

REPORT OF FACTUAL FINDING TO THE SHAREHOLDERS OF OMAN AND EMIRATES INVESTMENT HOLDING COMPANY SAOG.

We have performed the procedures pursuant to the Capital Market Authority (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the 'Corporate Governance Report' of Oman and Emirates Investment Holding Company SAOG (the "Company") as at and for the year ended 31 December 2019 and its application of the corporate governance practices in accordance with the amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standards on Related Services applicable to the agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of Company's compliance with the Code as issued by the CMA and are summarised as follows:

- 1) We obtained the corporate governance report (the "report") issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and
- 2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2019.

Our engagement was undertaken in accordance with the International Standards on Auditing applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the Company's compliance with the code as issued by the CMA.

We have no exceptions to report in respect of the procedures performed.

We found that the Board of Directors' Corporate Governance Report reflects the Company's application of the provisions of the code and is free from any material misrepresentation.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International standards on Review Engagements, we do not express any assurance on the corporate governance report.

Had we performed additional procedures or had we performed an audit or review of the corporate governance report in accordance with International Standards on Auditing or International standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying Corporate Governance Report of Oman and Emirates Investment Holding Company SAOG included in its annual report for the year ended 31 December 2019 and does not extend to any financial statements of the Company taken as whole.



Nasser Al Mugheiry
License No. L1024587
ABU TIMAM
(Chartered Certified Accountants)
05 March 2020





شركة عمان والإمارات للاستثمار القابضة (ش.ع.م.ع.) OMAN & EMIRATES INVESTMENT HOLDING COMPANY S.A.O.G.

Oman & Emirates Investment Holding Co SAOG Corporate Governance Report - 2019

1. Company's Philosophy on Code of Corporate Governance

- 1.1 The management of Oman & Emirates Investment Holding Co SAOG (O&E) believes that setting the highest standards of Corporate Governance, as envisioned by Capital Market Authority (CMA) in the Code of Corporate Governance (Code) is not a matter of mere compliance but a useful mechanism to restructure the core corporate values. The implementation of the same is yet another important milestone for achieving an efficient, impartial and ethical system of functioning at the top management keeping in view the overall interests of the shareholders.
- 1.2 The mandatory disclosure requirement as spelt out in the Code not only enhances the degree of transparency in sharing of information with the stakeholders but also reinforces the broader role the Directors need to play for achieving corporate objectives in the midst of challenges and adversities. O&E's governance system has been fully integrated with ethical business practices and sound corporate culture manifested with values and transparent and impartial governing policies on continuous basis.
- 1.3 This report is prepared by the Management of O&E under over all guidance of Code of Corporate Governance issued by the Capital Market Authority (CMA) under their Circular No. E/4/2015 dated 22 July 2015 as amended by Circular E/10/2016, dated 1 December 2016.

2. Board of Directors

2.1 Composition of the Board

The Board comprises of 6 members pursuant to Article No. 22 of the Articles of Association of the Company and the composition of the Board is as under:

Nominated directly by:	No. of Members
The Government of Sultanate of Oman	2 Nos.
The Government of UAE	2 Nos.

Elected at Annual General meeting of the Company	No. of Members
From Oman	1 No.
From UAE	1 No.
Total	6 Nos



Functions of the Board of Directors

- a) The Board of Directors, who at the helm of affairs of the Company, manages and supervises the business activities and extends strategic guidance to the operating management in realizing the mission of the Company. The day-to-day management is delegated to a Chief Executive Officer by the Board, who further carries out the assigned duties through a team of executives, who are heading the various functions of the Company.
- b) The Board's duties and responsibilities encompass wide variety of functions of managing the affairs of the Company, and more specifically those as detailed under Principle 3 of the Code. A summary of the same is given as under:
 - (1) Approval of business plan, financial objectives, financial policies, investment strategies, action plans, internal regulations and implementation guidelines.
 - (2) Review of the operational and financial performance of the Company and also the performance of the Company's trading and other investments at periodic intervals.
 - (3) Overview of the performance of subsidiaries, associates and project companies and their financial requirements and obligations and deciding on extending the required level of support, if required.
 - (4) Approval of financial statements and other reports and submission to shareholders and other authorities as prescribed by the laws of the country.
 - (5) Fixing up authority levels and delegation of power to the executive management.
 - (6) Implementation of a transparent disclosure policy, including all transactions with Directors and the related parties and monitor its compliance.
 - (7) Reviewing material transactions with the related party, which are not in the ordinary course of business prior to the same being brought before the general meeting of the Company.
 - (8) Ensure compliance with the laws of the country through proper internal control systems.
 - (9) Nomination of executive, audit and other committees, specifying their roles, responsibilities and powers.
 - (10) Selection of Chief Executive Officer.
 - (11) All other matters specifically not delegated to the committees and executive management.

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Current Directors as at 31.12.2019

Details of the Directors of the company who are holding their office as at 31 December 2019, their membership in other public joint stock companies in Sultanate of Oman and their attendance at various meetings of the company during 2019 are stated as under:

<p>1. Mr. Mohamed Darwish Al Khoori Chairman Executive Director, Operations Department, Abu Dhabi Investment Authority, UAE</p> <ul style="list-style-type: none"> - Nominated by Government of UAE - Non Executive/ Non-Independent Director - Chairman of other Boards - 1 - Member of other Boards – 1 - Member of other Board Committees - Nil - Attended all 6 Board meetings held during the year - Attended AGM 	<p>2. Mr. Khalid Al Eisri Vice Chairman Principal, Oman Investment Fund, Sultanate of Oman</p> <ul style="list-style-type: none"> - Nominated by Government of Sultanate of Oman - Non Executive/ Independent Director - Chairman of other Boards - Nil - Member of other Boards – 2 - Member of other Board Committees – Nil - Attended all 6 Board meetings held during the year - Attended AGM
<p>3. Mr. Saeed Khamis Al Mhieri Chief Development Officer, International Capital Trading, UAE</p> <ul style="list-style-type: none"> - Representing Public Shareholders of UAE - Non Executive/ Independent Director - Chairman of other Boards - Nil - Member of other Boards – Nil - Member of other Board Committees – Nil - Attended all 6 Board meetings held during the year - Attended AGM 	<p>4. Mr. Saed Saif Nasir Al Saadi Director of Government Properties, Ministry of Finance Sultanate of Oman</p> <ul style="list-style-type: none"> - Nominated by Government of Sultanate of Oman w.e.f 05.11.2019 - Non Executive/ Independent Director - Chairman of other Boards - Nil - Member of other Boards – 2 - Member of other Board Committees – 2 - Attended 1 Board meeting during the year after his appointment
<p>5. Mr. Ahmed Salem Abdullah Al Neyadi Investment Associate, Abu Dhabi Investment Authority, UAE</p> <ul style="list-style-type: none"> - Nominated by Government of UAE - Non Executive / Non-Independent Director - Chairman of other Boards - 1 - Member of other Boards - 1 - Member of other Board Committees - 1 - Attended 4 out of 6 Board meetings held during the year 	<p>6. Mr. Mohammad Al Khonji Chief Executive Officer Al Khonji Real Estate & Development LLC Sultanate of Oman</p> <ul style="list-style-type: none"> - Representing a Public Shareholder of the Sultanate of Oman w.e.f 28.03.2018 - Non Executive/Non-Independent Director - Chairman of other Boards - 1 - Member of other Boards – 3 - Member of other Board Committees - 3 - Attended all 6 Board meetings held during the year - Attended AGM



Past Directors during 2018

Details of the Directors of the company who were holding their office during part of 2019, their membership in other public joint stock companies in Sultanate of Oman and their attendance at various meetings of the company during 2019 are stated as under:

<p>1. Mr. Saeed Al Habsi Vice Chairman Investment Director, Oman Investment Fund, Sultanate of Oman</p> <ul style="list-style-type: none">- Nominated by Government of Sultanate of Oman- Non Executive/ Independent Director- Chairman of other Boards - Nil- Member of other Boards - 1- Member of other Board Committees - 1- Attended 4 out of 6 Board meetings during the year- Director till 05.11.2019

2.5 Number of meetings held and dates of the meetings

Type	No.	Dates
Board meetings	6	03.03.2019,28.03.2019,07.05.2019, 01.08.2019, 31.10.2019 and 05.12.2019
Annual General meeting	1	28.03.2019

3. Audit and other committees

3.1 Audit Committee (AC)

a) Terms of reference

Audit Committee has been set up pursuant to Principle 10 of the Code. A summary of its responsibilities is as under:

- (1) Oversight of the quality and integrity of the financial statements.
- (2) Review of the Company's compliance with legal and regulatory requirements.
- (3) Short listing of the external and internal auditors of the Company.
- (4) Reviewing the annual plan and performance of the Company's internal audit function and its adequacy, and also the reports of the external auditors.
- (5) Monitoring various management reports, establishing accounting controls and reviewing the financial aspects of the executive management's activities.
- (6) Investigating any activity within the Company.
- (7) Seeking information from any employee.
- (8) Obtaining legal and professional advice.
- (9) Securing attendance of outsiders and experts as and when required.
- (10) Any other specific matter assigned by the Board.



Composition of the Audit Committee

The Audit Committee comprises of 3 Directors of the Company including one with finance and accounting expertise. All members of the Audit Committee are non executive and two are independent. The attendance of the members at the Audit Committee meetings held during 2019 is as follows:

Current Members as at 31.12.2019

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Saeed Khamis Al Mheiri Chairman of the Committee	Full year		4	4
Mr. Khalid Al Eisri	24.04.2019	Till date	4	3
Mr. Ahmed Salem Abdullah Alneyadi	Full Year		4	3

Mr. Saeed Khamis Al Mheiri has finance and accounting background.

c) Past Members during 2019

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Saeed Al Habsi*	19.12.2018	24.04.2019	4	1

* Mr. Khalid Al Eisri replaced Mr. Saeed Al Habsi as a member of the audit committee with effect from 24.04.2019.

d) Meetings of Audit Committee held during the year

Type	No	Dates
Audit Committee meetings	4	03.03.2019, 07.05.2019, 01.08.2019 and 31.10.2019

c) Internal Control

- (1) The Audit Committee, on behalf of the Board has regularly reviewed the internal control environment of the Company. Audit Committee members have met the internal auditor on a regular basis to review the internal audit reports, recommendations and management comments thereupon.
- (2) The new full time Internal Auditor has been appointed in February 2018. Accordingly, he carried out the internal audit of the operations of the company.
- (3) Audit Committee members have also met the external auditors to review audit findings and management letter. The Audit Committee has met the internal and external auditors separately, without the presence of the management, as required under the Code of Corporate Governance. The Audit Committee has further briefed the Board about the effectiveness of internal controls in the Company. The Audit Committee and the Board are pleased to inform the shareholders that adequate and effective internal controls are in place and that there are no significant concerns.



Nomination, Remuneration and Executive Committee (NREC)

Terms of reference

- (1) Assist and advise the Board on matters relating to the remuneration of the Board.
- (2) Assist the Board in evaluation of performance and determining remuneration Chief Executive Officer and Executive management.
- (3) Assisting on nomination of Directors, appointment of Chief Executive Officer and senior executive management
- (4) Review the Company's performance on a regular basis.
- (5) Formulate the strategic objectives in line with the Company's mission.
- (6) Establish operating policies on functional activities of the Company – project and portfolio investments, finance & accounting, personnel and administration, etc.
- (7) Ensure that the Company is functioning in accordance with the Articles of Association and meeting all legal requirements.
- (8) Carry out any other activity as and when assigned by the Board of Directors.

b) Composition of the Nomination Remuneration and Executive Committee and attendance of members at the meetings

The Nomination Remuneration and Executive Committee comprises as at 31 December 2019 comprises of 3, non-Executive Directors. The attendance of the members of the Nomination Remuneration and Executive Committee meetings held during 2019 is as follows:-

Members as at 31.12.2019

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Mohammad Al Khonji * Chairman of the Committee	Full Year		3	2
Mr. Ahmed Salem Abdullah Alneyadi	Full Year		3	2
Mr. Saed Saif Al Saadi **	05.12.2019	till date	3	-

*Mr. Mohammad Al Khonji was appointed as Chairman of the NREC on 30.10.2019.

** Mr. Saed Saif Al Saadi replaced Mr. Saeed Al Habsi as a Director of the Company on 05.11.2019 and then joined as member of the NREC as per the board resolution dated 05.12.2019.

c) Past Members of Nomination Remuneration Committee during 2019

Names of members	Period		No. of meetings held	No. of meetings attended
	From	To		
Mr. Khalid Al Eisri (Ex Chairman NREC)	7.11.2018	01.08.2019	3	2
Mr. Saeed Al Habsi	24.04.2019	05.11.2019	3	2



Nomination, Remuneration and Executive Committee (NREC) (continued)

Meetings of Nomination and Remuneration Committee held during the year

Type	No	Dates
Nomination Remuneration and Executive Committee meetings	3	27.01.2019, 01.05.2019 and 30.10.2019

4. Process of nomination of Directors

- 4.1 Directors representing the Governments of Sultanate of Oman and UAE (Founder members category) are nominated by the respective Governments and their period of office is as determined by the respective Governments.
- 4.2 The Directors representing public shareholders are nominated by the shareholders at annual general meeting. The members thus elected hold office for a period of 3 years.
- 4.3 All Directors are appointed as per the provision laid down in the Commercial Companies Law by the Capital Market Authority enacted at the date of appointment and in conjunction with the Articles of Association of the Company.



Remuneration matters

Details of remuneration to Directors

The Company has proposed RO 30,000 towards Director's remuneration for 2019 (2018: RO 21,900) and has paid sitting fees for the members for the board and the committees of RO 20,000 (2017: RO 28,100). Details of payments are as follows:-

Director Name	Board meeting sitting fee RO	Audit Committee sitting fee RO	Nomination Remuneration & Executive Committee sitting fee RO	Total RO	Director's remuneration RO
For Full Year					
Mr. Mohamed Darwish Al Khoori – Chairman	2,500	-	-	2,500	6,000
Mr. Khalid Al Eisri – Vice Chairman	2,500	900	600	4,000	4,750
Mr. Ahmed Salem Abdullah Alneyadi	2,000	900	600	3,500	4,500
Mr. Mohammad Al Khonji	2,000	-	900	2,900	4,500
Mr. Saeed Khamis Al Mheiri	2,500	1200	-	3,700	4,500
For Part of the year:				0	
a. Director till 05.11.2019				0	
Mr. Saeed Al Habsi – Vice Chairman	2,000	300	600	2,900	5,000
b. Director from 05.11.2019					
Mr. Saed Saif Nasir Al Saadi	500	-	-	500	750
Total	14,000	3,300	4,500	20,000	30,000

5.2 Details of remuneration paid to top 5 officers

- The remuneration package of the executives is made up of a fixed and variable component. Fixed component includes salary, valued perquisites and retiral benefits. The variable component is performance-linked bonus, which is calculated based on pre-determined parameters of performance.
- During the year 2019 gross remuneration to the top 5 executives including variable components (excluding bonus) was RO 625,650. (2018: RO 597,481). This includes the 6 month notice period of the outgoing CEO, as well as the 2 months additional cost of the new CFO taking over the duties of the outgoing CFO.
- Bonus amounting to RO Nil (2018: 41,642) was given to the top 5 executives of the Company.
- Travel expenses incurred on Directors for attending the Board and its committee meetings – RO 10,166. (2018: RO 17,340)
- Travel expenses incurred on top 5 executives towards official duties – RO 4,847. (2018 – RO 16,157)
- During the year the Company reduced the number of employees and employee benefits which will be reflected in 2020.

5.3 Service contracts, notice period and severance fees

The severance notice period for Chief Executive Officer is six months and for managerial executives it is three months, with end of service benefits payable as per Omani Labor Law.



Details of non-compliance by the Company

During the year no non compliance to the rules regulations set by Capital Market Authority was observed and the Company has not paid any fines or penalties for any violation. (2019: Nil, 2018: Nil)

7. Means of communication with the shareholders and investors

The quarterly results were published in local newspaper both in Arabic as well as in English. These financials were also posted on the website of Muscat Securities Market. In view of these publications, the results were not sent individually to the shareholders.

A separate Management Discussion and Analysis Report for the year 2019 forms part of the Annual Report.

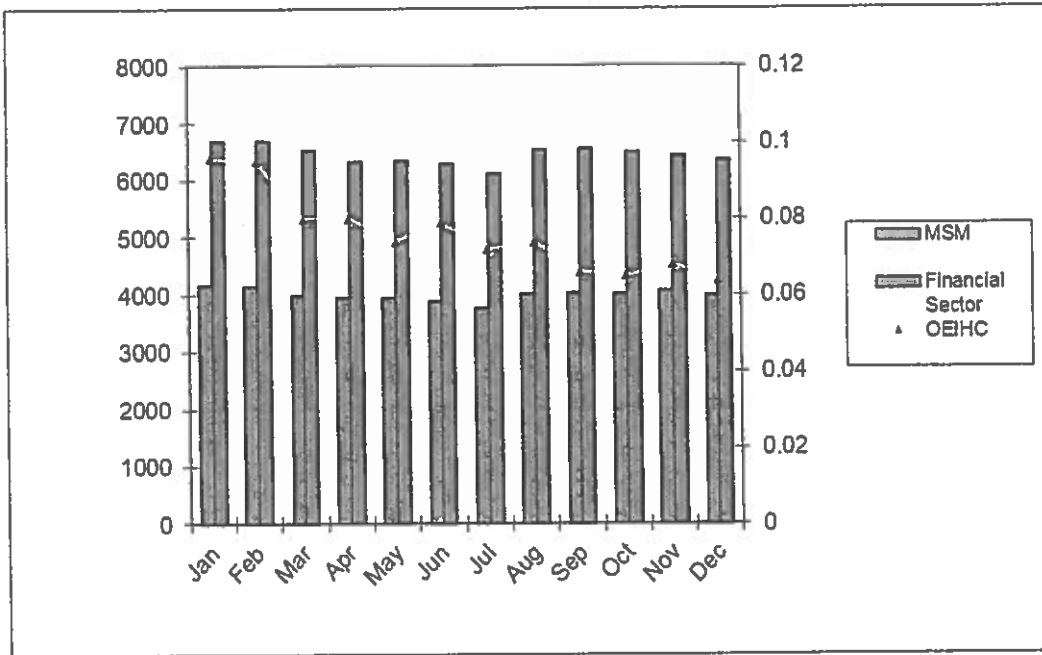
8. Market price data

8.1 Market Price – High / Low Company's share in each month in MSM during the year 2019 is as under

Month	RO	
	Highest	Lowest
January	0.0960	0.0960
February	0.0950	0.0950
March	0.0800	0.0800
April	0.0810	0.0810
May	0.0740	0.0740
June	0.0800	0.0820
July	0.0750	0.0750
August	0.0740	0.0740
September	0.0670	0.0670
October	0.0650	0.0650
November	0.0680	0.0680
December	0.0620	0.0660



Performance in comparison to broad based index or MSM – Banks and Investment Sector:



The share price of O&E decreased by 52% during 2019 against a decrease of 7% in Banking and Investment Index and a decrease of 8% in MSM General Index.

8.3 Distribution of shareholding as of 31 December 2018

Range	No. of Shareholders	No. of Shares	% of Shareholders
0 – 1000	7,928	4,019,497	3.30%
1001 – 5000	8,928	14,651,243	12.02%
5001 – 10000	376	2,845,103	2.33%
10001 – 50000	314	6,788,192	5.57%
50001 – 100000	54	4,174,285	3.43%
Above 100001	74	89,396,680	73.35%
Total	17,674	121,875,000	100%

8.4 Shareholders holding more than 5% of the Share Capital as of 31 December 2019:

Abu Dhabi Investment Co, UAE	30%	36,562,500 Shares
Al Khonji Invest LLC & Group	17.62%	21,475,132 Shares

8.5 Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity

The Company does not have any GDRs / ADRs / Warrants or any other convertible warrants as of 31 December 2019 and hence the likely impact on equity is Nil.

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Specific areas of non-compliance with the provisions of corporate governance and reasons

During 2019, no non-compliance was observed with respect to the provisions of Corporate Governance.

10. Corporate social activities and future plans

During 2019 the, Company has contributed RO Nil (2018: RO 1,550) as donations to various charitable organizations under its Corporate Social Responsibility program. An amount of RO 5,000 is budgeted towards social responsibilities in 2020.

11. Related Party Transactions

The transactions with the related parties are as defined in Principle 9 of the 'Code' and include certain normal contracts and transactions which are carried out in the ordinary course of business without any differential advantage accruing to the related party. These also include transactions such as granting of loans, guarantees, capital injections or transactions of similar nature, being extended in the capacity of a Parent Company or as a long term investor to its subsidiaries or associates or other investee companies. Shareholders' approval is taken for these prospective transactions in a year at the Annual General meeting on general basis but the exact nature of transactions with monetary value, etc in a financial year are being notified to the shareholders and post-facto approval is taken at the next AGM.

12. Professional Profile of the Statutory Auditor

- 12.1 The shareholders of the Company appointed Abu Timam Grant Thornton as its auditors for 2019. Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995. Abu Timam employs more than 70 people including Omani nationals. Grant Thornton International is a global network of professional services firms providing Audit, Tax and Advisory services. Grant Thornton is one of the six global accountancy firms as recognized by Wall Street and operates in 130 countries and territories and have 50,000 people working in member firms around the world.
- 12.2 Grant Thornton was paid a total fee of RO 17,000 (2018: KPMG – RO 18,500) [for audit and review of Corporate Governance Report for the year 2019 – RO 7,625 (2018: KPMG – RO 13,200)] for review of quarterly accounts during 2018 – RO 9,375 (2018: KPMG – RO 5,300). This fee is related to the Parent Company only and not of the subsidiaries in Oman.
- 12.3 Other tax related professional services were rendered by Ernst & Young for 2019 – RO 1,210 (2018 – RO Nil)].

13. External Assessment of Internal Audit

The Company appointed BDO LLC for independent quality assurance review of the internal audit unit of the Company for the year 2019 as per the International Professional Practices Framework (IPPF) as well as the requirements specified in the CMA resolution 10/2018 regarding comprehensive external assessment of the internal audit unit.

A detailed report emanating from the aforementioned review was submitted to the Audit Committee upon conclusion of this assessment for its review and consideration.

Overall assessment is that the activities of the Company's Internal Audit unit "Generally Conforms" with the IIA Standards, subject, however, to certain matters that may be considered to enhance the performance of the internal audit unit in future.



Acknowledgement by the Board of Directors

- 14.1 The Board of Directors confirms that the financial statements for 2019 have been prepared in accordance with the applicable standards and rules.
 - 14.2 The Board of Directors, through the Audit Committee has reviewed the Company's system of internal controls and confirms that all controls are in place and fully effective.
 - 14.3 The Board of Directors confirms they believe that there are no material matters which may affect the continuation of the Company and its ability to continue its operations during the next financial year.
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Mohamed Darwish Al Khoori
Chairman
5th March 2020

Raffy Manoug Kozadjian
Acting Chief Executive Officer

