



حلواني اخوان
HALWANI BROS

ANNUAL
REPORT

2020



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01

Halwani Bros Overview

An Overview – Incorporation



1830

1830 The Beginning of Halwani Bros



1952

Halwani Bros Co. enjoys the privilege of being from the early Saudi companies who have marched into the field of food industry in the Kingdom of Saudi Arabia. The Company was established on 1952 as limited Partnership Co. from members of Halwani family and the legal structure has evolved since establishment, financially, and operationally volume-wise.



2007

With diversifying its products to transform to a joint stock company, In accordance to the Minister of Commerce and Industry Resolution No.264Q, on 22. 10. 1428 Corresponding on 14. 11. 2007, with a capital of SR 200 million.



2008

Halwani Bros Co, is a joint stock company in Saudi, listed in the Saudi Stock market in 2008 under code No (6001) in the Saudi Stock Exchange (Tadawul) Co, which comes under the main sector of basic consumer goods and sub-sector of (Food manufacturing Sector). As the founders of the Company resolute on July 2008 to increase its capital to 285,714,300 SR by issuing 8,571,430 shares from the same class for public offering.



2019

on 04. 12. 1440 Corresponding on 05. 08. 2019, The company increased its capital with approval of the Extraordinary General Assembly to become 314,285,730 from the retained earnings account by 10% with an increase of 31,428,573 shares for the purpose of strengthening the company's capital to fit the size of its business and future aspirations.

► Halwani at Glance

Acting together to provide premium quality food products, by taking an approach to innovation, with the help of Allah, it strengthens one another the highest levels of excellence achieving continuance earnings to our stakeholders and satisfaction of consumers and community development, through:

- Provide premium quality food products satisfying and meet the consumer's needs.
- Maximizing the interests of shareholders.
- Motivating the capabilities of the work team and developing their skills.
- Activating our social responsibility.



► Mission

Together, we provide high quality food products by bringing innovative ideas and people who represent the highest standards of excellence, delivering sustainable growth to our shareholders.

► Vision

To be a world pioneers in providing the authentic taste sourced by the finest food products.

► Company values



Entrepreneurial Spirit

Since its inception, Halwani Brothers has adopted the concept of developing and managing products and creating new ideas that play a fundamental and vital role in economic and social development, and it strives to produce the finest foodstuffs of high quality that are proud to present them.



Collaboration

Halwani Brothers seeks to select employees who place dedication and spirit of cooperation among the most important principles in their work in order to achieve company's goals that leads to the success of all.



Accountability

The company employees is committed to what is issued by them in terms of words or actions while bearing their results, the company urges all employees to take responsibility for the actions entrusted to them and to perform them to the fullest.



Passion

The company focuses on everything that drives a person to the keen interest in doing the work with an unbridled desire that is driven by love, determination, strength and determination to succeed. Halwani maintains a practical environment based on respect for craftsmanship and implementation skills, and is driven by the learning opportunities learned from overcoming challenges to improve the quality of service.



Integrity

Halwani Brothers applies the concept of ethical commitment based on raising oneself and its distance from every mistake, and to be honest in the behavioral and ethical aspect in all of its actions.

► Our Story

We are, by the grace of Allah, the pioneers in the food industry with the authentic taste stemming from our environment and inspired by our history, heritage and civilization.

We are proud of our global launch from well-established bases in the Kingdom of Saudi Arabia.

We went through experiences with openness to the world, learning from and adding to it, seeking excellence, preserving originality and charming taste, and applying the highest international quality standards, as we obtained a quality certificate ISO 9001 certificate of high quality, in addition to HACCP, the certificate for the systematic management of food safety. Both certificates reflect our hard work and commitment to ensuring the superior quality of our products.

We implemented a strategy of marketing and distribution on a large scale locally, regionally and internationally to bring our products to the world, and this strategy has had the benefit of increasing sales and profits.



► Our History



The Beginning of Halwani Bros

1830

Halwani Brothers began introducing Sheep brand for Finest Halawa and Tahini, and the first registration for this brand was at Damascus in the year 1830

1952

Alsham factory

Halwani Bros Company is one of the most famous Saudi companies in the field of Manufacture and distribution of food. The company was founded in 1952 in the city of Jeddah (Al Sham lane) as a sample family business. The company started to produce “Halawa Tahinia” and it was the company’s main product. From the beginning, the most things that distinguish the company was high quality and wonderful taste. Halwani Bros is famous for 100% natural products. The company doesn’t use any kind of genetically modified food in addition to high quality, delicious taste and competitive price. For this Halwani Bros earned the trust of Saudi consumers.

1962

Port Factory

The simple project over time turned into an officially registered company. It started to use modern and sophisticated methods for manufacturing and distribution. The company began the expansion and evolution. It opened new and various factories in the Al mina road in the city of Jeddah in 1962. It expanded in producing food and it started to produce processed, cooked, smoked and frozen meat, In addition to producing fresh dairy cheese and ice cream.

1987

Egypt Factory

Halwani Bros Company wasn’t satisfied with sales and marketing policy only. But it turned to circulation policies. This transformation is one of the best achievements achieved after officially joining to Dallah Al Baraka Company. This supported upgrading quality standards of packaging and wrapping of products and increasing the proportion of sales and total net profits. In conjunction with this, the company opened an integrated factory in Cairo, Egypt for food manufacturing. The Egyptian market is one of the excellent markets which the company are working in. The company achieved great fame in this market and it earned the trust of the Egyptian consumer. This enabled the company to increase it market share.

2016

Industrial City-Jeddah

In 2016, the company opened a huge industrial edifice consisting of a group of factories in Jeddah’s industrial city, and it also opened a poultry factory in the Arab Republic of Egypt, in line with the development of supply and demand for the company’s products and in order to provide the finest products in the Saudi and Egyptian market.

► Chairman's Statement

Dear Halwani Brother's Shareholders

On behalf of the Board of Directors, I am pleased to put in your hands Halwani Brother's Annual Report along with the performance and achievements for the fiscal year ending on 31st of December 2020, which includes an adequate coverage regarding the company's operational and financial key performance indicators. As It is presented before the Assembly in according to the Companies Law and The Capital Market Authority's regulations for consideration and authorization.

Halwani is committed In providing premium food products to consumers by using authentic products recipes, with modern production lines, obtaining the best recourses of manufacturing raw materials, advanced manufacturing techniques and continuous cleanliness hygienical and sanitization methods, this have enabled Halwani Bros by virtue of Allah, in achieving the vision to be a pioneer in the manufacture of food with the authentic taste emanating from our environment and our civilization, taking confident steps from the Kingdom of Saudi Arabia to the world. As we are here in Halwani Bros are committed in fulfilling the clients' needs through providing premium quality innovative food products, along with increasing our market share to maintain a sustainable growth for the sake of achieving an added value for our shareholders.

Halwani has attained many international quality certificates for its excellence in the food industry and its level of quality, and the company is currently carrying out businesses to meet the needs and expectations of all stakeholders, including customers, investors, suppliers, as well as the work team.



Abdulaziz M. Yamani
Chairman of the Board

Board of Directors



Abdulaziz M. Yamani
Chairman of the Board



Abdullah I. Al Howaish
Vice Chairman of the Board



Mohamed A. Halwani
Member of the Board



Abdulelah A. Sabbahi
Member of the Board



Osama Z. Jamjoom
Member of the Board



Anas G. Kashoggi
Member of the Board



Ghassan Ahmed Amodi
Member of the Board



Khalid A. Al Kaff
Member of the Board



Mohammed H. Alklaiby
Member of the Board

02

Company's Operational Activity and its Subsidiaries



1.1 | Main Activity

Halwani Bros produces and distributes a wide range of food products that includes Halawa, Tahina, Maamoul (Arabic sweets), Processed meat, Jam, dairy Products, in Egypt the company produces same Products except dairy Products, it is a strong competitor in all its products like Juices, packaged foods, dairy Products and catering.

The company has 15 factories that produce various kinds of food products, plastic and tin, which helps to diversify the company's income sources and this diversity provides the company with the ability to modify their products and develop different products consistent with the needs and desires of the consumers. The main activity of the company is the manufacture and distribution the company's food products which include the following products: Halawa, Tahina, Maamoul, Processed meat, Jam, dairy Products, salt, sugar, packaged foods and catering. The main products are concentrated in Halawa, Tahina, Maamoul, Processed meat and Jam.

The company sell and distribute its products through a wide distribution network and owned fleet by the company to a variety of different sales market including grocery stores, supermarket and hypermarkets. the company sell its products under the brands: Halwani Brothers, Al Nakhla, Mokhtarat, Top Top, Freshly, Sahtein, Maamoul, semsema in the Kingdom of Saudi Arabia, Egypt and Export Markets

2 Main Activities of Halwani Subsidiary

2.1 Incorporation of Subsidiary: (Halwani Bros Co Egypt)

The Company exercises its business in Arab Republic of Egypt through its subsidiary company (Halwani Brothers Co Egypt) an Egyptian joint stock Co, fully owned by 100%.



Halwani Brothers Co Egypt, was founded in Arab Republic of Egypt on 1994 for an Egyptian joint stock with a capital of EPG 60 million and amount of 300 million shares with a nominal value of 0,20 (Twenty Egyptian penny) per share

2.2 Main Activitie of Subsidiary

Halwani Bros Egypt's main activity is focused on manufacturing, packaging, canning and distributing chilled and frozen meats, Tahina, Halawa, Jams, Maamoul, juices and poultry products through 6 factories located in the industrial zone in the 10th of Ramadan City.

2.3 Partners and capital in Halwani Brothers Egypt (subsidiary company)

Partner's name	The value of shares in Egyptian pound	Percentage from the Capital
Halwani Bros (Saudi Arabia)	EGP 60,000,000	100%
Total	EGP 60,000,000	100%

Halwani's significant plans and resolutions

A description of the Company's significant plans and resolutions, including structural variations or expansions in business or discontinuance of its operations and future forecast for Halwani Bros business, as follows:

3.1 | Company's significant resolutions taken during 2020

The following statements are highlighting the Company's significant resolutions taken during 2020:

1) Board's recommendation for the company's capital increase

Board of Directors have recommended in its meeting held on 27 Dec 2020, to increase the Company's Capital from SAR (314,285,730) to (353,571,450) with percentage of 12,5%. Therefore, it will result in increase in the number of shares from (31,428,573) to the number of shares (35,357,145) by way of issuing bonus shares (1 share for each 8 shares owned) through capitalization an amount of SAR (39,285,720) from statutory reserve, and that will be done in order to strengthen the company's capital to match the size of its business and its future aspirations. Provided that the entitlement to the bonus shares is for shareholders holding the shares by the end of the trading day of the assembly date, and who are registered in the Company's shareholders registry held by the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, and provided that the convened date to be announced later. After obtaining the necessary approvals from the competent authorities. And this grant is considered conditional by the approvals of Official parties and Extraordinary Assembly on the increase of Capital and the number of granted shares.

2) Resignation of the Board Member and Member of the Nominations Remunerations Committee Mr. Ahmed A. Khayat

The Board of Directors have resolute (by circulation) on 16 of July 2020 to agree the acceptance of the resignation submitted by Mr. Ahmad Abdullah Khayat (an Independent Director) from the Board of Directors and Nominations and Remunerations committee membership, due to his special practical circumstances, so that this resignation takes effect of 16 July 2020

3) Appointment of Mr. Ghassan A. Amodi as Member in the Board of Directors & a Member in the Nominations Remunerations Committee

The Board of Directors have resolute (by circulation) on 17 of July 2020 Based on the recommendation of the Remuneration and Nominations Committee to agree the appointing of Mr. Ghassan Ahmed Amodi (an Independent Director) in the Board of Directors, with effect of 17 July 2020, in replacement of resigned member, Mr. Ahmad Abdullah Khayat from the Board membership, effective of 16, July 2020. Until the end of the Board's current tenure. Which has been endorsed by the General Assembly convened on 03, Feb 2021.

In addition, the Board of Directors have resolute (by circulation) on 19 of July 2020 to agree the appointing of Mr. Ghassan Ahmed Amodi in the membership of the Nominations and Remunerations Committee Until the end of the Board's current tenure, in replacement of Mr. Ahmad Abdullah Khayat who have resigned from the Board membership and the committee effective of 16, July 2020.

4) Appointment of Mr. Yasser Awad Abdelwahab Mohamed – as the Company's Chief Financial Officer

Mr. Yasser Awad Abdelwahab Mohamed, was appointed as a Chief Financial Officer effective of 16th of Feb 2020, it is worth mentioning that Mr. Yasser Mohammed is holding a Bachelor's Degree in accounting from Ain Shams university and holds a certificate from the American Association of Accountants CPA and has more than 28 years of experience in Financial Management, and worked in several local and regional companies, their latest are the National Biscuits Confectionery Co, (NBCC) and Omar Kassem Alesayi Marketing Co. (OKAM) as a Chief Financial Officer.

5) Appointment of Mr. Hisham Iyub as Chief Human Resources Officer

Mr. Hisham Iyub was appointed as Chief Human Resources Officer effective 1-9-2020. Mr. Hisham holds a bachelor's degree in business administration from green lake university, USA. Hisham is a member of the Society of Human Resources Management (SHRM), and Chartered institute of Personnel Development (CIPD), certified by the Human Resources Management Institute (CHRM). And has more than 20 years of experience in Human Resources and Administration development, worked at different companies local, international, has a vast experience of an array of industries, most notably working at the construction products holding company, Walt Disney World & Resort, as well as Kentucky Fried Chicken. His last position before joining was Vice President for Human Resources for Al Mohaidib Group.

6) Appointment of Mr. Mohamed A. Siam as Chief Marketing Officer

Mr. Mohamed Siam has been appointed as Chief Marketing Officer as of September 1st, 2020. Mr. Siam holds a bachelor's degree in Marketing from the American University in Cairo.

He has more than 20 years of experience in the field of Marketing and Management, worked in many local and international companies and has extensive experience in different industries, most notably working in Henkel International where he has become the Global Marketing Director for Persil worldwide. Mr. Siam also joined Obeikan Company where he held several strategic positions, and most recently appointed as the CEO of Obeikan Digital Solutions.

3.2 | Plans of the Future

Halwani Brothers has put a strategic plan to expand its authentic line of products in the local and regional markets by leveraging all its shared resources and expertise within the Saudi & Egypt business hubs. Among its primary plans is to focus on the following:

- 1) Prioritize sales of all the high-margin range of products, Explore methods to increase cash flow while continuing to eliminate any non-essential costs.
- 2) Engage with the future generation given the significance of the young population in Saudi & Egypt markets and to exceed their aspirations to generate sustainable consumer base.
- 3) Unleash the growth potential beyond the local market which will enable us to diversify our revenue streams and optimize the utilization of our production lines.

3.3 | Outlook into the Future

A positive outlook based on our long-standing expertise in the food industry and our extensive investment in research to enable us to adapt and grow given the following market dynamics:

- 1) Increase in the food service industry in alignment with the Saudi Vision 2030 to boost the, agricultural, and general tourism and attract over 30 million visitors over the coming years.
- 2) A growing demand on the e-commerce platform propelled with retailer's appetite to invest in driving long-term growth through this channel.
Accordingly, Halwani orchestrated an integrated plan to leverage all the recent market trends in addition to its commitment to maintain its positive momentum while expanding its footprints in Saudi Arabia and Egypt and the global markets.

3.4 | Competitive Edge

Halwani Brothers, is distinguished by a long experience since 1830 in the field of food industry, this earned the company many advantages, to put her at the ranks of Local and international companies. In addition to gaining the confidence of all customers and consumers, and among the most prominent factors that strengthened Halwani Brothers' position:

- 1) Maintained its best in class ingredients while inventing new authentic recipes at best value.
- 2) Manufacturing, is governed by the top quality and safety standards, aligned with the highest requirements of food manufacturing.
- 3) Adhering to all the local & international food standards and best practices such as ISO 9001, 14001, 22000, HCCP Certification, BS OHSAS 18001, and food safety 22000 Certification.
- 4) Registered technological and innovation patents and breakthroughs in the local & global markets.
- 5) Becoming consumer centric organization and paving the way for new market trends.
- 6) Operating a fully integrate supply chain & distribution networks in Saudi Arabia & Egypt.
- 7) Maintaining market share leadership across all its core categories in all major markets.

3.5 | Nationalization

HB is encouraging its employees to upgrade their technical capabilities, skills, through providing internal and external training programs, in addition to incentive plans which aim to reinforce positive competition between staff and to spread HB values.

Examples of these programs :

▶ Alqawiu Al'amin

Which is newly deployed aiming to highlight the outstanding employees, whom performing their duties through HB values , to enable them reach to outstanding performance, and the gradually replacement plans by the Saudi employees consider one of the most important projects, where we keep high Saudization level, and this program include highly ranked positions in HB.

▶ Program for contain the Saudi calibers

which aim to :

FIRST to identify the high potential

SECOND engage them in intensive development program

THIRD follow up on their progress and facilitate any obstacles

FOURTH enroll the successful candidates in their new roles

FIFTH working on retaining the high potentials through different types of activities aiming to retain

Also the company working on partnership with the biggest Human resources consultancy firms to re-structure the company sectors, to put adequate performance management system linked to bonus system , also the company provides rewards, and increments and special incentive plan for sales team based on annual appraisal. In addition to provide employment opportunities for female at different departments in the company like, finance, marketing, Quality, supply chain & Human Resources. Our total team members during 2020 was 839 employees among them 81 female and the Saudization % reached to 32% where we always keep our level at green level as per the rules and regulations of Ministry of Human Resources and Social Development. The company did not perform some incentive programs like employee saving program and alike.

3.6 | Integrated Management System

HB IMS Department, HSSE Department and QA Department took proactive steps during 2020, to ensure that HB business operations are not affected by pandemic situation of Corona. This includes protocols being put in place by the emergency response team to help & protect factory/office staff, as well as Supply Chain/Field Sales staff.

Our internal processes are continuously monitored and improved to ensure that we continue certifications for all the following international standards:

- ▶ FSSC 22000 :2019 (food Safety Management System standard based on Global Food Safety Initiative).
- ▶ ISO 22000:2018 (Food Safety Management System based on ISO Requirements)
- ▶ HACCP (Food Safety Management System based on Codex Alimentarius Commission Requirements)
- ▶ ISO 9001:2015 (Quality Management System based on ISO Requirements)
- ▶ OHSAS 18001 (Occupational Health and Safety Management System based on British Standards Institute Requirements)
- ▶ ISO 14001:2015 (Environment Management System based on ISO Requirements)



Note that above accreditation is done by one of the companies approved by the Saudi Food and Drug Authority. Other than this HB was able to continuously achieve class-A grading by Saudi Food and Drug Authority (SFDA) for Good Manufacturing Practices and selected as one among the best 10 food companies in the Kingdom.

3.7 | R&D

With strict follow-up to implement the innovation plan, the R&D Department accomplished 100% plan 2020 achievement and developed the following products:

- ▶ Mortadella in take home packs of 500g. developed the following products
-



- ▶ Roasted and Smoked chicken breast 2Kg size.
-



- ▶ Premium quality minced meat (4 SKUs)
-



- ▶ Tahina Sauce in (different flavors).
-



- ▶ Maamoul 10g (for Sharing) Stand-up Zip-lock pouch pack (18 Ps).
-



- ▶ Developing several of product specifications to suit the requirements of Export Markets like USA, Emirates, Iraq etc.
-

4 Potential risks on the company

4.1 Operational Risks

Operational risks arose from several factors related to the company's policies & procedures, People, systems, and external factors.

During the fiscal year 2020, the company was exposed to external factor represented by the Coronavirus (COVID-19), which affected the processes within the company. Risks have been mitigated by following effective measures that positively affected the year 2020 profitability. Additional measures have been also taken to ensure business continuity and availability of the manpower during quarantine by applying necessary HSSE measures in conjunction with renting additional residential units and increasing the number of trips between factories and residential area to reduce the risk of spreading the virus.

One of the risks that affect people and human resources due to the social distancing imposed by the spread of the Coronavirus (COVID-19), is the difficulty of conducting continuous direct training related to HSSE. Action plans have been implemented and addressed by conducting online training through electronic platforms and performing training sessions in small group of employees to comply with social distancing and reach training goals.

In addition, the company faced risks from updating internal processes to keep up with market changes and to accelerate the company's business flow and operations. These risks have been mitigated by early planning to update the IMS systems in accordance with ISO Standards.

Moreover, there were business risks from several external factors, such as epidemic diseases that affect the processed meat sector in general. Taking in consideration the risks of embargo imports from some countries and the possibility of insufficient agricultural crops that are used as basic raw materials in the food industry. This is in addition to the market conditions for the supporting materials and spare parts required for plant maintenance. In order to reduce risk factors, Halwani management monitored these risks on all factors, increased the levels of safety stocks and took appropriate decisions according to the circumstances..

4.2 Credit Risk

Credit risk is the failure of a customer to fulfill the contractual obligations on the agreed specific time. Credit risk arises when one party (the customer) in a financial instrument (the contract of sale) fails to fulfill the obligations and causes the other party to incur a financial loss.

The company reduced its customers credit risk by setting credit limits for each individual customer and monitoring outstanding receivables. The top ten customers represent 43% of outstanding receivables as of December 31, 2020 (2019: 55%).

Impairment analysis is performed at each reporting date using an Expected credit loss (ECL) matrix. Provision rates are based on past due days for different customer segments with similar loss patterns (by geographic sector, product type, customer type and rating). The calculation reflects the probability weighted outcome, time value of money, reasonable and supportive information available at the date of the financial report about past events, current conditions and expectations of future economic conditions.

Commercial receivables are written off if it is ascertained that they will not be collected after the approval of the Board of Directors. These receivables are not subject to the claim activity if the cost of this activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the book value of each financial asset. The group assesses the extent of concentration risk related to receivables and impaired contract assets since the group's clients are spread in countries with different legislations and operate in markets that are largely independent of each other.

Regarding credit risks arising from other financial instruments of the group, the group's exposure to risks arises from defaulted entities that it is dealt with, and that the maximum exposure equals the carrying value of these instruments.

4.3 | Liquidity Risk

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities when they are due, whether short or long term. Financial liabilities and their required liquidity were monitored on a monthly basis and Halwani management worked to ensure the availability of sufficient funds to meet any obligations. To manage this risk, the Company periodically evaluates available banking facilities to ensure the availability of enough liquidity to meet future financial liabilities when they fall due. The Company monitored the risk of shortage of funds through the liquidity planning tool.

The company aims to maintain a balance between continuity of financing and flexibility by using of Sharia Compliant banking financing and facilities. The Company's current liabilities represent 74% of the group's total liabilities, which mature in less than one year as on December 31, 2020 (2019: 69.4%). Based on the carries amount of loans shown in the financial statements, the Company assessed the concentration risk of the refinancing of the debt and concluded that it would be properly monitored. The Company has access to diverse and enough funds and amounts that are due within 12 months can be rolled over with the existing banks (lenders).

4.4 | Market Risk

Market risk occurs when fluctuation in fair value of the future cash flow of financial instruments. This occurs as a result of changes in the market price. Market prices include three categories of risks: interest rate risk, currency risk, commodity price risk and other prices.

A) Interest Rate Risks

Interest rate risk occurs when the value of financial instruments varies due to interest rate fluctuations. This arises from the possibility that fluctuations of interest rates affect the future profitability or fair value of financial instruments.

The Company is exposed to commission rate risk on its interest-paying liabilities, including bank financing and murabaha. Income sensitivity is the effect of hypothetical changes in interest rates on the Company's income for one period, with other variables remaining constant, based on financial liabilities/ obligations with variable rates as of December 31, 2020.

B) Currency Risk

Currency risk arises when the value of a financial instrument fluctuates due to changes in foreign exchange rates. The Company is exposed to fluctuations in foreign exchange rates during its regular business, and this effect comes from fluctuations in the Egyptian pound exchange rates. Fifty-four (53%) of the Company's revenue for the year ended December 31, 2020 was generated from the subsidiary, Halwani Brothers - Egypt (2019: 54%), where the Egyptian pound was used as its operating currency. The parent Company did not conduct any material transactions other than Saudi Riyals and US Dollars during the year. Since Saudi Riyal is fixed against the US Dollar, balances in US Dollars did not pose any significant currency risks. The Company manages currency risk by continuously monitoring changes in currency rates and making appropriate decisions

C) Raw Marital Price Risk

The Company uses significant various raw materials in its production processes. These raw materials are subject to price fluctuations, which may affect the Company's outcomes. To reduce this risk, Halwani management monitored the prices of raw materials and made appropriate purchasing decisions according to prices expectations. Additionally, safety stocks of raw materials were reserved based on financial analysis and future studies of raw materials markets and regularly exploring of alternative resources.

4.5 | Compliance Risks

The company developed & implemented a strategy to ensure adherence to the procedures of Government & legislative authorities and to properly conduct its business and operations. Moreover, the Company set & implemented internal P&P for all concerned departments to ensure compliance with the regulations, instructions, and ethical & behavioral rules by submitting proposals and recommendations, assessing and measuring the extent of compliance, This approach will positively impact the reputation and credibility of the Company and create an ideal work environment branded by clarity and transparency.

4.6 | Risk Management & Monitoring Process

Risks in general are part of the Company's activities and are managed continuously through a mechanism that consists of identifying risks, evaluating them and following them up. The risk management process is necessary for the Company's ability to achieve profits and reduce losses. Every employee in the Company is responsible for managing risks related to what his job or responsibilities dictates. Risks are challenged, managed and monitored by avoiding high risks whenever possible, reduce their impact or Transfer it to other parties.



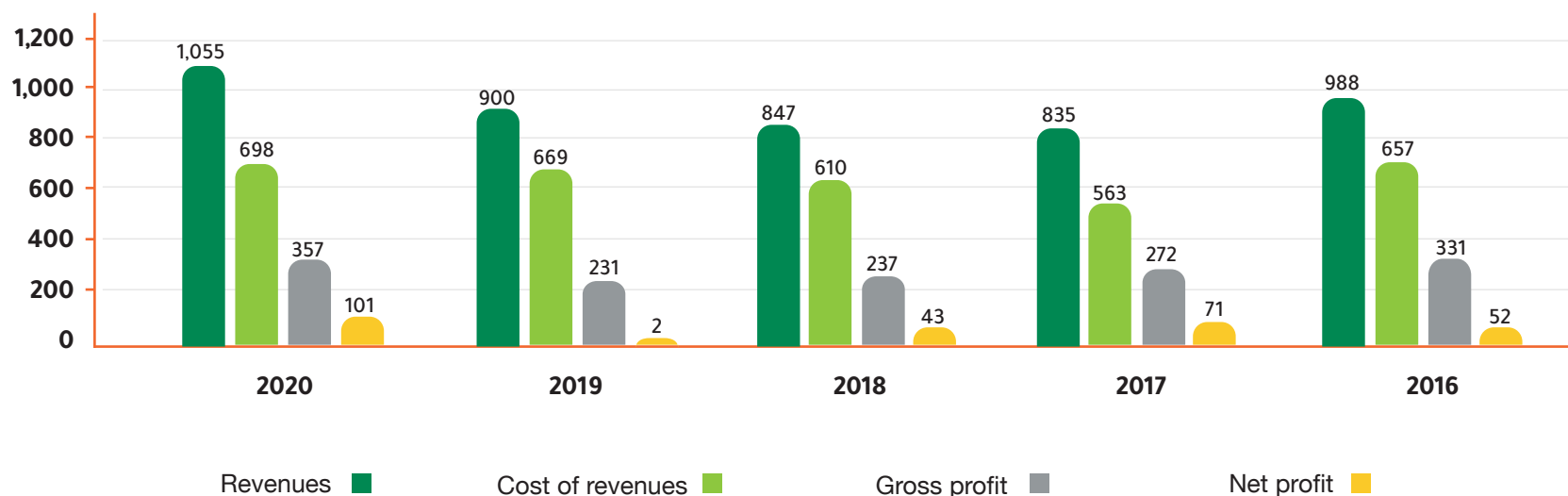
03

Financial & Operational Results

5 Summary of the Company's Assets & Liabilities and Financial Results

5.1 Comparison of the Company's Financial Results

Item SAR Millions	2020	2019	2018	2017	2016
Revenues	1,055	900	847	835	988
Cost of revenues	(698)	(669)	(610)	(563)	(657)
Gross profit	357	231	237	272	331
Net profit	101	2	43	71	52

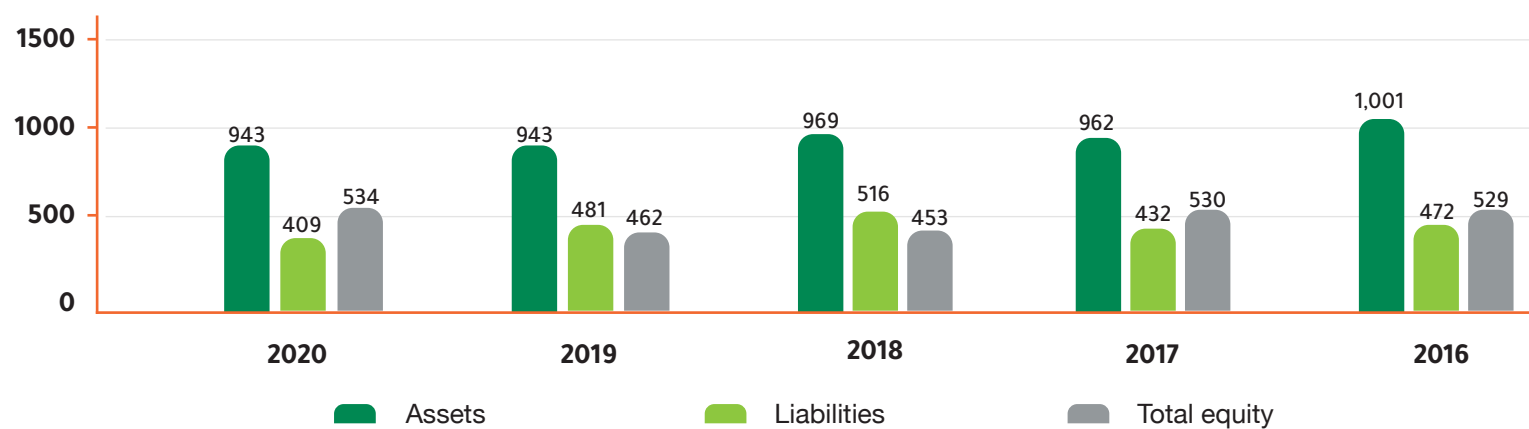


The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

5.2 | Comparison of the Company's Assets & Liabilities

Item SAR Millions	2020	2019	2018	2017	2016
Current assets	398	368	388	362	388
Non-current assets	545	575	582	600	613
Total assets	943	943	969	962	1,001
Current liabilities	303	334	437	322	293
Non-current liabilities	106	147	79	110	179
Total liabilities	409	481	516	432	472
paid Capital	314	314	286	286	286
Reserves and retained earnings	220	148	168	244	243
Total equity	534	462	453	530	529
Total equity and liabilities	943	943	969	962	1001

Value by SAR Millions

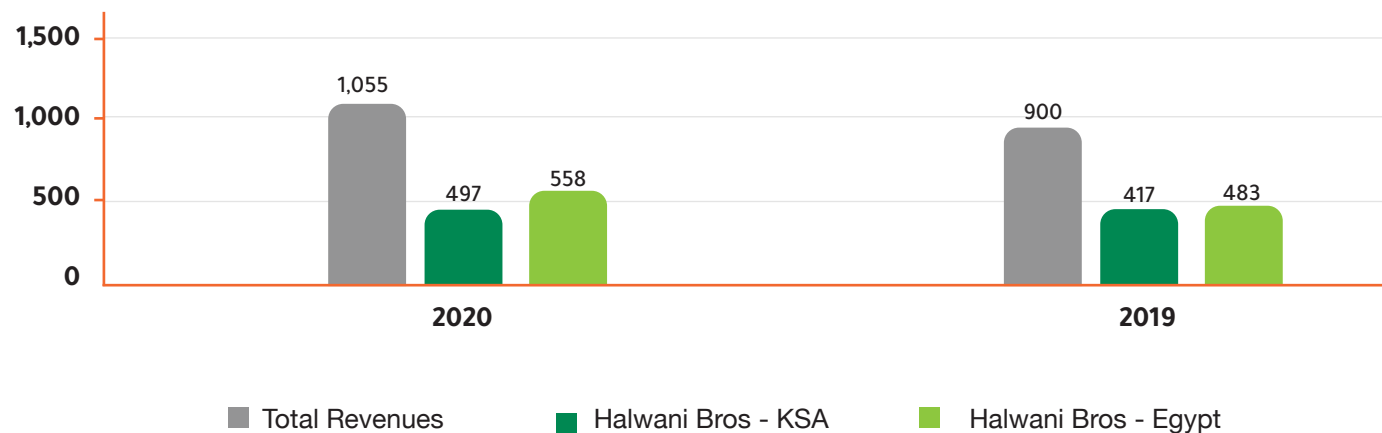


The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia.

Geographical Analysis of the Company's and its Subsidiaries Revenues

Year (SAR Millions)	Geographical Analysis of the Company's Revenues (SAR Millions)		
	Total Revenues	Halwani Bros – KSA	Halwani Bros – Egypt
2020	1,055	497	558
2019	900	417	483

Geographical Analysis of the Company's Revenues (SAR Millions)



The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia

Statement of any material differences in the operational results compared to the preceding year results or any announced expectations

Item SAR Millions	2020	2019	Variance (+) or (-)	Variance %
Revenues	1,055	900	155	17%
Cost of revenues	(698)	(669)	(29)	4%
Gross profit	357	231	126	55%
Operational revenues – Other	2	-	2	100%
Operational expenses – Other	(214)	(182)	(32)	18%
Operational profit (loss)	145	49	96	169%
Net Profit (loss)	101	2	99	4950%

The figures in the interim financial statements have been grouped to conform with the accounting policies for the current year presentation as per International Financial Reporting Standard as endorsed in the Kingdom of Saudi Arabia

04

Board of Directors and Affiliate Committees



Names of Board Members, Committees Members, and their Current and Previous Positions, Qualifications and Experience

8.1 | Board Members and Committees Members (within the Board of Directors) formed by the board



Eng. Abdulaziz M. Yamani
Chairman of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Chairman, Nomination Remuneration Committee Member	Chief Executive Officer at Dallah Albaraka Holding Group Co	Executive Vice President, Real Estate Investments Vice President, Business and Development Vice President at Dallah Albaraka, Assistant CEO at Dallah Al Baraka Group, General Director at Dallah Al Baraka, Assistant Managing Director at Dallah Industrial Investment Company General Manager at Dallah Industrial Investment Company, CEO of Arab Media AMC	Bachelor of Industrial Engineering in 1995	He began his career in 1995, where he held several leadership positions in a number of companies and Boards memberships, local and international in various sectors (financial, media, industrial, agricultural and real estate)



Mr. Abdullah I. Al Howaish

Vice Chairman of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Managing Director and CEO at Aseer Trading, Tourism, Industry, Agriculture, Real estate and Construction Company	Managing Director at Amlak International for Real Estate Finance Co	Bachelor of Economics from King Abdulaziz University - Jeddah, Kingdom of Saudi Arabia in 1985	He began his career in 1985 where he held several leadership positions in a number of banks, companies and membership of the boards of directors of companies and committees in various sectors (banks, finance, investment, transport, trading, industry communications and food)



Mr. Mohamed A. Halwani

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
	Businessman, Chairman of the Board at International Halwani Company	Founder of Saudi Halwani Brothers Company	High school in 1965	Industrial expertise in the field of food products industry



Mr. Abdulelah A. Sabbahi

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Audit Committee Chairman	Vice President of Financial Affairs at Dallah Albaraka Holding Group Co	1. Senior Manager and Director of Jeddah Branch - The Saudi Investment Bank 2. General Manager at Al Baraka Investment and Development Company. 3. General Manager of Investment Services at Al tawfeek Investment Funds Company.	Bachelor of Management and Economics in Accounting in 1977	Financial and administrative expertise



Mr. Anas G. Kashoggi

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Audit Committee Member	Businessman	Head of the Internal Control Department - Saudi Hollandi Bank (Alawwal Bank), Main branch Manager of the Saudi Hollandi Bank (Alawwal Bank) in the Western Region, Deputy regional Manager for remote branches the Saudi Hollandi Bank (Alawwal Bank)	Bachelor of Science in Business Administration in 1986	Financial and administrative expertise



Eng. Osama Z. Jamjoom

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Audit Committee Member	Founder & CEO of Project Management & Development House, Executive Partner Wessal Marketing, Executive Partner Borooj Business Development	An employee in several positions at Dallah Al Baraka Holding Company, General Manager of Dallah Telecom company, General Manager of the Arab Company for Digital Distribution, General Manager of the Saudi Company for Digital Distribution, Marketing Manager of Urban Development Co, Mechanical engineer for international airports projects, Teaching Assistant, College of Engineering, Department of Thermal Engineering, King Abdulaziz University	Bachelor of Mechanical Engineering in 1986, Master of Industrial Engineering in 1990, Postgraduate studies in management and information systems in 1991	Industrial engineering and real estate development



Mr. Khalid A. Al Kaff

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination Remuneration Committee Chairman	Chief Executive Officer at Golden Chicken Co	Advisor for Corporate Consulting Services Management at Ernst and Young Abu Dhabi, Senior Advisor of performance business improvement at Ernst & Young Abu Dhabi, Supply Chain Development Manager - UK, Director of Commercial and Corporate Affairs at Mars Company in the Gulf Cooperation Council, General Manager at Mars Company, Saudi Arabia, General Manager at Sarasin Media Company, Chief Executive Officer at Arab Poultry Breeders Co.ltd	Bachelor of Computer Science and Management in 1992, Master of Business Administration in 1994	Leadership and management and marketing expertise



Eng. Mohammed H. Alklaiby

Member of the Board

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Chief Executive officer at Ebdæe Watan Food trading CO. LTD	Vice President at United Sugar Company, Senior Vice President at Savola, Chief of Seniors executives at Savloa, Consultant to the Excellency the Minister of Economy and Planning, Consultant to the Excellency the Minister of Hajj and Umrah	Bachelor of Science in Industrial Engineering in 1994, Master of Business Administration in miniature in 2005	Administrative and consulting experiences



Mr. Ghassan Ahmed Amodi

Member of the Board

(Appointed on, July 17th 2020)

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination Remuneration Committee Member	Chief Executive Officer at Dar Altamleek	General Manager of (Corporate Banking) at The Saudi British Bank, Regional Head of Corporate Banking (SABB Western Region)	Bachelor of Science in Business Administration from The American University – Los Angeles, CA United States of America in 1994	He began his career in 1994 where he held several leadership positions in banking sector and membership of the boards of directors of companies and committees in various sectors



Mr. Ahmad Abdullah Khayat

Member of the Board

(Resigned on , July 16th 2020)

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Nomination Remuneration Committee Member	Businessman	General Manager of Al-Abnaa Trading Group Company Ltd, Vice President of Business Development at Tijan Petroleum Company. Ltd	Bachelor of Law in 1992	Administrative expertise

8.2 | Committee Members (Not within the Board of Directors)



Eng. Thamer Temairik

Member of the Executive Committee

Committees Membership within the company	Current Positions	Previous Positions	Qualifications	Experience
Executive Committee Member	Chief Executive Officer of Halwani Brothers Saudi Arabia, & Managing Director of Halwani Brothers Egypt	Global Nutrition Regional Director – MENA at PEPSICO. Chief Marketing officer at AMS BAESHEN. Brand Management at Procter & Gamble.	Bachelor of Science in Electrical Engineering from George Washington University, USA, & Master of Engineering Management	More than 20 years in the field of marketing, sales and business development and worked for many local and international companies

Names of the companies in which the member of the Board of Directors Is a director or manager of its current or pervious board of directors.

9.1 | Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> Aseer Trading, Tourism, Industry, Agriculture, Real estate and Construction Company Itqan Capital Dallah Albaraka Holding Co Dallah Trading Co. Dallah Technology & Alternative Energy Ltd. Co Foras International Investment Co (Under Liquidation) Food Manufacturers Company FMC International Biscuits Company Jude alhala Trading Co. Ltd. Dallah Albaraka Investment Manakha Project Urban for Development Holding Co. LTD Al Thuraya ALomarania Properities Benfit sharining company for real estate Maad International Co Brouj first of Investment Urban Development Company Makkah Est for Printing and Information Est Ismailia Misr Poultry Al baraka bank Egypt Al Baraka Financial Investment Company A.T.Securitization 	<p>Listed</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Unlisted</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Limited liability</p> <p>Media institution</p> <p>listed</p> <p>Listed</p> <p>Unlisted</p> <p>-----</p>	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Outside the Kingdom</p>

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> Arab Moltaka Investments Company (AMIC) Egyptation Dallah Albaraka For Investment & Development Al tawfeek for Development & Investment (ADICO) Al tawfeek Investment Funds Company AlTawfeek Development House Holding CO Dallah International Holding CO Premier Investment Group (Sarajevo) The Arab Company for Technology Investments and Development Dallah Real Estate Investments Company Almaza Real Estate Development Company Samala &Alam Al-Roum Co For Urban Development Costa de Smla For Hotels & Resorts New Ismailia For Urban Development Copmay Mechreef Company Almushrif Club Sal Company Al tawfeek Investment Funds Company Halwani Brothers Company GODIVA INVESTMENT (GDV) (UK) UI Egypt 	Listed Unlisted Unlisted Unlisted Unlisted Unlisted ----- Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Private Limited Liability Company Private Co. With Limited Liability	Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom
Mr. Abdullah I. Al Howaish	<ul style="list-style-type: none"> Amlak International for Real Estate Finance Co AL Ittefaq Steel Products Co Aseer Trading, Tourism, Industry, Agriculture, Real estate and Construction Company Alessa Industries Company SEDCO Capital Co Halwani Brothers Company Emaar The Economic City Co (EEC) 	Listed Unlisted Listed Unlisted Unlisted Unlisted Listed	Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Egypt Inside the Kingdom

Board Member Name	Names of the companies in which the member of the Board of Directors Is a director or manager of its current board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Mr. Abdulelah A. Sabbahi	<ul style="list-style-type: none"> Ejada United (Under Liquidation) Al Baraka Bank Tunisia Best Lease Société Al Buhaira de Developpement et d'Investissement El Amana Takaful International Tunisian Fair Buhaira Entertainment Company Societe Al-Baraka Immobiliere Algerian Saudi Leasing Ltd Al Sham Shipping Company (Under Liquidation) Al tawfeek Investment Funds Company Al Baraka Banking Group Islamic Trading Co. (Under Liquidation) Al-Amin Investment Company Dallah Albaraka Holding Co – Bahrain Dallah Albaraka Holding Co – Saudi 	Unlisted Unlisted Listed Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Listed Unlisted Listed Unlisted Unlisted	Inside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Inside the Kingdom
Mr. Anas G. Kashoggi	<ul style="list-style-type: none"> Halwani Brothers Company 	Unlisted	Outside the Kingdom
Eng. Mohammed H. Al Klaiby	<ul style="list-style-type: none"> Ebdae Watan Food trading CO. LTD Halwani Brothers Company Arabian Cement Co 	Unlisted Unlisted Listed	Inside the Kingdom Outside the Kingdom Inside the Kingdom
Mr. Ghassan A. Amodi	<ul style="list-style-type: none"> Albaraka Group bank Turkey Dar Al-Hekma University Saba Clinics 	Listed Unlisted Unlisted	Outside the Kingdom Inside the Kingdom Inside the Kingdom

9.2 | Names of the Companies in which the member of the Board of Directors was a director or manager of its pervious board of directors

Board Member Name	Names of the Companies in which the member of the Board of Directors was a director or manager of its pervious board of directors	Legal entity (Listed / Unlisted / Limited liability	Inside the Kingdom / Outside the Kingdom
Eng. Abdulaziz M. Yamani	<ul style="list-style-type: none"> Dallah Bitumen Company Food services group company Al Rabie Saudi Food Co. Ltd Textile and garment company Saudi Basic Advanced Industries Company (SBAIC) Dallah Industrial Investment Arab Company for Acricultural Investment Saudi Swicorp Co AlSamah Trading Co Saudi Foras Investment Co Waj Devlopment Investment Co.LTD Tunisian Company for the Development of the Milk Industry (SOTUDIL) Al Sawari Investment Co. LTD (offshure) kawamel Trading and Contracting Company (offshore) tawleed for Electrical business (offshore) The Arab Company for Real Estate and Tourism Investment Egyptian Saudi Finance Bank A.T. LEASE A.T.Lease company 	LiLimited liability Unlisted Limited liability Limited liability Limited liability Limited liability Unlisted Unlisted Limited liability Limited liability Limited liability ----- Limited liability Limited liability Limited liability Unlisted Listed outside the Kingdom Listed Listed outside the Kingdom	Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom Outside the Kingdom
Mr. Abdullah I. Al Howaish	<ul style="list-style-type: none"> Standard Chartered Capital Saudi Arabia Co Riyadh Airports Co Simah Saudi Credit Bureau Co Fawaz Abdulaziz Alhokair Co Altawfeek Financial Group SABB Takaful Co Saudi Amad for Airport Services & Transport Support Co Saudi Ground Services Co 	Unlisted Unlisted Unlisted Listed Unlisted Listed Unlisted Listed	Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom Inside the Kingdom
Mr. Abdulelah A. Sabbahi	<ul style="list-style-type: none"> Itqan Capital 	Unlisted	Inside the Kingdom
Eng. Mohammed H. Al Klaiby	<ul style="list-style-type: none"> United Sugar Company 	Unlisted	Inside the Kingdom

10 Composition of the Board and members classification

The Company's bylaws have set the formation of members of the Board, to be consisted of 9 members, which is in line with the Companies Law issued by MCI and Corporate Governance Regulations issued by the CMA. Three years is the duration of completing the Board's session. (the period set out in the company's bylaws for the Board membership duration). Therefore, the board of directors has been formed for a three years session started on 07 Nov 2018 to 06 Nov 2021. following statement clarifies Names and composition of the Board and members classification as of 31 Dec 2020:

No	Member's Name	Membership Classification
1	Abdulaziz M. Yamani	Chairman - Non-Executive
2	Abdullah I. Al Howaish	Vice Chairman - Non-Executive
3	Mr. Abdulelah A. Sabbahi	Non-Executive
4	Khalid A. Al Kaff	Independent
5	Mohamed A. Halwani	Non-Executive
6	Anas G. Kashoggi	Non-Executive
7	Osama Z. Jamjoom	Independent
8	Mohammed H. Alklaiby	Non-Executive
9	Ghassan Ahmed Amodi	Independent

11 Board, Committees (Audit, Nomination and Remuneration, Executive) General Assemblies Meetings held during 2020

Statement	Board of Directors Meetings	Executive Committee Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meetings	Ordinary General Assembly Meetings	Extraordinary General Assembly Meetings	Total
Number of meetings	5	8	9	4	2	0	28

12 Board of Directors Meetings

The Board of Directors held a total of (5) Meetings during 2020, and the following statement illustrates Board Meetings and attendance record for each meeting:

Member's Name	1 st Mar 15 th	2 nd Apr 29 th	3 rd Aug 12 th	4 th Oct 27 th	5 th Dec 27 th	Total
Eng. Abdulaziz M. Yamani	√	√	√	*√	√	5
Mr. Abdullah I. Al Howaish	√	√	√	√	√	5
Mr. Abdulelah A. Sabbahi	√	√	√	√	√	5
Mr. Khalid A. Al Kaff	√	√	√	√	√	5
Mr. Mohamed A. Halwani	√	√	√	√	√	5
Mr. Anas G. Kashoggi	√	√	√	√	√	5
Eng. Osama Z. Jamjoom	√	√	√	√	√	5
Eng. Mohammed H. Alklaiby	√	√	√	√	√	5
Mr. Ghassan Ahmed Amodi	Appointed on, July 17th 2020		√	√	√	3
Mr. Ahmad Abdullah Khayat	√	x	Resigned on, July 16th 2020			1

* Proxy attendance.

* Last meeting of the General Assembly during 2020 was held on 2020 / 5 / 14

13 Procedures for informing the Board members of the shareholder's suggestions and notes on the Company and its performance

The company's By-law ensures all shareholders rights related to the share, and they have the right to inquire and request information in a manner that does not affect the interests of the company and does not contradict with the Capital Market Law and its Implementing Regulations. Additionally, the company collects all suggestions or remarks submitted by its shareholders through e-mail or by phone and the general assembly meeting. The Board of Directors are notified by a summary of these suggestions or comments, if any.

14 Committees responsibilities and functions

According to the company's By-Law and corporate governance regulations, an appropriate number of sub-committees emanating from the board are formed according to the company's need, conditions and activities. In a way that contributes in assisting the Board of Directors to effectively perform the duties entrusted to them, in accordance with general procedures established by the Board that include defining the objective of the committee, its tenure, and its powers delegated to it during this period, and how the Board supervises it. The committees submit their reports to the Board of Directors, which periodically monitors the tasks of these committees, to verify that they are carrying out the tasks assigned to them. Additionally, the Board approves the Charters of all committees emanating from it, while the General Assembly approves the Charters of the "Audit Committee, and the Nomination and Remuneration Committee" and the following Board committees have been formed:

1) Audit Committee

2) Nomination and Remuneration Committee

3) Executive Committee

Therefore, an illustration of the responsibilities, functions and meetings of these Committees during 2020.

14.1 | Audit Committee

The Audit Committee assists the Board of Directors in performing its duties and carrying out its responsibilities related to the terms of reference, tasks, and responsibilities according to what is mentioned in the Audit Committee Charter or referred to it by the Board of Directors. The Committee shall be accountable and report to the Board of Directors. It shall inform the Board of Director of all results or resolutions taken in a transparent manner and the presentation of its minutes that include the results of its actions, resolutions, directives, recommendations, and any reports issued by it to the Board of Directors periodically. The Board of Directors shall follow up the work of the Committee regularly, on how it hands the assigned tasks, and the company's Ordinary General Assembly, which was held on November 7, 2018 endorse the formation of the Audit Committee and its Charter. and the company's Ordinary General Assembly, which was held on 3 Feb, 2021 have endorsed the proposed amendments and its translation to English language on the Audit Committee Charter.

14.1.1 | Competencies of Audit Committee

The Audit Committee assists the Board of Directors in monitoring the Company's businesses and verifying the integrity and fairness of its reports, financial statements, and internal control systems. Besides any other duties and responsibilities assigned to it by the Board of Directors, the mandates of the Committee shall particularly include the following:

► A) Financial Reporting

- 1) Analyzing the Company's interim and annual financial statements before presenting them to the Board of Directors, and expressing its opinion and providing recommendations thereon to ensure their integrity, fairness, and transparency;
- 2) Providing technical opinions, at the request of the Board of Directors, as to whether the Board of Directors' report and financial statements are fair, balanced, and understandable, and include information that enables shareholders and investors to evaluate the Company's financial position, performance, business model, and strategy;
- 3) Analyzing any important or unfamiliar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's CFO or the person assuming his/her duties, or the Company's Compliance Officer or External Auditor;
- 5) Verifying accounting estimates in respect of significant matters stated in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

► B) Internal Audit

- 1) Examining and reviewing the Company's internal control systems, and risk management systems;
- 2) Analyzing the internal audit reports and following up on the implementation of corrective measures for the remarks contained therein;
- 3) Monitoring and overseeing the performance and activities of the Company's internal auditor along with the Internal Audit Department, if any, to ascertain the availability of necessary resources and their effectiveness in the performance of its activities and mandates. If the Company does not have an internal auditor, the Committee shall provide recommendation to the Board of Directors as to the need to appoint such an auditor;
- 4) Providing a recommendation to the Board of Directors on appointing a manager of the Internal Audit Unit or Department or an internal auditor, and propose his/her remuneration; and
- 5) The Committee shall periodically meet with the Internal Auditor, at least twice a year.

► C) External Auditor

- 1) Providing a recommendation to the Board of Directors on the nomination and dismissal of external auditors, determining their fees and evaluating their performance, following the verification of their independence, and reviewing the scope of their work and the terms of their contract;
- 2) Verifying the independence, objectivity, and fairness of the External Auditor and the effectiveness of the audit activities, taking into account relevant rules and criteria;
- 3) Reviewing the Company's External Auditor plan and its activities, and verifying the non-submission of technical or administrative works that are beyond the scope of the audit activity, and providing their inputs thereon;
- 4) Responding to queries of the Company's External Auditor;
- 5) Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith
- 6) The Committee shall periodically meet with the External Auditor, at least twice a year.

► D) Compliance Assurance

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- 2) Ensuring the Company's compliance with the Related Laws, Regulations, Policies, and Instructions;
- 3) Reviewing the contracts and proposed transactions that the Company desires to conduct with related parties thereof, and providing its recommendations to the Board in connection therewith; and
- 4) Reporting to the Board any issues in connection with what it is deemed necessary to take action on and providing recommendations as to the actions that should be taken.
- 5) In addition to its duties, the Audit Committee assumes the duties of the Risk Management Committee, which was stipulated in the Corporate Governance Regulations as an optional item, issued under Resolution No. (8-16-2017) and dated 2/13/2017, according to the Board of Directors delegation, the Committee exercises the Risk Management Committee duties.

14.1.2 | Members of the Audit Committee

As on December 31, 2020, the committee includes the following members:

No	Member's Name	Capacity
1	Mr. Abdulelah A. Sabbahi - Non-Executive Board member	Chairman of the Committee
2	Mr. Anas G. Kashoggi - Non-Executive Board member	Member
3	Eng. Osama Z. Jamjoom – Independent Board member	Member

14.1.3 Meetings of the Audit Committee

During 2020, the audit committee held (9) meetings, and the members of the committee participated in the attendance as below:

Member's	1 st Jan 15 th	2 nd Mar 3 rd	3 rd April 23 rd	4 th June 24 th	5 th July 27 th	6 th Sep 21 st	7 th Oct 25 th	8 th Dec 9 th	9 th Dec 16 th
Mr. Abdulelah A. Sabbahi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Anas G. Kashoggi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Eng. Osama Z. Jamjoom	x	✓	✓	✓	x	✓	✓	✓	✓

14.2 Nomination and Remuneration Committee

In line with the Corporate Governance Regulations, the Board of Directors have resolved combining the nomination and remuneration committees into one committee, and the company's general assembly endorse the committee's Charter. Therefore, the committee's Charter have been amended, which were approved in the company's general assembly meeting held on 03/12/2017 in accordance with the corporate governance regulations. After that, the company's Ordinary General Assembly, which was held on 3 Feb, 2021 have endorsed the proposed amendments and its translation to English language on the Nomination and Remuneration Committee Charter. The Remuneration and Nominations Committee is responsible about the tasks related to the remuneration of the members of the Board and the committees emanating from it, the remuneration of the Executive Management and the nominations for membership of the Board and the Executive Management as set forth below, in addition to any other duties and responsibilities assigned to it by the Board of Directors.

14.2.1 Competencies of Nomination and Remuneration Committee

The Committee shall carry out the following duties & responsibilities:

- 1) Prepare a clear remuneration policy and submit it to the Board of Directors for consideration and as to be approved by the Company's General Assembly, Provided that performance-related standards are followed in such policy, and they are disclosed and ensure implementation, and such policy includes the following:
 - Remuneration of the Board members.
 - Remuneration of the committees stemming from the Board of Directors.
 - Remuneration of the Executive Management.

- 2) Clarify the relationship between the granted remuneration and applicable remuneration policy, and determine any material deviation from this policy.
- 3) Periodically review the remuneration policy, and assess its efficiency in fulfilling the intended objectives thereof.
- 4) Give the following recommendations to the Board of Directors, in accordance with the policy approved by the General Assembly:
 - Remuneration of the Board members.
 - Remuneration of the committees stemming from the Board of Directors
 - Remunerations of the senior executives.
- 5) Propose clear policies and standards for membership of the Board of Directors and Executive Management.
- 6) Give recommendation to the Board of Directors on nominating and re-nominating its members in accordance with the approved policies and standards, and ensure not to nominate any person previously convicted for committing a breach of trust.
- 7) Prepare a description of the capabilities and qualifications required for the membership to the Board of Directors and for assuming the Executive Management positions.
- 8) Determine the time a member shall allocate for the activities of the Board of Directors.
- 9) Review, on an annual basis, the necessary needs of the appropriate skills or expertise for the membership of the Board of Directors and Executive Management positions.
- 10) Review the organizational structure of the Board of Directors and Executive Management, and provide recommendations in respect of the changes which can be made.
- 11) Review, on an annual basis, if independent members acting independently and if there is a conflict of interests in case the member is a board member of another company.
- 12) Set a job description for the executive, non-executive and independent members and senior executives.
- 13) Set the relevant procedures in case of a vacant position of a Board member or senior executive.
- 14) Determine the weaknesses and strengths of the Board of Directors, and propose solutions for remedying the same for the benefit of the Company.

14.2.2 | Members of the Committee

As on December 31, 2020, the committee includes the following members:

No	Member's Name	Capacity
1	Mr. Khalid A. Al Kaff - Independent Board member	Chairman of the Committee
2	Mr. Ghassan A. Amodi - Independent Board member	Member
3	Eng. Abdulaziz M. Yamani – Non-Executive Board member	Member

14.2.3 | Meetings of the Committee

During 2020, the committee held (4) meetings, and the members of the committee participated in the attendance as below:

Member's Name	1 st Mar 10 th	2 nd June 25 th	3 rd Oct 18 th	4 th Dec 28 th
Mr. Khalid A. Al Kaff	√	√	√	√
Eng. Abdulaziz M. Yamani	√	√	√	√
Mr. Ahmad Abdullah Khayat	x	√	Resigned on, July 16 th 2020	
Mr. Ghassan A. Amodi	Appointed on, July 19 th 2020		√	√

14.3 | Executive Committee

The Executive Committee is formed by a resolution of the Board of Directors and the tenure of their membership is specified in the resolution, provided that the tenure of the Committee's must not exceed the Board's tenure according to the membership rules and conditions set forth in the Committee's Charter, which was endorsed by the Board of Directors on May 13, 2019, and then the Board of Directors have approved the proposed amendments on 27 Dec, 2020.

14.3.1 | Competencies of Executive Committee

The Executive Committee shall carry out duties related to its scope which include, in particular, those listed below, in addition to any other duties and responsibilities assigned by the Board of Directors:

- 1) Periodic review of the Company's strategic plans and its subsidiaries to ensure their compatibility with the company's objectives.
- 2) Ensure the company's strategic plans have been reflected into reality to achieve the company's objectives.
- 3) Pursue implementation of the company's financial, executive and regulatory policies and regulations, and continuously develop them and propose appropriate amendments with submission to the Board of Directors.
- 4) Pursue implementation of plans and estimated budgets of the company, follow up on the actual performance, analyze the causes of deviation, if any, and provide recommendations in their regards.
- 5) Review the approved budget by the Board of Directors and, the Committee has the authority to override the approved budget in accordance with what is specified in the Matrix of Authorities.

- 6) Approving the sale and disposal of fixed assets in which beyond the authority of the CEO according to the Matrix of Authorities approved by the Board of Directors.
- 7) Pursue the company's financial statements, cash flows, and its financial and credit relationships with others.
- 8) Assure the integrity of the data and information that must be disclosed, in accordance with the applicable policies and systems for disclosure and transparency.
- 9) Review the company's overall performance, in accordance with the objectives approved by the Board of Directors.
- 10) Study and follow up the company's investments with submission of its recommendations to the Board.
- 11) Study the entry into a new investment or acquisition of the company or asset with submission of recommendations to the Board.
- 12) Study the exit from an existing investment of the company with submission of recommendations to the Board.
- 13) Proposing and developing internal policies related to the company's work, including defining the tasks and competencies assigned to the various organizational levels.
- 14) Proposing written and detailed policies defining the powers delegated to the executive management, and a matrix illustrating those powers, implementation mechanism, and execution period.
- 15) Follow-up and review legal cases against the company or filed by the company against others.
- 16) Study and review the annual and long-term financial objectives and strategies, as well as related performance indicators, and estimated budgets.
- 17) Review the company's significant financial matters and its subsidiaries, such as matters related to the company's capital, the company's credit rating, cash flows, and investment deposits, in cooperation with the company's executive management and the audit committee.
- 18) Preparing and reviewing recommendations submitted to the Board of Directors related to the company's Dividends Distribution Policy and implementation method.
- 19) Periodic review of the actual capital expenditures and reviewal with pre-approved budgets.
- 20) Opening and closure of bank accounts.
- 21) The Executive Committee, through its chairman or whomever it delegates, must inform the Board periodically about the exercise of its duties and inform the Board of the minutes of its meetings.
- 22) Recommending to the Board for approving obtaining credit facilities, loans, rescheduling, and related conditions, contracts, etc., beyond the powers delegated to the committee.
- 23) Endorsement of financing facilities in accordance with the powers of the committee, based on the matrix of authority approved by the Board of Directors.
- 24) Conducting negotiations and approving contracts with other parties that exceed the authority of the CEO according to the authority matrix and the limits of the approved budget.
- 25) The committee has the power of accessing all sources of information necessary for carrying out its duties and responsibilities through the CEO or the secretary of the committee.
- 26) The committee may delegate any of its responsibilities or powers to the executive management, but the Executive Committee remains the only responsible entity before the Board for any powers have been delegated.
- 27) Occasionally the Board may delegate any of its powers to the Executive Committee by a resolution Issued by the Board, provided that to be presented for the Board during its periodic meetings.

14.3.2 | Members of the Executive Committee

As on December 31, 2020, the committee includes the following members:

#	Member's Name	Capacity
1	Eng. Abdulaziz M. Yamani	Chairman of the Committee
2	Mr. Abdullah I. Al Howaish	Member
3	Eng. Mohammed H. Al Klaiby	Member
4	Eng. Thamer Temairik	Member

14.3.3 | Members of the Executive Committee

During 2020, the Committee held (8) meetings, and the members of the committee participated in the attendance as below:

Member's Name	1 st Jan 20 th	2 nd Feb 25 th	3 rd April 14 th	4 th May 19 th	5 th July 21 st	6 th Oct 7 th	7 th Dec 7 th	8 th Dec 22 nd
Eng. Abdulaziz M. Yamani	√	√	√	x	√	√	√	√
Mr. Abdullah I. Al Howaish	√	√	√	√	√	√	√	√
Eng. Mohammed H. Al Klaiby	√	√	√	√	x	√	√	√
Eng. Thamer Temairik	√	√	√	√	√	√	√	√

15 The Methodology used by the Board of Directors to Assess their Performance as well as the Committees & Board members individual performance

Nomination and Remuneration Committee have placed a written proposed mechanism for 2020, which has been approved and implemented by the Board Directors to assess its effectiveness and its committees and the assessment the Board of Directors members individually, to treat the weaknesses and enhance the strengths points. If any observations found, the Nomination and Remuneration committee shall submit them to the Board of Directors.

16 Board of Directors Members and Executive Management Remunerations

16.1 Board of Directors Members Remunerations Policy

The General Assembly on 26 / 12 /2017, have endorsed the policy of Board of Directors Members, Committees and Executive Management Remunerations, which targets setting a clear standards for the Board of Directors Members, Committees and Senior Executives Remunerations within the company, in light of the requirements of Companies Law issued by MCI and CMA Policies & regulations. Additionally, the policy aims at attracting individuals who possess professional competencies, talent, capability to work at the Board of Directors, Committees and Senior Executives, through adopting motivating remuneration plans and programs linked by performance which contributes at the improvement of company's performance, and fulfil our shareholder's interests.

The Nominations and Remuneration Committee shall provide their recommendations to Board of directors regarding the Remunerations of Board of Directors members, Emanating Committees members, and Senior Executives within the company, in accordance to the approved policy, as the following:

- 1) The policy aligns with the Company's strategy and objectives.
- 2) The remuneration is provided with a view to urging the members of the Board of Directors and the Executive Management to contribute to the long-term success and development; for example, by linking the remuneration's variable part to long-term performance.
- 3) The remuneration is determined depending on the job level, duties and responsibilities assigned to the concerned person, academic qualifications, practical experience, skills and performance level.
- 4) The remuneration is consistent with the level, nature and degree of the Company's risks.
- 5) Other practices of the Company are taken into consideration for determining the remuneration, with avoiding unjustified rise in the remuneration which may occur in that regard.

- 6) The policy aims at acquiring, retaining and motivating professional competencies, subject to the provisions of Paragraph (3) of Article (76) of the Companies Law
- 7) A member of the Board of Directors may obtain a remuneration for his membership in the formed audit committee or for any executive, technical, administrative or consultancy or positions under a professional license, the company delegates him for, in addition to the remuneration obtainable as a member of the Board of Directors and in the emerging committees From the Board of Directors in accordance with the Companies Law and the Company's By-law.
- 8) The Remuneration and Nomination Committee will determine the remuneration for new appointments.
- 9) The remuneration's payment or redemption is suspended, if it is found out that the issued remuneration was based on inaccurate information provided by a Board member or the Executive Management, so as to prevent the misuse of job position for obtaining non-entitled remuneration.
- 10) If the General assembly decided to terminate the membership of Board Member, of who is absent from three consecutive meetings of the board without having a legitimate excuse, then he's not-entitled to any remuneration for the period that follows the last meeting he attended, and he must return all remuneration paid to him for that period.
- 11) In case of the company develops a program to grant shares to Board of Directors members, executive management and its employees, whether it is a new issuance, or shares purchased by the company. That must be done under the supervision of Remuneration and Nomination Committee, in accordance with the Company's By-law and relevant rules and regulations of the Capital Market Authority.

16.2 | **Remuneration and compensation of the members of the Board of Directors**

Subject to provisions of the Company's By-law, the remunerations of membership in the Board of Directors consist as follows:

- 1) According to article (22) of Company's By-law, remuneration of Board members consists of a specified sum or sessions attendance fee of or in-kind benefits or a certain percentage of the net profits, and may, combine two or more of those benefits, As determined by the Board of Directors, within the limits stated in the Companies Law and its regulation, subject to provisions of related instructions, resolutions and policies Issued by competent authorities.
- 2) Where the remuneration represents a certain percentage of the company's net profits, this percentage should not exceed in excess of (10%) from the net profits, and that after deducting the reserves endorsed by the General Assembly implementing the provisions of the Companies Law and Company's Bylaw, and after distributing dividends on the shareholders not less than 5% from the company's paid capital, provided that this remuneration shall be proportional to the number of meetings the member attends.
In no event, may the total amount of any remunerations whether it being cash or in-kind benefits received by a board member be greater
- 3) than Five Hundred Thousand Riyals annually, in accordance with controls issued by competent entities.

- 4) The Annual Directors' report shall include a comprehensive statement of all the amounts received by each board member during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services. Such a report shall also include a statement of the number of the board meetings held and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.
- 5) The remunerations of board members may vary, in which reflecting the members' experience, expertise, duties to undertake, and independence and number of board meetings attended in addition to other considerations.
- 6) The remuneration of independent board members shall not be a percentage of the profits that are realized by the company, nor shall it be based directly or indirectly on company's profitability.

16.3 | Committees members Remunerations

Audit Committee Charter, and Nomination & Remuneration Charter, which have been endorsed by the general assembly, and the Executive Committee Charter, which have been endorsed by the Board of Directors, includes the remunerations related to its members, it's an annual remuneration of 130,000 Riyals for the Chairman of the Audit committee and a 100,000 Riyals for each member of the audit committee members. 100,000 Riyals for the Chairman of the Nomination & Remuneration committee and a 75,000 Riyals for each member of the Nomination & Remuneration committee members. An amount of 130,000 Riyals for the Chairman of the Executive committee, and a 100,000 Riyals for each member of the Executive committee members. provided that this remuneration shall be from the date of joining the Committee according to the duration of his membership during the fiscal year.

The following statement illustrates the remuneration and compensation paid in favor of Committees Members during 2020 :

16.3.1 | Remunerations details for Audit Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Mr. Abdulelah A. Sabbahi	130 Thousand	36 Thousand	166 Thousand
Mr. Anas G. Kashoggi	100 Thousand	36 Thousand	136 Thousand
Eng. Osama Z. Jamjoom	100 Thousand	28 Thousand	128 Thousand
Total	330 Thousand	100 Thousand	430 Thousand

16.3.2 Remunerations details for Nomination & Remuneration Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Mr. Khalid A. Al Kaff	SAR 100,000	SAR 16,000	SAR 116,000
Mr. Ahmad Abdullah Khayat	SAR 40,625	SAR 4,000	SAR 44,625
Eng. Abdulaziz M. Yamani	SAR 75,000	SAR 16,000	SAR 91,000
Mr. Ghassan A. Amodi	SAR 34,375	SAR 8,000	SAR 42,375
Total	SAR 250,000	SAR 44,000	SAR 294,000

16.3.3 Remunerations details for Executive Committee members

Member's Name	Fixed remunerations (Riyals)	Sessions attendance fee (Riyals)	Total (Riyals)
Eng. Abdulaziz M. Yamani	130 Thousand	28 Thousand	158 Thousand
Mr. Abdullah I. Al Howaish	100 Thousand	32 Thousand	132 Thousand
Eng. Mohammed H. Al Klaiby	100 Thousand	28 Thousand	128 Thousand
Eng. Thamer Temairik	100 Thousand	32 Thousand	132 Thousand
Total	430 Thousand	120 Thousand	550 Thousand

16.4 The Methodology of determination of the remuneration for members of Board of Directors

The remuneration for members of Board of Directors are determined based on his performance evaluation and his participation within the events and businesses of the Board & Committees during the fiscal year. In order to ensure that the remuneration is paid on a fair basis and upon the recommendation of the Nominations and Remuneration Committee, provided that this remuneration shall be from the date of joining the Board or Committee according to the duration of his membership during the fiscal year.

16.5 | The relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy

It has been committed, in payment of remunerations granted to members of the Board of Directors and committees according to endorsed remuneration Policy and Committees Charters approved by the latest General Assembly of Shareholders which was held on Feb 3rd 2021, in accordance to the company's by-law.

16.6 | Remuneration and compensation of the members of the Board of Directors

Fixed remunerations (Riyals)									Variable remunerations (Riyals)							
Name	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total	End-of-service award	Aggregate Amount	Expenses Allowance
First: Independent Directors																
Ahmad A. Khayat	40,625	4,000	4,000	-	-	-	48,625	-	-	-	-	-	48,625	-	-	-
Osama Z. Jamjoom	100,000	20,000	28,000	-	-	-	148,000	-	-	-	-	-	148,000	-	-	-
Khalid A. Al Kaff	100,000	20,000	16,000	-	-	-	136,000	-	-	-	-	-	136,000	-	-	-
Ghassan A. Amodi	34,375	12,000	8,000				54,375						54,375			
Second: Non-Executive Directors																
Abdulaziz M. Yamani	205,000	16,000	44,000	-	-	-	265,000	-	-	-	-	-	265,000	-		-
Abdullah I. Al Howaish	100,000	20,000	32,000	-	-	-	152,000	-	-	-	-	-	152,000	-		-
Mohammed H. Al Klaiby	100,000	20,000	28,000	-	-	-	148,000	-	-	-	-	-	148,000	-		-
Abdulelah A. Sabbahi	130,000	20,000	36,000	-	-	-	186,000	-	-	-	-	-	186,000	-		-
Anas G. Kashoggi	100,000	20,000	36,000	-	-	-	156,000	-	-	-	-	-	156,000	-		-
Mohamed A. Halwani		20,000		-	-	-	20,000	-	-	-	-	-	20,000	-		-
Third: Executive Directors																
During the year 2020, there are no sums paid to the Board of Directors members as employees or executives or for technical, managerial or consultative work.																
Total	910,000	172,000	232,000	-	-	-	1,314,000	-	-	-	-	-	1,314,000	-	-	-

- In implementation of stipulated in Article 76 of the Companies Law, therefore it has been committed not to exceed the total in the annual remuneration and compensation Granted to a Chairman, or Board member above the statutory ceiling of (500,000 riyals) annually
- Provision have been composed for the remuneration of Board members for 2020 in an amount of 2,700,000 Riyals for the members, to be presented at the General Assembly

05

Executive Management



Names of Executive Management, and their Current and Previous Positions, Qualifications and Experience



Eng. Thamer Temairik
The Chief Executive Officer

Current Positions	Previous Positions	Qualifications	Experience
Chief Executive Officer of Halwani Brothers Saudi Arabia, & Managing Director of Halwani Brothers Egypt	<ul style="list-style-type: none"> • Global Nutrition Regional Director –MENA at PEPSICO. • Chief Marketing officer at AMS BAESHEN. • Brand Management at Procter & Gamble. 	Bachelor of Science in Electrical Engineering from George Washington University, USA, & Master of Engineering Management	More than 20 years in the field of marketing, sales and business development and worked for many local and international companies



Eng. Fawaz Halwani
Vice President

Current Positions	Previous Positions	Qualifications	Experience
Vice President of Saudi Halwani Brothers Company, Member of the Board of Directors of Halwani Brothers Egypt, Member of the Board of Directors of shawermatac Company	Businessman	Bachelor of Mechanical Engineering Production Industry in 1998, Master of Business Administration, Marketing in 2003	Industrial engineering services - distribution and manufacture of food products



Mr. Mounib Issa

Integrated Management Systems Consultant

Current Positions	Previous Positions	Qualifications	Experience
Integrated Management Systems Consultant, and Technical Advisor, Halwani Brothers Company, Kingdom of Saudi Arabia	<ul style="list-style-type: none"> • Director of Quality Assurance Department at Halwani Brothers Company, Saudi Arabia. • Previous position as Factories Department Head at Halwani Brothers Factories, Saudi Arabia. • Production Management in Food Industries, Damascus, Syria 	<ul style="list-style-type: none"> • Bachelor of Agricultural Engineering 	Quality Assurance, Research & Development, Administrative and Consulting Services.



Mr. Yasser Awad Abdelwahab Mohamed

The Company's Chief Financial Officer

Current Positions	Previous Positions	Qualifications	Experience
Halwani's Bros Saudi Chief Financial Officer	<ul style="list-style-type: none"> • Chief Financial Officer of Omar Kassem Alesayi Marketing Co, • Chief Financial Officer of National Biscuits Confectionery Co, • Financial Manager of National Food Industries Company – Americana 	<ul style="list-style-type: none"> • Bachelor's Degree in accounting from Ain Shams university 1991 • Certificate of the American Association of Accountants CPA • Passed the exams of the American institute of Management Accountants (CMA) 	More than 28 years of experience in Financial Management, and worked in several local and regional companies



Mr. Mohamed Nasr Eldin

Internal Audit Director

Current Positions	Previous Positions	Qualifications	Experience
Internal Audit director (CAE)	<ul style="list-style-type: none"> Internal Audit Manager- Halwani Bros Egypt Audit Manager (Comptroller) – Accountability State Authority Egypt 	<ul style="list-style-type: none"> Bachelor of Commerce, Major Accounting, May 1991, Ain Shams University, Egypt Diploma of Post Graduate Studies in Financial Accounting, May 1995, Ain Shams University, Egypt Certified Internal Auditor (CIA), 2005, IIA USA. Certified Information Systems Auditor (CISA), 2010, ISACA USA. Certification in Risk Management Assurance (CRMA), 2013, IIA USA Member of Egyptian society of Accountants & Auditors (ESAA), 2017 Egypt. 	29 years' experience in Audit, Accounting, Internal Audit & Risk Assessment



Mr. Abdalnasser Attiah

Corporate Governance Section Head & Board Secretary

Current Positions	Previous Positions	Qualifications	Experience
Corporate Governance Section Head & Board Secretary – Halwani Bros Saudi. Board Secretary – Halwani Bros Egypt.	<ul style="list-style-type: none"> Corporate Governance & Board Affairs Officer at Saudi Ground Services Co. 	<ul style="list-style-type: none"> Bachelor of Science in Economics from King Abdulaziz University - Kingdom of Saudi Arabia 	In Administration, Corporate Governance and Board Affairs.



Mr. Hisham Iyub

Chief Human Resources Officer

Current Positions	Previous Positions	Qualifications	Experience
Chief Human Resources Officer	<ul style="list-style-type: none"> • Vice President of Human Resources At: Al Muhaidib Group • VP Human Capital. Almuheidib At: Mayar Foods • Director of Employee Affairs /Deputy Director Human Resources and Administrative Affairs At: Saudi Binladin Group (SBG) / (CPC) • Talent Guest service manager At: Walt Disney World • Area Manager At: KFC US 	<ul style="list-style-type: none"> • Bachelor's degree in general business administration from green lake university, USA • Associates Of applied Science degree from Florida Technical College 	Introduced HR Digital transformation such as success factors performance and management solutions system at AL MUHAIDIB GROUP. Hisham, has a vast experience in human resources and administration from an array of industries, most notably working at the constructions products holding company SBG, Walt Disney world & resort, as well as Kentucky fried chicken. He is a member of the society of human resources Management (SHRM), and chartered institute of personnel development (CIPD) Associate and is certified by the human resources management institute (CHRM).



Mr. Mohamed A. Siam

Chief Marketing Officer

Current Positions	Previous Positions	Qualifications	Experience
Chief Marketing Officer	<ul style="list-style-type: none"> • CEO Obeikan Digital • General Manager Obeikan paper division • General Manager Henkel GCC • Regional Marketing director Henkel MEA • Global Marketing Director Persil Henkel 	BSC in Business Administration & Economics AUC	Marketing, Sales, General Management, Business Development, Manufacturing



Mr. Mohamed S. Gohar

Sales Director

Current Positions	Previous Positions	Qualifications	Experience
Sales Director Halwani Bros	<ul style="list-style-type: none"> • Commercial Director Americana • Regional Sales Manager British American Tobacco • Regional Sales Manager PepsiCo Area Manager MARS 	Bachelor of Art major political science American University Cairo	Sales, Marketing, Planning and Business Management



Mr. Hisham F. ElKhatib

Procurement Director

Current Positions	Previous Positions	Qualifications	Experience
Procurement Director	Regional Procurement & Planning Manager – The Industrial Group – DIFC, Dubai	BSC Commerce MBA Management	Strategic Sourcing plans, Contracting, Negotiation & Vendor Management.

The remuneration of Company's Executive Management

Based on the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration of Company's Executive Management which, includes the following:

- 1) A Fixed amount to be paid in the form of salary and allowances, the allowances that include housing, transportation, annual air tickets, and any other allowances that are proposed by the Nominations and Remuneration Committee and approved from the Board of Directors.
- 2) An annual bonus related to KPIs, according to the annual appraisal evaluation, that's done accordingly.
- 3) Based on the recommendation of the Nominations and Remuneration Committee, the Board of Directors endorses the plans, policy and sorts of remuneration for Company's Executive Management and employees.
- 4) The Nominations and Remuneration Committee must supervise on implementing the remuneration policy for all employees and senior executives, considering the plans, programs and general guidelines approved by the Board.

18.1 Remuneration and compensation of Senior Executives

Statement	Seven of Senior Executives (Including CEO and CFO) (Riyals)
Salaries	4,154,263
Allowances	1,762,428
In-Kind benefits	
Total	
Periodic remunerations (As per employment contracts)	
Profits	
Shot-term incentive plans	3,072,381
Long-term incentive plans	
Granted shares	
Total	
End-of-service award	308,194
Total remunerations for board executives, if Any	
Aggregate Amount	9,297,266

► Seven of Senior Executives (Including CEO and CFO and managerial changes) (Riyals)

► Including all the Senior Executives remunerations and compensations for the year 2020

06

Social Responsibility



Company Contributions During Corona Pandemic

The company adopted an effective role during Corona Pandemic. Starting with ensuring the safety of the employees of Halwani Brothers Company.

The points below are illustrated by a review of some of the initiatives undertaken by the company during the year 2020.

First: Applied to the employees of Halwani Brothers Company:

- ▶ A committee and a working group has been established from employees of Halwani Brothers Company, working around the clock to mitigate the effects of the Corona Pandemic by taking precautionary measures, preparing work sites, sterilization, providing housing and transportation for workers and training our employees and work team to provide a safe working environment to ensure the continuance of the production process to maintain the safety of everyone. As well as, supply chains and food safety were not affected during that period



Second: Cooperation within the efforts made by all government agencies in the Kingdom of Saudi Arabia:

1) In cooperation with the Ministry of Health and the Ministry of Interior

- ▶ In cooperation with the ministries of health and the interior, the company contributed to supporting the first liners of defense during the Pandemic, by providing food products and free sterilizers, as an extension of the Ministry of Health message. The company spread the culture of health awareness and urged the community to adhere to the precautions through social and communication means.



2) Cooperation with the Ministry of Tourism

- ▶ Where has been cooperating with the Ministry of Tourism to welcome the returnees on evacuation trips to the homeland by providing sterilizers, gifts and products to them inside hotels and relieving them after the trouble of traveling



Other activities:

- ▶ As a food company, the company contributed to providing food contributions / meals for the needy families within the residential neighborhoods in cooperation with the specialized societies.
- ▶ The company played an active role with educational institutions, periodically and annually, and it was temporarily suspended due to the Corona Pandemic.

07

Governance and internal Control



20 What Provisions has / has not been implemented of the Corporate Governance Regulations, with justifications

Halwani Brothers Company has been keen on observing compliance with the principles of good governance, following high professional standards in its transactions, and adopting aspects of transparency and disclosure in order to enhance the efficiency of the company's work and its relations with all stakeholders, especially since the company believes that adopting this approach enhances investor confidence in its business and its growth.

The Company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following:

Article / Clause No	The Article/Clause	Reasons for none-compliance
39	The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management and shall develop the necessary programs required for the same.	Optional Item
39/2	Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	
41/E	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Optional Item
41/F	Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	Optional Item
54/B	The chairman of the audit committee shall be an Independent Director	Optional Item
70	The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Optional Item, as the Board of Directors assigned the competencies of the Risk Management Committee to the Audit Committee
72	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	

Article / Clause No	The Article/Clause	Reasons for none-compliance
85	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following:	Optional Item
85/1	Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;	
85/2	Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs; and	
85/3	Establishing social organizations for the benefit of the Company's employees	
87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community	Optional Item
88	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include	Optional Item
88/1	Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;	
88/2	Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;	
89/3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	Optional Item, the company publishes any information and data required by disclosure regulations and other regulations enforced by the law

Article / Clause No	The Article/Clause	Reasons for none-compliance
95	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually	Optional Item

21 Details of any punishment, penalty, precautionary procedure or preventive measure imposed on the Company

The company conducts its business and activities in accordance with laws, regulations and directives applicable, and during 2020 the following penalties were issued and there is no precautionary measure or statutory restriction imposed on the company.

Punishment / penalty / precautionary procedure / preventive measure	Reasons for the violation	The signatory of the violation	Ways to treat it and avoid its occurrence in the future
SAR 10,000	The company was overdue at providing the Environmental compliance record due to delayed submission by the contracted consultant responsible of preparing it.	The General Authority of Meteorology and Environmental Protection	The environmental compliance record was submitted

Confirmations, effectiveness of internal control procedures at the company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system

22.1 | The annual review of the effectiveness of internal control procedures and its results at the company

Company's management is responsible for preparation and publication of the financial statement for the financial year 2020, in accordance with the accounting standards and principles issued by the Saudi Organization for Certified Public Accountants, these financial statements for the financial year 2020, includes management estimates and some assumptions based on the personal judgment and in accordance with the professional standards. The financial statements have been audited by the independent external auditor, who has the right to access all the books, records, board and all of its committees minutes of meeting, and general assembly minutes of meeting , and the external auditor issued his unqualified audit report for the financial year 2020.

The company's management has evaluated the internal control system over the process of preparing the company's financial statements for the financial year 2020 and in accordance with the standards of internal control system over the process of preparing the financial statements, and in line with the professional standard in this regard.

The company's management confirms the effectiveness of the internal control system's procedures on the process of preparing the financial statements, This system has been designed to give a reasonable assurance to the company's management, the Board of Directors, and shareholders that the published financial statements can be relied on and trust its information. The internal control structure consists of the main elements that include the internal control environment, risk assessment, Internal control activities, information, and communication, in addition to follow-up.

There are inherent limits to the effectiveness of the company's internal control system, as an example, the possibility of a collusion by company's employees to override the internal control procedures, Therefor any effective internal control system provide only a reasonable assurance regarding the preparation and publication of the financial statements.

Internal Audit Department, auditing the internal control system, and prepare a report regarding this system to the Audit Committee, in coordination and discussion with the executive management, which take the needed corrective actions to address any deficiencies might be discovered in the internal control system, aiming at enhancing and developing of the system, and the company's Audit Committee studies the financial statements and discuss the process of its preparation.

22.2 | **The opinion of the audit committee with respect to the adequacy of the Company's internal control system**

The committee states that through the tasks it has carried out, it can confirm that it has reviewed what was presented by the external auditor related to the observations, while examining and auditing the financial statements related to the internal control system, and discussed these observations with the executive management.

In addition to review both executive management, and the internal audit department reports on the effectiveness of the company's internal control system, as well as supervising the internal audit department activities according to its assigned tasks.

Internal audit department is submitting its reports to executive management and audit committee, including the observations and recommendations that are concluded to strengthen the internal control system and its procedures.

The executive management is continuously working on implementing corrective actions, including documenting, developing and completing of policies, procedures, structures., ERP systems, business automation, and the authority matrix, and monitoring the follow-up of the committee.

After committee review, there are no material observations affecting the normal course of business under the current control system, which confirms that the internal control system has been prepared and implemented on acceptable basis as It must be continuously developed.

23 | **The audit committees' recommendations which have conflict with Board resolutions or those which the Board disregards**

The Board of Directors certifies that during 2020, there were no resolutions with conflict to the audit committee's recommendations, or the Board disregarded.

Shareholders General Assemblies

Halwani Company held a total of (2) General Assembly Meetings during 2020, and the following statement illustrates Board attendance record:

Member's Name	Ordinary General Assembly Meeting Feb 25th	Extraordinary General Assembly Meeting May 14th
Eng. Abdulaziz M. Yamani	√	√
Mr. Abdullah I. Al Howaish	x	√
Mr. Abdulelah A. Sabbahi	√	√
Mr. Khalid A. Al Kaff	x	x
Mr. Mohamed A. Halwani	√	√
Mr. Ahmad Abdullah Khayat	x	x
Eng. Mohammed H. Alklaiby	√	√
Eng. Osama Z. Jamjoom	√	√
Mr. Anas G. Kashoggi	√	√
Mr. Ghassan Ahmed Amodi	Appointed on, July 17th 2020	

25 Any inconsistency with the standards approved by the Saudi Organizations for Certified Public Accountant

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants (“SOCPA”). The Group prepared and issued its audited consolidated financial statements in accordance with the accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (“SOCPA”) for all periods, including the year ending on 31/12/2020. The consolidated financial statements for the year ended 31 / 12 / 2020 are the group’s forth consolidated financial statements prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and pronouncements approved by the Saudi Organization for Certified Public Accountants (“SOCPA”). The consolidated financial statements have been prepared on a historical cost basis except for derivative instruments that are measured at fair value and employee benefit obligations where the actuarial’s present value calculations are used. The consolidated financial statements have been presented in Saudi riyals, other than what is specifically mentioned. The auditor’s report for the fiscal year 2020 did not include any reservations on the annual financial statements.

26 The appointment of the external Auditor

The General Assembly of the company which was held on 14 May,2020 have approved the selection of the office of Dr. Muhammad Al-Omari and Partners (BDO) from the list of candidates as auditors for the company, in accordance with the recommendation of the audit committee in order to review the annual financial statements of the company and also the quarterly period for the financial year ending on December 31. 2020 and the first quarter of 2021.

27 Subsidiaries

Name of Subsidiary Company	Capital	Company’s Ownership %	Core activities	Location of Operation	Country of incorporation
Halwani Bros Egypt	EGP 60,000,000	100%	Halwani Bros Egypt’s main activity is focused on manufacturing, packaging, canning and distributing chilled and frozen meats, Tahina, Halawa, Jams, Maamoul, juices and poultry products through 6 factories located in the industrial zone in the 10th of Ramadan City.	Arab Republic of Egypt	Arab Republic of Egypt

28 Details of shares and debt instruments issued for each affiliate company

There is no shares or debt instruments issued for affiliate companies.

29 The Dividends Distribution Policy

The company distributes annual dividends to enhance the value of return to shareholders, in proportion to the company's profits, financial position, market conditions, general economic climate, and other factors including analysis of investment opportunities, reinvestment requirements, monetary and capital needs, commercial expectations and the impact of any such distributions on any of the legal considerations. And although the company expects to distribute annual dividends to shareholders, there are no guarantees for an actual distribution of dividends, and there is no guarantee of the amounts that will be distributed in any year in the future, and the distribution of dividends is subject to the conditions mentioned in Article (50) of the Company's By-law which states: The annual net profits of the company are distributed after deducting all general expenses and other costs as follows:

- 1) 10% of the net profits shall be set aside as a statutory reserve. However, the ordinary General Assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
- 2) The Ordinary General Assembly, based on the proposition of the Board of Directors, may set aside a percentage not exceeding 10% of the net profits to form a consensual reserve, and allocate it for a specific purpose or purposes.
- 3) The General Assembly may resolve the creation of other reserves, to the extent that serves the interest of the company, or ensures that fixed dividends are distributed as much as possible, to the shareholders and the aforementioned Assembly may also deduct from the net profits amounts for establishing social institutions for the company's employees, or to support what might be existing from these institutions.
- 4) The General Assembly, upon the proposal of the Board of Directors, may distribute from the remaining afterwards to shareholders a percentage not less than 5% of the paid-up capital.

- 5) Subject to Article (22) of the company's By-law related to the remunerations of the members of the Board of Directors and Article (76) of the Companies Law, after the above, a percentage not exceeding 10% of the remaining shall be allocated as a remuneration to the members of the Board of Directors, provided that this remuneration shall be proportional to the number of meetings the member attends during the year
- 6) The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the requirements and statutory controls in this regard. Any dividend distribution proposed by the Board of Directors requires the approval of the General Assembly of the shareholders, and the dividends to be distributed to the shareholders are paid at the place and dates specified by the Board of Directors. And according to any relevant statutory instructions and there is no arrangement or agreement whereby one of the shareholders of the company waived any rights in the profits.

29.1 | Dividends Distributed During 2020

During 2020, the company distributed cash dividends to shareholders for the year 2019 totaled in 31,428,573 Saudi riyals, and the Board of Directors recommended in its meeting held on 27 December 2020, the distribution of proposed cash dividends for the fiscal year 2020, totaled in 47,142,859.5 Saudi riyals. Additionally a recommendation by the Board of Directors to increase the company's capital by granting bonus shares (1 share for every 8 shares held), and below shows the position of dividends distributions during the year 2020 and the percentage of proposed dividends for the year 2020:

1) The Company's Capital increase by way of issuing bonus shares

Board of Directors have recommended in its meeting held on 27 Dec 2020, to increase the Company's Capital from SAR (314,285,730) to (353,571,450) with percentage of 12,5%. Therefore, it will result in increase in the number of shares from (31,428,573) to the number of shares (35,357,145) by way of issuing bonus shares (1 share for each 8 shares owned) through capitalization an amount of SAR (39,285,720) from statutory reserve, and that will be done in order to strengthen the company's capital to match the size of its business and its future aspirations. Provided that the entitlement to the bonus shares is for shareholders holding the shares by the end of the trading day of the assembly date, and who are registered in the Company's shareholders registry held by the Securities Depository Center Company (Edaa) at the end of the second trading day following the entitlement date, and provided that the convened date to be announced later. After obtaining the necessary approvals from the competent authorities. And this grant is considered conditional by the approvals of Official parties and Extraordinary Assembly on the increase of Capital and the number of granted shares.

2) Dividends proposed for distribution for 2020

The Board of Directors have recommended in its meeting held on 27 Dec 2020, to distribute cash dividends to the shareholders for financial year 2020, at (1.5) Riyals per share which is equivalent to (15%) of the company's share capital with a total amount of (47,142,859.5) . Provided that the entitlement to dividends is for shareholders holding the shares by the end of the trading day of the assembly date, and who are registered in the Company's shareholders registry held by the Securities Depository Center Company (Edaa) at the end of the second trading day, which was held on 3rd of Feb, 2021.

Dividends Distribution Proposal for 2020	
Total Amount of Dividend Distributed	47,142,859.5 SAR
Number of Shares Eligible for Dividends	31,428,573 Share
Dividend per share	1.5 SAR
Percentage of Dividend to the Share Par Value (%)	15%
Eligibility date	Feb 3rd 2021
Distribution Date	Feb 21st 2021
Distribution Way	Account Transfer

3) Dividends distribution for 2019

Dividends distribution for 2019	
Total Amount of Dividend Distributed	31,428,573 SAR
Number of Shares Eligible for Dividends	31,428,573 Share
Dividend per share	1 SAR
Percentage of Dividend to the Share Par Value (%)	10%
Eligibility date	May 14th 2020
Distribution Date	June 7th 2020
Distribution Way	Account Transfer

30 Interest in a class of voting shares held

There is no interest in any class of voting shares for anyone (except to the Board members and senior executives and their relatives). who have notified the company with these interests, and any changes in these rights during the last fiscal year 2020.

#	Name	Beginning of the year		End of the year		Percentage of change
		Shares	Total Holding Percentage	Shares	Total Holding Percentage	
1	Aseer Industrial Investment Co	17,446,000	55.51%	17,446,000	55.51%	0%
2	Mohamed A. Halwani	2,200,000	7%	2,200,000	7%	0%
3	Mohamed A. Halwani Investment Co	1,804,000	5.74%	1,804,000	5.74%	0%

Description of shares ownership and debt instruments of company to the Board members, Senior Executive and their relatives

The following table illustrates the contractual securities or rights issue belongs to the Board members, the company's Senior Executives and their relatives in shares or debt instruments of the Company or any of its subsidiaries, and any change in that interest or rights during the previous fiscal year :

#	Name	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
1	Eng. Abdulaziz M. Yamani	1,100	-	1,100	-	0	0%
2	Mr. Abdullah I. Al Howaish	8	-	8	-	0	0%
3	Mohamed A. Halwani	2,200,000	-	2,200,000	-	0	0%
4	Mohamed A. Halwani Investment Co	1,804,000	-	1,804,000	-	0	0%
5	Mr. Anas G. Kashoggi	1,100	-	1,100	-	0	0%
6	Mr. Abdulelah A. Sabbahi	1,100	-	1,100	-	0	0%
7	Eng. Osama Z. Jamjoom	2,200	-	2,200	-	0	0%
8	Mr. Khalid A. Al Kaff	1,100	-	1,100	-	1,100	100%
9	Mr. Ahmad Abdullah Khayat	1,100	-	1,100	-	0	0%

32 Ownership of the Board of Directors members, Senior Executives and their relatives in the shares or debt instruments of the subsidiary

The Board of Directors declares that there is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors, Senior Executives and their relatives in the shares or debt instruments of the subsidiary

33 Numbers of Company's requests of shareholders records, dates and reasons thereof

No of Requests	Date of Request	Date of the property file	Reason
1	Dec 31st 2020	Dec 31st 2020	Others
2	Oct 13th 2020	May 18th2020	Company Procedures
3	May 15th 2020	May 18th 2020	Dividends File
4	May 4th 2020	May 3rd 2020	Others
5	Apr 17th 2020	May 14th 2020	General Assembly
6	Feb 20th 2020	Feb 18th 2020	Company Procedures
7	Jan 23rd 2020	Feb 25th 2020	General Assembly

34 A statement of the total loan's indebtedness of the company and its affiliates

#	Lender	Original Amount	Loan period (Month)	Amount paid in 2020	Amount Remaining
1	Banque Saudi Fransi	150,000,000	53	37,500,000	93,750,000
2	Banque Saudi Fransi	326,617,912	5	246,617,912	80,000,000
3	Bank AlJazira	31,654,801	8	31,654,801	-
4	Saudi Industrial Development Fund	165,000,000	120	37,200,000	-
5	Abu Dhabi Islamic Bank	65,294,110	Up to 12	56,604,928	8,606,994
6	Al Baraka Bank Egypt	24,739,878	Up to 9	19,897,210	4,735,798
Total indebtedness of the company and the subsidiary				429,774,851	187,092,792

35 Transferable debt instruments

- 1) The Board of Directors declares that there is no class or any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year.
- 2) the Board of Directors declares that there are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company

36 Redemption, purchase or cancellation by the Company to any redeemable debt instruments

There is no redemption, purchase or cancellation by the Company or affiliates of any redeemable debt instruments.

37 A description of any transaction between the Company and any related party

The following transactions were in the normal course of business with related parties. The terms of such transactions are mutually agreed between the parties, with the same conditions and with no preference over other parties:

#	Related party	Relationship	Transaction	Duration	Value/Amount (SAR)
1	Cuisine Halawani	Board of Directors Member	Selling finished goods	indefinite duration	11,429
2	Dallah Taibah Hotel	An affiliate owned by one of the major shareholders	Selling finished goods	indefinite duration	65,458
3	Dallah Hospital	An affiliate owned by one of the major shareholders	Selling finished goods	indefinite duration	390,654
4	Dallah Trading Company (1)	An affiliate owned by one of the major shareholders and Board of Directors Member	Supplying, maintenance and spare parts, conditioners contract	indefinite duration	615,817
5	Textile and Garment Company Ltd.	An affiliate owned by one of the major shareholders	Supply of workwear	indefinite duration	137,907
6	Dareen Travel Agency	An affiliate owned by one of the major shareholders	Supplying travel tickets for company employees	indefinite duration	191,601
7	Ismailia Poultry Company-Egypt (1)	Board of Directors Member	Purchase of raw materials	indefinite duration	3,979,803
8	Ebdae Watan Food trading CO.	Board of Directors Member	Selling finished goods	indefinite duration	123,721
9	Al Baraka Bank Egypt (2)	Board of Directors Member	Islamic murabaha and current accounts	indefinite duration	808,623

(1) Approved by the General Assembly on 14 / 5 / 2020.

(2) Transactions that are done at the subsidiary company (an Egyptian joint stock Co) - outside the kingdom

38 information relating to any business or contract to which the company is a party and in which a Board Member, a Senior Executive or any person related to any of them is or was directly or indirectly interested

#	The nature of the transaction or contract	The value amount of the transaction or contract (SAR)	The duration of the transaction or contract	The conditions of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
1	Dallah Trading Company	615,817	indefinite duration	without conditions	Eng. Abdulaziz M. Yamani – as the Chairman of the Board of Directors
2	Ismailia Poultry Company-Egypt	3,979,803	indefinite duration	without conditions	Eng. Abdulaziz M. Yamani – as the Chairman of the Board of Directors
3	Ebdae Watan Food trading CO.	123,721	indefinite duration	without conditions	Eng. Mohammed H. Al Klaiby – as a Member in the Board of Directors
4	AlBaraka Bank Egypt	808,623	indefinite duration	without conditions	Eng. Abdulaziz M. Yamani – as the Chairman of the Board of Directors
5	Cuisine Halawani	11,429	indefinite duration	without conditions	Mr. Mohamed A. Halwani– as a Member in the Board of Directors

39 Summary of payments made and due to the government

A statement of the value of any paid and outstanding statutory payment on account for any zakat, taxes, GOSI, Visas and passports Labor office fees or any other charges that have not been paid until the end of the annual financial period:

Item (Payments)	2020		Description	Reasons / Justifications
	Paid	Due until the end of the financial period but not paid		
Zakat	3,106,864	(6,695,477)	According to the requirements of the laws and applicable regulations	According to the requirements of the laws and applicable regulations
Tax	25,203,361	(25,029,998)		
GOSI	5,673,752	(480,605)		
Visas and passport fees	830,172	-		
Labor office fees	3,294,944			

40 Board members or Senior Executives waiver of any remuneration

There is no arrangement or agreement under which a Board member or a Senior Executive of the issuer has waived any remuneration.

41 Shareholders waiver of any rights to dividends

There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.

42 Investments or reserves set up for the benefit of the company

There are no investments made or any reserves set up for the benefit of the employees of the issuer.

43 Reservations on the annual financial statements

The external auditors' report for the year 2020 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements

44 Replacement of the external auditor before the end of its term

There was no change to the external auditors before the end of its term, as (BDO), was appointed for the fiscal year of 2020 to audit the Company's annual and quarter financials along with the first quarter of 2021. And they were not replaced during the year.

45 Treasury shares held by the Company

There are no treasury shares held by the Company.

46 The Board confirms that :

- A) The Company's accounting records were properly prepared.
- B) Halwani's internal control systems and procedures were properly developed and effectively executed.
- C) There are no doubts about the Company's ability to continue its business activities.
- D) The company does not have any substantial comments on the internal control system and the effectiveness of its procedures for the year 2020.

47 End Statement

The Board of Directors are pleased to extend their thanks and appreciation to shareholders of Halwani Brothers, and they are also pleased to extend their thanks to the management of the company and its employees for the efforts they exerted to operate the company, which have been successful, praise be to Allah, and in conclusion, the Board of Directors would like to thank all the customers and suppliers of the company for the efforts they made during the financial year 2020, and the Board looks forward to accomplishing more achievements and successes in the coming years.



حلواني اخوان
HALWANI BROS

Head Office

Jeddah - Kingdom of Saudi Arabia

P.O. Box 690

Postal code 21421

Telephone

+966 12 6366667 Ext. 312

E-mail

a.attiah@halwani.com.sa

www.halwani.com.sa

