

### Corporate Governance Report for year 2020

#### **1. Company's philosophy:**

The Company in good faith adopts and implements the code of corporate governance as laid down by the Capital Market Authority. To strengthen the relationship with shareholders and increase the long-term value, the Board of Directors believes that effective corporate governance is very essential for the Company.

#### **2. Board of Directors:**

The Board of Directors is responsible for directing, supervising and comprehensive monitoring of the company, setting Goals, Strategies and special policies, and approval and review of the performance in the company.

The Board of Directors consists of five Independent and non-executive members in compliance with article 3 of the Code of Corporate Governance issued by the CMA. All the members on board have rich and varied business and investment experience.

##### **A) BOD Responsibilities:**

- . Approving the business and financial policy of the company to meet the objectives of the business and to maximize the shareholders' value.
- . Approving and reviewing frequently the company's goals to implement them.
- . Approving the internal regulations of the company regarding routine activities and specifying the responsibilities and the authorities of the executive management.
- . Reviewing material transactions with the related party, which are not in the ordinary course of business prior to the same being brought before the general meeting of the company.
- . Provide proposals of capital raise and decrease hire or terminate auditors and dividend distribution to General meeting.
- . Approve loans and credit facilities of subsidiaries companies that provided from banks.
- . Prepare ordinary and non-ordinary Annual General Meetings. Specify discussed subjects according to followed rules & regulations.
- . Nominate sub-committees members of the board and assign their responsibilities & authorities.
- . Approving and implementing the disclosure policy of the company in compliance with the regulatory requirements.
- . Reviewing the company's performance to evaluate whether the business is properly managed according to the company's objective.
- . Provide information to shareholders accurately in the proper timing compliance with disclosure policy.



- . Selecting the CEO/General Manager and other key executives and specifying their roles, responsibilities and rights.
- . Evaluating the performance of the sub-committees, CEO and key employees, as per article No.(102) of Commercial Company Law.
- . Board of Directors has the right to delegate and authorize sub-committees, CEO and General Manager.
- . Approving interim and annual financial statements related to company activities and results, those provided from the Executive Management and disclosing the truly financial position.
- . Include full state of payments received by chairman & directors annually in the financial statements.

**(B) Board of Directors form:**

#	Member Name	Representative	Independent / Non-independent	Membership
1	Sheikh/ Salah Helal AL Mawali	Himself	Non-independent	Chairman
2	Mr. Nasser Said AL Harthi	Himself	Independent	Deputy Chairman
3	Mr. Waled Mohammed Najeh Al-Salah	Himself	Independent	Member
4	Mr. Waseem Salah Abd Qraeen	Himself	Non-independent	Member
5	Mr. Jamal Said Al-Ojali	Himself	Non-independent	Member

All Board of directors are Non-executive and not getting any salary from the Company.

**(c) Board Members brief:**

**Sheikh/ Salah Helal Al Mawali**

He is Board Chairman and Chairman of Investment Committee and member of Nomination & Remuneration Committee He has twenty-four years of experience in several areas such as Industrial area, investment and real estate development. He is CEO of Small and Medium Enterprises Development Fund. He holds a Masters in international Economics and Management. He is Chairman of Oman Flour Mills Company SAOG. and Board member of Oman Investment & Finance Co. S.A.O.G.



**Mr. Nasser Said AL Harthi**

He is deputy Chairman and audit Committee Chairman. He holds a diploma in police and legal science. He is director in the board of Al-batinah Hotels Company S.A.O.G. and Sohar University SAOG.

**Mr. Waseem Salah Abd Qaraeen**

He is a director in the Board, and Investment committee member and Chairman of Nomination & Remuneration Committee. He holds a master degree in accounting. He has 20 years' experience in external & internal auditing, and investment in securities. He is Director in United Finance Company SAOG, Al-Batinah Hotels Company S.A.O.G. and Sohar University SAOG.

**Mr. Jamal Said Rajab Al-Ojali**

He is a director in the Board of Directors, and Audit Committee member and Investment committee member. He holds a Master on Business Administration. He has more than 31-year experience in Investment, corporate managements & Financial Securities Markets. He is a board member of Sohar University SAOG.

**Mr. Waleed Mohammed Najah Al-Saleh**

He is a director in the Board, and Audit Committee member and Nomination & Remuneration Committee member. He holds a bachelor degree in accounting. He has more than 31 years' experience in Financing, Investment, Management and feasibility studies. Now he is Investment Manager in Al-Onazi Group for General Trading.

**(D) Details of meetings held during the year 2020 are as follows: –**

Meeting	Number of Meeting held	Dates of meetings
Board of Directors Meeting	5	20/2/2020- 18/5/2020 27/7/2020 - 28/10/2020 30/12/2020
Audit Committee Meeting	4	20/2/2020 - 18/5/2020 27/7/2020 - 28/10/2020
Investment Committee Meeting	3	14/5/2020 - 22/6/2020 16/9/2020
Nomination Committee Meeting	2	16/9/2020 - 30/12/2020
Annual General Meeting	1	16 / 3/ 2020
Extraordinary General Meeting	1	12/5/2020

Details of Board & committees' members and AGM and EGM attendance of 2020 is attach in schedule (1).





### **3. Audit Committee –**

The audit committee, consisting of three members formed as per the guidelines issued by the CMA. The Board approved the audit committee charter. The key responsibilities of the audit committee are as below:

1. Considering the name of the auditor in the context of their independence (particularly with reference to any other non-audit services), fee and terms of engagement and recommending its name to the board for putting before AGM for appointment.
2. Reviewing audit plan, results of the audit and as to whether auditors have full access to all relevant documents.
3. Checking financial fraud particularly fictitious and fraudulent portions of the financial statement. They should put in place an appropriate system to ensure adoption of appropriate accounting policies and principles leading to fairness in financial statements.
4. Oversight of the internal audit function in general and with particular reference to reviewing of scope of internal audit plan for the year, reviewing the reports of internal auditors pertaining to critical areas, reviewing the efficacy of the internal auditing and reviewing as to whether internal auditors have full access to all relevant documents.
5. Oversight of the adequacy of the internal control system through the regular reports of the internal and external auditors. They may appoint external consultants if the need arose.
6. Oversight of financial statements in general and with particular reference to review of annual and quarterly financial statements before issue, review of qualifications in the draft financial statements and discussion of accounting principles. In particular, change in accounting policies, principles and accounting estimates in comparison to previous year, any adoption of new accounting policy, any departure from International Accounting Standards (IAS) and non compliance with disclosure requirements prescribed by CMA should be critically reviewed.
7. Serving as a channel of communication between external auditors and the board ,and also internal auditors and the board.
8. Reviewing risk management policies and looking into the reasons of defaults in payment obligations of the company, if any.
9. Reviewing proposed specific transactions with related parties for making suitable recommendations to the board and setting rules for entering into small value transactions with related parties without obtaining prior approval of audit committee and the board.



**3 members of the Board of Directors formed the Audit Committee as below:**

#	Member Name	Meeting Attendance
1	Mr. Nasser Said Al Harthi- Chairman	4
2	Mr. Waled Mohammed Najeh Al-Salah – Member	4
3	Mr. Jamal Said Rajab –Member	4

The committee has discussed with internal & external auditors auditing procedures to make sure that it covered all risks of internal control and diligence matters in preference of evaluating legal auditors' independency.

**4. Investment Committee:**

The Investment Committee consists of three members and aims to guide the Board of Directors regarding strategic decisions on investment and The Board approved the investment committee charter. The key responsibilities of the investment committee are as below:

1. Review the strategy and objectives of the approved investment periodically.
2. Follow-up to the performance of the company's existing and future investments by the company and comparing the goals adopted and make recommendations thereon to the Board of Directors.
3. Follow-up to the performance of the securities portfolio with the portfolio manager and make recommendations thereon to the Board of Directors.
4. Review and approve the special investment regulations and investment risks and follow up on decisions regarding new investments and existing or exit from investments.
5. Any other mandates assigned to the Committee of the Board of Directors.

**members of the Board of Directors formed the Investment Committee as below:**

#	Member Name	Meeting Attendance
1	Sheikh / Salah Helal AL Mawali-Chairman	3
2	Mr. Waseem Salah Abd Qraeen –Member	3
3	Mr. Jamal Said Al Ojali – Member	3

**5. Nomination & Remuneration Committee:**

The formation of a Nomination and Remuneration Committee of three members and aim to assist the General Meeting on the nomination of qualified members of the Board of Directors and the election of the fittest among them, are appointed by the Governing Council in the selection of appropriate competencies and necessary to the executive management.

The terms of reference of the Committee:

The Committee shall have the following procedures:

1. Provide succession plan for executive management.





2. propose policy or succession plan for the board of directors or at least the Chairman of the Board.
3. Preparation of a detailed job description for the role of a member of the Board of Directors and its responsibilities, including the President of the Council, in order to facilitate the process of members of their duties and the definition of their roles, and measure their performance.
4. Find qualified for admission to the council persons nominated as members of temporary and when a vacancy from the membership of the board seats.
5. not inconsistent with the statute of the company, find qualified to assume executive positions and nominated persons, according to the request or direction of the Council.
6. Preparation bonuses, allowances and incentives to the executive management policy.
7. review these policies periodically, taking into account market conditions and the performance of the company.
8. Taking into account to avoid conflicts of interest, the Commission, after obtaining the approval of the Board of Directors, use any other hand to get any counseling in order to perform its functions.
9. Any other mandates assigned to the Committee by the Board.

**members of the Board of Directors formed the Nomination & Remuneration Committee as below:**

#	Member Name	Meeting Attendance
1	Mr. Waseem Salah Abd Qraeen- Chairman	2
2	Sheikh / Salah Helal AL Mawali – Member	2
3	Mr. Waled Mohammed Najeh Al-Salah – Member	2

#### **6. Company Executive Management Team:**

Mr. Gamal Haggag- General Manager he holds chartered accountant and has over 26 years of experience in Financial, Management and Investment and has held several positions in top management. It receives recommendations & directions of the Board on matters relating to the goals and objectives of the company and the workflow.

#### **7. Bonus & Allowances:**

(A) Remuneration by way of sitting fees and reimbursement of incidental expenses for the Board and its committees for the year 2020 is RO 27,500 Sitting fees were paid as below :

#	Description	Sitting Fees Per Meeting, RO	
		Chairman	Other Members
1	Board Meeting	700	600
2	Audit Committee	500	400
3	Investment Committee	500	400
4	Nomination & Remuneration Committee	500	400



(b) Salaries, allowances, perquisites, gratuity and social insurance paid in the year 2020 to the top employees aggregates to OMR. 37,068.

© Bonus paid to the staff during the year 2020 for the results of year ended 31 December 2019 is OMR.1,800.

#### **8. Board of Director Nomination procedure:**

1- The Company shall be managed by a Board of Directors that consists of five directors those elected by the Annual General Meeting (AGM). The nominee must own at least 30,000 shares from company shares.

2- With the compliance of Commercial Company Law, nomination procedure should concern the follow:

A. Majority of the directors don't work for the company with receiving monthly or annual remuneration.

B. One third of directors at least should be from independent directors. That is to say, such directors or any of their first degree relatives should not have occupied any senior post (Such as the chief Executive Officer, the General Manager or similar posts in accordance with the organizational structure) in the company for the last two years. In addition, they should not have any relations with the company, its parent company or its affiliated or sister companies, which could result in financial transaction.

C. A justice person shall not be represented with more than one director in the board.

The nomination procedure organized by Oman Companies Commercial Law and Code of Corporate Governance for MSM listed companies CMA.

#### **9. Details of Non-Compliance –**

The Board is pleased to confirm that there has been no specific area of non-compliance.

No penalties imposed by CMA or any other statutory authority during the last year 2020.

#### **10. Means of Communication with the shareholders & Investors:**

The company publishes its un-audited quarterly and audited annual financial statements in two local newspapers, as required by CMA regulations. The company is committed to provide disclosure required in the specified time and deliver all information to shareholders and monitoring organizations at time, as well as sending annual report to shareholders according to regulations issued by CMA.

#### **11. Management discussion & Analysis Report –**

Management discussion & Analysis Report for the year 2020 forms part of the annual report.

#### **12. Analysis according to the number of shareholders, number of shares, and ratios as on 31<sup>st</sup> Dec. 2020**

% Holding	No of shareholders	No of shares	%
More than 10%	2	15,084,115	50.3
Between 5% to 10%	2	5,223,629	17.5
Less than 5%	906	12,289,904	32.2
<b>Total</b>	<b>910</b>	<b>30,000,000</b>	<b>100 %</b>





### **13. Share Price data –**

The movement of the Company's share price during the year 2020 is summarized below:

<b>Closing Price at the End of Month</b>	<b>High – RO</b>	<b>Low – RO</b>	<b>Volume Traded</b>
January 2020	0.075	0.075	0
February	0.075	0.075	100
March	0.075	0.075	0
April	0.075	0.075	115
May	0.075	0.075	0
June	0.068	0.068	1,415
July	0.068	0.068	0
August	0.066	0.066	4,500
September	0.066	0.066	10,100
October	0.066	0.066	0
November	0.066	0.066	1,000
December 2020	0.066	0.066	0

### **14. Statutory Auditors:**

#### **Parent Company:**

The External Auditor of the Company is Crowe Mak Ghazali LLC, statutory auditors, is a reputed firm operating in the Sultanate of Oman and is a member firm of Crowe Global. They are one of the top ten accounting network in the world with over 752 offices operating out of 140 countries and employing more than 41,000 partners and staff.

The auditor has carried out the required statutory auditing with high efficiency in accordance with the International Standards on Auditing and they were provided with all information and statements required for the year 2020. The External auditors charged a fee of RO 4,100 against the services rendered by them to the Company.

#### **Subsidiaries Companies:**

Charges of external auditing paid in 2020 from subsidiaries companies are shown below:

<b>Auditor Name</b>	<b>Company Name</b>	<b>Audit Charge</b>
BDO Jawad Habib	Al Batinah Real estate Development & Investment Co.LLC	600
BDO Jawad Habib	Eldari Special Enterprises- Arabian Dental Center	600
AlBayan for Auditing Bureau	Al Batinah shipping, Handling & Custom Clearance Co. LLC	200
Regional Bureau	Tadawul Financial Services Co. SAOC	2,000



#### **15. The Board of Directors Acknowledgment:**

The Board of Directors acknowledges that the preparation of the annual Report of the Company together with the Management Discussion and Analysis Report, the Corporate Governance Report and the audited Balance Sheet have been done with its full knowledge and in line with the standards of accounting and statutory rules governing disclosure by the Capital Markets Authority.

The Board of Directors also acknowledges that there is no material information that will be in any way affect the continuance of the business of the Company in the coming financial year.

#### **16. Other Important Aspects**

None



*Chairman*



*chairman of Audit Committee*

### Schedule (1)

#	Name	Membership	Representing	Other Directorship	Board Meeting	Audit Comm. Meeting	Investment Comm. Meeting	Nomin. & Remuera. committee	Directors Allowances & others	Attendance AGM&EGM 16/3/2020 12/5/2020	Sitting fees paid in 2020
1	Mr. Salah Hilal Al Mawali	Chairman	himself	Oman Flour Mills Co. SAOG OIFC. SAOG	5	-	3	2	- -	Yes/Yes	5,800
2	Mr. Nasser Said AL Harthi	Dubiety Chairman	himself	AlBatinah Hotels Co. SAOG Sohar University SAOG	5	4	-	-	-	Yes/Yes	5,000
3	Mr. Waleed Mohammed Najah Al-Salah	Director	himself	-	5	4	-	2	300	No/Yes	5,900
4	Mr. Waseem Salah AbdQraeen	Director	himself	Al Batinah Hotels United Finance Co Sohar University SAOG	5	--	3	2	-	Yes/Yes	5,000
5	Mr. Jamal Said Rajab Al Ojali	Director	himself	Sohar University SAOG	5	4	3	-	-	Yes/yes	5,800