, if you are based in the UK or in any jurisdiction other than Kuwait and you have any questions relating to this document or the completion and return of the Forms of Proxy, please contact the Registrar on the Shareholder Helpline on 0370 707 4040 (or, from outside the United Kingdom on +44 370 707 4040) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday. Please note that calls to this number may be monitored or recorded, and the Shareholder Helpline cannot provide advice on the merits of the Scheme or the Acquisition, or give financial, tax, investment or legal advice.

Overseas Shareholders should refer to paragraph 12 of this letter.

Notices convening the Court Meeting and the Extraordinary General Meeting are set out in Part 8 (*Notice of Court Meeting*) and Part 9 (*Notice of Extraordinary General Meeting*) of this document.

#### **14. Settlement**

Subject to the Scheme becoming effective, settlement of the cash consideration to which the holders of Scheme Shares are entitled will be effected within 14 days of the Effective Date in the manner set out below.

##### **14.1 Cash consideration**

Settlement of cash consideration due under the Scheme shall be made in U.S. dollars unless a currency election form is completed and returned requesting for payment to be made in either Sterling or Kuwaiti Dinar.

Cash payments to be made in U.S. dollars will be effected by electronic wire transfer to the bank account specified in the completed currency election form returned by each relevant Scheme Shareholder. If the bank account details provided are not in the name of the registered holder or no bank account details or invalid bank account details are provided, cash payments to be made in U.S. dollars will be despatched by first class post in pre-paid envelopes or by international standard post, by a cheque drawn on a branch of a UK clearing bank.

Cash payments to be made in either Sterling or Kuwaiti Dinar will be effected by electronic wire transfer, each of which will be issued from a branch of a UK clearing bank to the bank account specified in the completed currency election form returned by each relevant Scheme Shareholder. Funds will be wired as soon as practicable after the Effective Date and in any event within 14 days thereof. If the bank account details provided are not in the name of the registered holder or no bank account details or invalid bank account details are provided for a payment to be made in Sterling or Kuwaiti Dinar, a cheque for U.S. dollars will be issued.

Payment made by cheque shall be payable to the Scheme Shareholders concerned or, in the case of joint holders, to all named holders recorded in the register of members of Kuwait Energy in respect of the joint holding concerned. Cheques shall be despatched as soon as practicable after the Effective Date and in any event within 14 days thereof.

The actual amount of Sterling or Kuwaiti Dinar received by any Kuwait Energy Shareholder receiving their cash consideration in Sterling or Kuwaiti Dinar will depend upon the exchange rate prevailing on the day on which the Settlement Agent converts the relevant amount of U.S. dollars into Sterling or Kuwaiti Dinar. Kuwait Energy Shareholders should be aware that the exchange rates to convert

U.S. dollars into Sterling or Kuwaiti Dinar which are prevailing at the date on which any election is made to receive Sterling or Kuwaiti Dinar, and on the dates of despatch and receipt of payment, may be different from that prevailing on the date on which the Settlement Agent converts the U.S. dollars into Sterling or Kuwaiti Dinar. In all cases, fluctuations in the Sterling/Kuwaiti Dinar/US dollar exchange rate are at the risk of Kuwait Energy Shareholders who elect or are treated as having elected to receive their consideration in Sterling or Kuwaiti Dinar. Any Kuwait Energy Shareholder who wishes to receive a certain, fixed cash amount in U.S. dollars should not elect to receive Sterling or Kuwaiti Dinar.

#### 14.2 *Share certificates and dividend mandates*

With effect from, and including, the Effective Date:

- all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of Kuwait Energy to deliver up the same for cancellation to Kuwait Energy, or, as Kuwait Energy may direct, to destroy the same;
- appropriate entries will be made in the register of members of Kuwait Energy with effect from the Effective Date to reflect their transfer; and
- mandates in force relating to the payment of dividends and other instructions given by the Scheme Shareholders in respect of their Scheme Shares will be deemed revoked.

#### 14.3 *Unclaimed monies*

Any cheques which are issued by the Settlement Agent (acting on behalf of the Purchaser) to any Scheme Shareholder relating to the consideration payable pursuant to the Scheme, and which remain uncashed for a period of twelve months following the Effective Date, will be cancelled and the proceeds held by the Purchaser on trust for the relevant untraceable shareholders for a period of six years. During this period, any Scheme Shareholder who can prove to the reasonable satisfaction of the Purchaser that they are entitled to the proceeds held on trust will be able to recover such monies, less any expenses. Following the expiry of this period, the Purchaser will be released from holding any such monies on trust for any untraceable shareholders, and such monies will revert to the Purchaser.

### 15. **Actions to be taken**

In order to receive your consideration in Sterling, Kuwaiti Dinar or U.S. dollars via electronic payment you should complete the currency election form in accordance with the instructions set out below and on the currency election form.

If you have any queries as to how to complete the currency election form or wish to request additional currency election forms, please telephone the Settlement Agent on 0370 707 4040 (from within the UK) or on +44 370 707 4040 (if calling from outside the UK). Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Scheme or the Acquisition nor give any financial, legal or tax advice. You can also obtain additional currency election forms from the Company's website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)) or by contacting the Company at [ir@kec.com.kw](mailto:ir@kec.com.kw).

- To elect to receive your consideration in either Sterling or Kuwaiti Dinar you must complete **Box 2** and sign **Box 3** of the enclosed currency election form.*
- To elect to receive your U.S. Dollar consideration electronically you must complete **Box 2** and sign **Box 3** of the enclosed currency election form.*

In all cases, all shareholders mentioned in **Box 1** must sign **Box 3** on the currency election form. Any Kuwait Energy Shareholder which is a company should execute **Box 3** of the currency election form in accordance with the instructions printed on it. If you do not select a currency or provide bank account details in Box 2

of the currency election form, you will be deemed to receive the default payment in U.S. Dollars by cheque unless you have elected to receive Sterling, in which case a cheque for Sterling will be issued.

Please ensure you complete the correct box in Section 2 of the currency election form to receive your consideration in the currency of your choice. Your election can only be made to receive either Sterling or Kuwaiti Dinar, not both. If you wish to receive your U.S. Dollar consideration electronically please tick the relevant currency and provide your bank account details. If you have signed the currency election form in **Box 3** but have not selected either Sterling or Kuwaiti Dinar, you will receive the consideration in the default currency option of U.S. Dollars by cheque.

### ***Return of currency election form***

The completed and signed currency election form should be returned either to: (i) the Settlement Agent by post to Computershare Investor Services (Jersey) Limited at Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services (Jersey) Limited at The Pavilions, Bridgwater Road, Bristol, BS13 8AE; or (ii) the Company by post or (during normal business hours only) by hand marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait, or as an attachment, to an email delivered to [ir@kewc.com.kw](mailto:ir@kewc.com.kw), as soon as possible and, in any event, so as to be received not later than 3.00 p.m. (Kuwait time) on 7 January 2019 or, in the event that the Court Hearing is held after 7 January 2019, by 3.00 p.m. (Kuwait time) on the date of the Court Hearing. Kuwait Energy currently anticipates that the Court Hearing will be held on or around 7 January 2019 but this date will depend, *inter alia*, on the date upon which the Conditions are satisfied or (if capable of waiver) waived. Kuwait Energy will give adequate notice of the date of the Court Hearing (and therefore the date by which completed currency election forms should be returned to the Settlement Agent or the Company) by displaying a notice on its website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)) and notifying by email all Scheme Shareholders for whom the Company holds an email address. A reply-paid envelope for use in the United Kingdom only is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

As stated at paragraph 14.1 above, fluctuations in the Sterling/Kuwaiti Dinar/US dollar exchange rate are at the risk of Kuwait Energy Shareholders who elect or are treated as having elected to receive their consideration in Sterling or Kuwaiti Dinar. Any Kuwait Energy Shareholder who wishes to receive a certain, fixed cash amount in U.S. dollars should not elect to receive Sterling or Kuwaiti Dinar.

Your attention is also drawn to pages 10 and 11 of this document, which set out in full the actions you should take in respect of voting on the Acquisition and the Scheme.

Overseas Shareholders should refer to paragraph 12 of this letter.

### **16. Further information**

Your attention is drawn to Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) of this document which sets out the Conditions to the Scheme. The full terms of the Scheme are set out in Part 3 (*The Scheme of Arrangement*) of this document. You should, however, read the whole of this document and not just rely on the information contained in this letter, or in Part 2 (*Conditions of the Scheme and the Acquisition and Certain Further Terms*) or Part 3 (*The Scheme of Arrangement*) of this document.

Your attention is also drawn to the information which is incorporated by reference into this document, details of which can be found in Part 4 (*Financial Information relating to Kuwait Energy*) of this document.

The Shareholder Helpline is also available to answer any further questions that you may have, the details of which are set out in full on page 11 of this document.

An Arabic translation of this document will be available to shareholders on Kuwait Energy's website on or around the date of this document at the following hyperlink: [www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/). The English language version of this document is the official document and in the case of any inconsistency between the English and Arabic translation, the English text will prevail.

## **17. Recommendation**

The Directors consider the terms of the Acquisition (including the Scheme) to be fair and reasonable.

Accordingly, the Directors believe that the terms of the Acquisition and the Scheme are in the best interests of Kuwait Energy Shareholders as a whole and unanimously recommend that the Scheme Shareholders vote in favour of the resolution to be proposed at the Court Meeting, and that Kuwait Energy Shareholders vote in favour of the Special Resolution to be proposed at the Extraordinary General Meeting, as those of them who hold Kuwait Energy Shares in their own name have irrevocably undertaken to do in respect of their entire beneficial holdings of Kuwait Energy Shares.

Yours faithfully,

**Dr. Mansour Aboukhamseen**

*Chairman*

## PART 2

### CONDITIONS OF THE SCHEME AND THE ACQUISITION AND CERTAIN FURTHER TERMS

#### A. CONDITIONS OF THE SCHEME AND THE ACQUISITION

##### Conditions of the Scheme

1. The Scheme will be conditional upon:
  - (a) its approval by a majority in number representing three-quarters of the voting rights of the Scheme Shareholders present and voting (either in person or by proxy) at the Court Meeting or any adjournment thereof;
  - (b) the Special Resolution being duly passed by Kuwait Energy Shareholders representing at least two-thirds of the votes cast on a poll (either in person or by proxy) at the Extraordinary General Meeting or any adjournment thereof;
  - (c) the sanction of the Scheme by the Court; and
  - (d) the delivery of the Court Order to the Registrar of Companies for registration.

##### Conditions to the Acquisition

2. The Acquisition will be conditional on the Scheme becoming unconditional and effective by no later than 30 June 2019, or such later date (if any) as the Purchaser and Kuwait Energy may agree and, if required, the Court may allow.
3. In addition, the Purchaser and Kuwait Energy have agreed that, subject as stated in Section B below, the Acquisition will also be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:
  - (a) the approval of the Acquisition by the shareholders of UEG (i) by way of the Written Approval, which is accepted by the Hong Kong Stock Exchange; or (ii) in the event that the Written Approval is not accepted by the Hong Kong Stock Exchange, by way of a majority vote at the Purchaser Shareholder Meeting;
  - (b) receipt of the Consents without any requirement for any member of the Kuwait Energy Group or any member of the Purchaser Group to accept terms and conditions associated with such Consents that are not required by the relevant agreements under which such Consents are to be obtained or that are not required by applicable law;
  - (c) no Material Adverse Effect having occurred; and
  - (d) each of the following having occurred prior to the Scheme Record Date:
    - (i) either:
      - (A) all the outstanding amounts due under the QFB Convertible Loan having been converted into Convertible Shares in accordance with the existing terms of the QFB Convertible Loan; or

- (B) the QFB Entities having agreed to amend the terms of the QFB Convertible Loan (in a form reasonably satisfactory to the Purchaser and Kuwait Energy) to provide that all outstanding amounts due to them pursuant to the terms of the QFB Convertible Loan shall be paid by the Purchaser at the Effective Time,

and, in each case, no member of the Kuwait Energy Group or the Purchaser Group has any further liabilities (whether actual or contingent), obligations or debts, or is subject to any claims, actions or proceedings, in connection with the QFB Convertible Loan; and

- (ii) either

- (A) Kuwait Energy having satisfied all obligations (including payment obligations) under the Abraaj Convertible Loan; or

- (B) all outstanding amounts due under the Abraaj Convertible Loan having converted into Convertible Shares in accordance with the existing terms of the Abraaj Convertible Loan,

and, in each case, no member of the Kuwait Energy Group or the Purchaser Group has any further liabilities (whether actual or contingent), obligations or debts in connection with the Abraaj Convertible Loan, or is subject to any claims, actions or proceedings (other than claims, actions or proceedings which are vexatious) where the aggregate amount claimed in such claims, actions or proceedings taken together with the Abraaj Settlement Amount exceeds US\$70,600,000, in connection with the Abraaj Convertible Loan.

## **B. CERTAIN FURTHER TERMS OF THE SCHEME AND THE ACQUISITION**

1. The Purchaser reserves the right to waive, in whole or in part, all or any of Conditions 3(b), 3(c) and 3(d) of Section A above.
2. Conditions 1(a), 1(b), 3(a), 3(b), 3(c) and 3(d) of Section A above must be fulfilled by 11.59 p.m. (Jersey time) on the date immediately preceding the date of the Court Hearing.
3. The Scheme will lapse (and the Acquisition will not proceed) unless all Conditions of the Acquisition are fulfilled or (if capable of waiver) waived by the Purchaser or, where appropriate, determined by the Purchaser to have been or remain satisfied by midnight (London time) on 30 June 2019 (or such later date (if any) as the Purchaser and Kuwait Energy may agree and, if required, the Court may allow).
4. The Purchaser shall be under no obligation to waive or treat as satisfied any of Conditions 3(b), 3(c) or 3(d) by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. The Purchaser is entitled, in certain circumstances, to elect to implement the Acquisition by way of a Takeover Offer in accordance with the terms of the Transaction Agreement. In such event, the Acquisition will be implemented on the same terms, in so far as applicable, as those that would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, including (without limitation) a condition that the Takeover Offer is accepted by the holders of at least 90 per cent. of the Kuwait Energy Shares to which the Acquisition relates (or such lower percentage as may be agreed in writing between Kuwait Energy and the Purchaser, being more than 50 per cent. of the Kuwait Energy Shares to which the Acquisition relates).

6. The Scheme Shares will be acquired by the Purchaser fully paid and free from Encumbrances and together with all rights attaching to them at the Effective Date or thereafter attached thereto, including voting rights and entitlement to receive and retain all dividends and distributions (if any) declared, paid or made thereon (if any) by the Company on or after the Transaction Agreement Date.
7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
8. The Scheme will be governed by Jersey law and be subject to the jurisdiction of the Jersey courts and to the Conditions set out above (provided that no modifications may be made to the Conditions without the consent of Kuwait Energy and the Purchaser).
9. The availability of the Acquisition to persons not resident in the United Kingdom, the United States, Jersey or Kuwait may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom, the United States, Jersey or Kuwait should inform themselves about and observe any applicable requirements.

## PART 3

### THE SCHEME OF ARRANGEMENT

IN THE ROYAL COURT OF JERSEY  
SAMEDI DIVISION

File No: 2018/289

#### IN THE MATTER OF KUWAIT ENERGY PLC

*(Company Number 106699)*

and

#### IN THE MATTER OF ARTICLE 125 OF THE COMPANIES (JERSEY) LAW 1991 SCHEME OF ARRANGEMENT

*(under Article 125 of the Companies (Jersey) Law 1991)*

between

**KUWAIT ENERGY PLC**

AND

**THE HOLDERS OF THE SCHEME SHARES**

(as hereinafter defined)

#### PRELIMINARY

In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

- “**Abraaj Agreed Cap**” in relation to the Abraaj Settlement Amount, the amount of US\$70,600,000;
- “**Abraaj Convertible Loan**” the convertible term loan facility the Kuwait Energy Group entered into on 4 April 2012 with KEC SPV 1 Limited (an entity managed and controlled by Abraaj Investment Management Limited), as subsequently amended;
- “**Abraaj Settlement Amount**”
- (a) an amount equal to the sum of amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the Abraaj Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; plus
  - (b) the amount of the Additional Consideration that is payable in respect of any Convertible Shares that are issued prior to the Scheme Record Time in accordance with the terms of the Abraaj Convertible Loan (if any);
- “**Abraaj Upside Amount**” such amount in US dollars as is equal to  $0.2*(a-b-c)$  where:
- (a)  $a$  is US\$78.971 million;
  - (b)  $b$  is an amount equal to amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the Abraaj Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; and

- (c)  $c$  is the amount of the Additional Consideration that is payable in respect of any Convertible Shares that are issued in accordance with the terms of the Abraaj Convertible Loan (if any),

provided that, if such amount is less than zero, it shall be deemed to be zero;

**“Acquisition”**

the proposed acquisition of the entire issued and to be issued share capital of Kuwait Energy by the Purchaser (other than any Excluded Shares) to be effected by means of the Scheme or (should the Purchaser so elect in accordance with the terms of the Transaction Agreement) by way of a Takeover Offer;

**“Additional Consideration”**

an additional amount in US dollars equal to the Per Share Price in respect of each Convertible Share issued on or after the Transaction Agreement Date (and prior to the Scheme Record Time), in accordance with the terms of the QFB Convertible Loan or the Abraaj Convertible Loan;

**“Additional Disclosure Bundle”**

the additional disclosure materials delivered to the Purchaser before the execution of the Transaction Agreement in the agreed form;

**“Affiliate”**

- (a) in the case of a company, (i) that company’s subsidiaries and subsidiary undertakings from time to time; (ii) any holding company of that company and all other subsidiaries and subsidiary undertakings of any such holding company from time to time; and (iii) any other person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, that company; and
- (b) in the case of any individual, (i) that individual’s family members and any person related to that individual by way of kinship or marriage; (ii) any company in which that individual and the persons specified in (i) above collectively exercise control from time to time; and (iii) any other person that directly or indirectly through one or more intermediaries controls, or is controlled by or is under common control with, any of the foregoing,

where, for the purposes of this definition of “Affiliate”, “control” means the possession, directly or indirectly through one or more intermediaries, of (i) the power to direct the majority of the voting rights in a person (where applicable); (ii) the power to appoint or remove a majority of the directors of a person (where applicable); or (iii) the power to direct the management, financial and operating policies or the activities of a person, in each case, whether through the ownership of shares, by contract, or otherwise;

**“Base Consideration”**

an aggregate amount in cash equal to US\$490,747,128, as may be adjusted in accordance with the Transaction Agreement, as described in paragraph 3 of this Scheme;

**“Business Day”**

any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom, Hong Kong, Jersey, Channel Islands and Kuwait City, Kuwait;

<b>“Cash Alternative Amount”</b>	in respect of a Kuwait Energy Awardholder, an amount in US dollars equal to the Per Share Price (as may be adjusted in accordance with the provisions of the Transaction Agreement) multiplied by the total number of Kuwait Energy Shares that such Kuwait Energy Awardholder would be entitled to receive if the Kuwait Energy Awardholder’s awards under the Kuwait Energy STIP or the Kuwait Energy LTIP vested immediately before the Effective Time;
<b>“Consideration Adjustment Cut-off Date”</b>	<p>the date falling four Business Days following the date of the Purchaser’s notice to Kuwait Energy that it has:</p> <p>(a) entered into (or a member of the Purchaser Group has entered into) one or more binding financing agreements where the availability of such financing to the Purchaser is certain from the perspective of a reasonable seller in terms of conditionality to funding; or</p> <p>(b) obtained cash or cash equivalents (being instruments and deposits that are realisable for cash at the Purchaser’s election prior to the Effective Date) on hand,</p> <p>or a combination of the above, provided that the total aggregate amount of financing available to the Purchaser (when taken together with the amount standing to the credit of the Escrow Account) is US\$651 million (or such lower amount as shall reflect a reduction on a US\$-for-US\$ basis following any repayment or prepayment by Kuwait Energy from time to time in respect of the Abraaj Convertible Loan or the QFB Convertible Loan);</p>
<b>“Convertible Shares”</b>	such Kuwait Energy Shares as are issued from time to time following the Transaction Agreement Date in accordance with the terms of the Abraaj Convertible Loan and/or the QFB Convertible Loan;
<b>“Court”</b>	the Royal Court of Jersey;
<b>“Court Hearing”</b>	the hearing of the Court (and any adjournment thereof) to sanction the Scheme pursuant to Article 125 of the Jersey Companies Law;
<b>“Court Meeting”</b>	the meeting of the Scheme Shareholders (and any adjournment, postponement or reconvention thereof) convened pursuant to an Act of the Court pursuant to Article 125 of the Jersey Companies Law, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment);
<b>“Court Order”</b>	the Act of the Court made at the Court Hearing sanctioning the Scheme under Article 125 of the Jersey Companies Law;
<b>“DD Call Log”</b>	the list prepared by Kuwait Energy in the agreed form of certain due diligence calls that took place between UEG and/or its professional advisers, on the one hand, and Kuwait Energy and/or its professional advisers, on the other, on or before 16 September 2018;
<b>“Disclosed”</b>	(a) in relation to the Kuwait Energy Fundamental Warranties, Fairly Disclosed and specifically disclosed in the Disclosure Letter;

- (b) in relation to certain Kuwait Energy Warranties in relation to claims and proceedings by or against the Kuwait Energy Group as specified in the Transaction Agreement, Fairly Disclosed by Kuwait Energy in folder 04. Legal – 04.05 Litigation and Disputes in the Kuwait Energy Data Room; and
- (c) in relation to the Kuwait Energy Warranties other than the Kuwait Energy Fundamental Warranties and the Kuwait Energy Warranties referred to in sub-paragraph (b) above, Fairly Disclosed by Kuwait Energy (i) in writing to the Purchaser in the Kuwait Energy Data Room or the Disclosure Letter or the Additional Disclosure Bundle or (ii) through the due diligence calls set out in the DD Call Log or (iii) in emails sent by any employees of any Kuwait Energy Group Company including any director or officer of any Kuwait Energy Group Company or contractors (excluding professional advisers) of Kuwait Energy or by Deloitte LLP in its capacity as professional adviser to Kuwait Energy to designated employees of the Purchaser Group between 1 April 2018 and 16 September 2018 in connection with the Purchaser’s due diligence on Kuwait Energy;

<b>“Disclosure Letter”</b>	the letter of the same date as the Transaction Agreement written by Kuwait Energy to the Purchaser and delivered to the Purchaser before the execution of the Transaction Agreement;
<b>“Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms;
<b>“Effective Time”</b>	the time on the Effective Date at which the Scheme becomes effective;
<b>“Encumbrances”</b>	all mortgages, pledges, liens, equities, charges, hypothecs, encumbrances, equitable rights, options, rights of pre-emption, restrictions on transfer, assignments, hypothecations or any other third party rights and interests of any nature whatsoever, or any agreement to create any of the foregoing;
<b>“Escrow Account”</b>	the interest-bearing deposit account in the name of the Purchaser held with J P Morgan, Hong Kong branch for the purpose of holding the deposit amount of US\$15,000,000;
<b>“Excluded Shares”</b>	(i) any Kuwait Energy Shares beneficially owned by the Purchaser or any other member of the Purchaser Group and (ii) any Kuwait Energy Shares held in treasury by Kuwait Energy;
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of Kuwait Energy Shareholders (and any adjournment or postponement thereof) to be convened to consider and if thought fit pass the Special Resolution;
<b>“Fairly Disclosed”</b>	disclosed prior to the Transaction Agreement Date in such a manner that the matter disclosed is reasonably apparent from the terms of the relevant disclosure and the relevance to the Kuwait Energy Warranties or the definition of “Material Adverse Effect” (as the context may require) of the information disclosed ought reasonably to be appreciated by the Purchaser and with sufficient detail and in

	such manner as to enable the Purchaser to identify and assess accurately the nature and scope of the matter concerned;
<b>“Fully Diluted Share Capital”</b>	the issued share capital of Kuwait Energy calculated on the basis that all options, awards and other rights to subscribe for, acquire or exchange or otherwise convert securities into, Kuwait Energy Shares are exercised and/or vested (other than any Convertible Shares), and including such Kuwait Energy Shares that would be issued to holders of shares in KEC K.S.C.C. in the event those shareholders that are entitled to do so applied to convert those shares into Kuwait Energy Shares;
<b>“Gross Leakage Adjustment Amount”</b>	has the meaning given to that term in paragraph 3.8 of this Scheme;
<b>“Incremental Interest Amount”</b>	an amount equal to the amount by which the total interest payable on any Replacement Debt at the Relevant Refinancing Interest Rate exceeds the total interest that would be payable on such Replacement Debt at an annual interest rate of 9.0%, and if such amount is negative, it shall be zero;
<b>“Jersey Companies Law”</b>	the Companies (Jersey) Law 1991, and the regulations promulgated thereunder, as each may be amended from time to time;
<b>“KEC K.S.C.C.”</b>	Kuwait Energy Company K.S.C.C., a company registered in Kuwait with registration number 109574 having its registered office at Salmiya, Block 94, Building No. 35, Al Najoom Real Estate – Laila Tower, Tenth floor, Office No. 2;
<b>“K.S.C.C. Documents”</b>	the series of agreements and other documents relating to KEC K.S.C.C.’s ownership structure as set out in the Transaction Agreement, including (i) the extract issued by the Ministry of Commerce and Industry in Kuwait in relation to KEC K.S.C.C. dated 28 August 2018; (ii) the memorandum and association of Marstream Shares & Securities W.L.L. dated 5 March 2014; (iii) the memorandum and association of AWAL Shares & Securities Co. W.L.L. dated 1 April 2013; and (iv) the memorandum and association of AWAL 2 Shares & Securities Co. S.P.C. dated 16 May 2013;
<b>“Kuwait Energy”</b>	Kuwait Energy plc, incorporated in Jersey with registered number 106699 and whose registered office is at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, Channel Islands;
<b>“Kuwait Energy Awardholder”</b>	a holder of an award granted under the Kuwait Energy Share Plans;
<b>“Kuwait Energy Data Room”</b>	the virtual data room as at 6.00 p.m. (Kuwait time) on 16 September 2018 hosted by Citrix ShareFile in connection with the Acquisition (including the Excel workbook containing questions raised by UEG and/or its professional advisers and responses provided by Kuwait Energy and/or its professional advisers in relation to the due diligence process undertaken by UEG in connection with the Acquisition);
<b>“Kuwait Energy Fundamental Warranties”</b>	certain fundamental statements relating to Kuwait Energy, its business and operations (as specified in the Transaction Agreement) that are given by Kuwait Energy to the Purchaser;

<b>“Kuwait Energy Group”</b>	Kuwait Energy, its subsidiaries, subsidiary undertakings and Affiliates from time to time;
<b>“Kuwait Energy Group Company”</b>	means Kuwait Energy and each other member of the Kuwait Energy Group;
<b>“Kuwait Energy Insolvency Event”</b>	any of the following events: <ul style="list-style-type: none"> <li>(a) Kuwait Energy, on a consolidated basis with its subsidiaries, becomes insolvent as such term is understood under the laws of Jersey or is insolvent or deemed unable to pay its debts as they fall due (within the meaning of section 123(1)(e) Insolvency Act 1986);</li> <li>(b) Kuwait Energy or any other material Kuwait Energy Group Company takes any action, an order is made, a resolution is passed, a petition is presented (other than a petition which is discharged or dismissed within 20 Business Days of presentation) or a meeting is convened, or any other steps are taken or legal proceedings commenced (other than legal proceedings which are discharged or dismissed within 20 Business Days of commencement) against Kuwait Energy or any other material Kuwait Energy Group Company for its winding-up, dissolution or voluntary liquidation (other than for group restructuring purposes) or for any similar or analogous proceeding in any jurisdiction, or for Kuwait Energy or any other material Kuwait Energy Group Company to enter into any arrangement or composition for the benefit of creditors, or for the appointment of any administrator, receiver, administrative receiver, liquidator (provisional or otherwise) trustee or similar officer over the whole or any part of the property, assets or undertaking of Kuwait Energy or any material Kuwait Energy Group Company;</li> <li>(c) a material Kuwait Energy Group Company is insolvent or deemed unable to pay its debts as they fall due (within the meaning of section 123(1)(e) Insolvency Act 1986); or</li> <li>(d) an event analogous to any of the foregoing occurs in relation to any material Kuwait Energy Group Company in any jurisdiction;</li> </ul>
<b>“Kuwait Energy LTIP”</b>	the discretionary share-based long term incentive plan operated by Kuwait Energy;
<b>“Kuwait Energy Shareholders”</b>	holders of Kuwait Energy Shares and, for the purposes of the definition of “Leakage” only, Kuwait Financial Centre K.P.S.C. (Markaz), Marstream Shares & Securities W.L.L., AWAL Shares & Securities Co. W.L.L. and AWAL 2 Shares & Securities Co. S.P.C.;
<b>“Kuwait Energy Share Plans”</b>	the Kuwait Energy LTIP and the Kuwait Energy STIP;
<b>“Kuwait Energy Shares”</b>	ordinary shares of £1.00 each in the capital of Kuwait Energy;
<b>“Kuwait Energy STIP”</b>	the discretionary cash and share-based annual short term incentive plan operated by Kuwait Energy;

**“Kuwait Energy Warranties”**

certain statements relating to Kuwait Energy, its business and operations (as specified in the Transaction Agreement) that are given by Kuwait Energy to the Purchaser;

**“Kuwait Energy Warranty Breach Notice”**

has the meaning given to that term in paragraph 3.3 of this Scheme;

**“Leakage”**

- (a) any dividend (in cash or in kind), distribution or other return of capital (whether by reduction of capital, purchase of shares or otherwise) declared, authorised, paid or made (whether actual or deemed) by a member of the Kuwait Energy Group other than to another wholly-owned member of the Kuwait Energy Group;
- (b) any payments made or agreed to be made by any member of the Kuwait Energy Group in respect of any share capital or other securities of any member of the Kuwait Energy Group being issued, redeemed, purchased or repaid, or any other return of capital, other than to any wholly-owned member of the Kuwait Energy Group;
- (c) the waiver or discount by any member of the Kuwait Energy Group of any amount or obligation, other than where such amount or obligation is owed by another wholly-owned member of the Kuwait Energy Group;
- (d) the failure by any Kuwait Energy Shareholder (or any Affiliate of such Kuwait Energy Shareholder) to pay when due, any amount or obligation due by any such Kuwait Energy Shareholder (or any Affiliate of Kuwait Energy Shareholder) to any member of the Kuwait Energy Group;
- (e) the assumption, indemnification or incurrence by any member of the Kuwait Energy Group of any liability (including indebtedness, expenses or costs) for the benefit of any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder);
- (f) the transfer or surrender by any member of the Kuwait Energy Group (other than to another wholly-owned member of the Kuwait Energy Group) of any assets to the extent that such transfer or surrender is at less than market value;
- (g) any payments, management charges or fees of any nature levied by, or for the benefit of, any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder) against any member of the Kuwait Energy Group and any payments of any nature including, without limitation, any payments of any management, service or similar fees or compensation by any member of the Kuwait Energy Group to, or for the benefit of, any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder);
- (h) any agreement or arrangement made or entered into by any member of the Kuwait Energy Group to do or give effect to any matter referred to in (a) to (g) above; and

	(i) any payment of Tax or any incurrence of any liability to Tax by any member of the Kuwait Energy Group in connection with or arising out of any of the matters referred to in (a) to (h) above,
	but excludes Permitted Leakage;
<b>“Leakage Adjustment Amount”</b>	has the meaning given to that term in paragraph 3.8 of this Scheme;
<b>“Leakage Notice”</b>	has the meaning given to that term in paragraph 3.7 of this Scheme;
<b>“Losses”</b>	any reduction in the value (assessed by reference to the sum of the Base Consideration and the Additional Consideration (if any) before any adjustment to reflect any one or more Warranty Breach Adjustment Amounts or Leakage Adjustment Amounts or any other provisions of the Transaction Agreement) of the Kuwait Energy Group Companies arising out of the breach or breaches of the relevant Kuwait Energy Warranties, provided that when quantifying the reduction in value, no account shall be taken of potential mitigating actions by the Purchaser that have not been taken at, or actions to cure the relevant breach that will only be taken after, the point of quantification;
<b>“Material Adverse Effect”</b>	any matter or event (or series of matters or events, whether or not related) occurring on or after 1 January 2018 which results or is reasonably likely to result in: <ul style="list-style-type: none"> <li>(a) a reduction in the total assets of the Kuwait Energy Group of at least US\$100,000,000 as compared to that set out in the audited accounts of the Kuwait Energy Group drawn up for the twelve months ended 31 December 2017 at 31 December 2017; or</li> <li>(b) an increase in the total liabilities of the Kuwait Energy Group of at least US\$100,000,000 as compared to that set out in the audited accounts of the Kuwait Energy Group drawn up for the twelve months ended 31 December 2017 at 31 December 2017,</li> </ul> and which is notified in writing by the Purchaser to Kuwait Energy, save where the relevant reduction in total assets or increase in total liabilities: <ul style="list-style-type: none"> <li>(i) results from a reduction in oil prices or any reduction in the estimate of reserves in the contract areas relating to the oil and gas exploration, development and/or production assets of the Kuwait Energy Group; or</li> <li>(ii) has been Fairly Disclosed (but only to the extent Fairly Disclosed);</li> </ul>
<b>“Meetings”</b>	the Court Meeting and/or the Extraordinary General Meeting, as the case may be;
<b>“Offer Document”</b>	should the Acquisition be implemented by means of a Takeover Offer, the document to be sent to Kuwait Energy Shareholders which will contain, <i>inter alia</i> , the terms and conditions of that Takeover Offer;

<b>“Permitted Leakage”</b>	<ul style="list-style-type: none"> <li>(a) any payment or accrual of interest on the Senior Notes as in force at the date of the Transaction Agreement, or any payment made pursuant to any extension or refinancing of such Senior Guaranteed Notes;</li> <li>(b) any payment or accrual of any amount (whether pursuant to principal, interest, premium amounts or otherwise) under the Abraaj Convertible Loan or the QFB Convertible Loan;</li> <li>(c) any payment made pursuant to any K.S.C.C. Document;</li> <li>(d) any matter undertaken at the written request, or with the prior written consent, of the Purchaser and acknowledged by the Purchaser as Permitted Leakage; and</li> <li>(e) for the purposes of limb (g) of the definition of Leakage only, any Leakage received by a shareholder of Kuwait Energy in their capacity as a director of Kuwait Energy, an employee, consultant or sub-contractor;</li> </ul>
<b>“Per Share Price”</b>	has the meaning given to that term in paragraph 2.2 of this Scheme;
<b>“Proposed Yemen Amount”</b>	has the meaning given to that term in paragraph 3.11 of this Scheme;
<b>“Purchaser”</b>	Gold Cheers Corporation Limited, incorporated in Hong Kong whose registered office is at Suite 2505, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong;
<b>“Purchaser Group”</b>	UEG, the Purchaser and their respective subsidiaries, subsidiary undertakings and Affiliates from time to time, but excluding any persons who from time to time directly or indirectly control the Purchaser’s Guarantor;
<b>“Purchaser’s Guarantor” or “UEG”</b>	United Energy Group Limited, registered in the Cayman Islands and continued in Bermuda with limited liability whose registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda;
<b>“QFB Agreed Cap”</b>	in relation to the QFB Settlement Amount, the amount of US\$89,510,000;
<b>“QFB Convertible Loan”</b>	means the convertible term loan facility the Kuwait Energy Group entered into on 6 August 2012 with Qatar First Investment Bank and Qatar First Equities S.P.C., as subsequently amended;
<b>“QFB Settlement Amount”</b>	<ul style="list-style-type: none"> <li>(a) an amount equal to the sum of amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the QFB Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; plus</li> <li>(b) the amount of the Additional Consideration that is payable in respect of any Convertible Shares that are issued prior to the Scheme Record Time in accordance with the terms of the QFB Convertible Loan (if any);</li> </ul>
<b>“Recoverable VAT Amount”</b>	has the meaning given to that term in paragraph 3.8 of this Scheme;

<b>“Registrar of Companies”</b>	the registrar of companies in Jersey;
<b>“Relevant Refinancing”</b>	a member or members of the Kuwait Energy Group agreeing to issue or incur any bonds, notes or other debt securities, convertible or exchangeable securities, loan facilities or other indebtedness for the purpose of refinancing the Senior Notes ( <b>Replacement Debt</b> ), at an annual interest rate exceeding 9.0% (such annual interest rate being the <b>Relevant Refinancing Interest Rate</b> );
<b>“Relevant Refinancing Interest Rate”</b>	has the meaning given to that term in the definition of “Relevant Refinancing”;
<b>“Replacement Debt”</b>	has the meaning given to that term in the definition of “Relevant Refinancing”;
<b>“Scheme” or “Scheme of Arrangement”</b>	this proposed scheme of arrangement under Article 125 of the Jersey Companies Law between Kuwait Energy and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Kuwait Energy and the Purchaser;
<b>“Scheme Document”</b>	the document in respect of this Scheme sent to (among others) Kuwait Energy Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Meetings;
<b>“Scheme Record Time”</b>	6.00 p.m. (Jersey time) on the Business Day immediately preceding the Effective Date (or such other time as Kuwait Energy and the Purchaser shall agree, with the consent of the Court (if required));
<b>“Scheme Shareholders”</b>	the registered holders of Scheme Shares at the relevant time;
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>(a) the existing, unconditionally allotted or issued Kuwait Energy Shares as at the date of the Scheme Document;</li> <li>(b) any further Kuwait Energy Shares which are unconditionally allotted or issued after the date of the Scheme Document but before the Voting Record Time; and</li> <li>(c) any Kuwait Energy Shares issued at or after the Voting Record Time and before the Scheme Record Time (including, for the avoidance of doubt, any Kuwait Energy Shares issued to satisfy the vesting of awards pursuant to existing incentive arrangements of the Kuwait Energy Group) or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme,</li> </ul> <p>in each case, other than any Excluded Shares;</p>
<b>“Senior Notes”</b>	the US\$250 million 9.500% Senior Guaranteed Notes due 2019 and issued by Kuwait Energy on 4 August 2014;
<b>“Settlement Agent”</b>	Computershare Investor Services (Jersey) Limited;
<b>“Special Resolution”</b>	the special resolution to be proposed by Kuwait Energy at the Extraordinary General Meeting to alter the articles of association of Kuwait Energy and authorise the directors of Kuwait Energy to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect;

<b>“Takeover Offer”</b>	if the Purchaser elects to effect the Acquisition by way of a takeover offer (within the meaning of Article 116(1) of the Jersey Companies Law), the offer to be made by or on behalf of the Purchaser or a wholly-owned subsidiary of the Purchaser to acquire the entire issued and to be issued ordinary share capital of Kuwait Energy (other than the Excluded Shares) on the terms and subject to the conditions to be set out in the related Offer Document;
<b>“Tax”</b>	all taxes, levies, imposts, duties or charges in the nature of taxation, together with all penalties, charges, fees and interest and payments to a taxing or other authority (anywhere in the world competent to impose any liability to Tax or responsible for the assessment, administration and/or collection of Tax or the enforcement of any law in relation to Tax) on account of tax, in each case relating to any of the foregoing, including any late or incorrect return in respect of any of them;
<b>“Transaction Agreement”</b>	the transaction agreement entered into by Kuwait Energy, the Purchaser and UEG dated 23 September 2018;
<b>“Transaction Agreement Date”</b>	means 23 September 2018;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland and its dependent territories;
<b>“Voting Record Time”</b>	6.00 p.m. (Kuwait time) on the day which is two days (excluding Jersey non-working days) before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. (Kuwait time) on the second day (excluding Jersey non-working days) before the date of such adjourned meeting;
<b>“Warranty Breach Adjustment Amount”</b>	has the meaning given to that term in paragraph 3.4 of this Scheme;
<b>“Yemen Amount”</b>	the quantum of any provision to be made in Kuwait Energy’s or any Kuwait Energy Group Company’s accounting records in accordance with IAS 37 under international financial reporting standards in connection with the Yemen Arbitration as determined in accordance with the Transaction Agreement;
<b>“Yemen Arbitration”</b>	any claims against Kuwait Energy Company (Yemen) Limited or any member of the Kuwait Energy Group in or related to ICC Case No. 22959/AYZ: DNO Yemen AS v (1) Ministry of Oil and Minerals of the Republic of Yemen and (2) Kuwait Energy Company (Yemen) Limited;
<b>“Yemen Notification”</b>	has the meaning given to that term in paragraph 3.11 of this Scheme; and
<b>“Yemen Settlement Amount”</b>	has the meaning given to that term in paragraph 3.1(d) of this Scheme.
A.	For the purposes of this Scheme, <b>“subsidiary”</b> and <b>“subsidiary undertaking”</b> have the meanings given by the UK Companies Act 2006, and <b>“working day”</b> has the meaning given in Article 96(4B) of the Jersey Companies Law.
B.	References to paragraphs are to paragraphs of this Scheme.

- C. The issued share capital of Kuwait Energy as at the close of business on 13 November 2018 (being the latest practicable date prior to the publication of this document) was 323,282,184 ordinary shares of £1.00 each, none of which was held in treasury.
- D. As at the close of business on 13 November 2018 (being the latest practicable date prior to the publication of this document), options and awards to acquire up to 1,604,893 Kuwait Energy Shares have been granted pursuant to the Kuwait Energy Share Plans.
- E. As at the close of business on 13 November 2018 (being the latest practicable date prior to the publication of this document), a maximum of 1,804,980 Kuwait Energy Shares would be issued pursuant to the Kuwaiti Exchange Offer if all of the outstanding holders of shares in KEC K.S.C.C. to whom the Kuwaiti Exchange Offer relates were to exchange their shares in KEC K.S.C.C. for Kuwait Energy Shares.
- F. As at the close of business on 13 November 2018 (being the latest practicable date prior to the publication of this document), Kuwait Energy's Fully Diluted Share Capital is 326,692,057.
- G. As at the close of business on 13 November 2018 (being the latest practicable date prior to the publication of this document), no member of the Purchaser Group beneficially owns any Kuwait Energy Shares.
- H. The Purchaser has agreed to appear by counsel at the Court Hearing to sanction this Scheme, and to submit to be bound by, and to undertake to the Court to be bound by, this Scheme and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to the Scheme.
- I. The provisions of this Scheme are subject to the Court sanctioning the Scheme and accordingly, they may not be implemented until the Court Order has been delivered to the Registrar of Companies.

## **1. Transfer of the Scheme Shares**

- 1.1 At the Effective Time, the Purchaser (and/or its nominee(s)) shall acquire all of the Scheme Shares, fully paid up, free from all Encumbrances and together with all rights attaching to them at the Effective Date or thereafter attached thereto, including voting rights and entitlement to receive and retain all dividends and other distributions declared, paid or made thereon (if any) by Kuwait Energy on or after the Transaction Agreement Date.
- 1.2 For such purposes, the Scheme Shares shall be transferred to the Purchaser (and/or its nominee(s)) and, to give effect to such transfer, any person may be appointed by the Purchaser to execute as transferor an instrument or instruction of transfer of the Scheme Shares and every instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

## **2. Consideration for the transfer of Scheme Shares**

- 2.1 In consideration for the acquisition by the Purchaser of the total number of Kuwait Energy Shares comprising the Fully Diluted Share Capital immediately prior to the Effective Time and in respect of the Cash Alternative Amount, the Purchaser shall (subject to, and in accordance with, the remaining provisions of paragraphs 2 and 3 of this Scheme) pay the Base Consideration.
- 2.2 The price in US dollars payable for each Kuwait Energy Share shall be calculated by dividing the Base Consideration by the total number of Kuwait Energy Shares comprising the Fully Diluted Share Capital immediately prior to the Effective Time (assuming that each Kuwait Energy Awardholder's awards vest immediately prior to the Effective Time) (the **Per Share Price**).
- 2.3 If, on or after the Transaction Agreement Date (and prior to the Scheme Record Time), any Convertible Shares are issued in accordance with the terms of the QFB Convertible Loan or the Abraaj Convertible Loan, in consideration for the acquisition by the Purchaser of such Convertible Shares, the Purchaser shall pay the Additional Consideration.

- 2.4 If the QFB Settlement Amount would exceed the QFB Agreed Cap and/or the Abraaj Settlement Amount would exceed the Abraaj Agreed Cap<sup>3</sup>, the aggregate of the Base Consideration and (if any) the Additional Consideration shall be reduced, on a pro rata basis, by a US dollar amount equal to the amount by which (i) the QFB Settlement Amount exceeds the QFB Agreed Cap and/or (ii) the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, and the Per Share Price shall be re-calculated accordingly.
- 2.5 If, prior to the Scheme Record Time, either (i) Kuwait Energy has satisfied all obligations (including payment obligations) under the Abraaj Convertible Loan; or (ii) all outstanding amounts due under the Abraaj Convertible Loan have converted into Convertible Shares in accordance with the existing terms of the Abraaj Convertible Loan, the aggregate of the Base Consideration and (if any) the Additional Consideration shall be increased, on a pro rata basis, by a US dollar amount equal to the Abraaj Upside Amount (if any)<sup>4</sup>, and the Per Share Price shall be re-calculated accordingly.

### 3. Adjustments to consideration

- 3.1 The Base Consideration payable by the Purchaser will be adjusted in accordance with the terms of the Transaction Agreement in the event of one or more of the following circumstances:
- (a) if one or more Warranty Breach Adjustment Amounts (as may be increased in accordance with the terms of the Transaction Agreement for *inter alia*, reasonable external costs and expenses incurred by the Kuwait Energy Group or the Purchaser Group with respect to the finalisation of such Warranty Breach Adjustment Amounts) are agreed or determined, the aggregate of which is equal to or greater than US\$12,000,000, the Base Consideration will be reduced by an amount equal to the aggregate of:
    - (i) US\$6,000,000; and
    - (ii) the amount by which the aggregate of all such Warranty Breach Adjustment Amounts (as may be increased) exceeds US\$12,000,000;
  - (b) if one or more Leakage Adjustment Amounts (as may be increased in accordance with the terms of the Transaction Agreement for *inter alia*, reasonable external costs and expenses incurred by the Kuwait Energy Group or the Purchaser Group with respect to the finalisation of such Leakage Adjustment Amounts) are agreed or determined before the Effective Date, the aggregate of which is equal to or greater than US\$100,000, the Base Consideration will be reduced by an amount equal to the aggregate of all such Leakage Adjustment Amounts (as may be increased);
  - (c) if the Yemen Amount is:
    - (i) less than or equal to US\$10 million, the Base Consideration shall be reduced by an amount equal to the Yemen Amount; and

---

3 With regards to the QFB Agreed Cap, based on Kuwait Energy's calculations, a reduction in the consideration and thereby Per Share Price is only anticipated if the Effective Date occurs after 30 June 2019. With regards to the Abraaj Agreed Cap, Kuwait Energy has, in accordance with instructions received from Abraaj on 25 June 2018, repaid two instalments amounting to US\$33,500,000 due under the Abraaj Convertible Loan. Kuwait Energy intends to repay the third and final instalment of US\$16,500,000 plus accrued interest on or before 30 November 2018. Abraaj has given written notice to Kuwait Energy claiming that premium on the second and third instalments is due. Kuwait Energy is resisting the claim for premium and the premium amount but if a premium is paid or agreed to be paid to Abraaj and the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, the aggregate of the Base Consideration and (if any) the Additional Consideration will be reduced on a pro rata basis by a US dollar amount equal to the amount by which the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, and the Per Share Price will be re-calculated accordingly. However, if either: (i) a premium is paid or agreed to be paid to Abraaj or (ii) no premium is paid or agreed to be paid to Abraaj, and the Abraaj Settlement Amount is below the Abraaj Agreed Cap, there will be no resulting reduction in the aggregate of the Base Consideration and (if any) the Additional Consideration and therefore no reduction in the Per Share Price.

4 Kuwait Energy is resisting Abraaj's claim for premium and the premium amount but if a premium is paid or agreed to be paid to Abraaj, the Abraaj Upside Amount (if any is to be paid in accordance with the terms of the Transaction Agreement) would be less than if no premium is paid or agreed to be paid to Abraaj and may be zero.

- (ii) greater than US\$10 million, the Base Consideration shall be reduced by US\$10 million; or
  - (d) if the Yemen Arbitration is settled or otherwise determined prior to the Effective Date, and the aggregate amount paid or agreed to be paid by Kuwait Energy and/or other members of the Kuwait Energy Group to settle or otherwise determine the Yemen Arbitration (the **Yemen Settlement Amount**) is greater than the quantum of the adjustment made pursuant to (c) above, the Base Consideration will be reduced by an amount equal to the amount by which the Yemen Settlement Amount exceeds the quantum of the adjustment made pursuant to (c) above, provided that the aggregate reduction in the Base Consideration pursuant to (c) above and this sub-paragraph (d) shall not exceed US\$10 million; or
  - (e) if one or more Relevant Refinancings occurs before the date falling eight Business Days prior to the Court Hearing, the Base Consideration will be reduced by an amount equal to the Incremental Interest Amount(s) (or the aggregate thereof), discounted at a rate of 7%.
- 3.2 For the purposes of any adjustments made as described in paragraph 3.1 above, the Warranty Breach Adjustment Amounts, the Leakage Adjustment Amounts, the Yemen Amount, the Yemen Settlement Amount and/or the Incremental Interest Amount(s) will be determined in accordance with the terms of the Transaction Agreement, as summarised below.

#### ***Warranty Breach Adjustment Amounts***

- 3.3 Kuwait Energy is required under the terms of the Transaction Agreement to confirm to the Purchaser on the Consideration Adjustment Cut-off Date that there were no breaches of the Kuwait Energy Warranties given as at the Transaction Agreement Date and have been no breaches of the Kuwait Energy Fundamental Warranties repeated as at the Consideration Adjustment Cut-off Date (or otherwise notify the Purchaser of any such breaches). The Purchaser may serve a notice (a **Kuwait Energy Warranty Breach Notice**) in accordance with the terms of the Transaction Agreement to Kuwait Energy if it is aware of, or suspects, any breaches of the Kuwait Energy Warranties given as at the Transaction Agreement Date or of the Kuwait Energy Fundamental Warranties repeated as at the Consideration Adjustment Cut-off Date. No Kuwait Energy Warranty Breach Notice may be served after the date which is eight Business Days following the Consideration Adjustment Cut-off Date.
- 3.4 If Kuwait Energy notifies the Purchaser of any breach of the Kuwait Energy Warranties or the Kuwait Energy Fundamental Warranties or the Purchaser serves a Kuwait Energy Warranty Breach Notice as set out in paragraph 3.3 above, Kuwait Energy and the Purchaser will seek to agree in good faith the aggregate amount of Losses caused by (or expected to be caused by) the breaches of the Kuwait Energy Warranties given as at the Transaction Agreement Date and/or of the Kuwait Energy Fundamental Warranties repeated as at the Consideration Adjustment Cut-off Date (the **Warranty Breach Adjustment Amount**).
- 3.5 If Kuwait Energy and the Purchaser cannot reach agreement on whether there has been a breach of a Kuwait Energy Warranty and/or the amount of the Warranty Breach Adjustment Amount on or before the date that is eight Business Days after the date of any notification by Kuwait Energy or a Kuwait Energy Warranty Breach Notice as set out in paragraph 3.3 above, the Purchaser or Kuwait Energy may refer the dispute to an appropriate expert for the purposes of making a determination in accordance with the terms of the Transaction Agreement. The expert's determination (in the absence of fraud or manifest error) shall be binding on the Purchaser and Kuwait Energy.
- 3.6 Notwithstanding the above, no adjustments will be made to the Base Consideration in respect of any Kuwait Energy Warranty being untrue if the matter or circumstances resulting in such Kuwait Energy Warranty being untrue was Disclosed to the Purchaser. Such disclosure is a mechanism under which Kuwait Energy has disclosed through, among other things, the Disclosure Letter, certain facts and circumstances to the Purchaser. In the event that any of the Kuwait Energy Warranties turns out to be

untrue only in respect of matters Disclosed to the Purchaser then this will not lead to a price adjustment being made to the Base Consideration.

### ***Leakage***

- 3.7 Kuwait Energy is required under the terms of the Transaction Agreement to notify the Purchaser after becoming aware of the occurrence of any Leakage. The Purchaser is entitled to serve a notice to Kuwait Energy at any time on or before the date falling eight Business Days after the Consideration Adjustment Cut-off Date if it is aware, or suspects, that a Leakage may have occurred (a **Leakage Notice**).
- 3.8 If Kuwait Energy makes a notification or the Purchaser serves a Leakage Notice as set out in paragraph 3.7 above, Kuwait Energy and the Purchaser will seek to agree in good faith the amount of the relevant Leakage and, in each case, any Tax liability arising in relation thereto (together the **Gross Leakage Adjustment Amount**) and any amounts equal to any VAT chargeable in respect of any supply for which such Leakage is the consideration, to the extent that such VAT is recoverable by the relevant member of the Kuwait Energy Group, using all reasonable endeavours to recover such amount of VAT as may be practicable (the **Recoverable VAT Amount**), the Gross Leakage Adjustment Amount less the Recoverable VAT Amount being the **Leakage Adjustment Amount**.
- 3.9 If Kuwait Energy and the Purchaser cannot reach agreement on whether there has been a Leakage and/or the amount of the Leakage Adjustment Amount within eight Business Days after the date of any Leakage Notice or notification by Kuwait Energy pursuant to the terms of the Transaction Agreement, the Purchaser or Kuwait Energy may refer the dispute to an appropriate expert for the purposes of making a determination in accordance with the terms of the Transaction Agreement. The expert's determination (in the absence of fraud or manifest error) shall be binding on the Purchaser and Kuwait Energy.

### ***Yemen Amount and Yemen Settlement Amount***

- 3.10 Kuwait Energy is conducting a detailed review of the merits of the Yemen Arbitration, following which it will determine (in accordance with the terms of the Transaction Agreement, *inter alia*, in conjunction with and following the advice of Kuwait Energy's auditors), the quantum of any provision to be made in connection with the Yemen Arbitration in Kuwait Energy's or any Kuwait Energy Group Company's accounting records in accordance with IAS 37 under IFRS by no later than the date falling six Business Days prior to the proposed date of the Court Hearing.
- 3.11 Kuwait Energy will notify the Purchaser of the determination referred to in paragraph 3.10 above (the **Yemen Notification** and the quantum of the provision, being the **Proposed Yemen Amount** (if Kuwait Energy determines that no provision is to be made, the Proposed Yemen Amount is zero)) by no later than six Business Days prior to the proposed date of the Court Hearing.
- 3.12 If the Purchaser does not agree with the quantum of the Proposed Yemen Amount, the Purchaser may give notice in writing to Kuwait Energy within five Business Days of receiving the Yemen Notification and the date of the Court Hearing shall be postponed accordingly, if necessary. If the Purchaser does not serve a notice, the Proposed Yemen Amount shall constitute the Yemen Amount.
- 3.13 If the Purchaser serves a notice referred to in paragraph 3.12 above, the determination of the Yemen Amount will be referred to an appropriate expert for the purposes of making a determination in accordance with the terms of the Transaction Agreement. The expert's determination (in the absence of fraud or manifest error) shall be binding on the Purchaser and Kuwait Energy.

### ***Relevant Refinancing***

- 3.14 Kuwait Energy and the Purchaser will jointly, each acting reasonably and in good faith, calculate the Incremental Interest Amount no later than five Business Days after the closing and settlement of a Relevant Refinancing.

**The Transaction Agreement provides for all adjustments to the Base Consideration to be effected prior to the Effective Date so that the Scheme Shareholders receive their consideration as adjusted and are not expected to be required to pay back any cash proceeds received.**

#### **4. Termination**

- 4.1 Each of Kuwait Energy and the Purchaser is entitled to terminate the Transaction Agreement on the occurrence of certain events, including but not limited to those summarised at paragraphs 4.2 and 4.3 below. As such, even if the Scheme is approved at the Court Meeting (or any adjournment thereof) and the Special Resolution is passed at the Extraordinary General Meeting (or any adjournment thereof) by the requisite majorities, should either Kuwait Energy or the Purchaser exercise its right to terminate the Transaction Agreement in accordance with its terms: (i) prior to the Court Hearing, the Court Hearing will not take place and the Scheme will not become effective; or (ii) after the Court Hearing but prior to the Effective Date, the Scheme will not become effective.
- 4.2 The circumstances and events entitling the Purchaser to terminate the Transaction Agreement include (among other things) if:
- (a) there has been a material breach of the Transaction Agreement by Kuwait Energy, which (if capable of remedy) has not been remedied within 20 Business Days of notice in writing from the Purchaser (or such shorter period as is reasonable within the timetable for the Acquisition);
  - (b) a Material Adverse Effect has occurred and is not cured within 20 Business Days of notice in writing from the Purchaser (or such shorter period as is reasonable within the timetable for the Acquisition), provided that the Purchaser has served written notice to terminate within 10 Business Days of the date of expiry of the cure period;
  - (c) there is a breach of any of the Kuwait Energy Fundamental Warranties which has not been cured or rectified within 20 Business Days of the date of determination or agreement of the breach (or such shorter period as is reasonable within the timetable for the Acquisition), provided that the Purchaser has served written notice to terminate within 10 Business Days of the date of expiry of the cure period;
  - (d) the Purchaser is aware of any fact, matter or event on the date falling on the Business Day before the date of the Court Hearing, which would constitute a breach of any of the Kuwait Energy Fundamental Warranties if such warranties were repeated on the Business Day before the date of the Court Hearing by reference to the facts and circumstances then existing;
  - (e) at any time from (and including) the Consideration Adjustment Cut-off Date, the Purchaser becomes aware of any fact, matter or event which: (i) constituted a breach of any of the Kuwait Energy Warranties given as of the Transaction Agreement Date; (ii) has not been cured or rectified within a period of 20 Business Days from the date of first notification by the Purchaser to Kuwait Energy (or such shorter period as is reasonable within the timetable for the Acquisition); and (iii) causes or is reasonably likely to cause Losses of US\$100,000,000 or more as at the date of the notice in (ii) above, or results in or is reasonably likely to result in a reduction in the total assets of the Kuwait Energy Group of US\$100,000,000 or more or an increase in the total liabilities of the Kuwait Energy Group of US\$100,000,000 or more (in each case, alone or when taken together with any other matters within this paragraph 4.2(e)), provided that the Purchaser has served written notice to terminate within 10 Business Days after expiry of the cure period;
  - (f) an adverse recommendation change by the Board (as more fully described in the Transaction Agreement) occurs;
  - (g) if the Scheme is not approved by the Scheme Shareholders at the Court Meeting or the Special Resolution is not passed by the Kuwait Energy Shareholders and the Extraordinary General Meeting;

- (h) the Scheme terminates, lapses or is withdrawn by Kuwait Energy; or
- (i) a Kuwait Energy Insolvency Event occurs.

4.3 The circumstances and events entitling Kuwait Energy to terminate the Transaction Agreement include (among other things) if:

- (a) there has been a material breach of the Transaction Agreement by the Purchaser, which has not been remedied within 20 Business Days of notice in writing from Kuwait Energy (or such shorter period as is reasonable within the timetable for the Acquisition);
- (b) the Purchaser Group makes any public disclosure (other than the announcement made on 24 September 2018), as a result of which there is a ratings downgrade of the Senior Notes, including as amended by any extension or refinancing of the Senior Notes; or
- (c) the Purchaser has not entered into one or more binding financing agreements and/or obtained cash or cash equivalents for a total aggregate amount (when taken together with the amount standing to the credit of the Escrow Account) of up to US\$651 million (or such lower amount as shall reflect a reduction on a US\$-for-US\$ basis following any repayment or prepayment from time to time in respect of the Abraaj Convertible Loan or the QFB Convertible Loan) in accordance with the terms of the Transaction Agreement by no later than 31 December 2018, or if any such financing agreement is withdrawn or terminated, or its terms are amended such that the availability of such financing to the Purchaser is no longer certain from the perspective of a reasonable seller in terms of conditionality to funding, without being replaced by alternative financing agreements and/or cash or cash equivalents.

## **5. Guarantee by Purchaser's Guarantor**

Under the terms of the Transaction Agreement, UEG has unconditionally and irrevocably:

- (a) guaranteed to Kuwait Energy the payment when due of all amounts payable by the Purchaser under or pursuant to the Scheme;
- (b) undertaken to Kuwait Energy to ensure that the Purchaser will perform when due all its obligations under or pursuant to the Scheme;
- (c) agreed with Kuwait Energy that if and each time that the Purchaser fails to make any payment when it is due under or pursuant to the Scheme, it must on demand (without requiring Kuwait Energy first to take steps against the Purchaser or any other person) pay that amount to Kuwait Energy as if it were the principal obligor in respect of that amount; and
- (d) agreed as principal debtor and primary obligor to indemnify Kuwait Energy against all losses and damages sustained by it flowing from any non-payment or default of any kind by the Purchaser under or pursuant to the Scheme.

## **6. Settlement**

6.1 The consideration to which a Scheme Shareholder is entitled pursuant to this Scheme shall, if to be made in U.S. dollars, be effected by electronic wire transfer to the bank account specified in the completed currency election form returned by each relevant Scheme Shareholder. If the bank account details provided are not in the name of the registered holder or no bank account details or invalid bank account details are provided, cash payments to be made in U.S. dollars will be settled by cheque despatched, at the Scheme Shareholder's own risk, by not later than 14 days after the Effective Date by first class post in pre-paid envelopes or by international standard post to the address appearing in the register of Kuwait Energy at the Scheme Record Time (or, in the case of joint holders, to all named holders recorded in the register of members of Kuwait Energy in respect of the joint holding concerned). The payment of the Base Consideration and any Additional Consideration (as adjusted in accordance with the terms of the Transaction Agreement) to the Settlement Agent shall be a complete discharge of the Purchaser's obligation under the Transaction Agreement and this Scheme to pay the

monies represented thereby. The Purchaser shall not be responsible for any loss or delay in the transmission or delivery of any cheques sent in accordance with this paragraph 6.1 which shall be sent at the risk of the persons entitled thereto. All consideration to be paid shall be in U.S. dollars unless a currency election form is completed and returned requesting for payment to be made in either Sterling or Kuwaiti Dinar.

- 6.2 If a currency election form is completed and returned to the Settlement Agent or the Company by 3.00 p.m. (Kuwait time) on 7 January 2019, or, in the event that the Court Hearing is held after 7 January 2019, by 3.00 p.m. (Kuwait time) on the date of the Court Hearing, requesting for payment to be made in either Sterling or Kuwaiti Dinar, the cash payments to be made in either Sterling or Kuwaiti Dinar will be effected by electronic wire transfer from a branch of a UK clearing bank to the bank account specified in the completed currency election form returned by each relevant Scheme Shareholder. Funds will be issued and cheques will be posted as soon as practicable after the Effective Date and in any event within 14 days thereof. If an election has been made for payment in either Sterling or Kuwaiti Dinar and the bank account details provided are not in the name of the registered holder or no bank account details or invalid bank account details are provided, a cheque for U.S. dollars will be issued. Kuwait Energy currently anticipates that the Court Hearing will be held on or around 7 January 2019 and Kuwait Energy will give adequate notice of the date of the Court Hearing (and therefore the date by which completed currency election forms should be returned to the Settlement Agent or the Company) by displaying a notice on its website ([www.kuwaitenergy.co/acquisition/](http://www.kuwaitenergy.co/acquisition/)) and notifying by email all Scheme Shareholders for whom the Company holds an email address.
- 6.3 The actual amount of Sterling or Kuwaiti Dinar received by any Kuwait Energy Shareholder receiving their cash consideration in Sterling or Kuwaiti Dinar will depend upon the exchange rate prevailing on the day on which the Settlement Agent converts the relevant amount of U.S. dollars into Sterling or Kuwaiti Dinar. Kuwait Energy Shareholders should be aware that the exchange rates to convert U.S. dollars into Sterling or Kuwaiti Dinar which are prevailing at the date on which any election is made to receive Sterling or Kuwaiti Dinar, and on the dates of despatch and receipt of payment, may be different from that prevailing on the date on which the Settlement Agent converts the U.S. dollars into Sterling or Kuwaiti Dinar. In all cases, fluctuations in the Sterling/Kuwaiti Dinar/US dollar exchange rate are at the risk of Kuwait Energy Shareholders who elect or are treated as having elected to receive their consideration in Sterling or Kuwaiti Dinar. Any Kuwait Energy Shareholder who wishes to receive a certain, fixed cash amount in U.S. dollars should not elect to receive Sterling or Kuwaiti Dinar.
- 6.4 The provisions of this paragraph 6 shall be subject to any condition or prohibition imposed by law.

## **7. Share certificates**

With effect from, and including, the Effective Date:

- (a) all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of Kuwait Energy to deliver up the same for cancellation to Kuwait Energy, or, as it may direct, to destroy the same; and
- (b) appropriate entries will be made in the register of members of Kuwait Energy with effect from the Effective Date to reflect their transfer.

## **8. Operation of this Scheme**

- 8.1 This Scheme shall become effective in accordance with its terms as soon as the Court Order has been delivered to the Registrar of Companies in Jersey for registration.
- 8.2 Unless this Scheme becomes effective on or before 30 June 2019 (or such later date (if any) as Kuwait Energy and the Purchaser may agree and the Court may allow), this Scheme shall not become effective.

**9. Modification**

Kuwait Energy and the Purchaser may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

**10. Governing Law**

This Scheme is governed by Jersey law and is subject to the jurisdiction of the Jersey courts.

Dated 15 November 2018

## PART 4

### FINANCIAL INFORMATION RELATING TO KUWAIT ENERGY

#### Financial Information relating to Kuwait Energy

The following sets out financial information in respect of Kuwait Energy. The documents referred to below (or parts thereof) are incorporated by reference into this document.

<i>Information incorporated by reference</i>	<i>Hyperlinks</i>	<i>Page numbers</i>
Audited accounts of Kuwait Energy Group for the financial year ended 31 December 2016	<a href="http://www.kuwaitenergy.co/wp-content/uploads/FINANCIAL_STATEMENTS/2016/CONSOLIDATED-FINANCIAL-STATEMENTS-AND-AUDITORS-REPORT-FOR-YEAR-END-2016.pdf">http://www.kuwaitenergy.co/wp-content/uploads/FINANCIAL_STATEMENTS/2016/CONSOLIDATED-FINANCIAL-STATEMENTS-AND-AUDITORS-REPORT-FOR-YEAR-END-2016.pdf</a>	5 – 9
Audited accounts of Kuwait Energy Group for the financial year ended 31 December 2017	<a href="http://www.kuwaitenergy.co/wp-content/uploads/2018/04/Consolidated-Financial-Statements-Auditors-Report-YE2017.pdf">http://www.kuwaitenergy.co/wp-content/uploads/2018/04/Consolidated-Financial-Statements-Auditors-Report-YE2017.pdf</a>	10 – 14
Unaudited interim financial results of Kuwait Energy Group for the three months ended 31 March 2018	<a href="http://www.kuwaitenergy.co/wp-content/uploads/2018/06/Consolidated-Financial-Statements-for-Q1-2018.pdf">http://www.kuwaitenergy.co/wp-content/uploads/2018/06/Consolidated-Financial-Statements-for-Q1-2018.pdf</a>	4 – 8
Unaudited interim financial results of Kuwait Energy Group for the six months ended 30 June 2018	<a href="http://www.kuwaitenergy.co/wp-content/uploads/2018/10/Kuwait_Energy_plc_1H_2018_Signed.pdf">http://www.kuwaitenergy.co/wp-content/uploads/2018/10/Kuwait_Energy_plc_1H_2018_Signed.pdf</a>	6 – 10

The information above is available free of charge in a read only, printable format from the hyperlinks set out above.

#### No incorporation of website information

Save as set out above, neither the content of Kuwait Energy's website, nor the content of any website accessible from hyperlinks on Kuwait Energy's website, is incorporated into, or forms part of, this document.

## **PART 5**

### **TAXATION**

The following summary of the anticipated tax treatment in Jersey of the holders of the Scheme Shares (other than holders of Scheme Shares resident in Jersey who may be subject to tax depending on their circumstances) is based on Jersey taxation law as it is understood to apply as at the date of this document, which may change, possibly with retrospective effect. It does not constitute legal or tax advice. Scheme Shareholders should consult their professional advisers on the implications of the Scheme under the laws of the jurisdiction(s) in which they may be liable to taxation. Scheme Shareholders should also be aware that tax laws, rules and practice and their interpretation may change.

No taxation or stamp duty will be payable in Jersey by holders of the Scheme Shares (other than holders of Scheme Shares resident in Jersey who may be subject to tax depending on their circumstances) as a result of the transfer of the Scheme Shares to the Purchaser or the implementation of the Scheme.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Kuwait Energy Directors and Registered Office

1.1 The Directors and their functions are as follows:

<i>Name</i>	<i>Position</i>
Dr Mansour Aboukhamseen	Chairman
Abdel F. Badwi	Chief Executive Officer
Mohammad Ahmad Husain	Non-Executive Director
Ignacio De Calonje	Non-Executive Director
Ali Khalil	Non-Executive Director
Husain Kothari	Non-Executive Director
Shawn Reynolds	Non-Executive Director
Dominic Redfern	Non-Executive Director
Yousif Al Qabandi	Non-Executive Director

1.2 Kuwait Energy is incorporated in Jersey under the Jersey Companies Law with registered number 106699. Kuwait Energy's registered office is at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES, Channel Islands, and it has its headquarters at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Salmiya, Kuwait.

1.3 The company secretary of Kuwait Energy is Thomas Hickey, and the assistant company secretary is Computershare Company Secretarial Services (Jersey) Limited.

#### 2. UEG Directors and Registered Office

2.1 The UEG Directors and their functions are as follows:

<i>Name</i>	<i>Position</i>
Zhang Hong Wei	Chairman and Executive Director
Zhang Meiyong	Executive Director
Chau Siu Wai	Non-Executive Director
San Fung	Non-Executive Director
Wang Ying	Non-Executive Director

2.2 UEG is incorporated in the Cayman Islands and continued in Bermuda with limited liability under registered number 37134. UEG's registered office address is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

2.3 The company secretary of UEG is Hung Lap Kay.

#### 3. Purchaser Directors and Registered Office

3.1 The Purchaser Directors and their functions are as follows:

<i>Name</i>	<i>Position</i>
Zhu Junfeng	Executive Director
Song Yu	Executive Director

3.2 The Purchaser is incorporated in Hong Kong with registered number 2306418. The Purchaser's registered office address is at Suite 2505, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

3.3 The company secretary of the Purchaser is Hung Lap Kay.

#### 4. Irrevocable Undertakings

The following Kuwait Energy Shareholders have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Extraordinary General Meeting in relation to the following Kuwait Energy Shares:

##### 4.1 *Kuwait Energy Directors or connected persons*

<i>Name</i>	<i>Number of Kuwait Energy Shares</i>	<i>Percentage of issued ordinary share capital of Kuwait Energy as at 13 November 2018 (being the Latest Practicable Date)</i>
Dr Mansour Aboukhamseen	1,108,478	0.34%
Abdel F. Badwi	178,167	0.06%

The irrevocable undertakings given above will cease to be binding if: (i) the Transaction Agreement terminates in accordance with its terms; (ii) the Scheme is withdrawn, lapses or otherwise terminates in accordance with its terms (and the Purchaser has not elected to implement the Acquisition by way of a Takeover Offer); or (iii) the Acquisition (whether implemented by way of the Scheme or a Takeover Offer) has not become effective by 11.59 p.m. (Jersey time) on 30 June 2019 (or such later date (if any) as Kuwait Energy and the Purchaser may agree).

#### 5. Disclosure of Interests and Dealings

##### 5.1 *Interpretation*

For the purposes of this paragraph 5 of this Part 6 (*Additional Information*):

**acting in concert** with a party means any person acting or deemed to be acting in concert with that party for the purposes of the City Code in respect of the Acquisition;

**arrangement** means an arrangement of the kind referred to in Note 11 on the definition of “acting in concert” in the City Code, which includes an indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing but excludes irrevocable commitments;

**connected persons** means those persons in whose interests in securities the Directors (or the Purchaser Directors) are taken to be interested in pursuant to Part 22 of the UK Companies Act 2006;

**dealing or dealt** includes:

- i. the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of relevant securities;
- ii. the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- iii. subscribing or agreeing to subscribe for relevant securities;
- iv. the exercise or conversion, whether in respect of new or existing relevant securities, of any securities carrying conversion or subscription rights;

- v. the acquisition, disposal, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
- vi. entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
- vii. any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which that person has a short position;

**derivative** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

**disclosure date** means 13 November 2018 (being the **Latest Practicable Date**);

**disclosure period** means the period commencing on 24 September 2017 (the date 12 months prior to the commencement of the Offer Period) and ending on the disclosure date;

to have an **interest** in relevant securities means to have a long economic exposure, whether absolute or conditional, to changes in the price of such securities. A person who only has a short position in relevant securities will not be treated as interested in those securities. In particular, a person will be treated as having an interest in relevant securities if he:

- i. owns relevant securities;
- ii. has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to the relevant securities or has general control of them;
- iii. by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery, or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- iv. is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

**Offer Period** means the period commencing on 24 September 2018 and ending on the disclosure date;

**relevant securities** means:

- i. Kuwait Energy Shares or, as the context requires, Purchaser Shares;
- ii. equity share capital of Kuwait Energy or, as the context requires, the Purchaser; and
- iii. any securities convertible into or exchangeable for rights to subscribe for Kuwait Energy Shares or as the context requires, Purchaser Shares, described in (i) and (ii) above and securities convertible into, rights to subscribe, or options (including traded options) in respect of derivatives referenced to any of the foregoing; and

**short position** means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## 5.2 *Interests in Kuwait Energy relevant securities*

- (a) As at the disclosure date, the Directors and their respective immediate families, related trusts and connected persons had an interest in, a right to subscribe for or a short position in Kuwait Energy relevant securities as follows:

<i>Name</i>	<i>Number of Kuwait Energy relevant securities</i>	<i>Percentage of issued ordinary share capital of Kuwait Energy as at the disclosure date</i>
Dr Mansour Aboukhamseen <sup>(1)</sup>	45,308,321	14.02
Abdel F. Badwi	178,167	0.06
Husain Kothari <sup>(2)</sup>	44,199,843	13.67
Ali Mansour Aboukhamseen	96,113	0.03
Shatha Bin Ahmad Bin Mohammed Bu Khamseen	33,750	0.01
Suja Mansour Aboukhamseen	33,142	0.01
Maeda Saleh Bu Khamseen	15,000	0.00
Fatma Ali Ahmad Boukhamseen	13,747	0.00
Asmaa Bent Ahmad Ben Mohammed Bu Khamseen	11,250	0.00
Noura Ali Ahmad Aboukhamseen	1,350	0.00
Ahmad Mansour Aboukhamseen	1,250	0.00
Fudha Aboukhamseen	1,250	0.00
Sawsen Mansour Aboukhamseen	1,125	0.00

Notes:

- (1) Dr. Mansour Aboukhamseen holds (i) 1,108,478 Kuwait Energy Shares directly, representing 0.34% of the issued ordinary share capital of Kuwait Energy as at the disclosure date, and (ii) a 36.86% shareholding in Zahra Group Holding Company K.S.C.C. which holds 44,199,843 Kuwait Energy Shares, representing 13.67% of the issued ordinary share capital of Kuwait Energy as at the disclosure date.
- (2) Husain Kothari has a 20.0% shareholding in Zahra Group Holding Company K.S.C.C. which holds 44,199,843 Kuwait Energy Shares, representing 13.67% of the issued ordinary share capital of Kuwait Energy as at the disclosure date.
- (b) As at the disclosure date, the following Directors and their respective immediate families, related trusts and connected persons had been granted the following options and awards over Kuwait Energy Shares under the Kuwait Energy Share Plans:

<i>Name</i>	<i>Number of Kuwait Energy relevant securities</i>	<i>Percentage of issued ordinary share capital of Kuwait Energy as at the disclosure date</i>
Dr. Mansour Aboukhamseen	173,553 <sup>(1)</sup>	0.05%
Abdel F. Badwi	461,538 <sup>(1)</sup>	0.14%

Notes:

- (1) This represents the maximum number of Kuwait Energy Shares that may be issued to Dr Mansour and Mr Badwi respectively. The actual number of Kuwait Energy Shares to be issued depend on whether each individual meets his performance targets and may be lower than the number stated.

### 5.3 *Dealings in Kuwait Energy relevant securities*

During the disclosure period, the Purchaser, the UEG Directors, the Purchaser Directors and their respective immediate families, related trusts and connected persons, and persons acting or deemed to be acting in concert with the Purchaser or with whom the Purchaser or any person acting in concert with the Purchaser has an arrangement, have not dealt in relevant securities of Kuwait Energy.

### 5.4 *General*

Save as disclosed in this paragraph 5, as at the disclosure date:

- (a) none of:
  - (i) the Directors or their respective immediate families, related trusts and any other connected persons;
  - (ii) any person acting in concert with Kuwait Energy;
  - (iii) any person with whom Kuwait Energy, or any person acting in concert with Kuwait Energy, has an arrangement;
  - (iv) the Purchaser;
  - (v) the UEG Directors, the Purchaser Directors, or their respective immediate families, related trusts or any other connected persons;
  - (vi) any person acting in concert with the Purchaser; and
  - (vii) any person with whom the Purchaser, or any person acting in concert with the Purchaser, has an arrangement,

had any interest in or right to subscribe for, or any short position in any relevant securities of Kuwait Energy, nor had Kuwait Energy or any of the persons referred to in paragraphs 5.4(a)(i) to (iii) dealt in any relevant securities of Kuwait Energy between the start of the Offer Period and the disclosure date, nor had any of the persons referred to in paragraphs 5.4(a)(iv) to (vii) above dealt in any relevant securities of Kuwait Energy during the disclosure period;

- (b) there are no arrangements which exist between Kuwait Energy, or any person acting in concert with Kuwait Energy, and any other person;
- (c) there are no arrangements which exist between the Purchaser, or any person acting in concert with the Purchaser, and any other person;
- (d) neither Kuwait Energy nor any person acting in concert with Kuwait Energy has borrowed or lent any relevant securities of Kuwait Energy (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code) except for any borrowed shares which have either been on-lent or sold;
- (e) neither the Purchaser nor any person acting in concert with the Purchaser has borrowed or lent any relevant securities of Kuwait Energy (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code) except for any borrowed shares which have either been on-lent or sold;
- (f) Kuwait Energy has not redeemed, purchased or exercised any option over any Kuwait Energy Shares or any securities convertible into rights to subscribe for or options in respect of or derivatives referenced to Kuwait Energy Shares between the start of the Offer Period and the disclosure date; and

- (g) the Purchaser has not redeemed, purchased or exercised any option over any Purchaser Shares or any securities convertible into rights to subscribe for or options in respect of or derivatives referenced to Purchaser Shares during the disclosure period.

## **6. Directors' Service Contracts and Letters of Appointment**

### **6.1 *Executive Directors***

The sole Executive Director of Kuwait Energy is Abdel F. Badwi, the Chief Executive Officer of Kuwait Energy. Mr Badwi's appointment as Chief Executive Officer commenced on 11 December 2017 and he is currently engaged under a service contract with Kuwait Energy dated 28 January 2018, as amended on 25 April 2018 and 20 September 2018.

Mr Badwi receives a monthly salary of US\$46,400 (or pro-rated thereof for part of a month, payable at the end of each calendar month) and is entitled to certain benefits in addition to his salary. In addition, Mr Badwi will receive transaction bonuses for the successful completion of certain strategic events during the term of his contract. Mr Badwi also participates in the Kuwait Energy Share Plans.

Mr Badwi's service contract shall terminate on 30 June 2019 (unless terminated earlier) and is renewable by mutual agreement of Kuwait Energy and Mr Badwi. Either party may terminate Mr Badwi's service contract subject to one month's notice in writing. In the event that Mr Badwi's service contract is terminated, the intellectual property provisions of his contract in favour of Kuwait Energy will remain in full force and effect and any unpaid part of Mr Badwi's monthly remuneration in respect of the remainder of the period will become immediately due and payable.

### **6.2 *Non-Executive Directors***

The Non-Executive Directors (other than Ignacio De Calonje and Shawn Reynolds) have entered into letters of appointment with Kuwait Energy as summarised below:

- (a) Dr Mansour Aboukhamseen's appointment as Kuwait Energy's non-executive Chairman commenced on 1 August 2018 pursuant to a letter of appointment dated 19 September 2018, under which he receives an annual fee of US\$175,000. His appointment shall continue until terminated, resigned or otherwise ceasing to have effect in accordance with Kuwait Energy's memorandum and articles of association as varied from time to time.
- (b) Each of the other five Kuwait Energy Non-Executive Directors is engaged under a letter of appointment under which he receives an annual fee of US\$60,000. The fee covers all duties in the course of each Non-Executive Director's appointment with the exception of attending Board meetings in excess of six Board meetings per annum, in respect of which each Non-Executive Director will be paid an additional US\$1,000 per Board meeting. Ignacio De Calonje and Shawn Reynolds receive no remuneration for their roles as Non-Executive Directors.
- (c) In addition, in the event that a Non-Executive Director is asked to serve on one or more of the Audit and Risk Committee (**ARC**), Nomination Committee (**NomCom**) and Remuneration Committee (**RemCom**), he will be paid additional fees as follows: US\$15,000 per annum for each chairmanship of ARC, NomCom and RemCom, US\$10,000 per annum for each membership (other than as chairman) of ARC, NomCom and RemCom and US\$1,000 for each ARC, NomCom and RemCom meeting held in excess of five meetings per annum (as applicable).
- (d) Each Non-Executive Director is also entitled to reimbursement for reasonable and properly documented expenses incurred in performing their duties.
- (e) The appointment of each Non-Executive Director continues until it is terminated, the Non-Executive Director resigns, or such appointment ceases to have effect in accordance with Kuwait Energy's memorandum and articles of association as varied from time to time. Each appointment is subject to annual re-election by shareholders at Kuwait Energy's annual general meeting.

- (f) The removal of each Non-Executive Director is governed by the articles of association of Kuwait Energy and any director may be removed by an ordinary resolution of Kuwait Energy before his period of office has expired or by giving him notice to that effect signed by or on behalf of a majority of all the other directors.
- (g) Each Non-Executive Director is subject to confidentiality restrictions both during the appointment and after it has ended.
- (h) Kuwait Energy maintains directors' and officers' liability insurance for the benefit of each Kuwait Energy Non-Executive Director and the Executive Director.

Save as set out in this document, none of the Directors have (as at the date of this document) any potential conflicts of interests between their duties to Kuwait Energy and their private interests or other duties.

## 7. Material Contracts

Save as set out below there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Kuwait Energy Group during the period from the two years immediately preceding the Latest Practicable Date and which are, or may be, material.

### 7.1 *Material contracts relating to the Acquisition*

#### (a) *Transaction Agreement*

On 23 September 2018, Kuwait Energy, the Purchaser and UEG entered into the Transaction Agreement in connection with the Acquisition. The parties agreed that the Purchaser would pay a deposit amount of US\$15,000,000 (the **Escrow Sum**) to a designated escrow account by no later than 5.00 p.m. (Kuwait time) on 15 October 2018. The Escrow Sum will be paid to the Settlement Agent and deducted from the consideration payable by the Purchaser if the Acquisition proceeds to completion. If a break fee becomes payable by the Purchaser, the Escrow Sum will be released to Kuwait Energy as soon as reasonably practicable. If the Transaction Agreement terminates or in all other circumstances, the Escrow Sum will be released to the Purchaser as soon as reasonably practicable.

In consideration for the acquisition by the Purchaser of the total number of Kuwait Energy Shares comprising the Fully Diluted Share Capital immediately prior to the Effective Time, the Purchaser will pay the Base Consideration. The Purchaser will also pay Additional Consideration in consideration for the acquisition by the Purchaser of any Convertible Shares issued after the Transaction Agreement Date (but prior to the Scheme Record Time) in accordance with the terms of the QFB Convertible Loan or the Abraaj Convertible Loan. Further details relating to the Base Consideration, the Per Share Price to be received by each Kuwait Energy Shareholder and the Additional Consideration are set out in paragraph 4 of Part 1 (*Letter from the Chairman of Kuwait Energy plc*) and paragraphs 2 and 3 of Part 3 (*The Scheme of Arrangement*) of this document.

Kuwait Energy and the Purchaser have also agreed to undertake various obligations relating to the implementation of the Acquisition. Kuwait Energy's obligations include: (i) co-operating with the Purchaser and using all reasonable endeavours to implement the Scheme in accordance with the timetable set out in this document; and (ii) keeping the Purchaser informed and consulting with the Purchaser as to the progress of the Acquisition and the satisfaction of the Conditions.

In addition, Kuwait Energy has given a number of pre-completion undertakings under the Transaction Agreement in respect of the running of its business, including undertakings to carry on its business in the ordinary course and prevent leakage of value from the Kuwait Energy Group prior to completion. Further, Kuwait Energy has given several undertakings that without the prior consent of the Purchaser (such consent not to be unreasonably withheld or delayed), Kuwait Energy will not take certain actions, including: (i) reducing any capital reserve, share premium amount or other reserves; (ii) making any material change in the nature

or organisation of the business of any member of the Kuwait Energy Group other than as provided by the Transaction Agreement; and (iii) entering into, amending or terminating for or on behalf of any member of the Kuwait Energy Group, any joint venture, partnership or other similar profit sharing arrangement.

The Purchaser may terminate the Transaction Agreement and be entitled to a break fee from Kuwait Energy in the sum of US\$25,000,000 on the occurrence of certain events, including: (i) a material breach of the Transaction Agreement by Kuwait Energy; (ii) an adverse recommendation change by the Board and (iii) failure by Kuwait Energy to publish this document or to convene the Court Meeting by the timings required under the Transaction Agreement. In addition, if the Scheme is not approved by Scheme Shareholders at the Court Meeting or the Special Resolution is not passed by Kuwait Energy Shareholders at the Extraordinary General Meeting, the Purchaser may terminate the Transaction Agreement and will be entitled to receive a costs fee from Kuwait Energy in the sum of US\$4,000,000.

The Purchaser may also terminate the Transaction Agreement (without being entitled to a break fee) in certain circumstances, including if: (i) a Material Adverse Effect has occurred that is not cured within 20 Business Days from the date of notification by the Purchaser to Kuwait Energy; (ii) there is a breach of certain Kuwait Energy Fundamental Warranties that is not cured within 20 Business Days from the date of notification by the Purchaser to Kuwait Energy; or (iii) there is a breach or breaches of the Kuwait Energy Warranties as at the Transaction Agreement Date that is not cured within 20 Business Days from the date of notification by the Purchaser to Kuwait Energy, which in aggregate amount(s) to US\$100,000,000 in losses or a US\$100,000,000 reduction in the assets of the Kuwait Energy Group or a US\$100,000,000 increase in liabilities of the Kuwait Energy Group.

Kuwait Energy may terminate the Transaction Agreement and be entitled to a break fee from the Purchaser in the sum of US\$25,000,000 on the occurrence of certain events, including: (i) a material breach of the Transaction Agreement by the Purchaser; (ii) there having been a ratings downgrade of the Senior Notes as a result of any public disclosure (other than the Announcement) made by the Purchaser Group; (iii) the Financing Satisfaction Date not having occurred on or before 31 December 2018, or the availability of financing (whether in the form of cash, cash equivalents or financing agreement(s)) to the Purchaser not being reasonably certain; or (iv) the approval of the Purchaser's shareholders for the Acquisition not having been obtained two Business Days prior to the Court Hearing.

## 7.2 *Other materials contracts of the Kuwait Energy Group*

### (a) *Convertible Loans*

#### *Abraaj Convertible Loan*

On 4 April 2012, Kuwait Energy entered into a US\$150,000,000 convertible term loan facility with KEC SPV 1 Limited (an entity managed and controlled by Abraaj Investment Management Limited (**Abraaj**)) (the **Abraaj Convertible Loan**).

The interest rate on the Abraaj Convertible Loan is:

- prior to (and including) 30 May 2015 (the **QPO Target Date**), being the date that is 36 months after the first utilisation date, which was 31 May 2012, the higher of (i) 8 per cent. per annum; and (ii) the total cost of funding (including the margin and any applicable interbank funding rate) under any term facility of the Kuwait Energy Group after taking account of any hedging arrangements entered into by any member of the Kuwait Energy Group in respect of such facility, plus 1 per cent. per annum. As a result of the issue of the Senior Notes in August 2014, at a rate of 9.5 per cent., the interest rate on the Abraaj Convertible Loan increased to 10.5 per cent.; and
- after the QPO Target Date, the higher of (i) 10 per cent. per annum; and (ii) the total cost of funding (including the margin and any applicable interbank funding rate) under any

term facility of the Kuwait Energy Group after taking account of any hedging arrangements entered into by any member of the Kuwait Energy Group in respect of such facility, plus 1 per cent. per annum. As a result of the Vitol Facility signed on 13 December 2016, at an interest rate of 10.0 per cent., the interest rate on the Abraaj Convertible Loan increased to 11.0 per cent. for the period balances were outstanding.

Accrued interest is payable semi-annually in equal instalments in May and November. As the commercial terms of the Abraaj Convertible Loan are substantially similar to those in the QFB Convertible Loan, details on other key terms of the Abraaj Convertible Loan are described under the section “QFB Convertible Loan” below.

On 25 June 2018, Abraaj gave written notice to Kuwait Energy that it would require repayment of the Abraaj Convertible Loan in three instalments in accordance with the terms of the Abraaj Convertible Loan. As at the date of this document, Kuwait Energy has repaid two instalments totalling US\$33,500,000 (including all accrued interest) with one final instalment of US\$16,500,000 plus all accrued interest to be paid on or before 30 November 2018 under the Abraaj Convertible Loan.

On 28 October 2018, Abraaj gave written notice to Kuwait Energy claiming that premium on the second and third instalments is due. Kuwait Energy is resisting the claim for premium and the premium amount but if a premium is paid or agreed to be paid to Abraaj and the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, the aggregate of the Base Consideration and (if any) the Additional Consideration will be reduced on a pro rata basis by a US dollar amount equal to the amount by which the Abraaj Settlement Amount exceeds the Abraaj Agreed Cap, and the Per Share Price will be re-calculated accordingly. The claim for premium is under discussion by Abraaj and the Company.

#### *QFB Convertible Loan*

On 6 August 2012, Kuwait Energy entered into a Shariah-compliant US\$150,000,000 convertible term murabaha facility with Qatar First Bank (**QFB**, previously Qatar First Investment Bank) (the **QFB Convertible Loan** and, together with the Abraaj Convertible Loan, the **Convertible Loans**). Kuwait Energy has drawn US\$50,000,000 under the QFB Convertible Loan, and there is no remaining availability to draw additional amounts under the QFB Convertible Loan.

The effective profit rate on the QFB Convertible Loan (equivalent to the interest rate under a conventional facility) is 10 per cent. per annum. Accrued profit is payable semi-annually in equal instalments in May and November.

#### *Prepayment and Additional Compensation*

Kuwait Energy may only prepay the Abraaj Convertible Loan after the third anniversary of the first utilisation date. Where it does so, as well as paying any accrued but unpaid interest, it must also pay a prepayment premium calculated as an amount equal to the difference between the aggregate principal amount prepaid and the Conversion Value (as defined in the Abraaj Convertible Loan) on the date of such prepayment less any interest previously paid by Kuwait Energy to the lender, pursuant to the Abraaj Convertible Loan. The Conversion Value is calculated for this purpose as if the conversion date were such date, and references in the definition of Conversion Value to “16 per cent.” are deemed to be “20 per cent.”.

Kuwait Energy may only prepay the QFB Convertible Loan after the third anniversary of the first Transaction Date (as defined in the QFB Convertible Loan). Where it does so, it must also pay a prepayment premium calculated as an amount equal to the difference between the aggregate principal amount prepaid and the Conversion Value (as defined in the QFB Convertible Loan) on the date of such prepayment less any Murabaha Profit element of any Deferred Sale Price Instalment (each as defined within the QFB Convertible Loan) previously paid by Kuwait Energy to QFB, pursuant to the QFB Convertible Loan. The Conversion Value is calculated for this

purpose as if the conversion date were such date, and references in the definition of Conversion Value to “16 per cent.” are deemed to be “20 per cent.”.

The lender under the Abraaj Convertible Loan has the option on a private cash sale of Kuwait Energy to require Kuwait Energy to (a) prepay the Abraaj Convertible Loan at an amount equal to the amount outstanding, together with all accrued interest; and (b) pay to the lender compensation equal to the difference between the aggregate amount outstanding and the Conversion Value under the Abraaj Convertible Loan (assuming the conversion date was the prepayment date), but references in the definition of Conversion Value to “16 per cent.” are deemed to be “20 per cent.”.

QFB will have the option on a private cash sale of Kuwait Energy to require Kuwait Energy to prepay each deferred sale price, being the Cost Price (as defined in the QFB Convertible Loan) and Murabaha Profit of a murabaha contract, less the aggregate of any amounts Kuwait Energy may have prepaid in accordance with the provisions of the QFB Convertible Loan.

Under the Abraaj Convertible Loan, following the taking of any action as a result of the occurrence of certain specified events of default then, in addition to the amounts due and payable under the acceleration provision in the Abraaj Convertible Loan but without double counting any amounts, Kuwait Energy will be required to pay to the lender compensation equal to the difference between the aggregate principal amount outstanding and the Conversion Value under the Abraaj Convertible Loan, which shall be due and payable on the same date as any repayments required pursuant to the acceleration provision, and where the Conversion Value is calculated as if the conversion date were such date. References in the definition of Conversion Value to “16 per cent.” are deemed to be “20 per cent.”.

#### *Financial Covenant*

Kuwait Energy is required to ensure that total Kuwait Energy Group borrowings excluding borrowing under the Convertible Loans do not exceed more than 50 per cent. of the net present value of proved plus probable reserves.

#### *Other Key Terms*

The Convertible Loans also contain standard representations and warranties, undertakings and events of default. The commercial terms of the QFB Convertible Loan are substantially similar to those in the Abraaj Convertible Loan, subject to changes required to allow the QFB Convertible Loan to be Shariah-compliant.

Both Convertible Loans will be cancelled upon conversion into Kuwait Energy Shares.

If the Convertible Loans fail to be converted, the full principal balance and accrued interest will be repaid in cash in three instalments as follows:

- 34 per cent. of amounts outstanding on the date that falls 66 months after the first utilisation date;
- 33 per cent. of amounts outstanding on the date that falls 72 months after the first utilisation date; and
- 33 per cent. of amounts outstanding on the date that falls 78 months after the first utilisation date.

The first utilisation date for the Abraaj Convertible Loan was 31 May 2012; the first utilisation date for the QFB Convertible Loan was 11 September 2012. The above repayment schedule would have applied in respect of the QFB Convertible Loan but for QFB submitting the conversion notice as stated below; in relation to the Abraaj Convertible Loan, pursuant to an amendment letter between the Company and KEC SPV 1 Limited dated 28 November 2017, the first and second repayment dates were changed such that the first repayment date was on

28 June 2018 and the second repayment date was on 27 September 2018. The third repayment date and the percentage amounts to be repaid on the respective repayment dates remain as stated above.

QFB submitted a conversion notice dated 8 March 2018 to Kuwait Energy, such notice being stated to be irrevocable unless otherwise agreed by Kuwait Energy. QFB and the Company are in discussions regarding a potential amendment agreement pursuant to which the parties may agree that notwithstanding the conversion notice issued by QFB on 8 March 2018 and the terms of the share transfer undertaking made on 6 August 2012 (and amended by amendment letters dated 10 May 2017 and 18 July 2017) by Kuwait Energy in favour of QFB, the Conversion Outstandings (as defined in the aforementioned share transfer undertaking) may be paid in full in cash by Kuwait Energy on completion of the Acquisition.

(b) **Senior Notes**

*Overview*

On 4 August 2014, Kuwait Energy issued its Senior Notes under an indenture dated 4 August 2014, as amended, among Kuwait Energy, each of the guarantors named therein, Citibank, N.A., London Branch, as trustee, paying agent and transfer agent and Citigroup Global Markets Deutschland AG as registrar (the **Notes Indenture**).

*Ranking*

The Senior Notes are general obligations of Kuwait Energy; they rank *pari passu* in right of payment with any existing and future debt of Kuwait Energy that is not expressly contractually subordinated in right of payment to the Senior Notes, and rank senior in right of payment to any existing and future debt of Kuwait Energy that is expressly contractually subordinated in right of payment to the Senior Notes and are effectively subordinated to any future debt of Kuwait Energy that is secured by property or assets, to the extent of the value of the property and assets securing such debt.

*Interest Rates, Payment Dates and Maturity*

The Senior Notes bear interest at a rate of 9.5 per cent. per annum. Interest on the Senior Notes is payable semi-annually in arrears on 4 February and 4 August of each year. The Senior Notes will mature on 4 August 2019.

*Guarantees*

The Senior Notes are jointly and severally guaranteed by Kuwait Energy International Limited, KEC (MENA) Limited (**KEC (MENA)**), Kuwait Energy Egypt Limited, KEC (Egypt) Limited, Kuwait Energy Yemen Ltd, Jannah Hunt Oil Company Limited, KEC (Yemen) Limited (**KEC (Yemen)**), Kuwait Energy AMED Yemen Ltd, KEC K.S.C.C., Kuwait Energy (Eastern Desert) Petroleum Services SAE (**Kuwait Energy (Eastern Desert)**), Kuwait Energy Basra Limited and Kuwait Energy Iraq Ltd (collectively, the **Senior Notes Guarantors**).

The guarantees by the Senior Notes Guarantors are a general obligation of the relevant guarantor; they rank *pari passu* in right of payment with any existing and future debt of the relevant guarantor that is not expressly contractually subordinated in right of payment to such guarantee, and rank senior in right of payment to any existing and future debt of the relevant guarantor that is expressly contractually subordinated in right of payment to such guarantee and are effectively subordinated in right of payment to any existing and future debt of the relevant guarantor that is secured by property or assets that do not secure the Senior Notes, to the extent of the value of the property and assets securing such other debt, and are structurally subordinated to all obligations of Kuwait Energy's subsidiaries that do not guarantee the Senior Notes.

#### *Optional Redemption on or after 4 August 2017*

On or after 4 August 2017, Kuwait Energy may on any one or more occasions redeem all or a part of the Senior Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and additional amounts, if any, on the Senior Notes redeemed, to the applicable date of the redemption, if redeemed during the twelve month period beginning on 4 August of the years indicated below:

<i>Year</i>	<i>Percentage</i>
2017	104.750%
2018 and thereafter	103.375%

#### *Covenants*

The Notes Indenture contains covenants that, among other things, limit Kuwait Energy's ability and the ability of Kuwait Energy's subsidiaries to (subject, in each case, to carve-outs and exceptions):

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make certain payments, including dividends or other distributions, with respect to the shares of such entity;
- create or incur certain liens;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to such entity;
- engage in certain transactions with affiliates;
- enter into arrangements that restrict dividends or other payments to Kuwait Energy;
- create unrestricted subsidiaries; and
- consolidate, merge or transfer all or substantially all of the Kuwait Energy Group's assets and the assets of its subsidiaries on a consolidated basis.

#### *Events of Default*

Upon the occurrence of any event of default under the Notes Indenture, the holders of at least 25 per cent. in aggregate principal amount of the then outstanding Senior Notes may declare all amounts outstanding, together with accrued interest, immediately due and payable. Upon the occurrence of certain events of default relating to insolvency, all of the then outstanding Senior Notes will become due and payable immediately without further action or notice.

#### (c) *Vitol Prepayment Agreement*

##### *Overview*

On 13 December 2016, Kuwait Energy and Vitol SA (**Vitol**) entered into:

- (i) an English law governed crude oil purchase agreement (the **Crude Oil Purchase Agreement**), pursuant to which Kuwait Energy agreed to sell and Vitol agreed to purchase the Kuwait Energy Group's entitlement of petroleum costs and remuneration fees to be paid in Iraqi crude oil pursuant to the Block 9 exploration, development and production service contract dated 27 January 2013 (**Block 9 EDPSC**); and

- (ii) an English law governed US\$100 million revolving prepayment agreement (the **Vitol Prepayment Agreement**), with KEC (MENA) and KEC K.S.C.C. (the **Guarantors**) as guarantors, pursuant to which Vitol could make advance payments available to Kuwait Energy in connection with the Crude Oil Purchase Agreement (the **Vitol Facility**).

Subsequent to 31 December 2016, it became apparent that certain of the security purported to have been granted pursuant to the Vitol Prepayment Agreement may have been invalid or unenforceable. It was therefore possible that the Kuwait Energy Group was not in compliance with certain terms of the Vitol Prepayment Agreement and ancillary documentation. Vitol confirmed in a letter dated 27 April 2017 that any possible or actual non-compliance with the Vitol Prepayment Agreement regarding this issue had been waived, and Vitol and Kuwait Energy subsequently entered into an amendment and restatement agreement relating to the Vitol Prepayment Agreement on 10 May 2017 (the **First Amendment Agreement**) under which:

- (i) the security that may have been invalid or unenforceable was released and replaced by additional guarantees from Kuwait Energy Basra Limited (**Kuwait Energy Basra**) and Kuwait Energy Iraq Limited (**Kuwait Energy Iraq**) (together the **Additional Guarantors**);
- (ii) the condition subsequent security assignment in respect of the rights of KEC K.S.C.C. under an export oil sales agreement with the Oil Marketing Company of the Iraq Ministry of Oil dated 27 March 2016, was made subject to the reasonable request of Vitol; and
- (iii) a new condition subsequent was included such that KEC K.S.C.C. would grant new share pledges over the shares of Kuwait Energy Basra and Kuwait Energy Iraq upon the reasonable request of Vitol.

Kuwait Energy and Vitol entered into a further amendment and restatement agreement relating to the Vitol Facility on 23 August 2018 (the **Second Amendment Agreement**), under the terms of which the Vitol Prepayment Agreement was amended to:

- (i) extend the availability period of the Vitol Facility from 31 November 2018 to 31 December 2019;
- (ii) replace the voluntary reimbursement provision contained in the First Amendment Agreement with a right for Kuwait Energy to terminate the Vitol Facility, upon 20 business days' notice, any time after nine months from the initial prepayment drawn under the amended Vitol Prepayment Agreement; and
- (iii) require Kuwait Energy to maintain a minimum utilisation amount of US\$25,000,000 or pay a low-utilisation fee.

#### *The Prepayment Facility*

Under the Second Amendment Agreement, Vitol has agreed to make available to Kuwait Energy a revolving prepayment facility in an amount of up to US\$100,000,000 for the purposes of Kuwait Energy's general working capital and corporate purposes, including any debt repayment.

#### *Utilisation*

Kuwait Energy can request prepayments (each a **Prepayment**) from Vitol to be made on a Business Day (as defined therein) up to 31 December 2019 if the Senior Notes have been refinanced before 31 December 2018, or up to 31 December 2018 if the Senior Notes have not been refinanced before 31 December 2018. Each Prepayment under the Second Amendment Agreement shall not be more than the available amount and shall not be less than US\$25,000,000 and is subject to certain production rate and crude oil delivery conditions

precedent being met. Kuwait Energy may also request a Prepayment in respect of the redrawing of amounts paid by way of a Voluntary Overpayment (as defined below).

#### *Interest*

The rate of interest on each Prepayment is US\$ three-month LIBOR plus 7 per cent. per annum. In the event of there being a period of five months or more when crude oil is not made available to the Kuwait Energy Group, the rate of interest on each Prepayment from the first day of such non-availability to the date on which crude oil is next made available to Kuwait Energy shall be the aggregate of: (i) US\$ three-month LIBOR plus 7 per cent. per annum; and (ii) 4 per cent. per annum.

#### *Security and Guarantees*

Pursuant to the Second Amendment Agreement, Kuwait Energy International Limited continues to grant a first ranking equitable share mortgage over its shares in KEC (MENA), and the Guarantors, together with the Additional Guarantors, have provided a joint and several guarantee and indemnity in relation to Kuwait Energy's obligations under the Second Amendment Agreement.

#### *Repayment*

- (i) Repayment by way of delivery: On each date on which crude oil is to be delivered by Kuwait Energy to Vitol under the Crude Oil Purchase Agreement (a **Reimbursement Date**), a certain value of that crude oil (determined in accordance with the Second Amendment Agreement) shall be applied in discharge of the outstanding Prepayments.
- (ii) Repayment other than by way of delivery: To the extent that the outstanding Prepayments are not discharged by way of delivery of crude oil on a Reimbursement Date, Kuwait Energy shall discharge the amount of the outstanding Prepayments due to be discharged on that date by way of transfer of readily available funds to Vitol.

#### *Voluntary reimbursement*

Kuwait Energy may reimburse or repay the whole or any part of the outstanding Prepayments before its due date (a **Voluntary Overpayment**).

#### *Other key terms*

The Second Amendment Agreement also contains customary representations, undertakings and events of default.

#### (d) **ENBD Facility**

In September 2018, Kuwait Energy (Eastern Desert) and Emirates National Bank of Dubai S.A.E. (**ENBD**) entered into a EGP 200,000,000 Egyptian law governed overdraft credit facility for the purpose of financing Kuwait Energy's general working capital and corporate purposes (the **ENBD Facility**).

#### *Term and termination*

The term of the ENBD Facility began on 24 April 2018 and expired on 31 October 2018, at which date all outstanding principal, interest and other charges due in accordance with the ENBD Facility became payable. However, the term of the ENBD Facility automatically renews for further terms following the original term's expiration, each term not exceeding the original term of the ENBD Facility. The ENBD Facility can be terminated by either party with one month's prior notice.

#### *Guarantees*

Kuwait Energy (Eastern Desert) has pledged all of its deposits, securities, commercial papers, precious metals, cash, goods and any other funds and credit account balances currently held at

ENBD or that will be held in the future at ENBD, to ENBD as a guarantee securing its repayment of any outstanding obligations under the ENBD Facility.

*Other key terms*

The ENBD Facility also contains customary representations, undertakings and events of default.

(e) ***Sale and Leaseback Arrangement***

In June 2015, Kuwait Energy (Eastern Desert) entered into a sale and leaseback arrangement with Emirates Dubai National Leasing SAE for the sale and leaseback of the Kuwait Energy Group's office building in Cairo, Egypt. The value of the sale amounted to US\$7,500,000 and the total value of the lease amounts to US\$8,224,240. The lease was settled with a US\$1,500,000 down payment and the remaining lease payments to be paid over the five year term of the lease, expiring in July 2020. Upon the expiry of the lease, Kuwait Energy (Eastern Desert) has the option to purchase the office building for one U.S. dollar. The sale and leaseback arrangement contains customary terms and conditions, including restricting the Kuwait Energy Group's ability to dispose of, sell, assign or pledge the office building. Kuwait Energy (Eastern Desert)'s obligations under the arrangements are guaranteed by Kuwait Energy.

(f) ***Oman Asset Sale***

In November 2018, Kuwait Energy Group (through its wholly-owned subsidiary Kuwait Energy International Limited) entered into a share sale and purchase agreement (the **SPA**) with Abdul Rahman Barham to sell Kuwait Energy Group's 20% interest in Medco LLC, a joint venture which holds a 75% working interest in the Karim Small Fields in Oman, for US\$13,000,000 in cash consideration. The SPA was signed on 6 November 2018 and closing of the transaction is subject to certain conditions including consent of the other shareholders in the joint venture and a confirmation/non-objection from the government of Oman. Subject to the satisfaction of these conditions, the transaction is expected to close by early Q1 2019.

**8. Legal and arbitration proceedings**

**8.1 Proceedings affecting the Kuwait Energy Group**

Save as set out below, there are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Kuwait Energy is aware), during the period covering the 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Kuwait Energy Group.

(a) ***Ukrnafta arbitration***

Carpatsky Petroleum Corporation (**CPC**), a member of the Kuwait Energy Group at the time, and Ukrnafta entered into Joint Activity Agreement #410/95 (**JAA**) on 14 September 1995 for exploration and development of the Rudivsky-Chervonozavodsky gas condensate field (the **RC Field**). Over thirty supplemental, amendment and addendum agreements to the JAA were executed by CPC and Ukrnafta. CPC's interest in the RC Field was reduced from 50 per cent. to 14.91 per cent. as a result of non-payment of costs due under the JAA. CPC claimed it was entitled to restore its share in the JAA to 50 per cent. by paying CPC's unpaid costs. Ukrnafta refused to allow CPC to make such payments to restore CPC's share of the JAA.

CPC commenced arbitration proceedings in the Arbitration Institute of the Stockholm Chamber of Commerce (the **Arbitral Tribunal**) in accordance with the JAA's arbitration clause to (i) recover CPC's damages in the amount of CPC's actual share in the JAA from Ukrnafta; and (ii) terminate the JAA.

In response to CPC filing for arbitration under the JAA, the state prosecutor of Ukraine filed an action in Ukraine to terminate the JAA and enjoin CPC and CPC's parent from further involvement in the JAA.

On 24 September 2010, the Arbitral Tribunal issued an award in favour of CPC (the **Award**) and ordered Ukrnafta to pay US\$146.9 million in costs and damages to CPC. Ukrnafta lost two challenges to the Arbitral Tribunal's jurisdiction in the local state courts of Sweden and Ukrnafta's subsequent appeals were ultimately denied by the Supreme Court of Sweden, exhausting Ukrnafta's appellate recourse in Sweden and confirming the finality of the Arbitral Tribunal's award.

CPC continues to pursue enforcement of the Award through both legal process and commercial discussions. The Kuwait Energy Group's 2015 disposal of its Ukrainian assets excluded CPC. As such, CPC remains wholly-owned by the Kuwait Energy Group as a wholly-owned subsidiary of Kuwait Energy Netherlands Cooperatief U.A.

(b) ***Ukrnafta Texas counterclaim***

In 2009, following the commencement of the above-mentioned arbitration by CPC, Ukrnafta initiated proceedings in Texas state court in 2009 against CPC and the former owners of CPC pleading, inter alia, fraud and tortious interference and seeking approximately US\$80 million in damages. Shortly after being served with notice, CPC filed to remove the proceedings to the federal district court. The federal district court stayed the proceedings pending conclusion of the arbitration and subsequently extended this stay until final resolution of Ukrnafta's claims in the Swedish courts. Following exhaustion of Ukrnafta's avenues of appeal in December 2016, the federal district court lifted the stay on 2 February 2017.

On 2 October 2017, the federal district court rejected all of Ukrnafta's arguments and confirmed the Award. On 13 November 2018, the court issued a further order concluding that all of the claims that Ukrnafta had asserted against CPC were precluded by the findings of the Award. The court ordered Ukrnafta to show cause why the claims against the remaining defendants should not be dismissed for failure to prosecute.

(c) ***UK action by Ukrnafta***

An application for recognition and enforcement of the Award in England was filed with the High Court on 8 September 2016, resulting in an *ex parte* order dated 10 October 2016 with permission to enforce the Award and serve the order on the defendant in the Ukraine (the time for service being extended by order of 4 January 2017).

On 21 April 2017, CPC's lawyers in the UK received Ukrnafta's acknowledgement of service and application to set aside the aforementioned orders, following which it was agreed that Ukrnafta would file a Statement of Case, which was submitted on 1 September 2017.

Following submission of CPC's defence on 9 November 2018 and Ukrnafta's response on 19 January 2018, the parties agreed in April 2018 to a list of common grounds and issues. The latest submission filed by Ukrnafta was on 29 June 2018.

At a directions hearing on 21 September 2018, the court gave summary judgment in favour of CPC and struck out the allegations of fraud. The full hearing is not expected to take place before summer 2019.

(d) ***Enforcement Proceedings in connection with the Award***

CPC has so far successfully obtained recognition of the Award in France, the Netherlands and the U.S. However in jurisdictions including Ukraine, Switzerland and Russia, CPC has been unable to obtain recognition of the Award in all but one instance due to lack of jurisdiction of the local courts.

(e) ***Dragon Oil arbitration***

The arbitration proceedings summarised below are confidential. The below summary does not, and is not intended to, waive that confidentiality and/or any privilege in respect of the arbitration proceedings (or otherwise) belonging to the Kuwait Energy Group.

On 4 April 2016, Dragon Oil filed for arbitration with the International Chamber of Commerce, which was subsequently served on the Kuwait Energy Group on 12 May 2016. The Kuwait Energy Group companies named in the arbitration are Kuwait Energy Iraq and KEC K.S.C.C.

Dragon Oil has alleged various breaches of contract and trust relating to: (i) the Block 9 Joint Bid Agreement dated 25 January 2012 (as amended) (the **JBA**); and (ii) correspondence and exchanges between the Kuwait Energy Group and Dragon Oil during October and November 2012. Specifically, Dragon Oil alleges that a contract (or, alternatively, a trust) arose between the Kuwait Energy Group and Dragon Oil regarding a pro rata share of the 30% participating interest previously intended for TPAO under the JBA, prior to TPAO's exit from the Block 9 consortium. The pro rata share claimed by Dragon Oil equates to a 12.86% participating interest in the Block 9 EDPSC (the **Disputed Interest**). Dragon Oil alleges that the Kuwait Energy Group's failure to deliver the Disputed Interest to Dragon Oil following TPAO's exit constitutes a breach of contract/trust. Dragon Oil has requested relief in the form of a transfer of the Disputed Interest from the Kuwait Energy Group to Dragon Oil or, in the alternative, an account of profits or damages in the amount of US\$135.5 million (excluding interest and costs) in lieu of that transfer. In the arbitration, the Kuwait Energy Group has denied Dragon Oil's claims. KEC K.S.C.C. has also raised a jurisdictional objection to its inclusion as a party to the arbitration.

Following the exchange of the parties' submissions and evidence in the arbitration, a final hearing on jurisdiction and the merits was fixed for five days between 12 and 16 February 2018.

On 11 February 2018, the Kuwait Energy Group and Dragon Oil entered into settlement and transfer agreements, pursuant to which, upon completion of those agreements: (i) the Kuwait Energy Group would transfer to Dragon Oil a 15% participating interest in the Block 9 EDPSC (6.43% of which would be on a past net costs basis, and 8.57% for a lump sum of US\$100 million); and (ii) Dragon Oil would withdraw the arbitration. Upon the signing of the settlement agreement on 11 February 2018, the parties agreed to stay the arbitration pending completion of the settlement, and to vacate the final hearing.

Completion of the settlement was subject to various conditions precedent (**CPs**). Among other conditions, one of the CPs was that the parties would obtain the Iraqi Government's approval of the transfer to Dragon Oil of the 15% participating interest in the Block 9 EDPSC. Under the transfer agreement, the back-stop date for obtaining that approval and satisfaction of the other CPs was 11 May 2018. The Iraqi Government is yet to provide that approval.

On 19 September 2018, Dragon Oil: (i) exercised its rights to terminate the settlement and transfer agreements; and (ii) lifted the stay of arbitration, recommencing the arbitration proceedings. A final hearing is now scheduled to take place between 20 and 24 May 2019. The parties are liaising with the arbitral tribunal on the remainder of the procedural timetable.

Notwithstanding the above, the parties continue to work towards obtaining the Iraqi Government's approval to the transfer to Dragon Oil of the 15% participating interest in the Block 9 EDPSC. It is hoped that such approval will be provided and, if it is, the parties have agreed to settle the arbitration on the settlement terms previously agreed.

(f) ***Block 43 claim***

The below summary does not, and is not intended to, waive any privilege in respect of the arbitration proceedings (or otherwise) belonging to the Kuwait Energy Group.

On 17 July 2017, DNO Yemen AS (**DNO**) filed for arbitration with the International Chamber of Commerce against the Yemen Ministry of Oil and Minerals (the **Ministry**) and KEC (Yemen), which was subsequently served on those parties on 6 August 2017.

DNO served its Statement of Claim on 5 July 2018. The Ministry served its defence and counterclaim, and KEC (Yemen) served its defence, on 6 September 2018. DNO's defence to counterclaim and reply, and KEC's defence to counterclaim, are to be served on 6 December 2018. Further pleadings are to be served by the parties in January and February 2019. The final hearing has been fixed for five days between 8 and 12 April 2019, in Paris.

In the arbitration, DNO seeks an award recognising the validity of its relinquishment of Block 43 (which had previously been disputed by the Ministry), and for certain damages relating to the Ministry's refusal to recognise the validity of that relinquishment. Further, although DNO makes no substantive claims against KEC (Yemen), DNO seeks declarations that KEC (Yemen) is: (i) bound by the provisions of the Block 43 Production Sharing Agreement dated 7 January 1998 (as amended) (the **PSA**) and the Block 43 Joint Operating Agreement dated 7 January 1998 (as amended) (the **JOA**); (ii) jointly and severally liable for the performance of the obligations of the "Contractor" under the PSA (the **Contractor**); and (iii) liable to share in the obligations of the Contractor parties under the PSA and all liabilities and expenses incurred by DNO in connection with the joint operations.

The Ministry has filed a number of counterclaims against the Contractor in the arbitration, including (without limitation): (i) that the Contractor must resume petroleum operations under the PSA; (ii) that the Contractor has recovered sums to which it is not entitled under the PSA; and (iii) in respect of the integrity and abandonment of wells drilled by the Contractor in Block 43. The Ministry currently quantifies its counterclaims at c.US\$100 million. In the event that the Ministry's counterclaims succeed, KEC (Yemen)'s potential exposure will be limited to its participating interest in Block 43 at the relevant time. KEC (Yemen) held a participating interest of 28.33% in Block 43 from 5 October 2009 to 30 June 2015. However, because the PSA parties also carried a 15% participating interest held by Yemen Oil & Gas Corporation under the PSA, KEC was in effect liable for 33.33% of the obligations under the PSA during that period.

By notice dated 24 May 2015, KEC (Yemen) gave notice of its intention to withdraw from the PSA and the JOA with effect from 30 June 2015. In the arbitration, the Ministry has asserted that KEC (Yemen)'s withdrawal was not effective. The validity or otherwise of KEC (Yemen)'s withdrawal from Block 43 has the potential to affect the period in respect of which KEC (Yemen) will be liable (as one of the entities comprising the Contractor) in respect of the Ministry's counterclaims.

## **9. Significant change**

- 9.1 There has been no significant change in the financial condition or trading position of the Kuwait Energy Group since 30 June 2018, being the date to which the latest interim financial statements of Kuwait Energy were prepared.

## **10. Other Information**

- 10.1 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Purchaser or any person acting in concert with it for the purposes of the Acquisition, and any of the Directors, recent directors of Kuwait Energy, Kuwait Energy Shareholders or recent shareholders of Kuwait Energy, or any person interested or recently interested in Kuwait Energy Shares, having any connection with, or dependence upon, the Acquisition.
- 10.2 No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the Scheme Shares to be acquired by the Purchaser pursuant to the Acquisition will be transferred to any

other person, save that the Purchaser reserves the right to transfer any such shares to any other member of the Purchaser Group.

- 10.3 There is no agreement or arrangement to which the Purchaser is a party which relates to the circumstances in which it may or may not invoke a Condition to the Acquisition.

## **11. Sources of Information and Bases of Calculation**

- 11.1 Unless otherwise stated, the financial information relating to Kuwait Energy in this document is extracted (without adjustment) from the audited consolidated financial statements of Kuwait Energy for the relevant years and from the unaudited interim consolidated financial statements of Kuwait Energy for the relevant interim periods, prepared in accordance with IFRS.
- 11.2 Any references to the existing issued share capital of Kuwait Energy are based on 323,282,184 Kuwait Energy Shares in issue as at the Latest Practicable Date.

## **12. Documents available for inspection**

- 12.1 Up to and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, whichever is earlier), copies of the following documents will be accessible on Kuwait Energy's website:
- (a) the current memorandum and articles of association of Kuwait Energy;
  - (b) the draft articles of association of Kuwait Energy containing the proposed amendments to be proposed at the Extraordinary General Meeting and to be approved by the passing of the Special Resolution;
  - (c) the audited consolidated accounts of the Kuwait Energy Group for the two financial years ended 31 December 2016 and 31 December 2017;
  - (d) the unaudited interim financial results of the Kuwait Energy Group for the six months ended 30 June 2018;
  - (e) the unaudited first quarter financial results of the Kuwait Energy Group for the three month period ended 31 March 2018;
  - (f) the irrevocable undertakings listed in paragraph 4 of this Part 6 (*Additional Information*);
  - (g) a copy of the Announcement; and
  - (h) this document and the Forms of Proxy.

Neither the contents of the Kuwait Energy website, nor the content of any website accessible from hyperlinks on the Kuwait Energy website, are incorporated into or form part of this document.

## PART 7

### DEFINITIONS

In this document, unless the context requires otherwise, the following definitions apply:

- “**Abraaj Agreed Cap**” has the meaning given to that term in paragraph 4 of Part 1 (*Explanatory Statement and Letter from the Chairman of Kuwait Energy plc*) of this document
- “**Abraaj**” has the meaning given to that term in paragraph 7.2(a) of Part 6 (*Additional Information*) of this document
- “**Abraaj Convertible Loan**” the convertible term loan facility the Kuwait Energy Group entered into on 4 April 2012 with KEC SPV 1 Limited (an entity managed and controlled by Abraaj Investment Management Limited), as subsequently amended
- “**Abraaj Settlement Amount**”
- (a) an amount equal to the sum of amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the Abraaj Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; plus
  - (b) the amount of Additional Consideration that is payable in respect of any Convertible Shares that are issued prior to the Scheme Record Time in accordance with the terms of the Abraaj Convertible Loan (if any)
- “**Abraaj Upside Amount**” such amount in US dollars as is equal to  $0.2*(a-b-c)$  where:
- (a) *a* is US\$78.971 million;
  - (b) *b* is an amount equal to amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the Abraaj Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; and
  - (c) *c* is the amount of the Additional Consideration that is payable in respect of any Convertible Shares that are issued in accordance with the terms of the Abraaj Convertible Loan (if any),
- provided that, if such amount is less than zero, it shall be deemed to be zero
- “**Accounts Date**” 31 December 2017
- “**Acquisition**” the proposed acquisition of the entire issued and to be issued share capital of Kuwait Energy by the Purchaser (other than the Excluded Shares) to be effected by means of the Scheme or (should the Purchaser so elect) by way of a Takeover Offer
- “**Additional Consideration**” has the meaning given to that term in paragraph 4 of Part 1 (*Explanatory Statement and Letter from the Chairman of Kuwait Energy plc*) of this document

<b>“Additional Disclosure Bundle”</b>	the additional disclosure materials delivered to the Purchaser before the execution of the Transaction Agreement in the agreed form
<b>“Additional Guarantors”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Affiliate”</b>	<p>(a) in the case of a company, (i) that company’s subsidiaries and subsidiary undertakings from time to time, (ii) any holding company of that company and all other subsidiaries and subsidiary undertakings of any such holding company from time to time, and (iii) any other person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, that company; and</p> <p>(b) in the case of any individual, (i) that individual’s family members and any person related to that individual by way of kinship or marriage, (ii) any company in which that individual and the persons specified in (i) above collectively exercise control from time to time, and (iii) any other person that directly or indirectly through one or more intermediaries controls, or is controlled by or is under common control with, any of the foregoing,</p> <p>where, for the purposes of this definition of “Affiliate”, “control” means the possession, directly or indirectly through one or more intermediaries, of (i) the power to direct the majority of the voting rights in a person (where applicable), (ii) the power to appoint or remove a majority of the directors of a person (where applicable), or (iii) the power to direct the management, financial and operating policies or the activities of a person, in each case, whether through the ownership of shares, by contract, or otherwise;</p>
<b>“Announcement”</b>	the announcement of the Acquisition made on 24 September 2018 by the Purchaser
<b>“Arbitral Tribunal”</b>	has the meaning given to that term in paragraph 8.1(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“ARC”</b>	has the meaning given to that term in paragraph 6.2 of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Assets”</b>	the oil and gas exploration, development and/or production assets of the Kuwait Energy Group
<b>“Asset Agreements”</b>	licences, service contracts, production sharing contracts, exploration, development and production service contracts, joint operating agreements, shareholder agreements, farm out agreements, gas development and production service agreements, gas supply agreements, EPC contracts, concession agreements, production and exploration service agreements and any other material agreements, arrangements, rights or other obligations to which Kuwait Energy or any other member of the Kuwait Energy Group is a party (or by which they are bound) or held by Kuwait Energy or any member of the Kuwait Energy Group in relation to the Assets

<b>“Asset Third Parties”</b>	parties (other than Kuwait Energy or another member of the Kuwait Energy Group) to the Asset Agreements
<b>“Award”</b>	has the meaning given to that term in paragraph 8.1(a) of Part 6 ( <i>Additional Information</i> )
<b>“Base Consideration”</b>	has the meaning given to that term in paragraph 4 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> )
<b>“Block 9 EDPSC”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Board”</b>	the board of directors of Kuwait Energy
<b>“Business Day”</b>	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom, Hong Kong, Jersey, Channel Islands and Kuwait City, Kuwait
<b>“Chairman”</b>	Dr. Mansour Aboukhamseen
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Conditions”</b>	the conditions to the implementation of the Acquisition (including the Scheme) set out in the Transaction Agreement, as summarised in Part 2 ( <i>Conditions of the Scheme and the Acquisition and Certain Further Terms</i> ) to this document, and “ <b>Condition</b> ” means any one of them
<b>“Consents”</b>	<p>(a) following notification of the Acquisition by Kuwait Energy to the Ministry of Oil and applicable national oil companies in Iraq and the Ministry of Petroleum and applicable national oil companies in Egypt, either (i) the receipt of an indication of support or no objection (which may be communicated in writing or in another form reasonably satisfactory to the Purchaser and Kuwait Energy) in response to each such notification; or (ii) there having been no receipt by Kuwait Energy or the Purchaser of a written objection to the Acquisition in response to any such notification;</p> <p>(b) (i) the provision of such consents, waivers, notices or confirmations as are contractually required to be provided to or obtained from Relevant Authorities and/or Asset Third Parties; and</p> <p style="padding-left: 40px;">(ii) the expiry of any relevant time periods for Relevant Authorities and/or Asset Third Parties to exercise pre-emption, right of first refusal, assignment or other rights to acquire without such rights having been exercised or notice of exercise having been given (unless such rights have been waived or the Relevant Authorities and/or Asset Third Parties have confirmed that such rights are not being exercised),</p> <p style="padding-left: 40px;">in the context of the Acquisition, in each case, pursuant to the terms of the Asset Agreements; and</p> <p>(c) any consent that may be required from the Jersey Financial Services Commission in connection with the Acquisition</p>

under the terms of the consents issued to Kuwait Energy pursuant to Article 4 of the Control of Borrowing (Jersey) Order 1958

<b>“Consideration Adjustment Cut-off Date”</b>	<p>the date falling four Business Days following the date of the Purchaser’s notice to Kuwait Energy that it has:</p> <p>(a) entered into (or a member of the Purchaser Group has entered into) one or more binding finance agreements where the availability of such financing to the Purchaser is certain from the perspective of a reasonable seller in terms of conditionality to funding; or</p> <p>(b) obtained cash or cash equivalents (being instruments and deposits that are realisable for cash at the Purchaser’s election prior to the Effective Date) on hand,</p> <p>or a combination of the above, provided that the total aggregate amount of financing available to the Purchaser (when taken together with the amount standing to the credit of the Escrow Account) is US\$651 million (or such lower amount as shall reflect a reduction on a US\$-for-US\$ basis following any repayment or prepayment from time to time in respect of the Abraaj Convertible Loan or the QFB Convertible Loan)</p>
<b>“Contractor”</b>	has the meaning given to that term in paragraph 8.1(f) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Convertible Loans”</b>	has the meaning given to that term in paragraph 7.2(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Convertible Shares”</b>	such Kuwait Energy Shares as are issued from time to time following the Transaction Agreement Date in accordance with the terms of the Abraaj Convertible Loan and/or the QFB Convertible Loan
<b>“Court”</b>	the Royal Court of Jersey
<b>“Court Hearing”</b>	the hearing of the Court (and any adjournment thereof) to sanction the Scheme pursuant to Article 125 of the Jersey Companies Law
<b>“Court Meeting”</b>	the meeting of the Scheme Shareholders (and any adjournment, postponement or reconvention thereof) convened pursuant to an Act of the Court pursuant to Article 125 of the Jersey Companies Law, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) notice of which is set out in Part 8 ( <i>Notice of Court Meeting</i> ) of this document
<b>“Court Order”</b>	the Act of the Court made at the Court Hearing sanctioning the Scheme under Article 125 of the Jersey Companies Law
<b>“CPC”</b>	Carpatsky Petroleum Corporation
<b>“CPs”</b>	has the meaning given to that term in paragraph 8.1(e) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Crude Oil Purchase Agreement”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document

<b>“DD Call Log”</b>	the list prepared by Kuwait Energy in the agreed form of certain due diligence calls that took place between UEG and/or its professional advisers, on the one hand, and Kuwait Energy and/or its professional advisers, on the other, on or before 16 September 2018
<b>“Directors”</b>	the Executive Director and the Non-Executive Directors, being the directors of Kuwait Energy
<b>“Disclosed”</b>	<p>(a) in relation to the Kuwait Energy Fundamental Warranties, Fairly Disclosed and specifically disclosed in the Disclosure Letter;</p> <p>(b) in relation to certain Kuwait Energy Warranties in relation to claims and proceedings by or against the Kuwait Energy Group as specified in the Transaction Agreement, Fairly Disclosed by Kuwait Energy in folder 04. Legal – 04.05 Litigation and Disputes in the Kuwait Energy Data Room; and</p> <p>(c) in relation to the Kuwait Energy Warranties other than the Kuwait Energy Fundamental Warranties and the Kuwait Energy Warranties referred to in sub-paragraph (b) above, Fairly Disclosed by Kuwait Energy (i) in writing to the Purchaser in the Kuwait Energy Data Room or the Disclosure Letter or the Additional Disclosure Bundle or (ii) through the due diligence calls set out in the DD Call Log or (iii) in emails sent by any employees of any Kuwait Energy Group Company including any director or officer of any Kuwait Energy Group Company or contractors (excluding professional advisers) of Kuwait Energy or by Deloitte LLP in its capacity as professional adviser to Kuwait Energy to designated employees of the Purchaser Group between 1 April 2018 and 16 September 2018 in connection with the Purchaser’s due diligence on Kuwait Energy</p>
<b>“Disclosure Letter”</b>	the letter of the same date as the Transaction Agreement written by Kuwait Energy to the Purchaser and delivered to the Purchaser before the execution of the Transaction Agreement
<b>“Disposal Securities” or “Disposal Security”</b>	has the meaning given to those terms in Part 9 ( <i>Notice of Extraordinary General Meeting</i> ) of this document
<b>“Disputed Interest”</b>	has the meaning given to that term in paragraph 8.1(e) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“DNO”</b>	has the meaning given to that term in paragraph 8.1(f) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Dragon Oil”</b>	Dragon Oil (Block 9) Limited and Dragon Oil (Holdings) Limited
<b>“Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms
<b>“Effective Time”</b>	the time on the Effective Date at which the Scheme becomes effective
<b>“ENBD”</b>	has the meaning given to that term in paragraph 7.2(d) of Part 6 ( <i>Additional Information</i> ) of this document

<b>“ENBD Facility”</b>	has the meaning given to that term in paragraph 7.2(d) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Encumbrances”</b>	all mortgages, pledges, liens, equities, charges, hypothecs, encumbrances, equitable rights, options, rights of pre-emption, restrictions on transfer, assignments, hypothecations or any other third party rights and interests of any nature whatsoever, or any agreement to create any of the foregoing
<b>“Enlarged Purchaser Group”</b>	the Purchaser Group including the Kuwait Energy Group after the Effective Date
<b>“Escrow Sum”</b>	has the meaning given to that term in paragraph 7.1(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Excluded Shares”</b>	(i) any Kuwait Energy Shares beneficially owned by the Purchaser or any other member of the Purchaser Group; and (ii) any Kuwait Energy Shares held in treasury by Kuwait Energy
<b>“Executive Director”</b>	Abdel F. Badwi
<b>“Explanatory Statement”</b>	the explanatory statement relating to the Scheme, as set out in Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> ) of this document, which constitutes the explanatory statement relating to the Scheme as required by Article 126 of the Jersey Companies Law
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of Kuwait Energy Shareholders (and any adjournment or postponement thereof) to be convened by the Notice of Extraordinary General Meeting, to consider and if thought fit pass the Special Resolution
<b>“Fairly Disclosed”</b>	disclosed prior to the Transaction Agreement Date in such a manner that the matter disclosed is reasonably apparent from the terms of the relevant disclosure and the relevance to the Kuwait Energy Warranties or the definition of “Material Adverse Effect” (as the context may require) of the information disclosed ought reasonably to be appreciated by the Purchaser and with sufficient detail and in such manner as to enable the Purchaser to identify and assess accurately the nature and scope of the matter concerned
<b>“Financing Satisfaction Date”</b>	<p>the date of the Purchaser’s notice to Kuwait Energy that it has:</p> <ul style="list-style-type: none"> <li>(a) entered into (or a member of the Purchaser Group has entered into) one or more binding finance agreements where the availability of such financing to the Purchaser is certain from the perspective of a reasonable seller in terms of conditionality to funding; or</li> <li>(b) obtained cash or cash equivalents (being instruments and deposits that are realisable for cash at the Purchaser’s election prior to the Effective Date) on hand,</li> </ul> <p>or a combination of the above, provided that the total aggregate amount of financing available to the Purchaser (when taken together with the amount standing to the credit of the Escrow Account) is US\$651 million (or such lower amount as shall reflect a reduction on a US\$-for-US\$ basis following any repayment or</p>

	prepayment from time to time in respect of the Abraaj Convertible Loan or the QFB Convertible Loan)
<b>“First Amendment Agreement”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Forms of Proxy”</b>	the PINK Form of Proxy in connection with the Extraordinary General Meeting and the BLUE Form of Proxy in connection with the Court Meeting, or either of them as the context requires
<b>“Fully Diluted Share Capital”</b>	the issued share capital of Kuwait Energy calculated on the basis that all options, awards and other rights to subscribe for, acquire or exchange or otherwise convert securities into, Kuwait Energy Shares are exercised and/or vested (other than any Convertible Shares), and including such Kuwait Energy Shares that would be issued to holders of shares in KEC K.S.C.C. in the event that those shareholders that are entitled to do so applied to convert those shares into Kuwait Energy Shares
<b>“Guarantors”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“holder(s)”</b>	includes any person entitled by transmission
<b>“Incremental Interest Amount”</b>	an amount equal to the amount by which the total interest payable on any Replacement Debt at the Relevant Refinancing Interest Rate exceeds the total interest that would be payable on such Replacement Debt at an annual interest rate of 9.0%, and if such amount is negative, it shall be zero
<b>“JAA”</b>	has the meaning given to that term in paragraph 8.1(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“JBA”</b>	has the meaning given to that term in paragraph 8.1(e) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Jersey Companies Law”</b>	the Companies (Jersey) Law 1991, and the regulations promulgated thereunder, as each may be amended from time to time
<b>“JOA”</b>	has the meaning given to that term in paragraph 8.1(f) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“KEC K.S.C.C.”</b>	Kuwait Energy Company K.S.C.C., a company registered in Kuwait with registration number 109574 having its registered office at Salmiya, Block 94, Building No. 35, Al Najoom Real Estate – Laila Tower, Tenth floor, Office No. 2
<b>“KEC (MENA)”</b>	has the meaning given to that term in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“KEC (Yemen)”</b>	has the meaning given to that term in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“K.S.C.C. Documents”</b>	the series of agreements and other documents relating to KEC K.S.C.C.’s ownership structure as set out in the Transaction Agreement, including (i) the extract issued by the Ministry of Commerce and Industry in Kuwait in relation to KEC K.S.C.C. dated 28 August 2018; (ii) the memorandum and association of Marstream Shares & Securities W.L.L. dated 5 March 2014; (iii) the memorandum and association of AWAL Shares & Securities Co.

	W.L.L. dated 1 April 2013; and (iv) the memorandum and association of AWAL 2 Shares & Securities Co. S.P.C. dated 16 May 2013
<b>“Kuwait Energy” or the “Company”</b>	Kuwait Energy plc, incorporated in Jersey with registered number 106699 and whose registered office is at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, Channel Islands
<b>“Kuwait Energy Basra”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Kuwait Energy Data Room”</b>	the virtual data room as at 6.00 p.m. (Kuwait time) on 16 September 2018 hosted by Citrix ShareFile in connection with the Acquisition (including the Excel workbook containing questions raised by UEG and/or its professional advisers and responses provided by Kuwait Energy and/or its professional advisers in relation to the due diligence process undertaken by UEG in connection with the Acquisition)
<b>“Kuwait Energy (Eastern Desert)”</b>	has the meaning given to that term in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Kuwait Energy Fundamental Warranties”</b>	certain fundamental statements relating to Kuwait Energy, its business and operations (as specified in the Transaction Agreement) that are given by Kuwait Energy to the Purchaser
<b>“Kuwait Energy Group”</b>	Kuwait Energy, its subsidiaries, subsidiary undertakings and Affiliates from time to time
<b>“Kuwait Energy Group Company”</b>	means Kuwait Energy and each other member of the Kuwait Energy Group
<b>“Kuwait Energy Iraq”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Kuwait Energy LTIP”</b>	has that meaning given to the term in paragraph 7 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> ) of this document
<b>“Kuwait Energy Shareholders”</b>	holders of Kuwait Energy Shares and, for the purposes of the definition of “Leakage” only, Kuwait Financial Centre K.P.S.C. (Markaz), Marstream Shares & Securities W.L.L., AWAL Shares & Securities Co. W.L.L. and AWAL 2 Shares & Securities Co. S.P.C.
<b>“Kuwait Energy Share Plans”</b>	the Kuwait Energy LTIP and the Kuwait Energy STIP
<b>“Kuwait Energy Shares”</b>	ordinary shares of £1.00 each in the capital of Kuwait Energy
<b>“Kuwait Energy STIP”</b>	has that meaning given to the term in paragraph 7 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> ) of this document
<b>“Kuwait Energy Warranties”</b>	certain statements relating to Kuwait Energy, its business and operations (as specified in the Transaction Agreement) that are given by Kuwait Energy to the Purchaser
<b>“Kuwaiti Exchange Offer”</b>	the offer made by Kuwait Energy to holders of shares in KEC K.S.C.C. for those holders to exchange their shares in KEC K.S.C.C. for Kuwait Energy Shares on a one-for-one basis

**“Latest Practicable Date”**

13 November 2018, being the latest practicable date prior to the date of publication of this document

**“Leakage”**

- (a) any dividend (in cash or in kind), distribution or other return of capital (whether by reduction of capital, purchase of shares or otherwise) declared, authorised, paid or made (whether actual or deemed) by a member of the Kuwait Energy Group other than to another wholly-owned member of the Kuwait Energy Group;
- (b) any payments made or agreed to be made by any member of the Kuwait Energy Group in respect of any share capital or other securities of any member of the Kuwait Energy Group being issued, redeemed, purchased or repaid, or any other return of capital, other than to any wholly-owned member of the Kuwait Energy Group;
- (c) the waiver or discount by any member of the Kuwait Energy Group of any amount or obligation, other than where such amount or obligation is owed by another wholly-owned member of the Kuwait Energy Group;
- (d) the failure by any Kuwait Energy Shareholder (or any Affiliate of such Kuwait Energy Shareholder) to pay when due, any amount or obligation due by any such Kuwait Energy Shareholder (or any Affiliate of Kuwait Energy Shareholder) to any member of the Kuwait Energy Group;
- (e) the assumption, indemnification or incurrence by any member of the Kuwait Energy Group of any liability (including indebtedness, expenses or costs) for the benefit of any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder);
- (f) the transfer or surrender by any member of the Kuwait Energy Group (other than to another wholly-owned member of the Kuwait Energy Group) of any assets to the extent that such transfer or surrender is at less than market value;
- (g) any payments, management charges or fees of any nature levied by, or for the benefit of, any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder) against any member of the Kuwait Energy Group and any payments of any nature including, without limitation, any payments of any management, service or similar fees or compensation by any member of the Kuwait Energy Group to, or for the benefit of, any Kuwait Energy Shareholder (or any Affiliate of any Kuwait Energy Shareholder);
- (h) any agreement or arrangement made or entered into by any member of the Kuwait Energy Group to do or give effect to any matter referred to in (a) to (g) above; and
- (i) any payment of Tax or any incurrence of any liability to Tax by any member of the Kuwait Energy Group in connection with or arising out of any of the matters referred to in (a) to (h) above,

but excludes Permitted Leakage

<b>“Leakage Adjustment Amount”</b>	has the meaning given to that term in paragraph 3.8 of Part 3 ( <i>The Scheme of Arrangement</i> ) of this document
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Long Stop Date”</b>	30 June 2019 (or such later date as may be agreed by the Purchaser and Kuwait Energy with (if required) the approval of the Court)
<b>“Losses”</b>	any reduction in the value (assessed by reference to the sum of the Base Consideration and the Additional Consideration (if any) before any adjustment to reflect any one or more Warranty Breach Adjustment Amounts or Leakage Adjustment Amounts or any other provisions of the Transaction Agreement) of the Kuwait Energy Group Companies arising out of the breach or breaches of the relevant Kuwait Energy Warranties, provided that when quantifying the reduction in value, no account shall be taken of potential mitigating actions by the Purchaser that have not been taken at, or actions to cure the relevant breach that will only be taken after, the point of quantification
<b>“Material Adverse Effect”</b>	<p>any matter or event (or series of matters or events, whether or not related) occurring on or after 1 January 2018 which results or is reasonably likely to result in:</p> <ul style="list-style-type: none"> <li>(a) a reduction in the total assets of the Kuwait Energy Group of at least US\$100,000,000 as compared to that set out in the audited accounts of the Kuwait Energy Group drawn up for the twelve months ended 31 December 2017 at 31 December 2017; or</li> <li>(b) an increase in the total liabilities of the Kuwait Energy Group of at least US\$100,000,000 as compared to that set out in the audited accounts of the Kuwait Energy Group drawn up for the twelve months ended 31 December 2017 at 31 December 2017,</li> </ul> <p>and which is notified in writing by the Purchaser to Kuwait Energy, save where the relevant reduction in total assets or increase in total liabilities:</p> <ul style="list-style-type: none"> <li>(i) results from a reduction in oil prices or any reduction in the estimate of reserves in the contract areas relating to the Assets; or</li> <li>(ii) has been Fairly Disclosed (but only to the extent Fairly Disclosed)</li> </ul>
<b>“Meetings”</b>	the Court Meeting and/or the Extraordinary General Meeting, as the case may be
<b>“Ministry”</b>	has the meaning given to that term in paragraph 8.1(f) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“New Member”</b>	has the meaning given to that term in Part 9 ( <i>Notice of Extraordinary General Meeting</i> ) of this document
<b>“New Transferor”</b>	has the meaning given to that term in Part 9 ( <i>Notice of Extraordinary General Meeting</i> ) of this document

<b>“NomCom”</b>	has the meaning given to that term in paragraph 6.2 of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Non-Executive Directors”</b>	Mohammad Ahmad Husain, Ignacio De Calonje, Ali Khalil, Husain Kothari, Shawn Reynolds, Dominic Redfern and Yousif Al Qabandi
<b>“Notes Indenture”</b>	has the meaning given to that term in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) to this document
<b>“Notice of Court Meeting”</b>	the notice convening the Court Meeting as set out in Part 8 ( <i>Notice of Court Meeting</i> ) of this document
<b>“Notice of Extraordinary General Meeting”</b>	the notice convening the Extraordinary General Meeting as set out in Part 9 ( <i>Notice of Extraordinary General Meeting</i> ) of this document
<b>“Offer Document”</b>	should the Acquisition be implemented by means of a Takeover Offer, the document to be sent to Kuwait Energy Shareholders which will contain, <i>inter alia</i> , the terms and conditions of that Takeover Offer
<b>“Overseas Shareholders”</b>	Kuwait Energy Shareholders whose registered addresses are outside the United Kingdom, the United States, Jersey or Kuwait or who are citizens or residents of countries other than the United Kingdom, the United States, Jersey or Kuwait
<b>“Permitted Leakage”</b>	<ul style="list-style-type: none"> <li>(a) any payment or accrual of interest on the Senior Notes as in force at the date of the Transaction Agreement, or any payment made pursuant to any extension or refinancing of such Senior Guaranteed Notes;</li> <li>(b) any payment or accrual of any amount (whether pursuant to principal, interest, premium amounts or otherwise) under the Abraaj Convertible Loan or the QFB Convertible Loan;</li> <li>(c) any payment made pursuant to any K.S.C.C. Document;</li> <li>(d) any matter undertaken at the written request, or with the prior written consent, of the Purchaser and acknowledged by the Purchaser as Permitted Leakage; and</li> <li>(e) for the purposes of limb (g) of the definition of Leakage only, any Leakage received by a shareholder of Kuwait Energy in their capacity as a director of Kuwait Energy, an employee, consultant or sub-contractor</li> </ul>
<b>“Per Share Price”</b>	has the meaning given to that term in paragraph 4 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> )
<b>“Prepayment”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“PSA”</b>	has the meaning given to that term in paragraph 8.1(f) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Purchaser”</b>	Gold Cheers Corporation Limited, registered in Hong Kong with registered number 2306418 and whose registered office is at Suite 2505, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong

<b>“Purchaser Directors”</b>	the persons set out in paragraph 3 of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Purchaser Group”</b>	UEG, the Purchaser and their respective subsidiaries, subsidiary undertakings and Affiliates from time to time, but excluding any persons who from time to time directly or indirectly control UEG
<b>“Purchaser Shareholder Approval”</b>	the approval for the Acquisition by the shareholders of UEG as required under the Listing Rules, which shall be (i) by way of a written approval from one or more shareholders of UEG that holds, or together hold, more than 50% of the voting rights of UEG pursuant to Rule 14.44(2) of the Listing Rules, which is accepted by the Hong Kong Stock Exchange; or (ii) in the event that the Written Approval is not accepted by the Hong Kong Stock Exchange, by way of a majority vote at the Purchaser Shareholder Meeting
<b>“Purchaser Shareholder Meeting”</b>	the general meeting of UEG’s shareholders to be convened in connection with the Acquisition to consider and, if thought fit, approve the Acquisition
<b>“Purchaser Shares”</b>	shares in the capital of the Purchaser
<b>“QFB”</b>	has the meaning given to that term in paragraph 7.2(a) of Part 6 ( <i>Additional Information</i> ) of this document.
<b>“QFB Agreed Cap”</b>	has the meaning given to that term in paragraph 4 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> ) of this document
<b>“QFB Convertible Loan”</b>	the convertible term loan facility the Kuwait Energy Group entered into on 6 August 2012 with the QFB Entities, as subsequently amended
<b>“QFB Entities”</b>	QFB and Qatar First Equities S.P.C.
<b>“QFB Settlement Amount”</b>	<p>(a) an amount equal to the sum of amounts paid or agreed to be paid by any member of the Kuwait Energy Group or the Purchaser Group in connection with the QFB Convertible Loan between 1 January 2018 and the Effective Date (inclusive of both dates) or outstanding at the Effective Time; plus</p> <p>(b) the amount of the Additional Consideration that is payable in respect of any Convertible Shares that are issued prior to the Scheme Record Time in accordance with the terms of the QFB Convertible Loan (if any)</p>
<b>“QPO Target Date”</b>	has that meaning given to it in paragraph 7.2(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“RC Field”</b>	has that meaning given to it in paragraph 8.1(a) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Registrar”</b>	Computershare Investor Services (Jersey) Limited
<b>“Registrar of Companies”</b>	the registrar of companies in Jersey
<b>“Reimbursement Date”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document

<b>“Relevant Authority”</b>	any central bank, ministry, governmental, quasi-governmental, supranational (including the European Union, the World Bank, the United Nations, the International Monetary Fund and the OECD), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational anti-trust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority therefor), any entity owned or controlled by them (including national oil companies), any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction, and Relevant Authorities means all of them
<b>“Relevant Refinancing”</b>	a member or members of the Kuwait Energy Group agreeing to issue or incur any bonds, notes or other debt securities, convertible or exchangeable securities, loan facilities or other indebtedness for the purpose of refinancing the Senior Notes ( <b>Replacement Debt</b> ), at an annual interest rate exceeding 9.0% (such annual interest rate being the <b>Relevant Refinancing Interest Rate</b> )
<b>“Relevant Refinancing Interest Rate”</b>	has the meaning given to that term in the definition of “Relevant Refinancing”
<b>“RemCom”</b>	has the meaning given to that term in paragraph 6.2 of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Replacement Debt”</b>	has the meaning given to that term in the definition of “Relevant Refinancing” of this document
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Article 125 of the Jersey Companies Law between Kuwait Energy and the Scheme Shareholders set out in Part 3 ( <i>The Scheme of Arrangement</i> ) of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Kuwait Energy and the Purchaser
<b>“Scheme Document”</b>	this document in respect of the Scheme sent to (among others) Kuwait Energy Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Meetings
<b>“Scheme Record Date”</b>	the date on which the Scheme Record Time occurs
<b>“Scheme Record Time”</b>	6.00 p.m. (Jersey time) on the Business Day immediately preceding the Effective Date (or such other time as Kuwait Energy and the Purchaser shall agree, with the consent of the Court (if required))
<b>“Scheme Shareholders”</b>	the registered holders of Scheme Shares at the relevant time
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>(a) the existing, unconditionally allotted or issued Kuwait Energy Shares as at the date of the Scheme Document;</li> <li>(b) any further Kuwait Energy Shares which are unconditionally allotted or issued after the date of the Scheme Document but before the Voting Record Time; and</li> </ul>

- (c) any Kuwait Energy Shares issued at or after the Voting Record Time and before the Scheme Record Time (including, for the avoidance of doubt, any Kuwait Energy Shares issued to satisfy the vesting of awards pursuant to existing incentive arrangements of the Kuwait Energy Group) or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme,

in each case, other than the Excluded Shares

<b>“Second Amendment Agreement”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> )
<b>“Senior Notes”</b>	the US\$250,000,000 9.5% senior guaranteed notes due 2019 issued by Kuwait Energy on 4 August 2014, as more particularly described in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Senior Notes Guarantors”</b>	has the meaning given to that term in paragraph 7.2(b) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Settlement Agent”</b>	Computershare Investor Services (Jersey) Limited
<b>“Special Resolution”</b>	the special resolution to be proposed by Kuwait Energy at the Extraordinary General Meeting to alter the articles of association of Kuwait Energy and authorise the directors of Kuwait Energy to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect
<b>“Takeover Offer”</b>	if the Purchaser elects to effect the Acquisition by way of a takeover offer (within the meaning of Article 116(1) of the Jersey Companies Law), the offer to be made by or on behalf of the Purchaser or a wholly-owned subsidiary of the Purchaser to acquire the entire issued and to be issued ordinary share capital of Kuwait Energy (other than the Excluded Shares) on the terms and subject to the conditions to be set out in the related Offer Document
<b>“Tax”</b>	all taxes, levies, imposts, duties or charges in the nature of taxation, together with all penalties, charges, fees and interest and payments to a taxing or other authority (anywhere in the world competent to impose any liability to Tax or responsible for the assessment, administration and/or collection of Tax or the enforcement of any law in relation to Tax) on account of tax, in each case relating to any of the foregoing, including any late or incorrect return in respect of any of them
<b>“Transaction Agreement”</b>	the transaction agreement entered into by Kuwait Energy, the Purchaser and UEG dated 23 September 2018
<b>“Transaction Agreement Date”</b>	23 September 2018
<b>“UEG”</b>	United Energy Group Limited, registered in the Cayman Islands and continued in Bermuda with limited liability whose registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda
<b>“UEG Board”</b>	the board of directors of UEG

<b>“UEG Directors”</b>	the persons set out in paragraph 2 of Part 6 ( <i>Additional Information</i> ) of this document
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland and its dependent territories
<b>“U.S.” or “United States”</b>	the United States of America (including the states of the United States District of Columbia), its possessions and territories and all areas subject to its jurisdiction
<b>“U.S. Exchange Act”</b>	the United States Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (as amended)
<b>“U.S. Holders”</b>	means holders of Kuwait Energy Shares ordinarily resident in the United States or with a registered address in the United States, and any custodian, nominee or trustee holding Kuwait Energy Shares for persons in the United States or with a registered address in the United States
<b>“U.S. Securities Act”</b>	the United States Securities Act of 1933 and the rules and regulations promulgated thereunder (as amended)
<b>“Vitol Facility”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Vitol Prepayment Agreement”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Voluntary Overpayment”</b>	has the meaning given to that term in paragraph 7.2(c) of Part 6 ( <i>Additional Information</i> ) of this document
<b>“Voting Record Time”</b>	6.00 p.m. (Kuwait time) on the day which is two days (excluding Jersey non-working days) before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. (Kuwait time) on the second day (excluding Jersey non-working days) before the date of such adjourned meeting
<b>“Warranty Breach Adjustment Amount”</b>	the aggregate amount of Losses caused by (or expected to be caused by) the breaches of the Kuwait Energy Warranties given as at the Transaction Agreement Date and/or of the Kuwait Energy Fundamental Warranties repeated as at the Consideration Adjustment Cut-off Date as determined in accordance with the Transaction Agreement
<b>“Written Approval”</b>	has the meaning to that term in paragraph 5.6 of Part 1 ( <i>Explanatory Statement and Letter from the Chairman of Kuwait Energy plc</i> ) of this document
<b>“Yemen Amount”</b>	the quantum of any provision to be made in Kuwait Energy’s or any Kuwait Energy Group Company’s accounting records in accordance with IAS 37 under international financial reporting standards in connection with the Yemen Arbitration as determined in accordance with the Transaction Agreement
<b>“Yemen Arbitration”</b>	any claims against KEC (Yemen) or any member of the Kuwait Energy Group in or related to ICC Case No. 22959/AYZ: DNO Yemen AS v (1) Ministry of Oil and Minerals of the Republic of Yemen and (2) KE Company (Yemen) Limited

**“Yemen Settlement Amount”** has the meaning given to that term in paragraph 3.1(d) of Part 3 (*The Scheme of Arrangement*) of this document

For the purposes of this document, **“subsidiary”** and **“subsidiary undertaking”** have the meanings given by the UK Companies Act 2006, and **“working day”** has the meaning given in Article 96(4B) of the Jersey Companies Law.

## PART 8

### NOTICE OF COURT MEETING

IN THE ROYAL COURT OF JERSEY

File No: 2018/289

SAMEDI DIVISION

IN THE MATTER OF KUWAIT ENERGY PLC

and

IN THE MATTER OF ARTICLE 125 OF THE COMPANIES (JERSEY) LAW 1991

**NOTICE IS HEREBY GIVEN** that, by an Act of the Court dated 15 November 2018 made in the above matters, the Royal Court of Jersey has directed a meeting (the **Court Meeting**) to be convened of the holders of Scheme Shares (as defined in the document of which this Notice forms part) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the **Scheme**) pursuant to Article 125 of the Companies (Jersey) Law 1991 (as amended) proposed to be made between Kuwait Energy plc (**Kuwait Energy** or the **Company**) and the holders of the Scheme Shares (as so defined) and that such Court Meeting will be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait on 19 December 2018 at 10.00 a.m. (Kuwait time) at which place and time all holders of Scheme Shares are requested to attend either in person or by proxy.

A copy of the said Scheme and a copy of the explanatory statement required to be furnished pursuant to Article 126 of the Companies (Jersey) Law 1991 (as amended) are incorporated in the document of which this Notice forms part. Terms defined in the Scheme have the same meanings in this Notice.

Voting at the Court Meeting will be conducted on a poll rather than a show of hands.

By the said Act of the Court, the Court has appointed Dr Mansour Ahmed Mohammed Al-Ali Aboukhamseen, or, failing him, Abdel Badwi, or, failing him, Shawn Reynolds, or, failing him, Ali Khalil or failing him any other Director to act as Chairman of the Court Meeting and has directed the Chairman to report the results thereof to the Court.

The said Scheme will be subject to the subsequent sanction of the Court.

Dated: 15 November 2018

**Mourant Ozannes**

*Advocates and Solicitors to Kuwait Energy plc*

**Notes:**

1. Only those holders of Scheme Shares registered in the register of members of the Company as at 6.00 p.m. (Kuwait time) on 17 December 2018 or, in the event that the Court Meeting is adjourned, in such register at 6.00 p.m. (Kuwait time) on the day falling two days (excluding Jersey non-working days) before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the Court Meeting in respect of the number of Scheme Shares registered in their names at the relevant time. Changes to entries on the register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. In the case of joint holders of Scheme Shares, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, but if more than one such joint holder shall tender a vote the vote of the senior member shall be accepted to the exclusion of any votes of the other joint holder(s), and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.
3. A holder of Scheme Shares entitled to attend and vote at the Court Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote at the Court Meeting and any adjournment(s) thereof. A holder of Scheme Shares may appoint more than one proxy in relation to the Court Meeting, provided that if two or more valid but differing appointments of proxy are delivered or received for the same share(s) for use at the Court Meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards such share(s). If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of such share(s). A proxy need not be a member of the Company.

4. A BLUE Form of Proxy and a reply-paid envelope for use by holders of Scheme Shares is enclosed. Please read carefully the instructions on how to complete the form. To be effective, a duly completed BLUE Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power of attorney or other authority, must be received by the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS13 6ZY, not later than 6.00 p.m. (Kuwait time) on 17 December 2018 or, if the Court Meeting is adjourned, not less than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting.
5. In addition, a duly completed BLUE Form of Proxy will be accepted if received: (i) by post or (during normal business hours only) by hand by the Company marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait; or (ii) as an attachment, to an email delivered to [ir@kec.com.kw](mailto:ir@kec.com.kw) or [#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk), in each case, together with any other documentation referred to above, no later than 6.00 p.m. (Kuwait time) on 17 December 2018 or, if the Court Meeting is adjourned, not less than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting.
6. A proxy appointment submitted electronically to the Company or the Registrar will not be valid if sent to any address other than that provided above or if received by the Company or the Registrar after 6.00 p.m. (Kuwait time) on 17 December 2018 (or, if the Court Meeting is adjourned, later than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting). Please note that any electronic communication found to contain a computer virus will not be accepted.
7. If the BLUE Form of Proxy is not so lodged, it may be handed to a representative of the Registrar at the venue of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting and will still be valid. However, in the case of an appointment of proxy contained in an electronic communication, such appointment must be made in accordance with the procedures stated in Note 8 below and such appointment must be made not less than 48 hours (excluding Jersey non-working days) before the start of the Court Meeting.
8. As an alternative to completing and returning the printed BLUE Form of Proxy, holders of Scheme Shares may submit their proxy electronically by accessing [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions on the website, and using the control number, shareholder reference number and PIN as stated on the Form of Proxy. If not already registered for the Share Portal, holders of Scheme Shares will need to provide their Investor Code, which is printed on the BLUE Form of Proxy, to validate the submission of their proxy online. For further information, see the instructions printed on the BLUE Form of Proxy. Proxies submitted in this way must be received by the Registrar not later than the time stated in Note 4 above.
9. Any corporation which is a holder of Scheme Shares may, by resolution of its directors or other governing body or in accordance with its governing law or constitutional documents, appoint a corporate representative who may exercise on its behalf all of its powers as a member.
10. Delivery or receipt of an appointment of proxy does not prevent a member from subsequently attending and voting in person at the Court Meeting, or any adjournment thereof.

## PART 9

### NOTICE OF EXTRAORDINARY GENERAL MEETING

#### KUWAIT ENERGY PLC

*(Registered in Jersey No. 106699)*

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Kuwait Energy plc (**Kuwait Energy** or the **Company**) will be held at Symphony Style Hotel Kuwait, Symphony Complex, Gulf Road, Salmiya, Kuwait on 19 December 2018 at 10.15 a.m. (Kuwait time) (or, if later, immediately after the Court Meeting (as defined in the document of which this Notice forms part) is concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

#### SPECIAL RESOLUTION

THAT, for the purpose of giving effect to the scheme of arrangement (the **Scheme**) dated 15 November 2018 between Kuwait Energy and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof, in its original form in the circular sent to shareholders of Kuwait Energy dated 15 November 2018 or subject to such modification, addition or condition as may be agreed between Kuwait Energy and the Purchaser and approved or imposed by the Royal Court of Jersey (the **Court**):

- (1) the directors of Kuwait Energy be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into full effect; and
- (2) with effect from the passing of this resolution, the articles of association of Kuwait Energy be and are hereby amended by the adoption and inclusion of the following new article 139 after article 138:

#### “139. Scheme of Arrangement

- (a) In this article 139, references to the Scheme are to the scheme of arrangement dated 15 November 2018 under Article 125 of the Law between the Company and the holders of the Scheme Shares (as defined in the Scheme) as it may be modified or amended in accordance with its terms, and expressions defined in the Scheme shall have the same meanings in this article 139.
- (b) Notwithstanding either any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in any general meeting, if the Company issues any shares or any other securities (other than to Gold Cheers Corporation Limited (the **Purchaser**) or its nominee(s)) at any time on or after the adoption of this article 139 and on or prior to the Scheme Record Time (as defined in the Scheme), such securities shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such securities shall be bound by the Scheme accordingly.
- (c) Notwithstanding any other provision of these articles, if any shares or any other securities are issued or transferred to any person (other than the Purchaser or its nominee(s)) (the **New Member**) at any time after the Scheme Record Time, such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the New Member or any such subsequent holder or any such nominee being the **New Transferor**) will, provided the Scheme shall have become effective, be obliged to transfer forthwith all the securities held by the New Transferor (the **Disposal Securities**, and, individually, a **Disposal Security**), free from all encumbrances, to the Purchaser (or as the Purchaser may otherwise direct) who shall be obliged to acquire all of the Disposal Securities in consideration of and conditional on the payment by or on behalf of the Purchaser to the New Transferor of an amount in cash for each Disposal Security equal to the consideration that the New Transferor would have been entitled to had each Disposal Security been a Scheme Share.

- (d) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Disposal Security to be paid under article 139(c) shall be adjusted by the Directors in such manner as the auditors of the Company or an independent investment bank selected by the Directors may determine to be fair and reasonable to the New Transferor to reflect such reorganisation or alteration.
- (e) To give effect to any transfer required by this article 139, the Company may appoint (and separately, to the extent necessary, each New Transferor shall therefore also appoint) any person as the Company may determine as attorney (under the Powers of Attorney (Jersey) Law 1995 and any such appointment shall be irrevocable for a period of one year from the date upon which such New Transferor is issued the relevant Disposal Securities for that New Transferor) for the New Transferor to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Transferor in favour of the Purchaser and/or its nominee and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Disposal Securities in the Purchaser and/or its nominee and pending such vesting to exercise all such rights in and attaching to the Disposal Securities as the Purchaser may direct but not otherwise. If an attorney is so appointed, the New Transferor shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Securities unless so agreed by the Purchaser. The Company may give good receipt for the purchase price of the Disposal Securities and may register the Purchaser and/or its nominee as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Transferor for any Disposal Securities.
- (f) This article 139 shall cease to be effective if the Scheme shall not have become effective on or before 30 June 2019 (or such later date, if any, as the Purchaser and the Company may agree and the Court may allow).
- (g) Notwithstanding any other provision of these articles, both the Company and the Directors may refuse to register the transfer of any shares between the Scheme Record Time and the Effective Date.
- (h) Notwithstanding any other provision of these articles, both the Company and the Directors may refuse to register the transfer of any shares other than pursuant to the Scheme or as provided by this article 139 but neither the Company nor the Directors may refuse to register the transfer of any shares pursuant to the Scheme or as provided by this article 139.”

BY ORDER OF THE BOARD

*Registered office:*  
Queensway House  
Hilgrove Street  
Jersey JE1 1ES  
Channel Islands

**Dr. Mansour Aboukhamseen**  
*Chairman*

15 November 2018

**Notes**

1. Only those shareholders registered in the register of members of the Company as at 6.00 p.m. (Kuwait time) on 17 December 2018 or, in the event that the Extraordinary General Meeting is adjourned, in such register at 6.00 p.m. (Kuwait time) on the day falling two days (excluding Jersey non-working days) before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of shares registered in their names at the relevant time. Changes to entries on the register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. In the case of joint holders of shares, any one such joint holder may tender a vote, whether in person or by proxy, at the Extraordinary General Meeting, but if more than one such joint holder shall tender a vote the vote of the senior member shall be accepted to the exclusion of any votes of the other joint holder(s), and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.
3. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote at the Extraordinary General Meeting and any adjournment(s) thereof. A member may appoint more than one proxy in relation to the Extraordinary General Meeting, provided that if two or more valid but differing appointments of proxy

are delivered or received for the same share(s) for use at the Extraordinary General Meeting, the one which is last validly delivered or received (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards such share(s). If the Company is unable to determine which appointment was last validly delivered or received, none of them shall be treated as valid in respect of such share(s). A proxy need not be a member of the Company.

4. A PINK Form of Proxy and a reply-paid envelope for use by shareholders is enclosed. Please read carefully the instructions on how to complete the form. To be effective, a duly completed PINK Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be received by the Registrar at Computershare Investor Services (Jersey) Limited, The Pavilions, Bridgwater Road, Bristol, BS13 6ZY, not later than 6.00 p.m. (Kuwait time) on 17 December 2018 or, if the Extraordinary General Meeting is adjourned, not less than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting.
5. In addition, a duly completed PINK Form of Proxy will be accepted if received: (i) by post or (during normal business hours only) by hand by the Company marked for the attention of Lawrence Hafez, Senior Investor Relations Officer at 5th Floor, Symphony Tower 2, Salem Al Mubarak Street, Block 2, Salmiya – 22067, Kuwait, or (ii) as an attachment, to an email delivered to [ir@kec.com.kw](mailto:ir@kec.com.kw) or [#UKCSBRS.ExternalProxyQueries@computershare.co.uk](mailto:#UKCSBRS.ExternalProxyQueries@computershare.co.uk), in each case, together with any other documentation referred to above, no later than 6.00 p.m. (Kuwait time) on 17 December 2018 or, if the Extraordinary General Meeting is adjourned, not less than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting.
6. A proxy appointment submitted electronically to the Company or the Registrar will not be valid if sent to any address other than that provided above or if received by the Company or the Registrar after 6.00 p.m. (Kuwait time) on 17 December 2018 (or, if the Court Meeting is adjourned, later than 48 hours (excluding Jersey non-working days) before the time fixed for the adjourned meeting). Please note that any electronic communication found to contain a computer virus will not be accepted.
7. As an alternative to completing and returning the printed PINK Form of Proxy, shareholders may submit their proxy electronically by accessing [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions on the website, and using the control number, shareholder reference number and PIN as stated on the Form of Proxy. If not already registered for the Share Portal, shareholders will need to provide their Investor Code, which is printed on the PINK Form of Proxy, to validate the submission of their proxy online. For further information, see the instructions printed on the PINK Form of Proxy. Proxies submitted in this way must be received by the Registrar not later than the time stated in Note 4 above.
8. Any corporation which is a member may, by resolution of its directors or other governing body or in accordance with its governing law or constitutional documents, appoint a corporate representative who may exercise on its behalf all of its powers as a member.
9. Delivery or receipt of an appointment of proxy does not prevent a member from attending and voting in person at the Extraordinary General Meeting, or any adjournment thereof.
10. An abstention option has been included on the PINK Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the member concerned will be treated not to have voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the votes for or against a resolution.
11. Copies of the Company's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution set out in the Notice of Extraordinary General Meeting are available for inspection at the Registrar at the Company's registered office at Queensway House, Hilgrove Street, St Helier, St. Helier, Jersey JE1 1ES, Channel Islands until opening of business on the day on which the Extraordinary General Meeting is held and will also be available for inspection at the place of the Extraordinary General Meeting for at least 15 minutes prior to the Extraordinary General Meeting.
12. As at 13 November 2018 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 323,282,184 ordinary shares carrying one vote each. Accordingly, the total voting rights in the Company as at 13 November 2018 are 323,282,184.







