



Board report for  
Ash-sharqiyah Development  
Company  
for Performance and results of the  
company for the financial year  
2022

## The Directors Board

Ali Yehya Al Jafary

Mansoor AL Ghamdy

The Chirman

Deputy Chairman of the Board

( Adjective )

( Independent )

Salman Bin Ahmad Jassas

Mohammed Al Hujailan

Member of Directors board

Member of Directors board

( Independent )

( Executive )

Abdulrahman Bin Mohammed Al Dries

Member of Directors board

( Independent )

**Dear shareholders of A Sha-Sharqiyah Development Company, may God protect you**

**First of all, the board of directors of A Sha-Sharqiyah Development Company is pleased to extend its sincere thanks and appreciation to all the company's shareholders who have always stood with the company and have been a true support and support for the company's board of directors in all .circumstances and stages, for they have all our respect and appreciation**

**We are also pleased to submit the annual report of the Board of Directors for the fiscal year ending on 31/12/2022, which is supervised by A Sha-Sharqiya Development Board, where we present it to your esteemed association for discussion and approval of its contents where we review with you through this report the company's operational and financial performance and an analytical summary It includes the reasons for the continued deterioration of the operating conditions of the company's activities, which had a severe impact on the continuation of losses for this year as well. We also offer you, through this report, effective solutions to stop the torrent of losses and move to the stage of operation and achieve profits, which the company's management has always sought to reach. This report also accompanies the company's final accounts audited by the company's legal auditor and the accompanying clarifications for the fiscal year 2022 .**

**With sincere greetings from**

**the company's directors board**

- **An overview of the company's general position :**

It is very clearly that AlSharqiyah Development Company is going through a financial stumbling block resulting from the continued suspension of its operational operations, which resulted in not achieving any operating revenues for a period of nearly five years, which had a severe and clear negative impact on all levels related to the company, despite all the difficulties And the challenges that the company faced during the past periods, on top of which was the lack of sources of income and the lack of liquidity that would enable the company's management to withstand all difficulties or even commitment and fulfill the accumulated financial dues of the company to others for many years, but the company's board of directors and the executive management despite all these challenges He is still trying and addressing with all his strength all the difficulties and obstacles that stand in front of the company's direction in implementing its operational and sustainable strategic plan, which is based on a group of developmental and income-generating projects, which made the company's management work to extract seven licenses from the Ministry of Environment, Water and Agriculture for a number of projects in The field of poultry production and advanced agricultural production and the accompanying auxiliary production elements that enable the company's management to start t implement these projects. Therefore, the Board of Directors of Al Sharqiyah Development Company issued its recommendation on 12/24/2020 AD to raise the company's capital by issuing priority rights shares at a value of (225,000,000) two hundred and twenty-five million Saudi riyals, so that the total capital of the company after the increase becomes (300,000,000) three hundred million Saudi riyals. An increase in the company's shares (22,500,000) twenty-two million five hundred thousand shares, bringing the total number of shares of the company after the increase to (30,000,000) thirty million shares, with a nominal value per share of (10) ten Saudi riyals, as

the company's board of directors considers that the capital increase is as follows aforementioned and obtaining seven licenses from the Ministry of Environment, Water and

Agriculture to implement a number of development projects in addition to the decision issued by the Ministry of Agriculture in early 2020 and approved by the High Commissioner to own the company an area of (72,178,700) square meters, which will have a very positive and supportive impact on improving the situation The company's operational and financial, and since the recommendation was issued to raise the capital and appoint Al-Khair Capital office as a financial advisor to manage the capital-raising deal, the company's management did not hesitate to follow up on this trend and communicate Permanent and diligent communication with all concerned authorities and responding to the inquiries and observations of the Capital Market Authority through its appointed advisor until the approval of the Capital Market Authority was issued on 11/28/2022 AD on the prospectus specially prepared to raise the company's capital, and with the issuance of the approval of the Capital Market Authority on the company's file To raise the capital, the company's hopes were renewed and the determination of its board of directors and executive management sharpened by insisting on continuing and providing everything that would restore the company to its previous era and move forward towards implementing its development and income-generating projects according to the strategic plans that have been developed. Therefore, and based on the approval of the Capital Market Authority on Increasing the company's capital, the board of directors finds that there are some necessary and important steps to complete the process of rectifying the situation and putting the company on the path of implementing operations and achieving revenues, as these steps are summarized as follows: -

**First: The approval of the general assembly to raise the company's :capital**

Here it must be clarified that there are basic factors in the success of any establishment, whether it is investment, charitable or social, regardless of the type of activity it carries out or the form of the legal entity to which this establishment belongs, and since Al Sharqiyah Development Company is one of the joint stock companies listed in the Saudi capital market , The company's shareholders are one of the most important factors in the company's success and bringing it to the ranks of large and advanced companies. It is also the responsibility of the company's shareholders to follow up and hold the board of directors accountable, evaluate its performance and participate in the proposals through approved communication channels. It is also the responsibility of the company's shareholders to support it, stand behind it and assist its board of directors. In their relentless pursuit to put the company on the right path of restarting and achieving profits, and given that the company has obtained the approval of the Capital Market Authority and the acceptance of its prospectus for raising capital, as the approval of the Capital Market Authority is one of the most important elements for the success of the capital increase deal, while it is The company's shareholders are the second and necessary element that complements the deal to raise the company's capital and secure sufficient liquidity to implement the company's long-term operational plans. We are well-established in God Almighty, and then our deep belief in the wisdom of the shareholders and that they will be a real bond and support for the company in the success of the capital raising deal and return the company to its right track.

### **:Second: Evaluating the company's current situation**

This step is considered one of the most important steps, as a complete and comprehensive study was conducted of the company's situation in all aspects, as the proper diagnosis of the company's financial, administrative and operational situation is considered the first step for the company to rise on the ladder of success with God's help and strength, so that after that the

company's board of directors can form an executive management capable of Overcoming obstacles and raising the level of performance, as the operations within the company are closely looked at in order to decide on the development of appropriate measures that can be taken later. It can be summarized as follows

A- The Board of Directors of the company has been diligent in finding new investment opportunities that have good economic feasibility and generate .income

B - The scarcity of liquidity and the lack of sources of financing is one of the most important obstacles facing the company's management in implementing its operational plans. Therefore, the Board of Directors of AlSharqiyah Development Company strived to provide sources to finance the projects of its .plan

The strategy, as the Board of Directors' recommendation to raise the company's capital through issuing and subscribing to priority rights shares is the first step of the Board to provide sufficient liquidity for re-operation and .revenue generation

C- Within the framework of the company's board of directors' direction to diversify the sources of operating revenues so that it is able to provide sufficient liquidity to maintain the company's stability and stability financially and systemically, the company's board of directors will seek to enter into the available investment opportunities after studying their economic feasibility in .order to create financial balance

E - Based on the financial stumbling that the company faced during the past periods and due to the cessation of operations, which prompted the company's board of directors to take a difficult decision based on laying off the majority of the company's employees in order to reduce the volume of spending and monthly expenses. Therefore, the company's board of directors believes in the



need to re-appoint new employees And restructuring the administrative and financial system by studying the functional needs according to the stages of establishing projects and in the appropriate scope for implementing projects and without increasing the costs of the company except in the field of need.

### **:Third: Improving the general position of the company**

The Board of Directors of the company, which assumed its duties on 07/20/2020 AD, resumed what the previous board started in terms of attempts to improve the company's general position and at all levels, as it began, and since the beginning of assuming control, to study the most important obstacles facing operations in preparation for their removal, and then to develop an operating plan A long-term strategy and a roadmap for its implementation mechanism, in order to search for financing solutions that enable the .company's management to implement its operational plan

Issuing licenses for development projects in preparation for the implementation of the company's strategic plan as soon as the required funding is obtained, as the company announced on the Tadawul website on 12/24/2020 that it had obtained seven initial licenses to implement the company's income-generating projects. It also submitted executive plans for priority projects and obtained approval. The Ministry of Environment, Water and Agriculture is on it and the .environmental study is being completed to start making construction plans

The company's ownership of what has been revived from the land of the government grant provided since its inception is one of the most important priorities of the company's board of directors, due to the appropriate investment benefits that enable it to reinvest and operate by strengthening its fixed assets, and also through the support of the government of the Custodian of the Two Holy Mosques and Vision 2030 to support Food production and the possibility of obtaining adequate financing from the Agricultural Development



Fund would be appropriate to restore Operation in addition to creating new investment opportunities that enable the company to diversify its sources of .income and raise the rates of liquidity availability

Starting the process of raising the company's capital by issuing subscription shares in priority rights, as the company's board of directors approved raising the capital, so that the number of the company's shares becomes 30,000,000

shares, with a total value of (300,000,000) riyals instead of 7,500,000 shares with a value of (75,000,000) riyals, and thus The size of the increase in the company's shares is 22,500,000 shares, with an increase in the capital amounting to (225,000,00) riyals.

## **1 -A description of the main types of the existing main activities of the company**

Due to the company's management stopping all existing operational activities based on financial force majeure conditions beyond its control, its current direction in coordination with the Board of Directors to move forward in diversifying sources of income and implementing its future operational plans is to focus most of its attention on implementing the company's most important projects, which is the vital and basic development project represented In an integrated poultry project that includes closed poultry sheds, a central slaughterhouse and an incubator, the company will focus on implementing the highest high-tech standards and focus on reducing operational labor to obtain perfect operation. The company is to move forward in the agricultural projects targeted in Vision 2030 for food security by following advanced agricultural mechanisms and techniques such as agriculture through hydroponic and aquaponics,

as well as the management of the company seeks to enter the field and activities of fish farming, according to time plans after studying .the markets and the quality of production required

## 2-Describe future plans and risks

By studying the current situation of the company, the board of directors saw the necessity to make the most of the available resources and bring investments to the most profitable projects and expand them, taking into

account the non-negative impact on natural and environmental resources, as well as trying to self-sufficiency in providing resources and production inputs, as for the most important plans and decisions that the company operates Currently it is :

### **First : The field of food security:**

The company aims to diversify sources of income from several areas if economic feasibility studies prove the success of small, organized and good companies and their future feasibility and can be acquired or participated according to the best model that achieves the benefit of the Eastern Development Company and its shareholders. The Board of Directors will seek to explore the best investment opportunities available after exerting the necessary professional care. Acquisition can be made in a variety of areas to achieve integration between the main project and the projects being studied or good projects within the objectives of the Ministry of Environment, Water and Agriculture or other entities.

### **Second: prospective investment activities:**

- 1- Exploiting large areas in the company's land after obtaining operational financing, as the company's board of directors had developed a financing plan based on more than one source to provide sufficient liquidity to implement its plan

2- Long-term operational and the most important of these sources is to raise the company's capital and obtain operational financing with this land guarantee, and the company's management will announce it in a timely manner.

3- A high-tech integrated poultry project. The project will be implemented in phases in accordance with a well-thought-out work plan by specialists and consultants.

4- Focusing on growing crops according to advanced agricultural methods, the most important of which may be hydroponics and aquaponics.

5- Establishing the agricultural marketing sector, by utilizing the company's expertise in this field.

6- In addition to studying a number of investment opportunities that the company's management is working on.

### **Third: Expected Risks:**

With regard to the risks that may face the company's activities and future plans, the company is exposed to operational, financial and other risks and challenges, as is the case for all companies operating in various fields, the most important of which is liquidity risk, as the company faces great obstacles to provide sufficient liquidity that enables it to continue its activity and move towards opening new investments and diversifying sources Its production, operation and fulfillment of the material or in-kind obligations arising from it, and this is what prompted the company to overcome this type of risk through the financing plan drawn up by the Board of Directors and based on raising the company's capital through the issuance of priority rights shares.

### **3- Analyzing the company's financial statements for the fiscal year 2022**

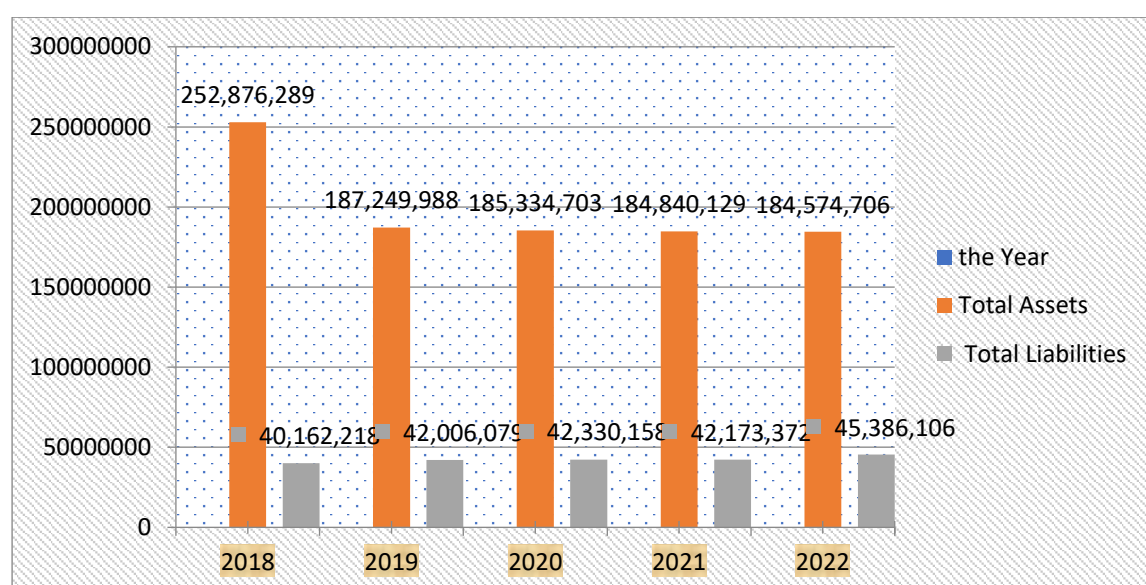
With regard to the financial statements for the year ending on 31/12/2022, the following statement includes the most important data and comparisons between the results of the previous financial years and their comparison with the current year, which appear as follows:

## The assets, liabilities and income results of the company's ( 2018-2022 ) business for the years

### First: Summary of the balance sheet

Before we list the balance sheet data, we hope that the following chart will show the most important differences and comparisons that occurred to the company's assets and liabilities for the last four fiscal years and compare them with the fiscal year 2022

the Year	Total Assets	Total Liabilities
2018	252,876,289	40,162,218
2019	187,249,988	42,006,079
2020	185,334,703	42,330,158
2021	184,840,129	42,173,372
2022	184,574,706	45,386,106



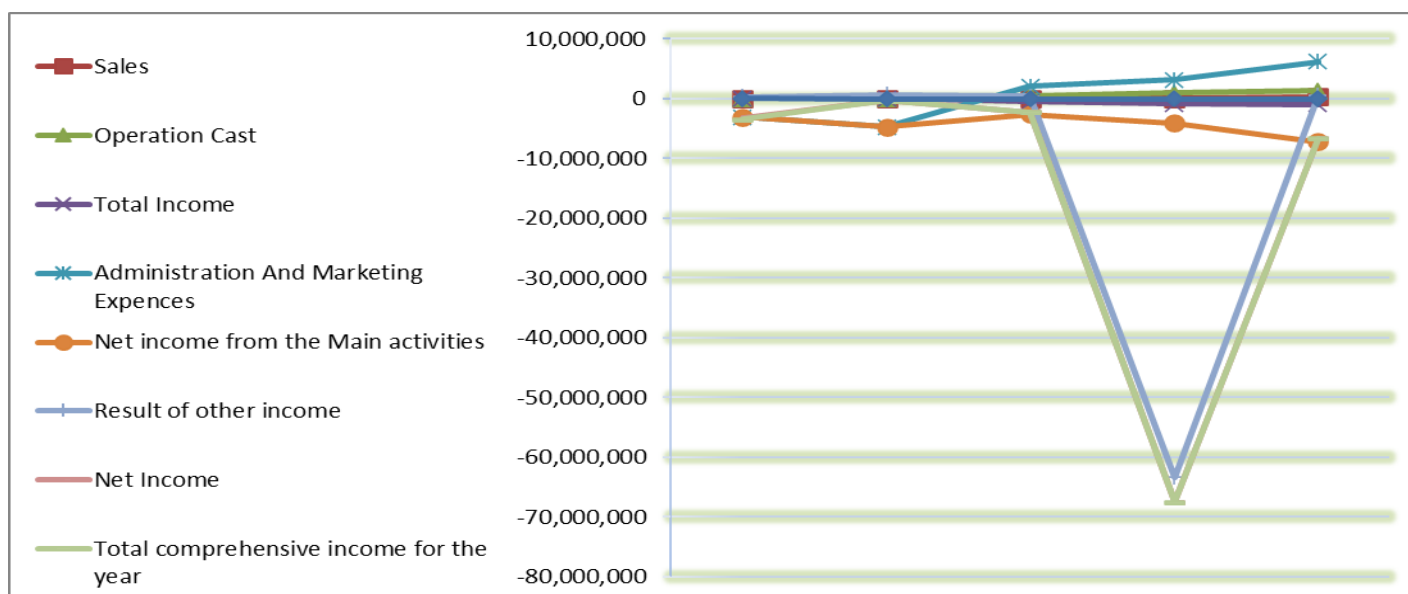
- A detailed statement of the company's assets and liabilities during the last four fiscal years and a comparison with 2021

2022	2021	2020	2019	2018	Description
<b>725,813</b>	356,721	211,310	1,469,600	2,166,379	Current assets
<b>183,848,893</b>	184,483,408	185,123,393	185,780,388	250,709,910	Non Current Assets
<b>184,574,706</b>	184,840,129	185,334,703	187,249,988	252,876,289	Total Assets
<b>44,880,031</b>	42,005,348	42,283,061	41,998,225	40,155,233	Current Liabilities

506,075	168,024	47,097	17,854	6,985	Non Current Liabilities
45,386,106	42,173,372	42,330,158	42,006,079	40,162,218	Total Liabilities

## Second: Analytical statement of income statements

Description	2022	2021	2020	2019	2018
Sales	0	0	0	0	338,027
Operation Cast	0	0	525,171	935,993	1,342,736
Total Income	0	0	-525,171	-935,993	-1,004,709
Administration And Marketing Expenes	-3,111,952	-4,781,131	2,068,845	3,159,419	6,190,708
Net income from the Main activities	-3,111,952	-4,781,131	-2,594,016	-4,095,412	-7,195,417
Result of other income	268,560	650,241	390,156	-63,369,605	481,601
Net Income	-3,197,035	-237,361	-2,222,121	-67,473,419	-6,713,816
Total comprehensive income for the year	-3,478,157	-337,788	-2,239,364	-67,470,162	-6,712,238



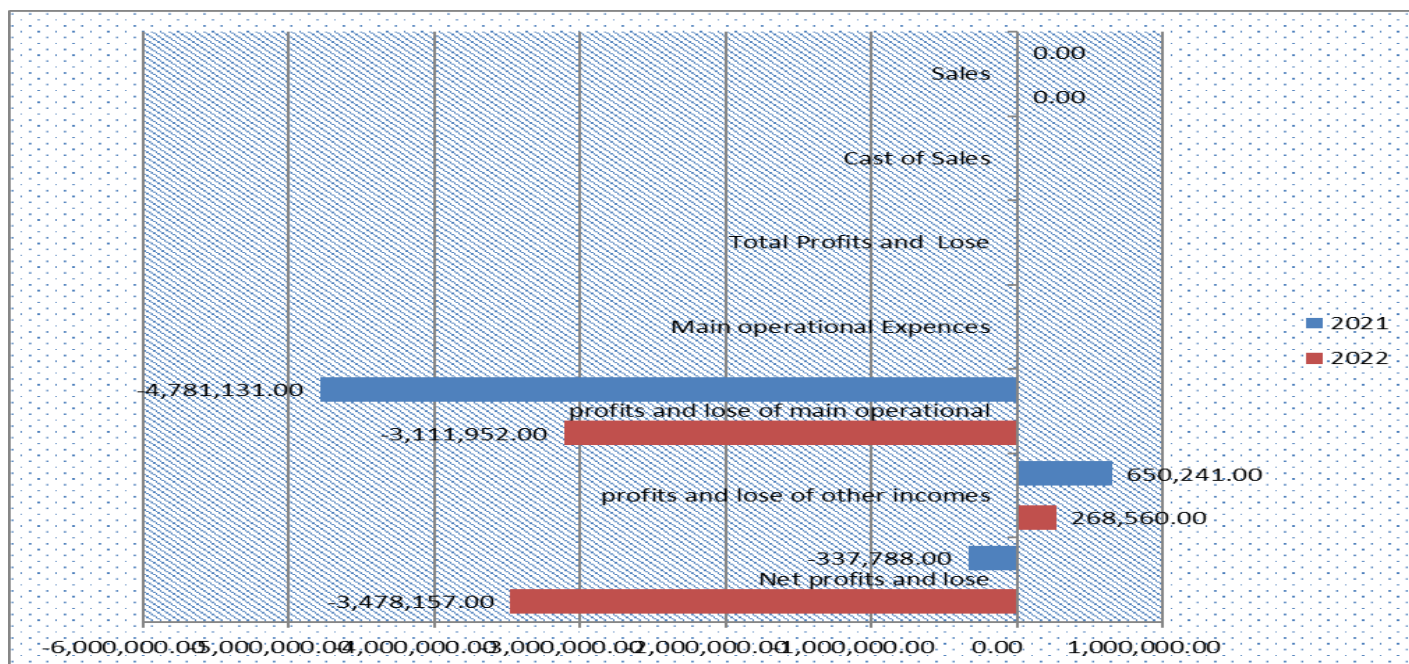
### - Geographical analysis of the company's total revenues

All the company's revenues are limited to local sales only (within the eastern region), and no revenues were generated from the company's core activity during the fiscal year 2022 outside the scope of the local market.

### - Summary of the company's income results 2021 - 2022

%	2022	2021	Description
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0	0	0	Sales
44%	0	0	Cast Of Sales
44%	0	0	Total profits and lose
35%	-3,111,952	-4,781,131	Main operational expences
37%	-3,111,952	-4,781,131	Profits and Lose of operational work
99%	268,560	650,241	Profits and lose from other incooms
96 %	-3,478,157	-337,788	Net Profits and loses



**Comparisons and vocabulary of income statements between fiscal year 2021 and 2022 :**

- 1.The continued failure to achieve any operating revenues for the fiscal year 2021, as a result of stopping all of the company's operational activities and the lack of any .sufficient liquidity to find new operational activities
- 2.The cessation of operational activities resulted in a significant decrease in operating .costs
3. We notice a noticeable increase in the losses of the fiscal year 2022 compared to the losses of the fiscal year 2021, as the results of the total comprehensive income for the fiscal year 2021 resulted in achieving losses of (-337,788), while the total comprehensive income for the fiscal year 2022 was (-3,478,157), where the noticeable increase is attributed to In the losses, it is necessary to prove the reduction in the zakat provision,

which was proven in the accounts of the fiscal year 2021, as a result of the objection submitted by the company's management to the zakat assessments issued for the period from 1995 to 2009

#### **4- Matching the accounting standards used by the company with the international accounting standards IFRS:**

There is no difference between the accounting standards used in the company and the international accounting standards, which began to be applied in the company as of January 2017, according to the directives of the Saudi Organization for Certified Public Accountants. As the company

is still operating in accordance with international accounting standards until 12/31/2022.

#### **5- Details of the shares and debt instruments of the subsidiaries**

There are no subsidiaries of A Sha-Sharqiyah Company until December 31, 2022, and therefore there are no shares or debt instruments issued to any subsidiary company.

#### **6- A description of the company's dividend policy**

As stipulated in Article (43) of the company's articles of association, the net profits of the company are distributed as follows:

- ( 10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this deduction when the said reserve reaches (30%) of the paid capital.
- The extraordinary general assembly based on the proposal of the board of directors to avoid a percentage (10%) of the net profits to form an agreement reserve.



- The Ordinary General Assembly, based on the proposal of the Board of Directors, may decide to disburse the agreement reserve for the benefit of the company or the shareholders.
  - The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders.
  - Net profits are amounts for establishing social institutions for the company's employees or for assisting what may exist from these institutions.
  - From the remainder after that, a percentage representing (5%) of the paid-up capital shall be distributed to the shareholders.
  - Taking into account the provisions stipulated in Article (nineteen) of the articles of association and Article (seventy-six) of the Companies Law,
  
  - after the above, a percentage (10%) of the remainder shall be allocated to the remuneration of the Board of Directors.
  - Provided that the entitlement to this remuneration is proportional to the number of sessions that the member attends and according to the regulations issued by the competent authority in this regard.
  - The rest is then distributed to the shareholders as an additional share of the profits, provided that it is carried over to the coming years, as approved by the General Assembly.
  - The statutory reserve is used to cover the losses of the company or increase the capital of the shareholders in the years in which the company does not achieve net profits sufficient to distribute share determined to them.
- And due to losses for this year, there is no dividend distribution .

## **7 - The company requests for shareholders 'register, dates and reasons for those requests.**

Reasons for requesting the shareholder register	The date of ownerships file	Date of request	Sequence of company requests for shareholder registers
the company's procedures	05/12/2022	06/12/2022	1

## 8- A description of any interest in the eligible stock class

During the fiscal year ending December 31, 2022, there is no interest in the voting shares class of persons (except for directors, senior executives and their spouses and minor children).

## 9 - Details of the members of Directors Board , members of committees and executive management:

### A- The members of the board directors

Experience	Qualification	Previous Jobs	Current Jobs	The name
Head of the accounts of the Saudi Arabian Agricultural Bank Director of Financial and Administrative Affairs, the National Company for Tourism- Director of Financial Affairs and Investment Al-Jarallah Group Al Moasher Center for Financial Consulting	Bachelor of Accounting	Head of the accounts of the Saudi Arabian Agricultural Bank Director of Financial and Administrative Affairs, the National Company for Tourism -Director of Financial Affairs and Investment Al-Jarallah Group Al Moasher Center for Financial Consulting	Chairman of the Board of Directors and Chairman of the Executive Committee  Partner in JAS Financial Consulting	Ali Al Jafari
General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Bachelor of Business Administration and Economics	General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Board Member - Vice Chairman, Managing Director and Acting Chief Executive Officer	Mohammed Hojailan

- Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Bachelor of Science in Production Engineering and Systems Design	-Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Member of the Board of Directors, Chairman of the Audit Committee, Member of the Nominations and Remuneration Committee, Member of the Executive Committee,	Mansoor Ghamdy
Director of the Department of Leasing, Operation and Collection Retail Real Estate Property Company Management Officer Azizia Panda United Company, Savola Group, Leasing Officer for Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ,Customer Service at Arab National Bank	Bachelor's degree, Faculty of Economics and Administration, Department of Public Administration  Diploma in - Communication	Director of the Department of Leasing, Operation and Collection Retail Real Estate Property company Management Officer Azizia Panda United Company, Savola Group, Leasing Officer for Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ,Customer rvice at Arab National Bank	Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee ,Director of the Department of Leasing, Operation and Collection Retail Real Estate Company	Salman Jassas
General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd ,General Manager Al Rumaih Contracting Company ,Customer Service Manager STC ,Customer Service Coordinator Aldrees Petroleum Services Company	High School	General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd ,General Manager Al Rumaih Contracting Company ,Customer Service Manager STC ,Customer Service Coordinator Aldrees Petroleum Services Company	Member of the Board of Directors and member of the Nominations Remunerations Committee And General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd	Abdulrahman Al Driess

## B- The Committee members :

Since all members of the committees emanating from the company's board of directors are members of the same board except for the audit committee, and the data of the members of the board have been clarified above, so the details of the members of the audit committee will be detailed only.

### - The audit committee :

Experience	Qualification	Previous Jobs	Current Jobs	The name
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- Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Bachelor of Science in Production Engineering and Systems Design	-Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Member of the Board of Directors, Chairman of the Audit Committee, Member of the Nominations and Remuneration Committee, Member of the Executive Committee,	<b>Mansoor Ghamdy</b>
CEO of the Union of Wire Factories Company (Aslak), General Manager of the International Company for Petroleum Derivatives, CEO of the Arabian Oud Company, CEO of Al-Shabaily Real Estate Investment Group, Vice President of the Packaging Company (FIPCO), a financial analyst of the Saudi Industrial Development Fund, the auditor of the global company Price Water House, Accountant, Arab Bank	Bachelor of Accounting	CEO of the Union of Wire Factories Company (Aslak), General Manager of the International Company for Petroleum Derivatives, CEO of the Arabian Oud Company, CEO of Al-Shabaily Real Estate Investment Group, Vice President of the Packaging Company (FIPCO), a financial analyst of the Saudi Industrial Development Fund, the auditor of the global company Price Water House, Accountant, Arab Bank	Member of the audit committee	<b>Abdul Kareem Al Shamekh</b>
Director of the Arab Open University branch CEO, Razen Knowledge Company General Manager of Al-Shalawi International Trading and Contracting Holding Company Assistant Professor at King Fahd University of Petroleum and Minerals CEO of the Saudi Contracting Federation President's Advisor to Faisal Al-Qahtani Sons Trading and Contracting Company Head of the Accounting and Management Information Systems Department at King Fahd University of Petroleum and Minerals Member of review committees in several companies	Bachelor of Accounting Master of Accounting PhD in Accounting	Director of the Arab Open University branch CEO, Razen Knowledge Company General Manager of Al-Shalawi International Trading and Contracting Holding Company Assistant Professor at King Fahd University of Petroleum and Minerals CEO of the Saudi Contracting Federation President's Advisor to Faisal Al-Qahtani Sons Trading and Contracting Company Head of the Accounting and Management Information Systems Department at King Fahd University of Petroleum and Minerals Member of review committees in several companies	Member of the Audit Committee - Financial and Administrative Consultant at the Eastern Innovation Center for Management Consulting and Training	<b>Jasem AL Romaih</b>

**- the Nominations Remunerations Committee :**

Experience	Qualification	Previous Jobs	Current Jobs	The name
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- Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Bachelor of Science in Production Engineering and Systems Design	-Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Member of the Board of Directors, Chairman of the Audit Committee, Member of the Nominations and Remuneration Committee, Member of the Executive Committee,	Mansoor Ghamdy
Director of the Department of Leasing, Operation and Collection Retail Real Estate Property Company Management Officer Azizia Panda United Company, Savola Group, Leasing Officer for Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ,Customer Service at Arab National Bank	Bachelor's degree, Faculty of Economics and Administration, Department of Public Administration  Diploma in - Communication	Director of the Department of Leasing, Operation and Collection Retail Real Estate Company Property Management Officer Azizia Panda United Company, Savola Group, Leasing Officer for Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ,Customer Service at Arab National Bank	Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee ,Director of the Department of Leasing, Operation and Collection Retail Real Estate Company	Salman Jassas
General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd ,General Manager Al Rumaih Contracting Company ,Customer Service Manager STC ,Customer Service Coordinator Aldrees Petroleum Services Company	High School	General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd ,General Manager Al Rumaih Contracting Company ,Customer Service Manager STC ,Customer Service Coordinator Aldrees Petroleum Services Company	Member of the Board of Directors and member of the Nominations Remunerations Committee And General Manager of Marketing and Animal Production, Al Nafud Arabian Company Ltd	Abdulrahman Al Driess

**- The Executive Committee :**

Experience	Qualification	Previous Jobs	Current Jobs	The name
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Head of the accounts of the Saudi Arabian Agricultural Bank Director of Financial and Administrative Affairs, the National Company for Tourism- Director of Financial Affairs and Investment Al-Jarallah Group Al Moasher Center for Financial Consulting	Bachelor of Accounting	Head of the accounts of the Saudi Arabian Agricultural Bank Director of Financial and Administrative Affairs, the National Company for Tourism -Director of Financial Affairs and Investment Al-Jarallah Group Al Moasher Center for Financial Consulting	Chairman of the Board of Directors and Chairman of the Executive Committee  Partner in JAS Financial Consulting	Ali Al Jafari
General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Bachelor of Business Administration and Economics	General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Board Member - Vice Chairman, Managing Director and Acting Chief Executive Officer	Mohammed Hojailan
- Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Bachelor of Science in Production Engineering and Systems Design	-Vice President of the Alhamrani Group, - Chairman of the Alhamrani Company for Commercial Investment	Member of the Board of Directors, Chairman of the Audit Committee, Member of the Nominations and Remuneration Committee, Member of the Executive Committee,	Mansoor Ghamdy

### C- The Executive Management :

The Experience	Qualifications	Previous Positions	Current Positions	Name
General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Bachelor of Business Administration and Economics	General Director of the Saudi Tijan Foundation Managing Director and General Manager of SASCO	Board Member - Managing Director and CEO	<b>Mohammed Al Hojailan</b>
Financial Director at the Gulf Group, Financial and Administrative Development Director, Safety Indicators Corporation	Bachelor of Accounting	Financial Director at the Gulf Group, Financial and Administrative Development Director, Safety Indicators Corporation	Financial Manaer	<b>Yousef K. Zaidan</b>

### 10- Ownership percentages of board members and senior executives in the company's shares

The following table shows the percentages of board members owning the company's shares and any change in that interest during the fiscal year 2022:

Ownership percentage at the end of year	total shares at the End of year	percentage change during the year	The net change in shares during the year	Ownership percentage at the beginning year	total shares at the beginning of the year	Names of Board Members and Senior Executives	م
0.0040000	300	0	0	0.0040000	300	Ali Al Jaafari	1
0.0032533	244	0	0	0.0032533	244	Mohammed al Hojailan	3
0	0	0	0	0	0	Mansoor Al Ghamdi	4
0	0	0	0	0	0	Salman Jassas	6
0	0	0	0	0	0	Abdulrahman AL Driess	7

#### 11- Loan information- :

During the year 2018, the company obtained an approval from the Saudi Investment Bank to finance it with an amount of up to ten million Saudi riyals only, and a profit rate of 3% plus the cyborg rate at the time of financing, and the company's management withdrew the entire amount of financing and used it to pay off the receivables and dues resulting from The company during the previous periods, noting that the company did not make any payment from the withdrawn financing amount until 12/31/2022. Also, during the year 2022, the company

raised the financing ceiling agreed upon with the Saudi Investment Bank to (20,500,000) by providing new personal guarantees by a member of the company's board of directors, but the company did not withdraw the entire amount of financing and settled with part of it.

#### 12- A description of the classes and numbers of any convertible debt instruments and any contractual securities, subscription warrants, or similar rights that have been issued- :



There are no debt instruments convertible into shares or any contractual securities or subscription right notes or similar rights issued or granted by the company during the fiscal year ending on December 31, 2022 AD. However, the company's board of directors had taken a decision to raise the company's capital through underwriting. With shares of priority rights

### 13- A description of any transfer or subscription rights under convertible debt instruments into shares granted by the company

There are no debt instruments convertible into shares, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year ending on December 31, 2022.

### 14- A description of any refund, purchase or cancellation of any refundable debt instruments on the part of the company

During the fiscal year ending on December 31, 2022 AD, there was no refund or cancellation by the company of any recoverable debt instruments.

### 15- A statement of the meetings of the general assembly of shareholders and members of the board attending

The extraordinary general assembly meeting on 27\06\2022	The Name
√	Mohammed AL Hojailan
√	Ali Al Jafari
√	Mansoor Al Ghamdy
√	Salman Jassa
√	Abdulrahman Al Driess

Total	09\11\2022	23\08\2022	28\03\2022	The Name	م
3	√	√	√	Mohammed Hojailan	1
3	√	√	√	Ali AL Jafari	2
3	√	√	√	Mansoor Al Ghamdy	3

16-	3	✓	✓	✓	Salman Jassas	4
	3	✓	✓	✓	Abdulrahman Al Driess	5

**Number of board meetings held during the fiscal year and attendance record**

**17- Data for any transaction between the company’s management and related parties:**

The company acknowledges that there were no transactions between the company and any related parties during the fiscal year 2022.

**18- Information related to any contracts to which the company is a party and in which there is or was a substantial interest of one of the members of the board of directors, the chief executive officer, the financial director, or any person related to any of them.**

There are no contracts between the company and a member of the board of directors, the CEO or the financial director. Or any person related to any of them during the fiscal year 2022.

**19- any arrangements or agreement under which a member of the board of directors or a senior executive waived any salary or compensation**

No member of the Board of Directors has waived any remuneration allocated to them during the year 2022.

**20- any arrangements or agreement under which a shareholder has waived any rights to profits**

During the year ending 12/31/2022, there was no arrangement or agreement under which a shareholder waived any rights to profits.

## 21- of the value of the statutory payments due for payment of any zakat, taxes, fees or other dues

The following table shows the values of the statutory payments due from the company for the year 2022, which include passport fees, legal zakat, General Organization for Social Insurance installments, and labor office fees.

Reasons for non-payment	Brief description of it	Due at the end of year	Paid during the year	Description
Because of an objection submitted to the Zakat assessments issued by the General Authority for Zakat	Zakat provision for the fiscal years from 1991 to 2020	15,995,179	0	Zakah
Due to the company with the General Authority for Zakat		( 86.191 )	0	Value Tax
Out country's transfer for 2015 and 2019		0	28,273	Deduction Tax
Lack of financial liquidity	It consists of overdue installments for previous periods	218,323	0	GOSI
	Renew Iqama for financial manager and chief accountant		4,037	Visas & Pasportation cost
	Fees for renewing the residence of the Finance Manager	0	24,150	Labor office fees

## 22- The value of any investments or reserves established for the benefit of the company's employees

The company did not create any investments or any reserves for the benefit of the company's employees during the year ending 12/31/2022.

## 23 -Approval of the Board of Directors

The company's board of directors acknowledges that the company's records and accounts for the fiscal year ending on 31/12/2022 have been prepared in a systematic manner and reflects the reality of the company's business results with all transparency and clarity.

## **24- The Auditor**

The office of Al-Kharashi Certified Public Accountants was appointed as an external auditor for the company, through the voting and nomination of the company's shareholders in the General Assembly, for a full fiscal year starting from the second quarter of 2022 until the end of the first quarter of 2023, based on the joint stock companies' governance regulations, which control the process of appointing the auditor.

## **25 -Disclosure and transparency**

The company is working on laying the foundations and guarantees that are consistent with the corporate governance provisions issued by the Capital Market Authority, and a corporate governance regulation has been approved, guided by the Corporate Governance Regulations issued by the Saudi Capital Market Authority. The company applies, in practice, the majority of what was mentioned in the regulations in whole and in part Through the system of the statute, regulations, internal procedures, and the related systems and regulations, as well as their application to IFRS international accounting standards, the company always works to complete the policies and procedures governing the application and works to develop that on an ongoing basis and that all the items have been applied.

## **26 -Provisions that have not been applied and reasons for non-application:**

- 1 - Article 22/1: Laying down plans, policies, strategies and main objectives for the company, supervising their implementation and reviewing them periodically, and ensuring the availability of the human and financial resources necessary to achieve them.
- 2 - Article 22/2: Establishing systems and controls for internal control and general supervision of them.

3 - Article 22/4: Develop a written policy that regulates the relationship with stakeholders.

4 - R.22/5: Develop policies and procedures that ensure the company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders, and verifying compliance by the executive management with them.

5 - Article 23/2: Adopt a written and detailed policy defining the powers delegated to the executive management and a table showing all the powers, the method of implementation and the mandate period. The board of directors must request the executive management to submit periodic reports on its exercise of the delegated powers.

6 - Article 26/5: Upgrading the organizational and functional structures of the company to be considered for approval.

7 - Article 26/10: Suggesting a policy and types of rewards to be granted to employees, such as fixed rewards, rewards related to performance, and rewards in the form of shares.

8 -P.43: The Board of Directors sets a written and clear policy for dealing with cases of conflict of interest that occur or may occur that may affect the performance of members of the Board of Directors, the executive management or others working in the

The company when they deal with the company or with other stakeholders.

9 - P. 61/1: Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly.

10 - Article 65/3: Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.

11 - Article 84: Establishing the necessary policies or procedures for stakeholders to follow in submitting their complaints or reporting violating practices.

12 - Article 86: Establishing a policy for professional behavior and ethical values in the company.

13 - Article 89: Written disclosure policies, procedures and supervisory systems in accordance with the disclosure requirements contained in the Companies Law and the Capital Market Law

14 - P. 91: The audit committee's report is published on the company's website and the market's website when the invitation to convene the general assembly is published; To enable any shareholder who wishes to obtain a copy of it.

The reasons for the company's non-application or commitment to all of the above-mentioned items are due to the fact that the company, as a result of its financial stumbling and low liquidity rate, followed a policy of rationalizing expenses as much as possible, as it terminated the services of more than 95% of its employees and frozen most of the company's departments as a result of stopping operations in the company and the lack of resources Operating income, in addition to the company's inability to appoint qualified specialists in governance committees to control all matters

## 27- Names of joint-stock companies for which a board member is a member of its board of directors

Current membership in the boards of directors of companies or their director locally and abroad	The position	The name	م
Assej Insurance company	The Chairman	Ali Al Jafari	1
United Dairy company	Managing Director and CEO	Mohammed Al Hojailan	2
AL Jebb Privet company	Board Member	Mansoor Al Ghamdy	3
Non	Board Member	Salman Jassas	4
Non	Board Member	Abdulrahman Al Driess	5

## 28- Formation of the Board of Directors and classification of its members

Membership status	The Position	The Name	م
Non Executive	The Chairman	Ali Al Jafari	1
Executive	Managing Director and CEO	Mohammed Al Hojailan	2

Independent	<b>Vice president</b>	<b>Mansoor Al Ghamdy</b>	<b>3</b>
Independent	<b>Board Mamber</b>	<b>Salman Jassas</b>	<b>4</b>
Independent	<b>Board Member</b>	<b>Abdulrahman Al Driess</b>	<b>5</b>

## 29- A brief description of the terms of reference of the main board committees, their tasks, their heads and members, and the number of their meetings

### (1) Audit Committee:

The committee supervises the internal audit of the company, studies the periodic financial reports and the internal and external audit reports and the extent of their efficiency, verifies the efficiency of the internal control systems, nominates the external auditor, follows up on his work, checks the adequacy and effectiveness of the company's supervisory activities, and evaluates the effectiveness of the company's assessment of potential risks and how to monitor and confront these risks. The audit committee consists of the following members:

1/11/2022	23/8/2022	31/05/2022 scrolling	18/05/2022	23/03/2022	08/03/2022	Count of meetings	Status	The Member	م
✓	✓	✓	✓	✓	✓	6	Chairman Of The Committee	Mansoor AL Ghamdy	1
✓	✓	✓	✓	✓	✓	6	Member	Jasim Al Romaih	2
✓	✓	✓	✓	✓	✓	6	Member	Abdul Kareem Al Shamekh	3

### 2 ) The Nominations and Remuneration Committee:

The committee annually reviews the requirements for membership of the Board of Directors in accordance with the approved policies and standards, reviews the structure of the Board of Directors, and makes recommendations regarding the changes that can be made, develops clear policies for compensation and bonuses for members of the Board of Directors and senior executives, and annually confirms the independence of independent members and that the interests of the member do not conflict if he is a membership Other Boards: The Nomination and Remuneration Committee consists of the following members:

03/08/2022	17/05/2022	Count Of Meetings	Status	The Member	م
------------	------------	-------------------	--------	------------	---



✓	✓	2	Member	Mansoor Al Ghamdy	1
✓	✓	2	Chairman Of Committee	Salman Jassas	2
✓	✓	2	Member	Abdulrahman Al Driess	3

### ( 3 ) Executive Committee:

The committee carries out all the tasks assigned by the board of directors to study them and take decisions in their regard. It also reviews the deals of the relevant persons. Appointment of executives. Follow-up of the company's operation and its investments and the procedures for the company's ownership of the land of the Al-Fadhili project with government agencies. The Executive Committee consists of the following members:

Count Of Meetings	1/11/2022	1/8/2022	9/3/2022	9/1/2022	Status	The Member	م
4	✓	✓	✓	✓	Chairman Of Committee	Ali Al Jafari	1
4	✓	✓	✓	✓	Member	Mohammed AL Hojailan	2
4	✓	✓	✓	✓	Member	Mansoor Al Ghamdy	3

### 30- Any penalty, penalty or precaution imposed on the company by the Authority or any other supervisory, regulatory or judicial authority.

During the fiscal year 2022, the authority or any supervisory or regulatory authority did not issue any fines, penalties, penalties or even a precautionary restriction against the company, while the total amount of executive cases filed against the company for payment until 31/12/2022 amounted to (169,000) riyals Saudi

### 31- A breakdown of the remuneration and compensation for board members, senior executives and committee members

#### (A) Remuneration for Board Members:

## Board Remuneration 2022

Total summation	expenses allowance	End of service rewards	Variable Rewards						Fixed Rewards						a certain amount
			Total	Granted shares (shares value)	long term motivational plans	short term motivational plans	Regular bonuses	percentage of profits	Total	Rewarding the chairman of the board, the managing director, or the secretary, if he is one of the members	what the council members received in their capacity as workers or administrators, or what they received in return for technical and administrative work	In-kind benefits	Total allowance for attending committee sessions	Allowance for attending council sessions	
First: members out of board															
62,500			0					62,500				12,500		50,000	Jassim Al Romaihy
62,500			0					62,500				12,500		50,000	Abd Al Kareem Al Shamekh
0			0					0							
Second : Independent members															
14,000			0					14,000				5,000	9,000		Salman Jassas
14,000			0					14,000				5,000	9,000		Abdulrahman Al Driess
111,500			0					111,500				27,500	9,000	75,000	Mansoor Al Ghamdy
0			0					0							
Third : Non executive members in current board															
139,000			0					139,000				10,000	9,000	120,000	Ali Al Jafari
Forth : The Executive members															
19,000			0					19,000				10,000	9,000		Mohammed al Hojailan
Fifth : Secretary of the Board															
33,500			0					33,500				27,500	6,000		Ebrahiem Al Khaleefa
456,000	0	0	0	0	0	0	0	456,000	0	0	0	110,000	51,000	295,000	The Total

### B- Remuneration and allowances for attending committee members

#### Remuneration of committee members 2022

Total	Variable Rewards	Count Meetings	Fixed remuneration	The Names
First : The Audit committee members				
87,500	2,500	5	75,000	Mansoor Al Ghamdy
62,500	2,500	5	50,000	Jasim Al Romaih
62,500	2,500	5	50,000	Abdul Kareem Al Shamekh
12,500	2,500	5		Ebrahiem Al Khaleefa
Second: The Nomination And remuneration committee				
5,000	2500	2	0	Salman Jassas
5,000	2500	2	0	Abdulrahman Al Driess
5,000	2500	2	0	Mansoor Al Ghamdy

5,000	2500	2	0	Ebrahiem Al Khaleefa
<b>Forth : An Executive committee in current board</b>				
130,000	2,500	4	120,000	Ali AlJafari
10,000	2,500	4	0	Mohammed Al Hojailan
10,000	2,500	4	0	Mansoor Al Ghamdy
10,000	2,500	4	0	Ebrahiem Al Khaleefa
<b>405,000</b>			<b>295,000</b>	<b>Total</b>

### C- Senior Executive Rewards and Allowances:

#### Rewardds For Senior executives

المجموع الكلي	مجموع مكافاة التنفيذيين المجلس	مكافاة نهاية الخدمة	المكافآت المتغيرة						المكافآت الثابتة				المسمى الوظيفي	الاسم	
			المجموع	الاسهم المستوحدة ( قيمة الاسهم )	خطط تحفيزية طويلة الاجل	خطط تحفيزية قصيرة الاجل	مكافآت دورية	نسبة من الارباح	المجموع	مزايا عينية	بدلات	رواتب			
800,004			0							800,004		200,004	600,000	Acting Chief executive officer	Mohammed Al Hojailan
60,000			0							60,000			60,000	Financial manager	Yousef K Zaidan
<b>860,004</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>860,004</b>	<b>0</b>	<b>200,004</b>	<b>660,000</b>		<b>Total</b>

### 32- Results of the annual review of the effectiveness of the company's internal control procedures

The Audit Committee studies periodic reports on evaluating internal control procedures and following up on the operation of internal control and submits recommendations for observations and defects in the internal control system to the Board of Directors to be addressed, as the most important defects and weaknesses in the internal control system in force in the company lie in the following:

- 1- The absence of a department concerned with internal control and risk management.

- 2- The existence of weakness in the followed governance system and the company's lack of basic regulations that define the powers of the executive management.
- 3- Weakness of the documentary cycle in all parts of the company.
- 4- The absence of a recent zakat certificate due to the existence of claims and objections to the estimated zakat for previous years

### **33- Evaluating the performance of employees**

One of the company's goals is to conduct a quarterly evaluation for each sector, department, and employee to maintain increased effectiveness and raise the level of performance in order to achieve the desired goals.

### **34- Evaluating the performance of the Board of Directors and the committees emanating from it**

The Board of Directors depends in evaluating the performance of its members and all the committees emanating from it during the year on what is achieved of substantial results that have a clear impact that is reflected in the financial results of the company.

The company did not seek the help of external regular parties in evaluating the performance of its administrative board and the committees that emanate from it, but the board continuously monitors and monitors the observations and opinions of the company's shareholders and those interested.

### **35- Social responsibility activities (community service)**

The company's management is keen to always contribute to social events, being aware of its role in community service at the local and national level. The company has proven over the past years by enduring it.

Due to its responsibility towards social activities and the public interest and effective contribution to the state's plans aimed at achieving sustainable development, as this is evident in the following- :

- 1- Adherence to the decisions of the country's agricultural and water policy by rationalizing irrigation water.
- 2- Commitment to preserving the environment and public health by limiting the use of pesticides.
- 3- Cooperating with the security authorities by reporting any illegal logging activities that may harm the environment.

### **36- Continuity:**

The company acknowledges that, based on what was mentioned in this report, its ability to continue practicing its available activities in addition to attempts to create new operational activities by raising the company's capital and providing sufficient liquidity to implement the company's strategic plan and complete mergers and acquisitions deals to ensure its continuity and stability and implement its future plans in the field of development Investment and improvement of the level of performance, which will be reflected in the results of the company's business in support of the development of the national economy. The company also seeks to maximize its assets by owning the land of its project allocated to it in Al-Fadhili area, after the approval of the noble High Commissioner based on the Council of Ministers Resolution No. (319) dated 7/8/1436 AH.

### **37- Proposals of the Board of Directors**

First: Approval of what was stated in the report of the Board of Directors for the year 2022

Second: Approval of the report of the external auditor for the period ending on December 31, 2022

Third: Approval of the balance sheet and income statement of the company ending on December 31, 2022

Fourth: To absolve the members of the Board of Directors from liability for the current session for their work during the period ending 12/31/2022

In conclusion, the Chairman and members of the Board of Directors of A Sha-Sharqiyah Development Company express their thanks, appreciation and gratitude to the Custodian of the Two Holy Mosques King / Salman bin Abdulaziz Al Saud, to His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud, Crown Prince, Deputy Prime Minister and Minister of Defense, and to the rational government On the continuous support and encouragement, to support the food security strategy, which the company seeks during the next phase to participate in.

**END OF REPORT**