



Makkah Construction and Development Company

**Joint Stock Saudi Company**

## *Board of Directors' Report*

### For the Ninth Extraordinary General Assembly

On the Company's Activity during the Fiscal Year ending on  
Rabi 'Al-Akhir 29, 1443 AH





Makkah Construction and Development Company

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All Praise is due to Allah, Lord of the Worlds, and peace and blessings be upon his Prophet Muhammad, his Household and Companions  
Dear shareholders of Makkah Construction and Development Company

We extend you our warm greetings

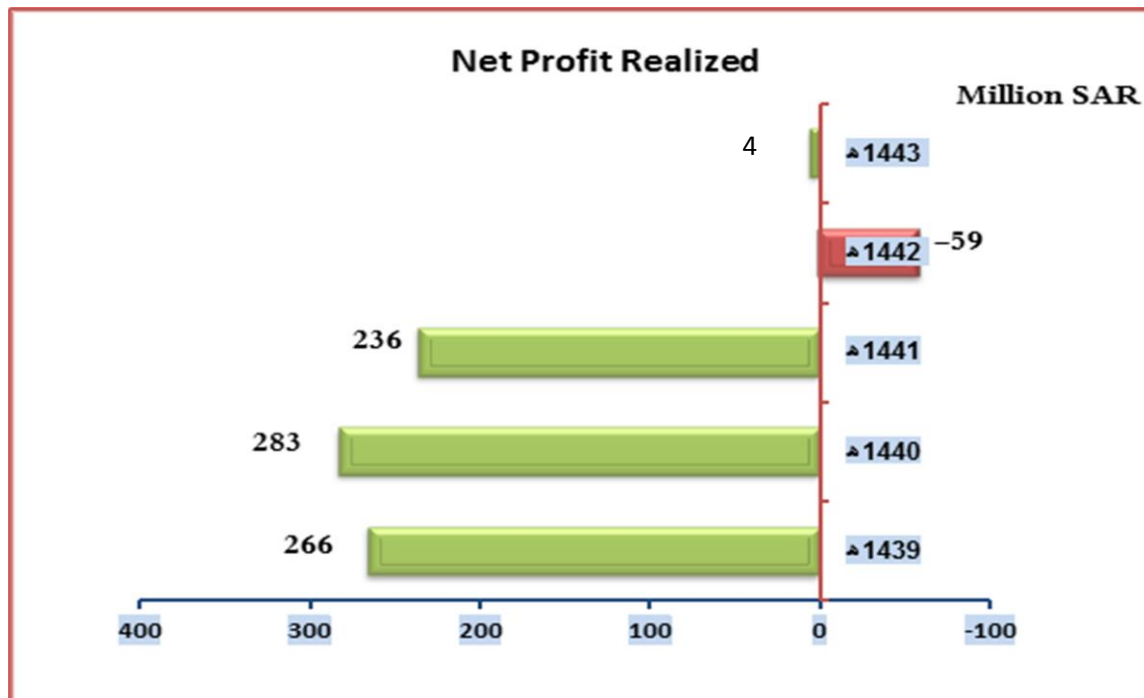
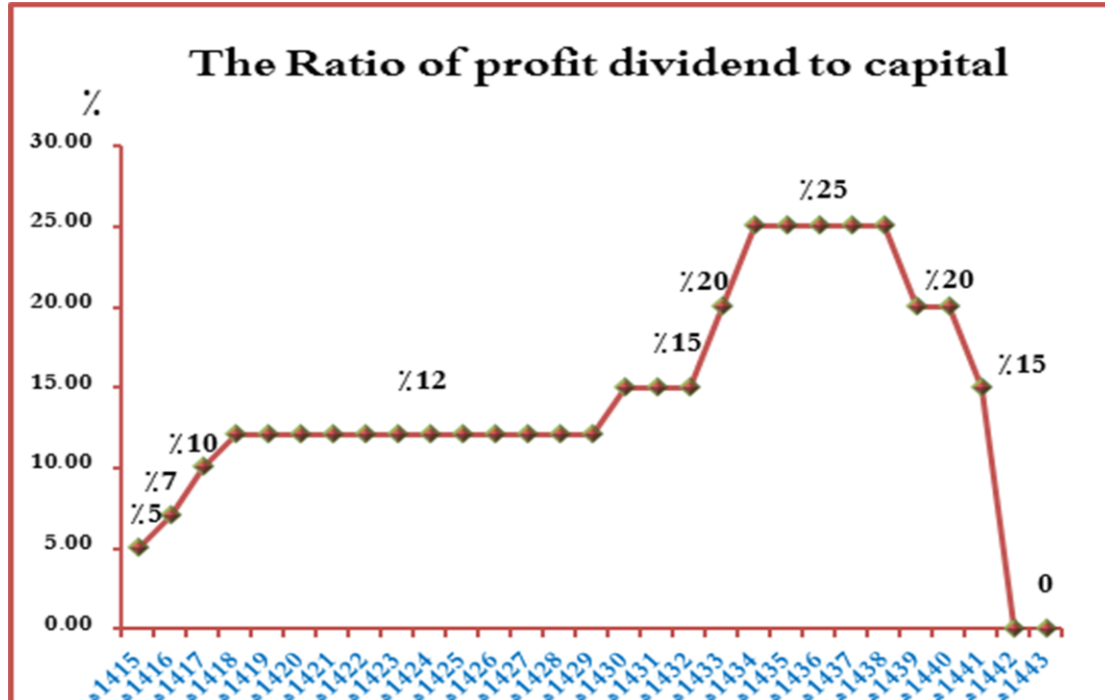
Makkah Construction and Development Company Board of Director is actually pleased to submit its annual report on the Company's activities for the period from 1 Jumada Al-Awwal 1442 AH to 29 Rabi' Al-Akhir 1443 AH, and to submit the Company's balance sheet, income statement, cash flow statement, and the statement of changes in shareholders' equity for the Fiscal Year ending on 29 Rabi' Al-Akhir 1443 AH, in addition to its report on the Company's activity in operating its residential and commercial project for the past twenty-nine Years, starting from the Fiscal Year 1414/1415 AH until the Fiscal Year 1442/1443 AH.

By the grace of Allah Almighty, the net profit for the fiscal year 1442/1443 AH amounted to 4 million riyals, or 00.30% of the capital. This profit was achieved despite the circumstances that the local and global economy is going through due to the repercussions of the Corona virus pandemic, whether in the Kingdom or the rest of the world, during the past two years. This pandemic caused losses to the company last year, due to the closure of the central area of Makkah al-Mukarramah most of the time, or it was opened to limited numbers of visitors and pilgrims for a few periods. The company has also exempted the tenants from the value of rent for several months during the past two years in appreciation of the tenants' conditions.

Based on the foregoing, the company was unable to achieve sufficient profits. In view of these emergency circumstances for the second consecutive year, the Board of Directors proposes not to distribute dividends to shareholders this year.

Noting that the profits spent during the past Years amounted to 41.10 riyals per share (with a face value of 10 riyals), i.e. 411% of the capital. We hope that the Company will achieve profits as it was before after the end of this pandemic.





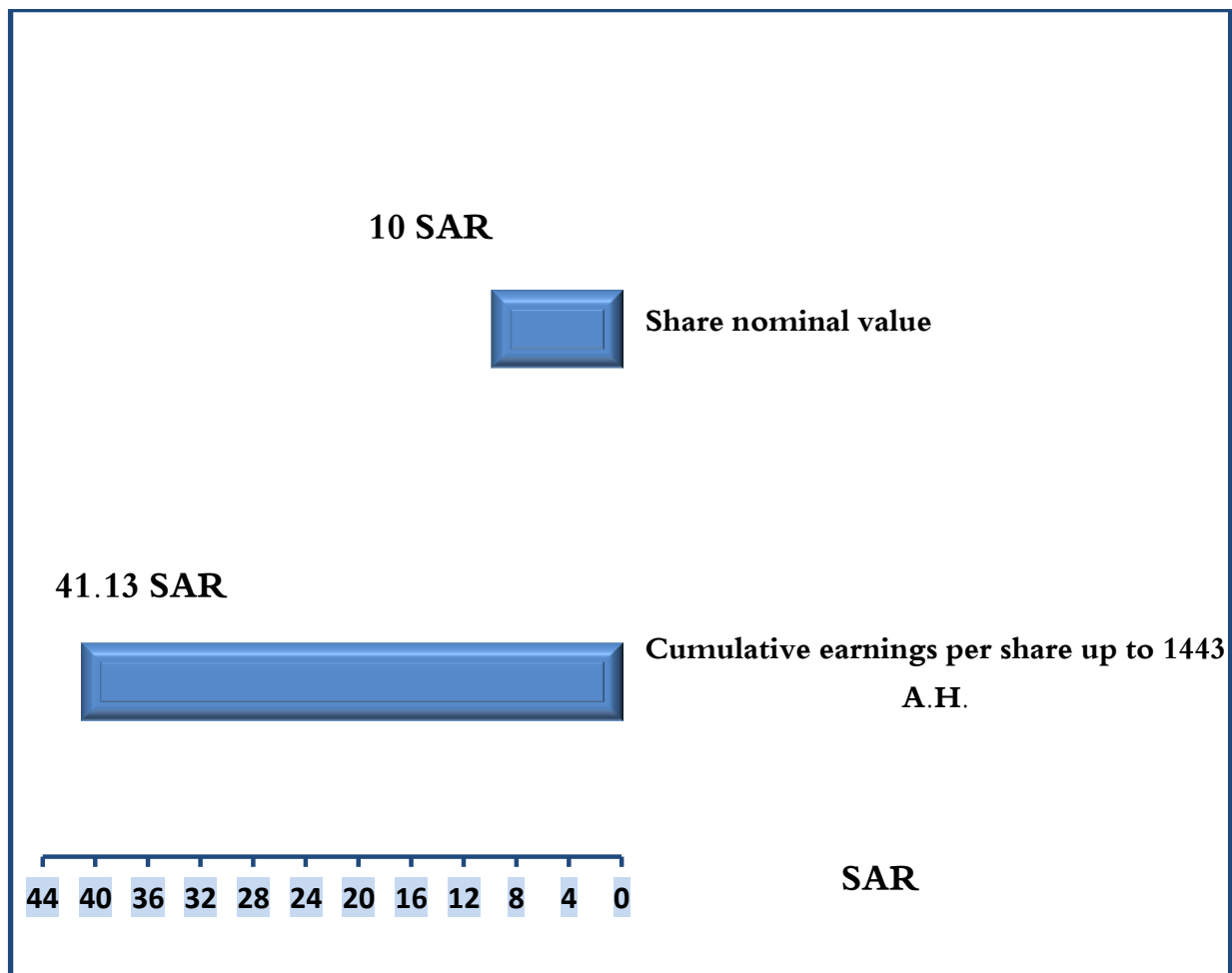


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Makkah Construction and Development Company, after twenty-nine years of operating its first project, is one of the highest real estate companies in terms of capital recovery, with shareholders' original share remaining the same, as the total profits since 1414/1415 AH, which were distributed exceeds more than four times the nominal share value. The cumulative profits reached 41.13 riyals per share, or 411% of the capital, with the original share remaining with the shareholders in addition to an increase in its market value.





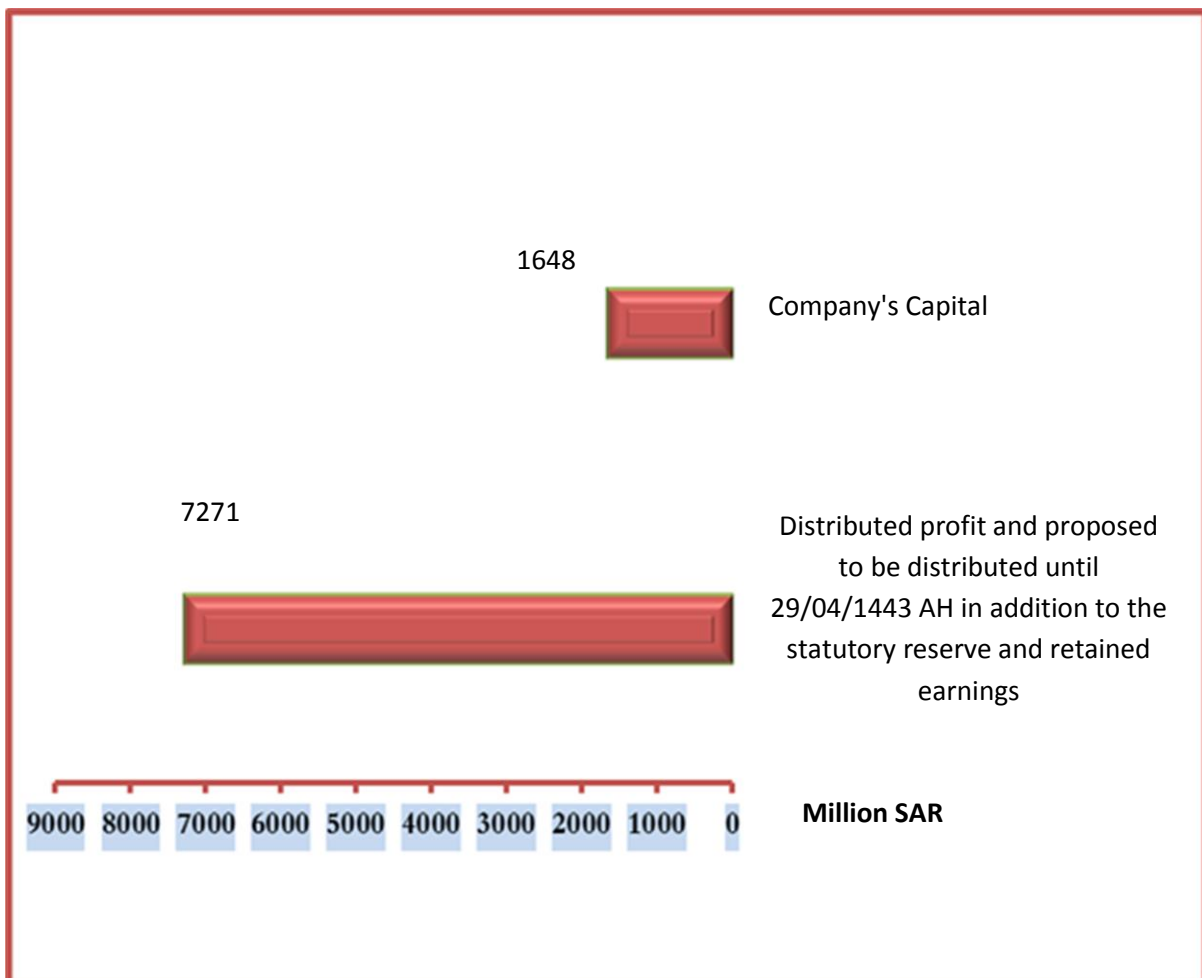
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### Financial Indicators:

- 1) The previous years profits up to the Year 1442/1443 H, plus statutory reserve plus retained earnings, amounted to 7,271 million riyals, about 441% of the Company's capital.



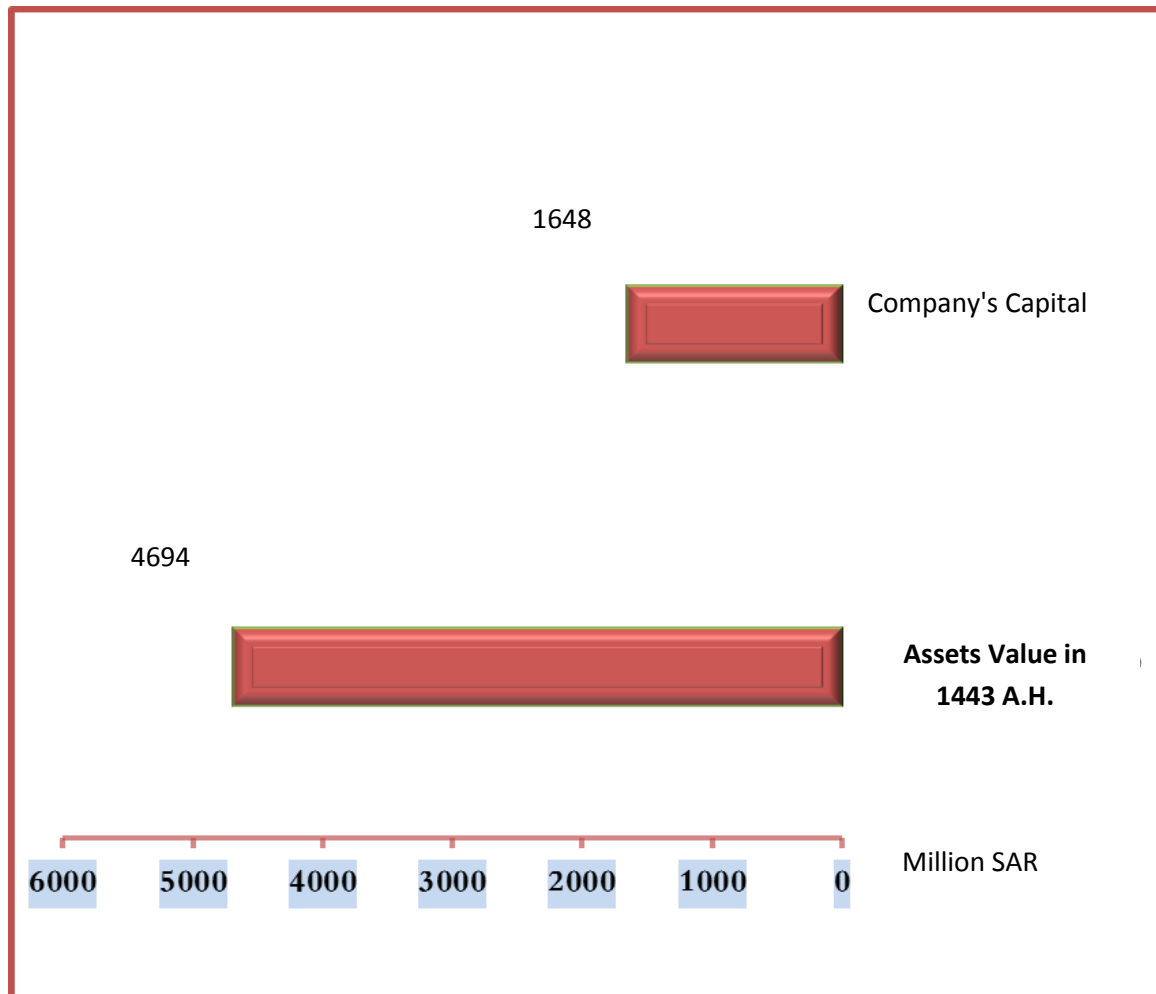


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- 2) The assets values during the Fiscal Year 1442/1443 AH amounted to 4.694 million riyals, or 285% of the Company's capital.



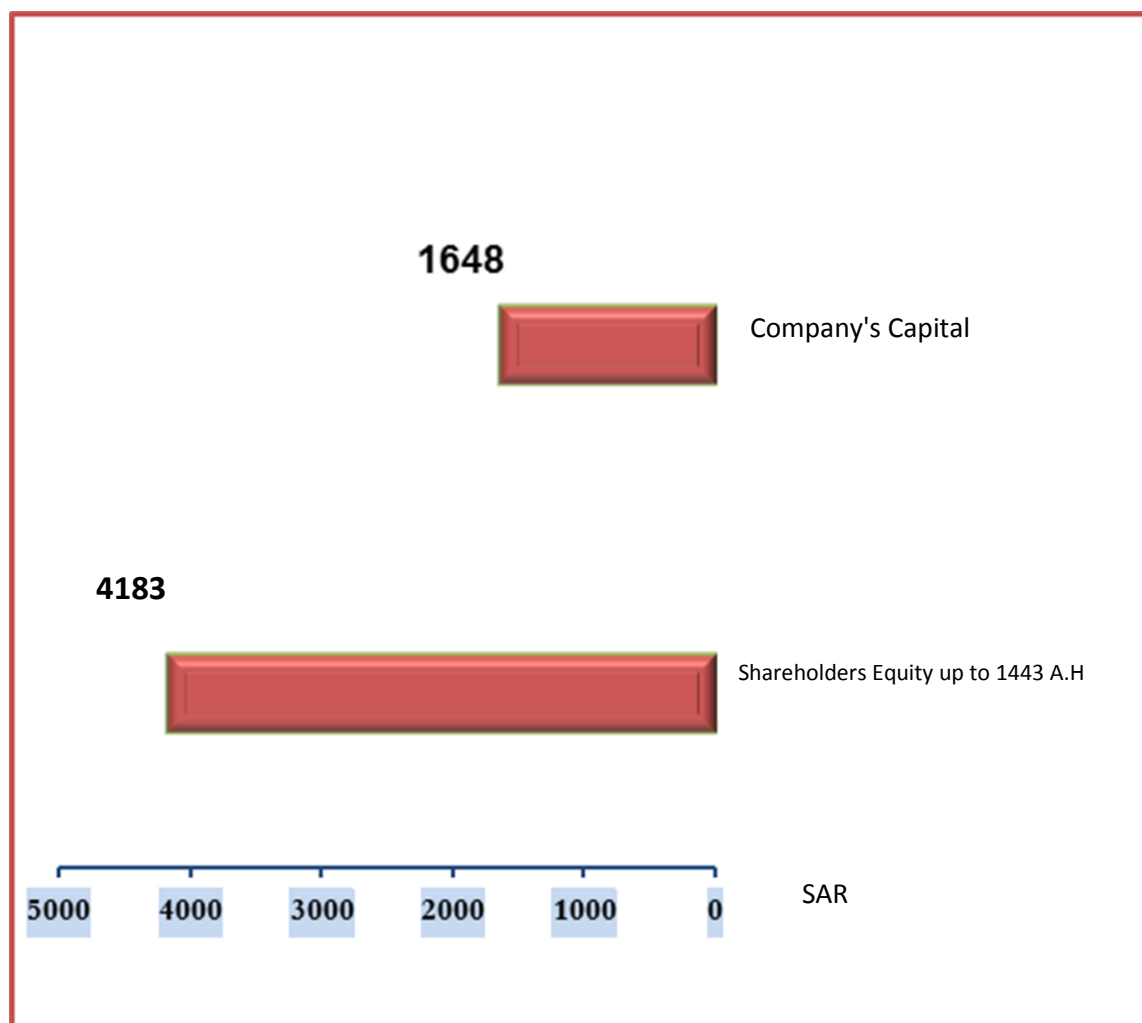


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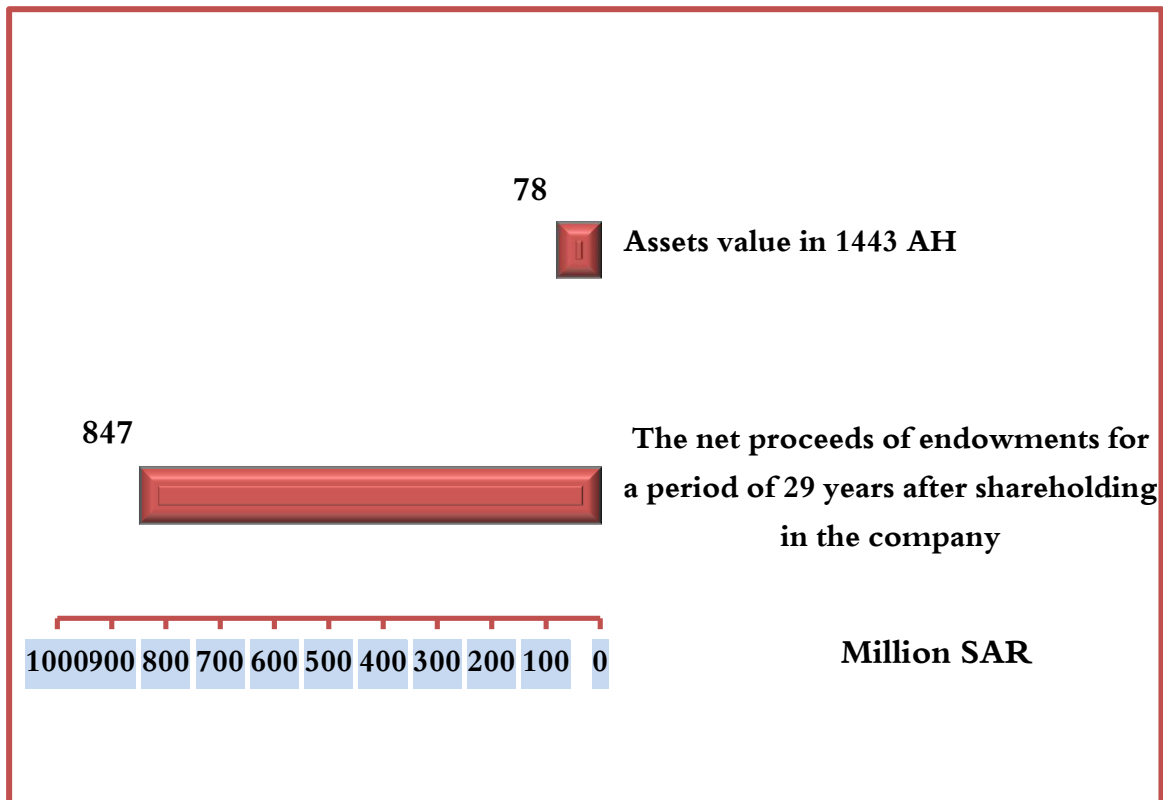
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3) Shareholders' equity represented in the Company's capital, and gains not yet realized resulting from stock valuation, statutory reserve, retained earnings and an unrealized investment return during twenty-nine Years amounted to 4.183 million riyals, 254% of the Company's capital.





- 4) The proceeds of the shareholding endowments in the Company (public endowments and civil endowments) during twenty-nine Years amounted to 847 million riyals (including shares of the capital increase), i.e. 1.086% of its total income before contributing to the Company (based on an average of twenty-nine Years) amounting to 78 million riyals.





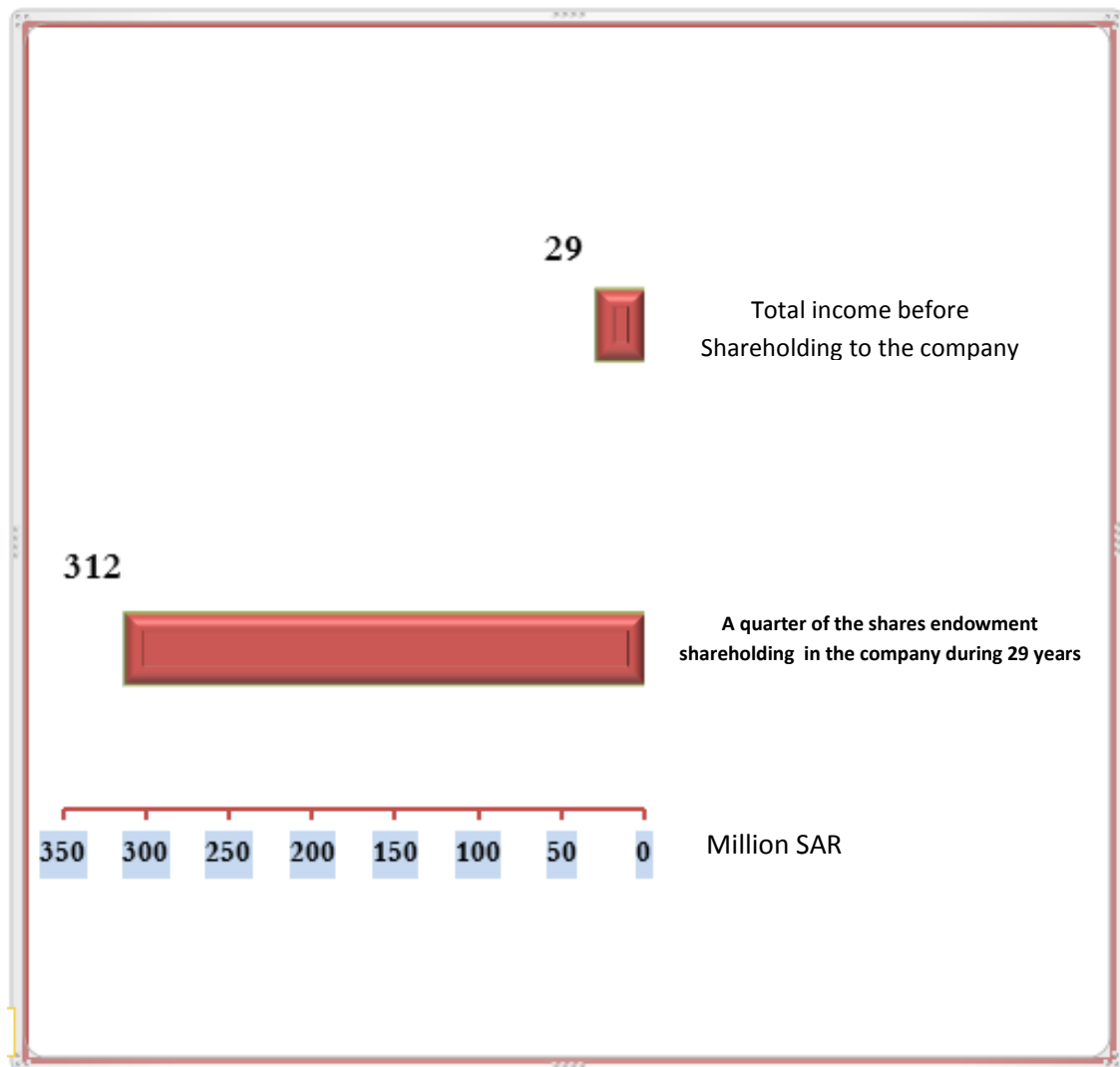


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- a) The proceeds of the General Authority for Endowments over twenty-nine Years (including shares of capital increase) amounted to 312 million riyals, or 1.076% of its total income before shareholding in the Company (based on an average of twenty-Nine Years), an amount of 29 million riyals.



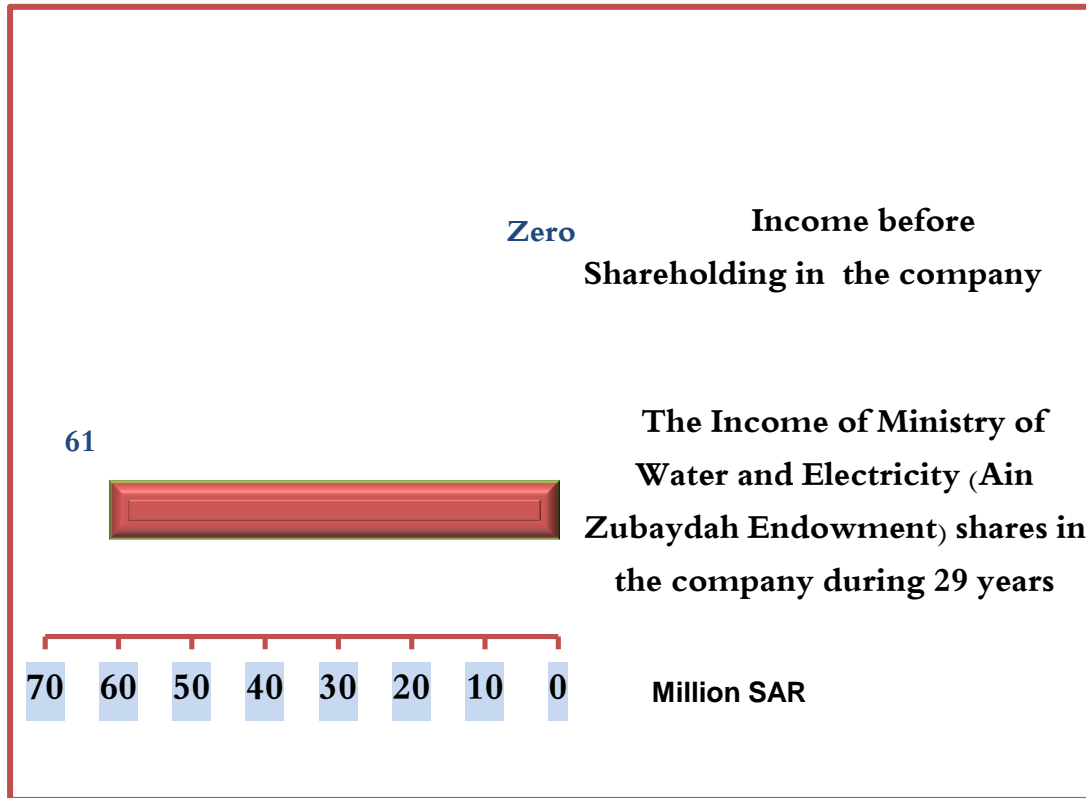


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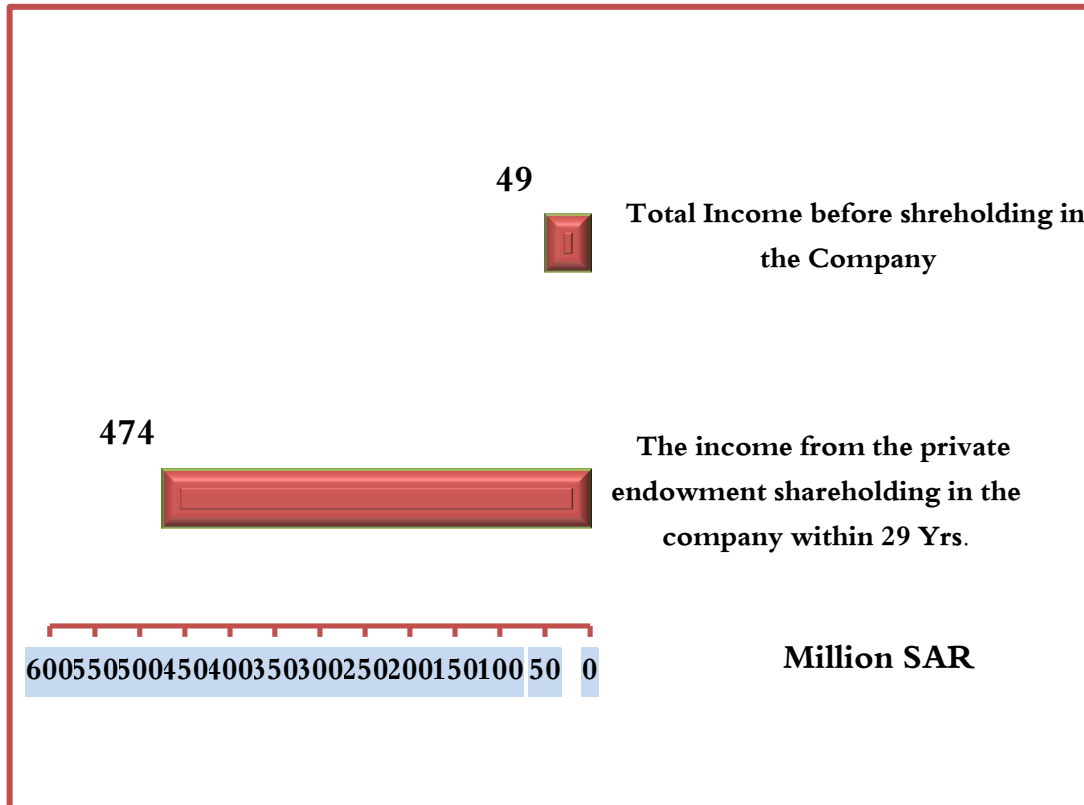
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- b) The proceeds of the Ministry of Water and Electricity (Ain Zubaida Endowment) during twenty-nine Years (including shares of capital increase) amounted to 61 million riyals, and they were dead endowments that did not generate income before their shareholding in the Company.



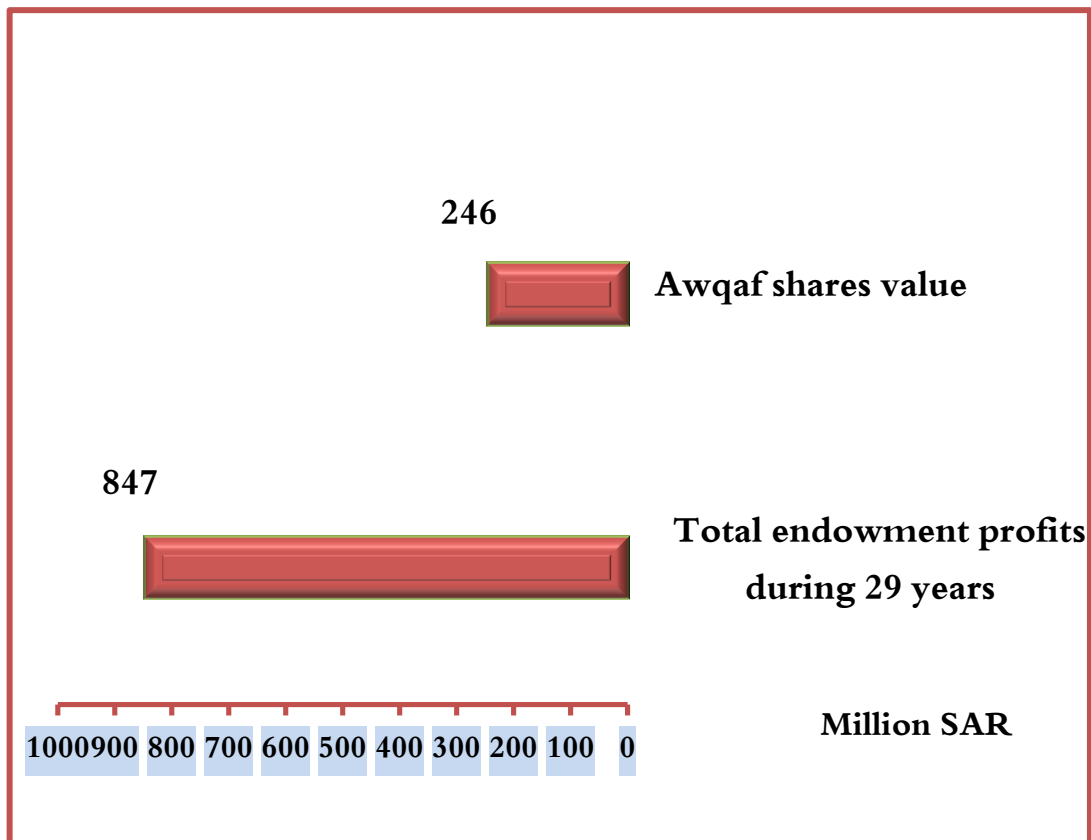


- c) The proceeds of the private endowments during twenty-nine Years (including shares of capital increase) amounted to 474 million riyals, or 967%, of the total income before shareholding in the Company (based on an average of twenty-nine Years), amounting to about 49 million riyals.





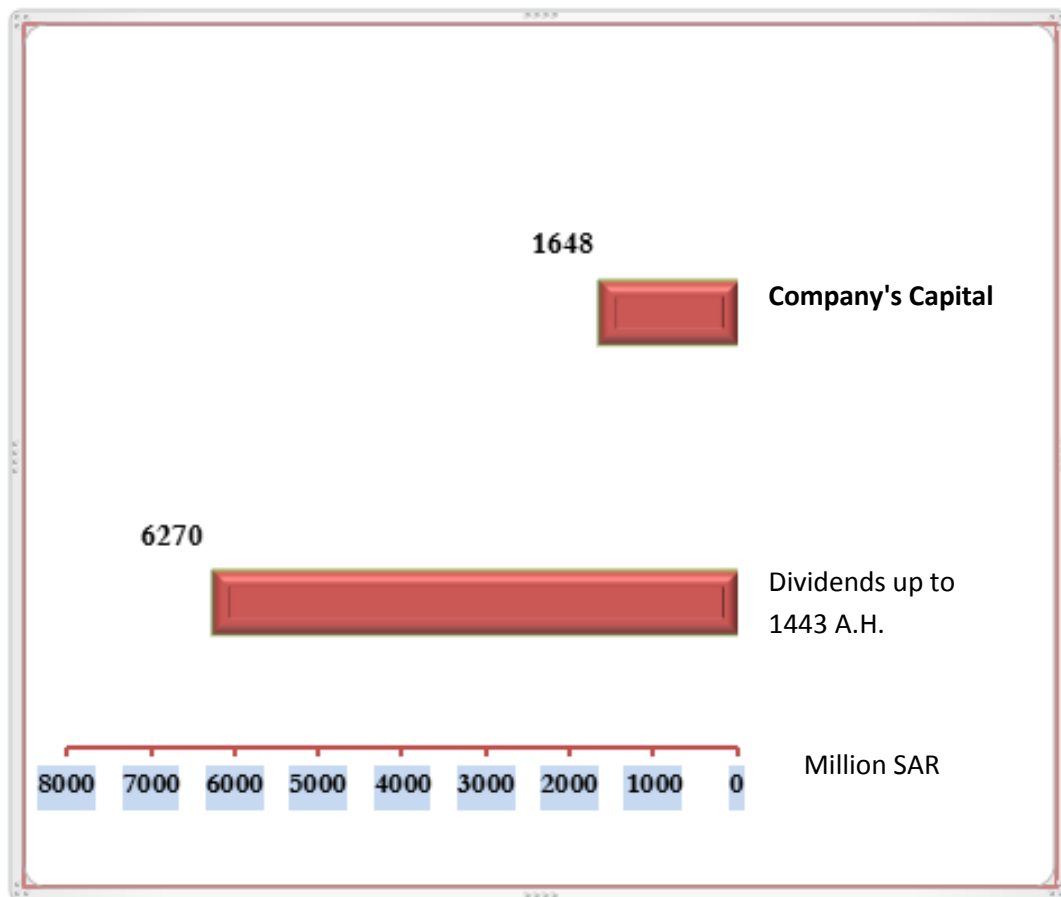
- 5) The total proceeds of all shareholding endowments to the Company during the twenty-nine years amounted to 847 million riyals, compared to the value of its current shareholding in the Company at an amount of 246 million riyals, an increase of 601 million riyals, and the original remains (noting that the shares of the capital increase earned profits from the Year 1427 A.H.)





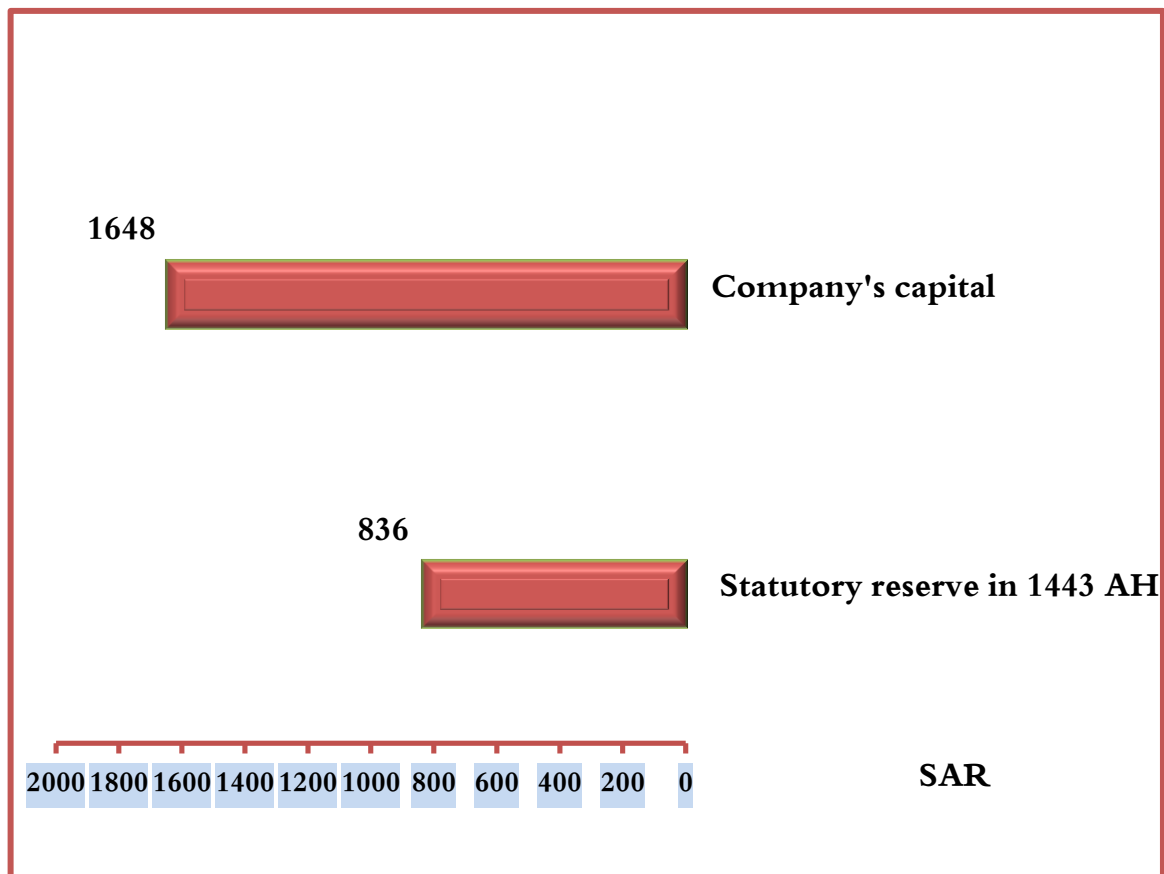
6) The profit distributed to the shareholders during the twenty-Nine Years amounted to 6.270 million riyals, or 411% of the Company's capital.

(Noting that the shares of the capital increase deserved profits from the Year 1427 AH).



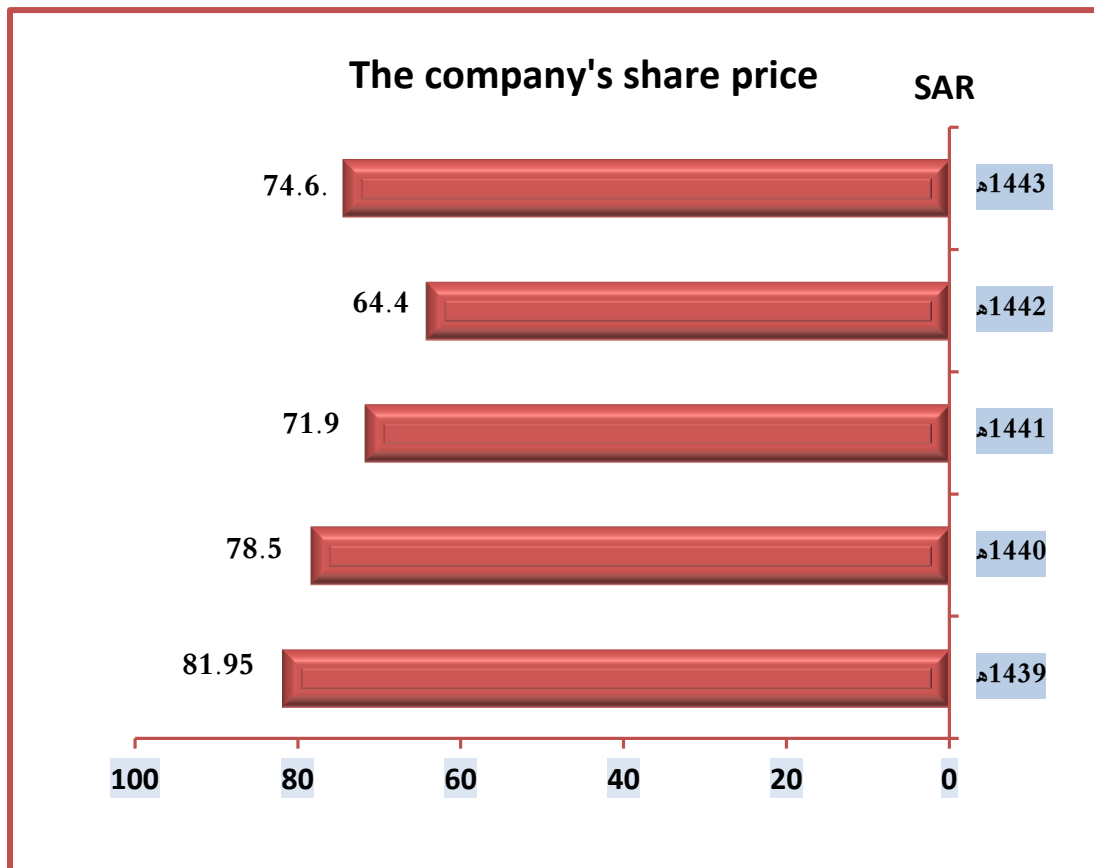


- 7) The balance of the statutory reserve on 29/04/1443 AH is 836 million riyals, noting that based on the Resolution of the 20<sup>th</sup> Ordinary General Assembly held on 21/8/1430 AH, It was decided to stop setting aside 10% of the net profits for the statutory reserve, due to the fact that its balance reached 69% of the capital on that date, in accordance with Article 44/1 of the company's articles of association., which states [10% of the net profits shall be set aside to form the statutory reserve for the Company, and the Ordinary General Assembly may stop this deduction whenever the said reserve reaches 30% of the paid capital], which represents 51% of capital.





- 8) The Company's share market price on 29/04/1443 AH amounted to 74.60 riyals, which is one of the highest stock prices in the market compared to similar companies.



**9) The Company's Statement of Financial Position on 29/04/1443 AH:**

- a) The balance of cash in banks reached on the date of the budget 162 million riyals compared to 194 million riyals in the budget of last year, and also an amount of 1 million riyals, for the balance of 1 commodity trading fund in Saudi riyals, meaning that the **total cash liquidity of the Company, amounted to 163 million riyals**, noting that the Company distributed profits to shareholders during the Year amounting to 13 million riyals, which means that the cash movement of the Company during the Fiscal Year 1442/1443 AH amounted to 176 million riyals.

For further clarification, refer to the statement of cash flows for the Fiscal Year ending on 29/04/1443 AH attached to the financial statements, noting that the Company's balances with banks are deposited in current accounts on which no interest is charged, and in the Commodity Trading Fund (consistent with the provisions of Islamic Sharia).

- b) **Profits for the Fiscal Year ending on 29/04/1443 AH:**

**A net profit of 4 million riyals was achieved after deducting all marketing and general expenses and other costs, including Sharia zakat.**





## Performance indicators:

### 1) Information Technology Management:

As the management of Makkah Construction and Development Company is keen to develop information technology systems to support and develop its business in line with its distinguished position among real estate development companies, and to complete the work of continuous development and modernization, the Information Technology Department during the current fiscal year did the following:

- Developing the company's financial systems and linking them to the commercial center, one of the company's sectors.
- Applying the electronic billing system in line with the requirements of the Zakat, Tax and Income Authority.
- Upgrading the operating systems of computers to the latest version.
- Updating protection and safety programs for the Company's computer systems and servers.
- Replacing old computers with modern ones that have advanced specifications which comply with the requirements of modern systems and programs.
- Providing modern, high-quality, multi-functional machines (scanning / copying / printing / photocopying) to support Company's various departments work.
- Publishing and advertising on the Company's official website on the Internet, including publishing lists of shareholders who have owed profits for previous years and have not spent them.
- The Company also welcomes any inquiries, suggestions or requests from the Company's shareholders or visitors through its website on the Internet:  
[www.mcdc.com.sa](http://www.mcdc.com.sa)
- ❖ Or through the Company's accounts on social networks:  
Twitter.com/mcdcsa  
Facebook / mcdcsa  
Instagram.com/mcdcsa



## 2) Shareholders Affairs Department:

The Department of Shareholders Affairs in Makkah Company is keenly seeking to communicate with the company's shareholders through all modern means of communication to respond to their inquiries, meet their needs, inform them of the company's news and provide them with data on their shares and profits due to them or the profits received.

Whereas the Company's management is keen on the rights of its shareholders, the third campaign was launched to remind the shareholders of the Company who have accrued profits for previous years that had not been spent because their addresses and investment account numbers were not correct, as well as urging them to communicate with the Company's Shareholders Affairs Department along with updating their data, information and investment account numbers, to facilitate deposit their owed earnings into these accounts.

1) On 2/26/1440 AH, an announcement was made on Tadawul website and the Company's official website, inviting the shareholders who had accrued profits for previous years and had not disbursed them, as follows:

- Shareholders who have not received their dividends.
- Shareholders who have not received IPO surplus checks.
- Shareholders who have not received the checks for the shares sold by the auction.

2) Shareholders' records were searched and the following action was taken:

- Communicating with the shareholders by phone and reminding them to spend their profits on previous years and how to receive them.
- Sending mail messages to shareholders with guidance forms and reminding them to spend their profits for previous years and how to receive them.
- Urging the shareholders to retrieve their dividend checks and to renew the validity dates for their disbursement.
- Shareholders were also urged to update their investment account data and numbers related to the investment portfolio with the addition of IBAN number.
- Reminding shareholders who are still holding share certificates of the importance of depositing them in investment portfolios, in order

to benefit from the new number of shares as a result of splitting the nominal value of the share, as well as to benefit from them in depositing their shares for the coming years.

- 3) On 18/4/1440 AH, a contract was signed with Tadawul Depository Center to benefit from the (Tawasul service) by sending text messages to the shareholders of the Company participating in Tadawulati service that Makkah Construction and Development Company published the names of the shareholders who had profits from previous years and did not receive them on its website.

The results of the third campaign were as follows:

Statement	Amounts of dividends owed	Sums spent after the third campaign	The remainder of the profits accrued
Balance of accrued profits from 1415H to 1438H.	171,573.044.90 SAR	16,602,341,30 SAR	154,970,703,60 SAR
The balance of checks for shares sold by public auction.	10,966,146 SAR	56,172 SAR	10,939,974 SAR
The balance of the surplus underwriting checks.	919,475 SAR	Zero SAR	918.975 SAR

The Company urges its shareholders to communicate with the Department of Shareholders Affairs of Makkah Construction and Development Company to obtain their due profits for previous years, noting that the profits owed to the shareholders of the Company up to the date of 29/04/1443 AH amount to 192,364,589 SAR.



### 3) Technical Affairs Department:

The management of Makkah Construction and Development Company, represented by the Technical Affairs Department, is tasked with following up the work of modernizing and developing the company's first project (Makkah Hotel and Towers - Makkah Commercial Center). Note that the company's management adopts the best techniques applicable in the maintenance and operation of service projects globally, so that the development of the company's project (residential - commercial) will fulfill the desires and tastes of its valued customers.

Noting that all works carried out by the Technical Affairs Department are carried out under the tender system in the closed envelope by calling for tenders from companies, suppliers and approved agents. These works are assigned to engineering offices and contracting companies listed and approved by the Municipality of the Holy Capital or the relevant government agencies. Among the tasks and responsibilities of Technical Affairs are:

- a) Keeping technical documents and engineering drawings for the company's first project (architectural - structural - electrical - mechanical) as well as as-built drawings, by scanning (scanning), especially in the implementation of the renovations currently underway in the project.
- b) Technical follow-up and supervision of the development and modernization works that are being implemented in the company's first project (Makkah Hotel and Towers - Makkah Commercial Center).





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### Makkah Hotel & Towers:



Makkah Company is striving to add new and more services to Makkah Hotel & Towers to gain the satisfaction of its valued customers, which made it always compete for the forefront of hotels in Makkah by following up and paying attention to this in order to obtain an advanced position in the field of distinguished hotel service in Makkah region. This led to the hotel and towers receiving valuable and prestigious awards in the world of global hotel service, praise be to God, during the year 2021 AD as follows:





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1- The Best Hotel in Saudi Arabia award at the 2021 Global Tourism Awards.



2- Best Luxury Hotel in Saudi Arabia at the Arabian Travel Awards 2021

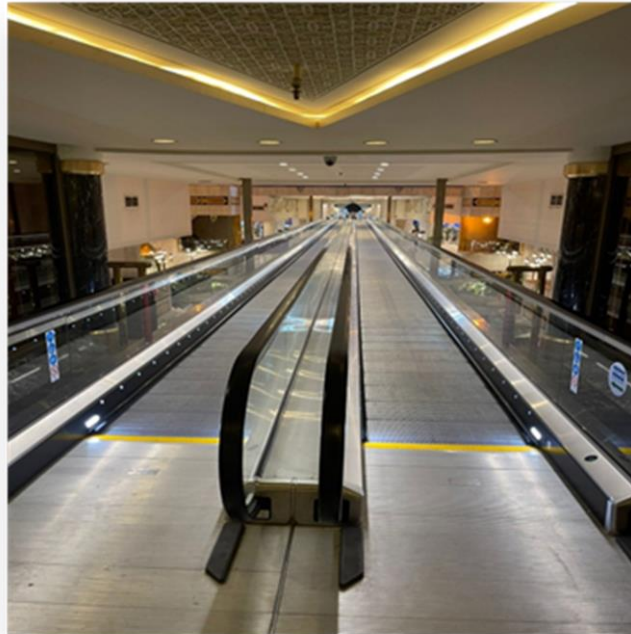






To complement this success and excellence, the Company has been keen on Permanent Renovation and updating during the Fiscal Year 1442/1443 AH, the Company spent an amount of about 28 million riyals for the executed works to develop and renovate some of the different facilities of the hotel and the towers, which are as follows:

- ❖ Replacing (8) escalators and (2) motorized walking paths in the hotel and towers.





- ❖ Replacing all hotel and towers air-conditioning chillers with a number of (27) chillers.
- ❖ Replacing all cold water pumps for the hotel and towers with a number of (35) pumps
- ❖ Replacing GTP for Hotel & Towers
- ❖ Replacing light bulbs for some hotel and towers rooms.
- ❖ Installing additional surveillance cameras for the hotel and towers
- ❖ Work in progress to replace the Building Management System (BMS).
- ❖ Work in progress to replace the water treatment plant.
- ❖ Work in progress to construct a waste room for the hotel and towers to keep pace with environmental sanitation.



**Main lobby of Makkah Towers**



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Some rooms overlooking the Holy Mosque in Makkah Hotel





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Jasmine Cafe in Makkah Hotel



Andalusia Restaurant in Makkah Hotel



#### 4) Makkah Company Commercial Center:



**Main Entrance of Makkah Company Commercial Center in front of Makkah Haram**

Makkah Company is also doing its best to add new and more services that are provided at the Company's commercial center for visitors and shoppers as well as shop tenants, to add an aesthetic touch as well as for the convenience of visitors and shoppers in the Commercial Center. During the Fiscal Year 1442/1443 AH, the Company spent an amount of about two million riyals for the works carried out to develop and renew some of the different facilities of the Commercial Center are as follows:

- ❖ Replacing and installing surveillance cameras and increasing their capacity.



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- ❖ Replacing and installing important spare parts and supplies for (14) elevators.



Some of the famous shops in the Makkah Commercial Center in front of the Holy Mosque in Mecca

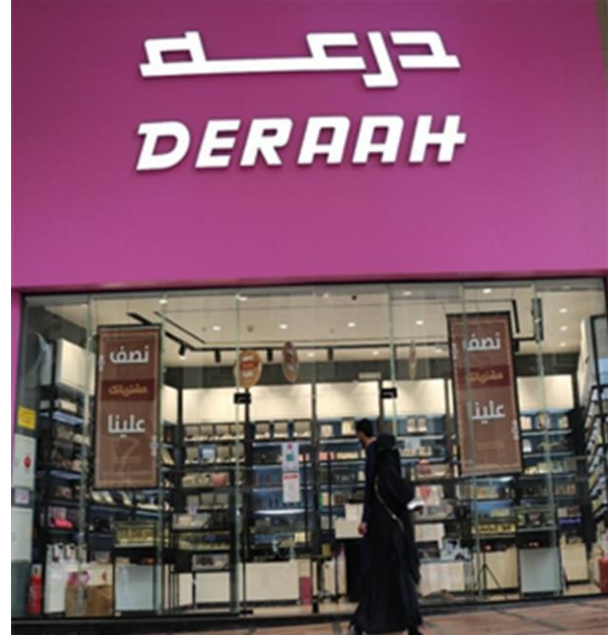






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Some of the famous shops in the Makkah Commercial Center in front of the Holy Mosque in Mecca





- ❖ Cladding some elevators with stainless steel
- ❖ Improving and renewing the floors and ceilings of the building from the outside.
- ❖ Modernization and installation of [floors - new ceilings - air conditioners - sprinkler pipes - paints] for some shops.
- ❖ Install fireproof boxes.
- ❖ Modernization and installation of (13) fire sprinklers
- ❖ Modernization and installation of water pipes for the mezzanine
- ❖ Developing a waste collection site in the building to keep pace with environmental sanitation.
- ❖ Renovation and installation of a water drain in the streets adjacent to the building.
- ❖ Introducing and developing smoke suction systems for restaurants.
- ❖ Inspection of electrical wiring safety for the commercial center

#### 5) Makkah Construction and Development Company for Umrah Services Branch:

Makkah Umrah Services Company Branch has been re-operated, after the internal restructuring of Umrah Company in order to achieve customer service and the interest of Makkah Company, provided that it is under the management and operation of Makkah Hotel & Towers Company, in accordance with the Resolution of the Company's Board of Directors by pass No. (216) dated 28/1 / 1442 AH corresponding to 16/9/2020 AD. The re-operation of Umrah Company branch was published on Tadawul website on 28/1/1442 AH corresponding to 16/9/2020 AD.





### Long-term investments:

#### 1) Shares in Jabal Omar Development Company:

It is known that the in-kind share and shares of priority and additional rights in Jabal Omar Company project (1) amounted to 1,063,925,160 riyals, representing 106,392,516 shares, equivalent to 11.44% of the capital of Jabal Omar Development Company. In accordance with the Company's Board of Directors Resolution No. 178 of 18 /3/1439 AH, the Company sold 10 million shares at an amount of about 352 million riyals resulting in a profit of about 251 million riyals. It was included in the retained profits according to the requirements of International Accounting Standard No. 9 (Financial Instruments). The remaining 96,392,516 shares with a market value has been estimated on 29/04/1443 AH, at an amount of about 1.7 billion riyals.

#### 2) Properties in Jabal Omar Region No. (2):

The Company invested in the purchase of properties in Jabal Omar No. (2) years ago, with a total value of 70 million riyals, as part of the Company's policy to diversify long-term investments, as the value of these real estate is constantly increasing, knowing that the market value of these properties was estimated at 88 million riyals, which means contributing to the increase of the Company's assets. These properties are leased annually and have generated an income of one hundred thousand riyals for the Company during the Fiscal Year 1442/1443 AH.

#### 3) Makkah Construction and Development Company's investments in Gurham Development & Expansion Company, which is one of the companies developing Jabal Al-Sharashef region in Makkah:

The Executive Committee of the Project for Treating and Developing Slums in Makkah Al-Mukarramah Region has identified five areas of high priority for development, the first of which is Sharashef Mountain area due to its proximity to the Grand Mosque, as well as being one of the areas with promising development potentials that can be implemented through investment in cooperation with the private sector.







Based on the approval of the Executive Committee on the first of Muharram 1435 AH, the area of Jabal Al-Sharashaf in Makkah Al-Mukarramah (Tatweer District) was announced in the local newspapers, provided that Gurham Development & Expansion Company is one of the companies concerned with developing the area.

Since this project is vital and important, Makkah Construction and Development Company contributed in it with a cash share of 27.50%, at 28.84 million riyals of its capital of 104.84 million riyals. This contribution was announced on Tadawul website on 4/5/1435 AH, as well as what was published in the annual reports of Makkah during the past five Years, noting that the capital of Gurham Development & Expansion Company was reduced according to the resolution of the Extraordinary General Assembly dated 13/11/2018 AD, so that its capital became 49.8 million Saudi riyals, which led to the decline of the share of Makkah Company to become 14,89 million riyals. During 2018 AD, the management of Gurham Development & Expansion Company decided to cancel its previous Resolution to reduce the capital by an amount of 55 million riyals due to an accounting error in its financial statements for previous years and this resulted in the error being corrected by canceling this reduction. However, the legal procedures related to canceling the capital reduction Resolution are still under implementation, and any new developments in this regard will be announced later.

#### Saudization of jobs and training:

Makkah Construction and Development Company takes care of everything that benefits the hotel and the towers, including the interest in training and replacing expatriate workers with national workers in all specialties within the hotel, and makes great efforts to address any obstacles that may hinder national cadres to join the hotel business, in line with the state's policy in developing localization Job plans in the public and private sectors.

Whereas, Makkah Company has a training center in Makkah Hotel & Towers, to train, qualify and enhance Saudi competencies in various hotel departments since 1415 AH corresponding to 1994 AD, noting that it is the first center for training Saudi cadres in Makkah Al-Mukarramah. There is also cooperation with training centers within the Kingdom such as the Chamber of Commerce in Makkah and labor offices and others, in order to provide the hotel and towers with national cadres in this field.





A number (166) Saudi trainees were trained from inside Makkah Hotel & Towers, and (58) trainees were trained from outside Hotel and Towers, noting that the numbers graduated from the training center since its inauguration on 29/4/1415 AH until 29/04/1443 AH about (2163) trainees in the hotel departments and the various towers (reception - marketing and sales, food and beverages - internal supervision - and other departments).

Saudization percentage in the Company is as follows:

Field of work (jobs)	Saudis	Non-Saudis	Total	Saudization ratio
<u>Administrative jobs:</u>				
Senior Management / supervisory / administrative and professional / security and guarding.	252	184	436	57.8%
<u>Support service jobs:</u>				
Food and Beverage / Kitchen / Internal Supervision / Laundry / Preparation and Preparation / Baggage Holders / Commercial Center and Prayer Room.	32	426	458	7%
Total	284	610	894	32%

This percentage is considered within the green scope according to Nitaqat program classification at the Ministry of Labor.





### Administrative Training and development within Company:

The training program is one of the programs that Makkah Company is interested in and aims to develop the skills of the Company's employees and provide them with more knowledge and necessary experience that helps them to develop in the performance of their work, during the Fiscal Year 1442/1443 AH.

The management of the commercial center has nominated some of its employees for training courses as follows:

- ❖ Developmental courses for employees of the Personnel Affairs Department in the commercial center, in [the worker's financial rights according to the Saudi labor law - in wrong practices in the application of some articles of the Saudi labor law].
- ❖ Development courses for account management employees in the commercial center, in the Saudi labor law.

The hotel's training center has also conducted several training programs for the hotel and towers' employees, as follows:

- ☒ Basic English course.
- ☒ Customer Service Course.
- ☒ Distinguished Service Course.
- ☒ Induction program course for the hotel and towers..
- ☒ Risk management course.
- ☒ Leadership development course.
- ☒ Social media course.
- ☒ Continuity, Quality and Commitment Course
- ☒ Awareness training course about the corona vaccine.
- ☒ Fire training course.



## Disclosure requirements in the Board of Directors report:

### 1) Description of the main types of the Company's activity:

#### 1) The main activity of the Company is as follows:

Activity	Activity Type Description
Main activity	Constructing the places adjacent to the Grand Mosque in Makkah and owning, developing, managing, investing, buying and renting real estate adjacent to the Grand Mosque in Makkah Al-Mukarramah and carrying out all engineering works necessary for construction, reconstruction, maintenance, demolition and survey work.

The impact of these main activities on the Company's business volume and its contribution to the results:

s	Statement	Total activity revenues and percentage (SAR)		Total profit / loss of the activity and its percentage (SAR)	
1	Commercial Center	106,121,041	66.5%	78,465,212	_____
2	Hotel	28,378,793	17.76%	(15,683,666)	_____
3	Towers	25,042,696	15.68%	(15,322,473)	_____
4	Jabal Omar property rent (2)	100,000	00.06%	100,000	_____
5	Branch of the Company for Umrah pilgrims services	0.00	0.00%	0.00	_____
Total		123,443,568	100%	47,559,073	—



2) Name of the subsidiary, its capital, percentage of the Company's ownership in it, its main activity, the country of its operations, the country of incorporation, and the details of the shares issued for each subsidiary:

S	Company name	Capital	Ownership percentage	Main activity	Headquarters	Place of incorporation
1	Makkah Construction and Development Branch Company	3,000,000 SAR	100%	Umrah Performers services	Makkah	Makkah

The impact of these activities of the subsidiary and its contribution to the results:

Makkah Construction and Development Company Branch for Umrah Services was established under C.R number 4031102134, dated 18/3/1439 AH. The Company began its actual operation on 14/3/1440 AH corresponding to 22/10/2018 AD. The financial impact appeared during the annual budget for the Company's Fiscal Year 1440/1441 AH.

Noting that the Company's branch was suspended on 1/4/1441 AH corresponding to 28/11/2019 AD, in accordance with Board Resolution No. (203) dated 30/3/1441 AH corresponding to 27/11/2019 AD.

Makkah Umrah Services Company Branch was re-operated again according to the Resolution of the Company's Board by pass No. (216) dated 28/1/1442 AH corresponding to 16/9/2020 AD, and this was published on Tadawul website on the same date, noting that the branch did not achieve any revenue until the end of the Company's Fiscal Year ending on 29/04/1443 AH.

Statement	Total activity revenues and percentage (SAR)		Total activity profits and their percentage (SAR)	
Company Branch for Umrah pilgrims services	0.00	0,00%	0.00	0,00%
Total	0.00	0,00%	0.00	0,00%





## 2) Significant Company plans, Resolutions, and future business expectations:

- a)** The Company's investments in Jabal Omar Development Company, as Makkah Company, as of 30/4/1442 AH, is a shareholding in-kind share and priority and additional rights in Jabal Omar Company (1) project, valued at 963,925,160 riyals, representing 96,392,516 shares. The valuation of the shares at the market value at the end of 29/04/1443 AH was of 1,715,786,785 SAR. The Company expects to increase the market value of shares in the coming Years.
- b)** The Company's investments in Jabal Omar development project (2), which is considered a natural extension of Jabal Omar development project (1) and linked to it from the southern side amounting to 70 million riyals. The annual rental income is about one hundred riyals, noting that the market value of these properties is estimated at an amount of 70 million riyals. The Company expects to increase its investments in this privileged area in the coming years, due to its proximity to the central area of Makkah Holy Mosque, which is located directly on Ibrahim Al-Khalil Street, and enjoys the interest of investors during the next few years.
- c)** The Board of Directors of the Company decided, in its meeting No. (133) on Thursday 25/1/1435 AH, corresponding to 28 November 2013 AD, to contribute to the capital of Gurham Development & Expansion Company which is developing the area of Jabal Al-Sharashif. The Company signed a final agreement to contribute a cash share of 27.50% in the amount of 28.84 million riyals from its capital of 104.84 million riyals. This contribution was announced on Tadawul website on 4/5/1435 AH, as well as what was published in the annual reports of Makkah Company. During





the past six Years, Gurham Company reduced its capital according to the Extraordinary General Assembly resolution dated 13/11/2018 AD to become 49.8 million Saudi riyals, which led to the decline of Makkah Company's share to 14.89 million riyals. During 2018, the management of Gurham Company decided to cancel its previous resolution to reduce the capital by 55 million riyals due to an accounting error in its financial statements for previous years, and as a result of this, the error was corrected by canceling this reduction. However, the legal procedures related to canceling the resolution to reduce the capital are still under implementation, and the Company expects to increase its investments also in this distinguished area in the coming years, given that it is located next to Jabal Omar (2) near the central area of Makkah Holy Mosque and its location directly on Ibrahim Khalil Street. It is also receiving the attention of investors during the next few Years.

- d)** The Company Board Chairman issued Administrative Resolution No. (560) dated 14/6/1440 to form a Committee from the employees of Makkah Construction and Development Company to follow up the renovations and development of Makkah Hotel and Towers, choose the most appropriate contractors and suppliers (technically and financially), as well as to supervise the disbursement of payment certificates and contract with a consultant office to evaluate works agreed to be implemented, follow up and supervise the works during implementation, receive them from the contractors at every stage, review the payment certificate and approve them before payment, in order to raise the level of services provided to visitors and guests of Makkah Hotel & Towers, which will have a positive impact on revenues.





### 3) Declarations:

Makkah Construction and Development Company declares that:

- a-** The account records were prepared correctly.
- b-** The internal control system was prepared on a sound basis and was effectively implemented.
- c-** There is no doubt about the source's ability to continue its activity.

### 4) The results of the annual audit of the effectiveness of the Company's internal control procedures, in addition to the Audit Committee's opinion on the adequacy of the Company's internal control system:

The Company's management confirms that the Company's internal control system has been prepared on sound bases and is being implemented effectively, and that there are no significant remarks mentioned by the audit Committee during its audit.

### The Company's Internal Audit Management:

Based on the importance of corporate governance and the need to move it into practice, internal auditing is one of the pillars of this application, by examining and evaluating the financial, administrative and operational activities of the Company, with the aim of providing accurate information to management at all levels to properly implement its strategy as well as assessing risks that the Company may face in the future as well as following-up how to address them.

Through the Company's internal audit management reviewing the financial and administrative activities that took place during the Fiscal Year 1442/1443 AH ending on 29/04/1443 AH, it submitted its report on the Company's performance to the audit Committee, and the following became clear to the audit Committee:

- a) It was ensured that there were no material observations affecting the performance of work or financial reports.







- b) The Company's workflow was confirmed in accordance with the rules and regulations governing the work.
- c) It has been ensured that the Company applies international accounting standards.

## 5) The risks that the Company may face and the risk management and control policy: According to the budget

### 1) Financial Risk Management:

The Company's activities expose it to a variety of financial risks, market risk (including foreign currency risk, fair value, cash flow interest rates and price risks), credit risk and liquidity risk. The Company's overall risk management program focuses on fluctuations in the financial markets and tries to minimize potential negative impacts on the financial performance of the Company.

### 2) Risk Management Framework:

- Risk management is undertaken by Senior Management in accordance with policies approved by the Board of Directors. The Senior Management identifies, evaluates and hedge against financial risks through close cooperation with the Company's operating units. The most important types of risks are credit risk, currency risk, fair value, and interest rates for cash flows.
- The Board of Directors is responsible for establishing and supervising the risk management in the Company. The executive management is responsible for developing and monitoring the risk management policies in the Company. The team meets regularly and any changes and





problems with adherence to standards are reported to the Board of Directors through the Audit Committee.

- Risk management rules are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company aims, through training and management standards and procedures, to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.
- The Audit Committee monitors management's compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which the Company is exposed.
- Financial instruments included in the statement of financial position include cash and cash equivalents, trade receivables, other receivables, trade and other payables, and the methods used in verifying the separate policies related to each item in the financial statements have been disclosed.

#### **a) Market Risk:**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk consists of three types of risks: Interest rate risk, currency risk and other price risk such as share price risk.

#### **b) Interest Rate Risk:**

Interest rate risk arises from a change in the value of a financial instrument as a result of changes in market interest rates. The Company does not have any financial assets or financial liabilities with fixed or variable interest rates, and accordingly, the Company's management believes that interest rate risk is not significant.



**c) Foreign currency risk:**

Currency risk is that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to fluctuations in foreign exchange rates during its normal business cycle, given that the Company's substantial transactions during the period were carried out in Saudi riyals and US dollars. Since the exchange rate of the Saudi riyal is fixed against the US dollar, there are no significant risks associated with the outstanding transactions and balances in the US dollar.

**d) Other market price risks:**

The Company is exposed to equity risk which arises from equity shares available for sale and investments measured at fair value through profit or loss. The Company's management monitors the proportion of securities in its investment portfolio based on the market index.

**e) Sensitivity Analysis Equity Price Risk:**

All of the Company's investments listed on the Saudi Stock Exchange (Tadawul) represent investments classified as available-for-sale investments. An increase of 3% in the average share price at the reporting date would lead to an increase in equity by an amount of 71,928,988 Saudi riyals. A decrease of 3% in share prices would have an impact of approximately 71,928,988 Saudi riyals on the equity of the Company. A 3% increase or decrease in the value of the listed securities will only affect equity, but not have an effect on profit or loss.



#### **f) Credit Risk:**

Credit risk is the risk that one party to a financial instrument will not be able to fulfill its obligations, causing the other party to incur a financial loss. The Company does not have a significant concentration of credit risk. Concentration risk arises when a number of parties engage in similar activities in the same geographical area or have economic features that would lead to their failure to fulfill their contractual obligations. To reduce exposure to credit risk, the Company has developed a formal approval process when applying credit limits to its customers. The management also continuously monitors credit risk to customers and makes provision for balances deemed doubtful. To mitigate this risk, the Company has a system to determine credit limits for its customers based on an extended evaluation based on customer data and history of commitment to payments. The outstanding customer receivables are monitored regularly.





6) Table for the Company's assets, liabilities, and results of its business during the last five Fiscal Years:

A. The most important items of the financial position list (assets, liabilities and shareholders' equity) in thousand riyals:

Financial Position	1439 A.H.	1440 A.H.	1441 A.H.	1442 A.H.	1443 A.H.
Current assets	268,796	383,096	529,774	321,093	313,437
Other long-term assets	6,246,633	3,488,231	2,690,357	3,113,617	2,829,129
Property and equipment	1,346,295	1,329,282	1,313,314	1,299,929	1,328,335
Real Estate Investments	217,555	225,813	229,071	224,763	223,389
<b>Total assets</b>	<b>8,079,279</b>	<b>5,426,422</b>	<b>4,762,516</b>	<b>4,959,402</b>	<b>4,694,290</b>
Current liabilities	407,883	370,931	434,319	312,707	303,168
Other liabilities	43,234	34,440	31,417	182,757	207,737
<b>Total liabilities</b>	<b>451,117</b>	<b>405,371</b>	<b>465,736</b>	<b>495,464</b>	<b>510,905</b>
Capital	1,648,162	1,648,162	1,648,162	1,648,162	1,648,162
Unrealized gain from available for sale investments	4,788,273	2,089,995	1,345,946	1,819,206	1,543,717
Reserves and retained earnings	1,191,727	1,282,894	1,302,672	996,570	1,0005,505
<b>Total Shareholders' equity</b>	<b>7,628,162</b>	<b>5,021,051</b>	<b>4,296,780</b>	<b>4,463,938</b>	<b>4,183,385</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,079,279</b>	<b>5,426,422</b>	<b>4,762,516</b>	<b>4,959,402</b>	<b>4,694,290</b>



**B. The most important items of the income statement (revenues, costs, total profit and expenses) in thousand riyals:**

Income Statement	1439 AH	1440 A.H.	1441 A.H.	1442 A.H.	1443 A.H.
Revenues	563,357	548,674	477,341	123,443	159,642
Revenue costs	(254,580)	(209,610)	(197,568)	(123,523)	(112,083)
Gross profit / (loss)	308,777	339,064	279,773	(80)	47,559
Administrative expenses	(19,986)	(22,793)	(20,806)	(24,571)	(19,901)
Provision for expected credit losses	—	—	(21,771)	(25,618)	(12,117)
Provision for impairment recoverable amount	—	—	—	—	(4,341)
Borrowing costs	—	—	—	(2,013)	-
Decrease in the value of an investment in an associate Company	—	(13,950)	—	—	-
Other income	692	5,718	21,622	1,215	1,032
Donations	(160)	(383)	(250)	(16)	(15)
Zakat	(23,233)	(24,876)	(22,436)	(7,794)	(7,972)
Net profit / (loss)	266,090	282,780	236,132	(58,877)	4,245
Total other comprehensive income (loss)	(903,646)	(2,556,798)	(630,770)	473,259	(284,936)
Total comprehensive income (loss)	(637,556)	2,274,018	(394,638)	414,382,315	(280,691)



**7) Geographical analysis of the total revenues of the Company and its subsidiaries:**

Year	Geographical analysis of the Company's total revenue		
	Total revenue	Geographical area	Total
1442/1443 A.H.	159,642,530	Makkah	159,642,530

**8) Notes of any material differences in the operating results compared to the results of the previous year or any expectations announced by the Company:**

The reason for the rise is due to the increase in the revenues of the commercial center as a

S	Statement	1442/1443 A.H.	1441/1442 A.H.	Changes	Percentage change
1	Net loss	4,245,112	(58,877,366)	63,122,478	107,21%
2	Total loss	47,559,053	(79.912)	47,638,965	59,614,28%
3	Operational loss	27,657,915	(24,650,561)	52,308,476	212,19%

result of the decrease in exemptions granted to tenants due to the relative improvement as a result of the decrease in the precautionary measures in the central region, as well as the decrease in the provision for expected credit losses for this year, as well as the provision for zakat.

**9) Notes to any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA):**

Makkah Construction and Development Company approves the application of international accounting standards for financial reporting approved by the Saudi Organization for Certified Public Accountants for the Year ending 29/04/1443 AH, and there is no fundamental difference.





### 10) Company policy in dividend distribution:

According to Article (44) of the Company's Articles of Association, the annual net profits of the Company shall be distributed after deducting all General expenses and other costs, including the Sharia-imposed zakat, as follows:

- 1) (10%) of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may stop this retainer when the said reserve reaches 30% of the paid capital.
- 2) The Ordinary General Assembly, based on a proposal from the Board of Directors, may set aside a certain percentage of the net profits to form an agreement reserve to be allocated to support the financial position of the Company.
- 3) The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned association may also deduct amounts from the net profits to establish social institutions for the Company's employees or to assist those existing from these institutions.
- 4) The Ordinary General Assembly may use the retained profits and other distributable reserves to pay the remaining amount of the share value or part thereof, provided that this does not prejudice the equality of the shareholders.
- 5) From the remainder, a down payment equal to (5% of the Company's paid-up capital) will be distributed to the shareholders.

Subject to the provisions stipulated in Article (20) of the Company's Articles of Association, and Article (76) of the Companies Law, (5% of the remainder shall be allocated to the remuneration of members of the Board of Directors), provided that it is proportional to the number of Meetings attended by the member.







**11) Percentages of profits that are distributed to shareholders during the various periods of the Fiscal Year in addition to the percentage of profits proposed to be distributed at the end of the Fiscal Year and the total of these profits:**

Makkah Company does not have distributable interim dividends, and the Company's Board of Directors suggests not to distribute profits to the Company's shareholders this Year, because the Company did not achieve sufficient profits during the Fiscal Year 1442/1443 AH due to the Coronavirus.

**12) Suggested method of dividend distribution:**

There are not enough profits for distribution during the fiscal year 1442/1443 AH..

**13) A description of any interest in the voting-eligible shares category belonging to persons (other than the members of the Company's Board of Directors and senior executives and their relatives) who informed the Company of those rights under Article (45) of the Registration and Listing rules, and any change in those rights during the last Fiscal Year:**

S	Investor	Year Beginning		Year End		Rate Change %
		Number of Shares	Ownership percentage %	Number of Shares	Ownership percentage %	
1	Saudi Bin Laden Group Company Ltd.	16,338,869	9,9134%	16,338,869	9,9134%	0,00%
2	Public Pension Agency	4,182,570	2,5378%	4,182,570	2,5378%	0,00%





14) A description of any interest, contractual securities and subscription rights of the Company's Board members, senior executives and their relatives in the shares or debt instruments of the Company or the subsidiary Company, and any change in that interest or those rights during the last Fiscal Year:

S	Member name	Year Beginning		Year End		Net change	Rate Change %
		Number of Shares	Ownership percentage %	Number of Shares	Ownership percentage %		
1	Abdulrahman Abdul Qadir Muhammad Fakieh *	10,589,005	6,4248%	10,087,257	6,1203	501,748	0.3045
2	Ahmed Abdul-Aziz Suleiman Al-Hamdan	1,377	0,0008%	1,377	0,0008%	0.00	0.00
3	Ibrahim Mohammed Ibrahim Al-Issa	1,000	0,0006%	1,000	0,0006%	0.00	0.00
4	Hamza Muhammad Salih Hamza Serafi	6,444	0,0039%	6,444	0,0039%	0.00	0.00
5	Ziad Bassam Mohammed Suleiman Al-Bassam	16,150	0.0098%	1,000	0.0006	15,150	0,0092%
6	Mansour Abdullah Suleiman bin Saeed	1,328	0,0008%	1,328	0,0008%	0.00	0.00
7	Bin Laden Real Estate Co represented by Saleh Mohd Bin Laden.	595,573	0.3613%	595,573	0.3613	0.00	0.00





S	Member name	Year Beginning		Year End		Net change	Rate Change %
		Number of Shares	Ownership percentage %	Number of Shares	Ownership percentage %		
8	Muhammad Tariq Muhammad Ismail Sadiq	183	0.0002%	183	0,0002%	0.00	0.00
9	Public Pension Agency	4,182,750	2,5379%	4,182,750	2,5379%	0.00	0.00
	Represented by: Fahd Rabe Mishaan Al-Otaibi	-	-	-	-	-	-
10	Yasser Abdul Hamid Ahmed Abu Suleiman	1,000	0.0006%	1,000	0.0006%	0.00	0.00
11	Ibrahim Abdul Rahman Muhammad Al-Qunibet	4,000,991	2,4276%	4,000,991	2,4276%	0.00	0.00
	Represented by: Turki Ibrahim Abdul Rahman Al-Qunibet	-	-	-	-	-	-

\* The percentage of ownership includes 1,783,037 shares in the name of / Abdul Rahman Abdul Qadir Muhammad Fakieh , and 88,304,220 shares in the name of Abdul Rahman Abdul Qadir Fakieh Development Company Ltd.





15) Details of shares and debt instruments issued for each subsidiary:

NA (none).

16) A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year, with an explanation of any compensation obtained by the company for that:

NA (none).

17) Description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the Company:

NA (none).

18) A description of any refund, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company, and those purchased by its subsidiaries:

NA (none).

19) Disclosure of details of treasury shares held by the Company and details of the uses of these shares:

The Company has no held treasury shares





**20) Information related to any loans on the Company (whether they are payable on demand or otherwise), a disclosure of the total debt of the Company and its subsidiaries, any amounts paid by the Company in repayment of the loans during the year, the principal amount of the loan, the name of the donor, its duration and the remaining amount. In the absence of loans on the Company, it shall submit a statement.**

A General framework agreement for credit facilities was signed with Bank Albilad on 3/1/1441 AH corresponding to 2/9/2019 AD to obtain credit facilities in the amount of 450 million riyals (four hundred and fifty million riyals) in compliance with Islamic Sharia for a period of nine years including a two-Year grace period, in accordance with the Company's Board Resolution No. (198) dated 13/10/1440 H corresponding to 16/6/2019 AD and amended by Board Resolution No. (201) dated 5/1/1441 AH corresponding to 4/9/2019 AD and it was announced on Tadawul website on 13/3/1441 AH Corresponding to 10/11/2019.

Noting that Makkah Construction and Development Company has obtained from Bank Al-Bilad a number of (4) tranches of the loan with a total amount of 175 million riyals, and the last tranche of this loan will be published on Tadawul.



21) The number of the Company's applications for the shareholders' register, the dates and reasons for those requests:

S	Application date	Application reason
1	29/03/2021	General Assembly
2	01/06/2021	Corporate Actions
3	26/08/2021	Corporate Actions
4	04/12/2021	Corporate Actions
5	04/12/2021	Corporate Actions
6	15/12/2021	Corporate Actions
7	15/12/2021	Corporate Actions

22) Dates of the General assemblies of shareholders held during the last Fiscal Year and the names of Board members attending these assemblies:

During the Fiscal Year 1442/1443 A.H., the Board of Directors of the Company held (1) an Ordinary General Assembly meeting through visual communication means as follows:

The meeting of the Ordinary General Assembly via visual communication means (thirty-fourth) on 07/09/1442 corresponding to 19/04/2021 AD, and the meeting was attended by the following Board members:





- 1) Mr. Abdul Rahman Abdul Qadir Muhammad Faqih
- 2) Mr. Ahmed Abdulaziz Suleiman Al-Hamdan
- 3) Mr. Ibrahim Muhammad Ibrahim Al-Issa
- 4) Mr. Hamza Mohammed Saleh Serafi
- 5) Mr. Ziad Bassam Mohammed Al-Bassam
- 6) Mr. Saleh Muhammad Awad bin Laden
- 7) Mr. Mansour Abdullah Suleiman bin Saeed
- 8) Mr. Muhammad Tariq Muhammad Sadiq
- 9) Mr. Fahad Rabeh Mishaan Al-Otaibi
- 10) Mr. Yasser Abdel Hamid Ahmed Abu Suleiman
- 11) Mr. Turki Abdulrahman Ibrahim Al-Qunaibit

23) Board meetings held during the last Fiscal Year, their dates, and the attendance record for each meeting indicating the names of the attendees:

During the Fiscal Year 1442/1443 AH (the period from 01/05/1442 AH to 29/04/1443 AH), the Board of Directors held (02) meetings and (08) pass Resolutions, according to the following statement:





S	Member name	Position	1 <sup>st</sup> meeting on 24/07/1442 A.H.	2 <sup>ND</sup> meeting on 24/07/1442 A.H.	3 <sup>RD</sup> Resolution to pass on 25/07/1442	pass on 20/7/1441 AH	5th Resolution to pass on 15/08/1442 A.H.	6th Resolution to pass it on 810/09/1442 AH	pass it on 923/12/1442 AH	8th Resolution to pass it on 14/01/1443 A.H.	9 <sup>TH</sup> Resolution to pass it on 14/3/1443 A.H.	10th Resolution to pass on 26/12/1441 A.H.
1	Mr. Abdul Rahman Abdul Qadir Muhammad Faqih	Board Chairman	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	✓	By Pass
2	Mr. Ahmed Abdulaziz Suleiman Al-Hamdan	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
3	Mr. Ibrahim Muhammad Ibrahim Al-Issa	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
4	Mr. Hamza Mohammed Saleh Serafi	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
5	Mr. Ziad Bassam Mohammed Al-Bassam	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
6	Mr. Saleh Muhammad Awad bin Laden	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
7	Mr. Mansour Abdullah Suleiman bin Saeed	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
8	Mr. Muhammad Tariq Muhammad Sadiq	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
10	Mr. Yasser Abdel Hamid Ahmed Abu Suleiman	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass
11	Mr. Turki Abdulrahman Ibrahim Al-Qunaibit	Member	✓	✓	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass	By Pass





24) Description of any transaction between the Company and a related party:

NA (there is no transaction between the Company and a related party).

25) Statement of Business or contracts to which the Company is a party, or in which there was an interest for the Company's Board member or for its senior executives or for any person related to any of them:

S	Member Name	Contract Nature	Contract Duration	Contract Value *
1	Mr. Abdulrahman Abdul Qadir Fakieh Board Chairman	Renting a 188 m <sup>2</sup> exhibition in the commercial Center in the name of Al-Tazaj	Annual	2,147,838 SAR
2	Mr. Abdulrahman Abdul Qadir Fakieh Board Chairman	Renting an apartment in the Residential Commercial Center of an area of 225 m <sup>2</sup>	Annual	672,500 SAR
3	Mr. Abdulrahman Abdul Qadir Fakieh Board Chairman	Renting a site to display billboards in the Commercial Center.	Annual	176,000 SAR
4	Mr. Abdulrahman Abdul Qadir Fakieh Board Chairman	Renting an office in the Commercial Center with an area of 36 m <sup>2</sup>	Annual	46,800 SAR
5	Mr. Ziad Bassam Muhammad Al-Bassam Board Member	Renting a 16 m <sup>2</sup> exhibition in the Commercial Center (audio library)	Annual	235,700 SAR

\* The value of the rents in these contracts is equivalent to the value of the same for other rented shops and apartments, without preferential benefits.

\* The value of the commercial rents only, as indicated in the above statement: A deduction of a total amount of 1,446,669 riyals was made from the actual rents during the Fiscal Year ending on 29/04/1443 AH, in accordance with the Resolutions of the Company's Board of Directors that were issued to exempt all tenants of the Company's commercial stores, in cooperation with the tenants to mitigate the effects of the Corona pandemic, which has greatly affected their revenues.



26) A statement of any arrangements or agreement under which a member of the Company's Board of Directors or a senior executive waived any remuneration:

During the Fiscal Year 1442/1443 AH (the period from 01/05/1442 AH to 29/04/1443 AH), the Chairman of the Board of Directors, Mr. Abdul Rahman Abdul Qadir Muhammad Fakieh, waived his right to the usufruct fee and use of the premises belonging to him that are used by Makkah Company, (offices The General management of the Company at Fakieh Commercial Center, and Al-Leith warehouse (area of about 5000 square meters), as follows:

- 1) Offices rent is 800,000 riyals
- 2) Warehouse rent is 100,000 riyals

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Total is 900,000 riyals

The total value of the usufruct fee for the premises belonging to Chairman Mr. Abdul Rahman Abdul Qadir Muhammad Fakieh, in which he waived his right for previous years since the idea of establishing the Company on 26/11/1405 AH until the Fiscal Year 1442/1443 AH, amounted to 36,107,964 riyals, in addition to the amount of 1,495,077 riyals donated by the Chairman as part of the establishment expenses of the Company, the amount of 123,412 riyals for his membership remuneration for the Year 1416 AH, and an amount of 771,196 riyals representing the share of the profits of Prayer Room shares in the dividends for the Year ending on 29/4/1416 AH., and an amount of 200,000 SAR as Membership bonus for the fiscal year 1441/A1442 A.H.

27) A statement of any arrangements or agreement under which a shareholder of the Company waived any rights to dividends:





There is no arrangement or agreement under which a shareholder of the Company waived any rights to profits.

28) A statement of the value of any investments or reserves established for the benefit of the Company's employees:

The Company does not yet have any investments or precautions established for the benefit of the Company's employees, and a study is being prepared for this matter by the Company's Board of Directors.

29) Company's social contributions:

Makkah Company carries out its social responsibilities towards society, whether in Makkah Al-Mukarramah or the rest of the Kingdom's regions in General, by adopting and implementing well-studied and sustainable programs with added value to the community through the Company's various departments and sectors.

1) During the Fiscal Year 1442/1443AH, the General Management of the Company made social contributions with a total amount of 15,000 riyals, which are as follows:

- ❖ Contribution to the Association for the Welfare of Handicapped Children.
- ❖ Participation in bearing the tuition costs of one of the employees of the company's general management.

2) The Company also contributes to reduce extreme temperatures and create an appropriate climate for visitors to Haram Mosque:



The Company has been participating in the implementation of the charitable project to mitigate the climate by foggy cooling and air since 1431 AH in the outer squares of the Grand Mosque in Makkah, Al-Misyal Street, the royal palaces wall, Gaza Square, bus stops in Bab Ali bin Abi Talib Square, and the roof of the Haram, in addition to Ajyad area. Studies and expansion are still continuing.

Noting that the Company carries out operation and maintenance work for the project, as well as securing the operating requirements of spare parts and so on, as well as securing water and electricity needed to operate the stations, which number up to four main stations around the Holy Mosque.

### 3) The Makkah Commercial Center also contributes to providing the following social contributions:

- Receiving a delegation of (118) guests of the Ministry of Defense in the commercial center's prayer hall in cooperation with the Hajj and Umrah Charitable Gift Association, and providing them with the necessary services
- Cooperating with the General Presidency for the Promotion of Virtue and the Prevention of Vice by activating partnerships with governmental and non-governmental agencies in preparing joint awareness, prevention and guidance programs for all segments of society through the electronic screens of the commercial center for campaigns (Lord, make this a safe country, be safe for a safe homeland, good morals).
- Events of celebrating the National Day of the Kingdom of Saudi Arabia.

**4) Makkah Hotel and Towers also makes the following social contributions:**

Within the framework of the social contribution programs, Hotels & Towers contributed to providing some social services, which are as follows:

- A blood donation campaign in the hotel and towers, hosted by a medical team from King Abdullah Medical City in Makkah, on June 23, 2021 AD.





- Celebrating with hotel and towers guests with the Saudi National Day (91) on 9/23/2021AD



- Conducting an awareness campaign about breast cancer for female employees and guests of the hotel and towers on 10/20/2021



- The participation of the hotel and the towers in the first employment forum held at the College of Technology for Girls in Makkah on 02/11/2021





- The hotel and the towers host the children of the (Kahatin) Association in Makkah on a day



- Celebrating with hotel guests and towers the UAE National Day on 2/12/2021 AD.





30) Statement of the Board of Directors and the classification of its members:

S	Member name	Board of Directors	Membership status (Executive / Non-Executive / Independent)
1	Mr. Abdulrahman Abdul Qadir Muhammad Fakieh	Board Chairman	Non-executive
2	Mr. Ahmed Abdul-Aziz Suleiman Al-Hamdan	Deputy Chairman of the Board	Non-executive
3	Mr. Ibrahim Mohammed Ibrahim Al-Issa	Member	independent
4	Mr. Hamza Muhammad Salih Hamza Serafi	Member	Executive
5	Mr. Ziad Bassam Muhammad Al-Bassam	Member	Non-executive
6	Mr. Saleh Muhammad Awad bin Laden	Member	Non-executive
7	Mr. Mansour Abdullah Suleiman bin Saeed	Member	Non-executive
8	Mr. Mohamed Tariq Muhammad Ismail Sadiq	Member	independent
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	Member	independent
10	Mr. Yasser Abdel Hamid Ahmed Abu Suleiman	Member	independent
11	Mr. Turki Ibrahim Abdel Rahman Al-Qunibet	Member	independent







31) Names of Board members, Committee members, and executive management, and their current and previous positions, qualifications and experiences:

a) Board of Directors:

S	Member name	Current Position	Previous Position	Qualifications	Experience
1	Mr. Abdulrahman Abdul Qadir Muhammad Fakieh	-Makkah Construction and Development Company Board Chairman. - Fakieh Poultry Farms Company Board Chairman. - Abdul Rahman Abdul Qadir Fakieh Development Company Ltd. Board Chairman	- Former Board Chairman of Jabal Omar Development Company.	- Educated in Makkah schools	- Founder and owner of Fakieh Poultry Farms Company. - Founder and owner of Al Tazaj restaurants chain. - Founder and owner of Fakieh Group for Tourism Projects. - Founder and Chairman of the Makkah Construction and Development Company. - Founder and former of Jabal Omar Development Company Board Chairman.
2	Mr. Ahmed Abdul-Aziz Suleiman Al-Hamdan	- Head of the Counselor Ahmed Al-Hamdan Group for Development and Consulting	- Undersecretary of the Ministry of Finance, former assistant financial representative.	- BA of Commerce in Accounting and Business Administration	- Financial and management consultant. - Financial and management consultant for the Mohamed Hussein Al-Amoudi Group of Companies. - Consultant to Saudi Bin Laden Group Board Chairman. - Head of the Social Responsibility Center at the Chamber of Commerce and Industry in Makkah.



S	Member name	Current Position	Previous Position	Qualifications	Experience
3	Mr. Ibrahim Mohammed Ibrahim Al-Issa	There none no	- Former Board Vice Chairman of Assila Company.	- BA of Business Administration.	- Experiences in real estate investments, General contracting, advertising, and commercial and industrial business. - Participation in many Boards of Directors of joint stock companies and banks, locally and internationally. - Taiba Group Holding Board Chairman. - Umm Al-Qura Company for Development and Reconstruction Board Member. -Kinan International Real Estate Development Board Member.
4	Mr. Hamza Muhammad Salih Hamza Serafi	- Vice CEO of Saleh Serafi General Trading and Construction Corporation.	- Former head of real estate projects development, Mohamed Saleh Serafi Corporation.	- BA of Business Administration. -Specialized studies in architecture.	- Banking work to serve pilgrims. - Member of the Advisory Honorary Board, Effat University. - Founder and Director of Athr Gallery. - Board Member of Saudi Hotel and Contracting Company Ltd. - Saudi Technical Council Board Member.



S	Member name	Current Position	Previous Position	Qualifications	Experience
5	Mr. Ziad Bassam Muhammad Al-Bassam	- CEO of Al Bassam Group.	- Former Managing Director of Al Bassam Company.	- BA of Business Administration.	- Makkah Region Board Member. - Vice-Chairman Chamber of Commerce and Industry in Jeddah. - Buruj Cooperative Insurance Company Board Member. - Jabal Omar Development Company Board Member. - Saudi Makeen Company Board Member. - Al-Balad Al-Amin Company Board Member. - Member of the Investment Board in Al-Baha. - American Zad Company for Investments Board Member.
6	Mr. Saleh Muhammad Awad Bin Laden	- CEO of Real Estate Projects Management and Development Company.	- Former Vice CEO of Saudi Bin Laden Group.	- BA of Business Administration.	- Knowledge Economic City Company Board Member. - Al-Khabeer Capital Board Chairman. - Chamber of Commerce and Industry in Jeddah Board Member. - Saudi Hagerfield Company Board Member. - Jazan Economic City Land Company Board Member.





S	Member name	Current Position	Previous Position	Qualifications	Experience
7	Mr. Mansour Abdullah Suleiman bin Saeed	- Director General of Mansour Abdullah Bin Saeed & Partners General Contracting Company.	- Former Director General of Makkah Construction and Development Company.	- BA of Accounting.	- Jabal Omar Development Company Board Member. - Al-Balad Al-Amin Company Board Member. - Wahat Makkah Company Board Member. - Ideal Environment Company Board Member. - General Supervisor of Bin Laden Group at Makkah Holy Mosque and Al-Mashaer.
8	Mr. Mohamed Tariq Muhammad Ismail Sadiq	- Director General of High-End Job limited.	- Director General of the waterfall park project in Jeddah.	- BSc in International Commerce. - MA of Public Administration.	- Member of the hospitality Committee of the Jeddah Chamber of Commerce and Industry. - Secretary General of Okaz Award for Saudi Manpower. - Secretary General of the Cooperative Association of poultry farmers in Jeddah. - Former member of the National Tourism Committee. - Wonders of the Seas Entertainment Projects Board Member.
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	- Director General of Legal Affairs at the Public Pension Agency.	- Director of Pleadings and Cases Department at the Public Pension Agency.	- Bachelor of Laws. - Higher diploma in preparing and qualifying lawyers. - LLM in International Business Law.	- Legal researcher at SASO. - Legal specialist at the Public Pension Agency. - Legal advisor at the Public Pension Agency.



S	Member name	Current Position	Previous Position	Qualifications	Experience
10	Mr. Yasser Abdul Hamid Ahmed Abu Sulaiman	- Head of Specialized Finance, National Commercial Bank	- Head of Structured Finance, National Commercial Bank	- BA of Electrical Engineering. - MA of Information Systems.	- Experience in finance, structuring and financing advisory in the petrochemical, mining, infrastructure, real estate, securitization, aviation, and ship sectors. - Experience in structuring programming, database design and programming engineer.
11	Mr. Turki Ibrahim Abdel Rahman Al-Qunibet	- Trading of financial restructuring Treasury Division, Bank Al-Jazira.	There none no	- BA of Business Administration - Financial Management.	- Experience in the field of traded trading and financial structuring at Bank Al-Jazira.



## b) Committees Members:

### 1) Audit Committee Members:

S	Member name	Current Position	Previous Position	Qualifications	Experience
1	Mr. Ziad Bassam Al-Muhammad Bassam	- CEO of Al Bassam Group.	- Managing Director of Al Bassam Company.	- BA of Business Administration.	- Makkah Region Board Member. - Vice-Chairman Chamber of Commerce and Industry in Jeddah. - Buruj Cooperative Insurance Company Board Member. - Jabal Omar Development Company Board Member. - Saudi Makeen Company Board Member. - Al-Balad Al-Amin Company Board Member. - Member of the Investment Board in Al-Baha. - American Zad Company for Investments Board Member.
2	Mr. Mohammed Ibrahim Al-Issa	There none no	- Former Board Vice Chairman of Assila Company.	- BA of Business Administration.	- Experiences in real estate investments, General contracting, advertising, and commercial and industrial business. - Participation in many Boards of





					<p>Directors of joint stock companies and banks, locally and internationally.</p> <ul style="list-style-type: none"> <li>- Taiba Group Holding Board Chairman.</li> <li>- Umm Al-Qura Company for Development and Reconstruction Board Member.</li> <li>- Kinan International Real Estate Development Board Member.</li> </ul>
3	Mr. Saleh Muhammad Awad bin Laden	- CEO of Real Estate Projects Management and Development Company.	- Former Vice CEO of Saudi Bin Laden Group.	- BA of Business Administration.	<ul style="list-style-type: none"> <li>- Knowledge Economic City Company Board Member.</li> <li>- Al-Khabeer Capital Board Chairman.</li> <li>- Chamber of Commerce and Industry in Jeddah Board Member.</li> <li>- Saudi Hagerfield Company Board Member.</li> <li>- Jazan Economic City Land Company Board Member.</li> </ul>
4	Mr. Mansour Abdullah bin Saeed Suleiman	- Director General of Mansour Abdullah Bin Saeed & Partners General Contracting Company.	- Former Director General of Makkah Construction and Development Company.	- BA of Accounting.	<ul style="list-style-type: none"> <li>- Jabal Omar Development Company Board Member.</li> <li>- Al-Balad Al-Amin Company Board Member.</li> <li>- Wahat Makkah Company Board Member.</li> <li>- Ideal Environment Company Board Member.</li> <li>- General Supervisor of Bin Laden Group at Makkah Holy Mosque and Al-Mashaer.</li> </ul>





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## 2) Members of the Remuneration and Nomination Committee:

S	Member name	Current Position	Previous Position	Qualifications	Experience
1	Mr. Mohamed Tariq Muhammad Ismail Sadiq	- Director General of High-End Job limited.	- Director General of the waterfall park project in Jeddah.	- BSc in International Commerce. - MA of Public Administration.	- Member of the hospitality Committee of the Jeddah Chamber of Commerce and Industry. - Secretary General of Okaz Award for Saudi Manpower. - Secretary General of the Cooperative Association of poultry farmers in Jeddah. - Former member of the National Tourism Committee. - Wonders of the Seas Entertainment Projects Board Member.
2	Mr. Abdullah bin Saeed Mansour Suleiman	- Director General of Mansour Abdullah Bin Saeed & Partners General Contracting Company.	- Former Director General of Makkah Construction and Development Company.	- BA of Accounting.	- Jabal Omar Development Company Board Member. - Al-Balad Al-Amin Company Board Member. - Wahat Makkah Company Board Member. - Ideal Environment Company Board Member. - General Supervisor of Bin Laden Group at Makkah Holy Mosque and Al-Mashaer.





3	Mr. Fahad Rabeh Mishaan Al-Otaibi	- Director General of Legal Affairs at the Public Pension Agency.	- Director of Pleadings and Cases Department at the Public Pension Agency.	- Bachelor of Laws. - Higher diploma in preparing and qualifying lawyers. - LLM in International Business Law	- Legal researcher at SASO. - Legal specialist at the Public Pension Agency. - Legal advisor at the Public Pension Agency.
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### 3- Investment Committee Members

S	Member name	Current Position	Previous Position	Qualifications	Experience
1	<b>Mr. Mansour Abdullah Suleiman bin Saeed</b>	General Manager of Mansour Abdullah bin Saeed & Partners General Contracting Company.	Former General Manager of Makkah Construction and Development Company.	Bachelor of Accounting.	- Member of the Board of Directors of Jabal Omar Development Company. - Member of the Board of Directors of Al-Balad Al-Amin Company. - Member of the Board of Directors, Makkah Oasis Company. - Member of the Board of Directors of the Ideal Environment Company. - General Supervisor of the Bin Laden Group in the Holy Mosque and Al-Masha'r
2	<b>Mr. Muhammad Tariq Muhammad Ismail Sadiq</b>	General Manager of Muhema Al-Raqiah Co., Ltd.	General Manager of Al Shallal Recreational Park Project in Jeddah.	Bachelor of Science in International Trade. Master's in Public Administration.	- Member of the Hospitality Committee of the Chamber of Commerce and Industry in Jeddah. - Secretary-General of the Okaz Award for the Saudi workforce. - Secretary-General of the Cooperative Society for Poultry Farmers in Jeddah. - Former member of the National Tourism Committee. - Member of the Board of Directors of Sea Wonders for Entertainment Projects.







4	<b>Mr. Yasser Abdel Hamid Ahmed Abu Suleiman</b>	Head of Specialized Finance, The National Commercial Bank	Head of Structured Finance at The National Commercial Bank	Bachelor of Electrical Engineering. Master of Information Systems.	Experience in financing, structuring and financing consultancy in the sectors of petrochemicals, mining, infrastructure, real estate, sourcing, aviation, and ships. Experience in structuring programming, database design engineer and programming.
٤	<b>Engineer/ Mohamed Ragab Amin Smakry</b>	Adviser to the Chairman of the Board of Directors of Makkah Construction and Development Company.	Director General of Slums Development in Makkah Region - Makkah Region Development Authority.	- Bachelor's degree in civil engineering.	Mayor of Ajyad Municipality, then Mayor of Jarwal, then Mayor of Umrah Municipality - Makkah Al-Mukarramah. Head of the Engineering Department and then Director of State Properties - Ministry of Finance Branch, Makkah Al-Mukarramah. - Deputy Director General of the Public Services Center Project in Al-Shemaisi - Makkah Al-Mukarramah. - Projects Manager for the Expansion of the Holy Mosque in Makkah. - Adviser to the Secretary-General - Makkah Region Development Authority. - Supervisor of the rehabilitation of the tents of Mushaar Mina - Makkah Al-Mukarramah



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**c) Executive Management:**

S	Name	Current Position	Previous Position	Qualifications	Experience
1	Mr. Siraj Hamza Abdullah Ateeq	- Director General of Makkah Construction and Development Company.	- Director General of Al Shuhada Hotel.	- Diploma in English Language. - High School.	-Work in Riyadh Bank -Executive Director and then General Manager of the Towers sector at Makkah Company. -Director General of the General Real Estate Department at Makkah Company. -Director General of the Makkah Commercial Center.
2	Mr. Amr Hussein Abdel Fattah Hussein	- Acting Director of Financial Management for Makkah Construction and Development Company.	- Head of public accounts for Makkah Construction and Development Company.	- Bachelor of Commerce.	- Accountant at Sharabi Nile Cruise Company - Egypt. - Accountant and Auditor at Cleopatra Tourism Company - Egypt.





32) Names of companies inside and outside the Kingdom of which a member of the Company's Board of Directors is a member of its current and previous Boards of Directors:

S	Member name	Current membership	Previous Memberships
1	Mr. Abdulrahman Abdul Qadir Muhammad Fakieh	-Fakieh poultry Farms. - Abdul Rahman Fakieh Development Company Ltd. - Soybean juice and derivatives Company (Soya). - Abdul Rahman Fakieh School Management and Operation Company Ltd.	- Jabal Omar Development Company. - Electricity Company of Makkah and Taif. - National Agricultural Development Company (NADC).
2	Mr. Ahmed Abdul-Aziz Suleiman Al-Hamdan	There none no	- Jabal Omar Development Company. - United Cooperative Insurance Company. - Al-Hamdaniya Arabia Company Ltd.
3	Mr. Ibrahim Mohammed Ibrahim Al-Issa	- Umm Al-Qura Company for Development and Reconstruction Board Member. - International Medical Center Board Member. - Assila Investment Company Board Member.	- Saudi Fransi Bank Board Member. - Savola Group Board Member. - Taiba Group Holding Board Chairman. - Yanbu Cement Company Board Member. - Almarai Company Board Member. - Jeddah Development and Urban Development Company Board Member. - Kinan International Real Estate Development Board Member. - Al-Ra'idah Investment Company Board Member. - Member of the Municipal Council of Jeddah Governorate. - GACA Board Member - Panda Retail Company Board Member. - Directors of Savola Packaging Systems Board Member. - Saudi Turkish Investment Holding Company. - Fransi Bank.





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S	Member name	Current membership	Previous Memberships
4	Mr. Hamza Muhammad Salih Hamza Serafi	There none no	There none no
5	Mr. Ziad Bassam Muhammad Al-Bassam	<ul style="list-style-type: none"> <li>- McCain Saudi Company.</li> <li>- Gurham Development and Expansion Company.</li> <li>- Buruj Cooperative Insurance Company.</li> <li>- Orange Bed and Bath) Board Chairman.</li> <li>- Al-Balagh Media Company Board Chairman.</li> <li>- Makkah Railways Company for Public Transport Board Chairman.</li> <li>- Musharaka Financial Company Board Chairman.</li> <li>- Al-Mahfal Company Board Chairman.</li> <li>- Space Toon Media Company Board Member.</li> <li>- Al-Zad American Investments Company.</li> <li>- Wahat Al-Joud Company Board Member.</li> <li>- Dahiat Sumou Company Board Member.</li> <li>- Wahat Makkah Company Board Member.</li> <li>- Murooj Jeddah Board Member.</li> <li>- Al-Tariq Aviation Board Member.</li> </ul>	<ul style="list-style-type: none"> <li>- Jabal Omar Development Company Board Member.</li> <li>- Member of the advisory Board of Takamul.</li> <li>- Al-Balad Al-Amin Company Board Member.</li> <li>- Aqariya Company Board Member.</li> <li>- Makkah Region Board Member.</li> <li>- Vice Chairman of the Jeddah Chamber of Commerce</li> <li>- Rawaa Real Estate Company Board Member.</li> <li>- Makkah Gate Company Board Member.</li> </ul>





S	Member name	Current membership	Previous Memberships
6	Mr. Saleh Muhammad Awad bin Laden	<ul style="list-style-type: none"> <li>- Knowledge Economic City Company.</li> <li>- RGA Company.</li> <li>- CPC Holding Company.</li> <li>- Red Sea International Company.</li> <li>- Al-Sahm Company.</li> <li>- IFCG Company.</li> <li>- PMDC Company.</li> <li>- Al-Soljan Trading Company.</li> <li>- Huta Group.</li> <li>- Ports Development Company (Tatweer).</li> <li>- Ebla for construction and Reconstruction.</li> <li>- Huta for the foundation works.</li> <li>- Mimar International Development Company.</li> <li>- Huta Marine Company.</li> <li>- Ray International Contracting Company.</li> </ul>	<ul style="list-style-type: none"> <li>- Alkhabeer Financial Consulting Company.</li> <li>- Umm Al-Qura Company for Development and Reconstruction.</li> <li>- Mohammed Bin Laden Company.</li> <li>- Dar Al Tamleek Company.</li> <li>- Kinan International Real Estate Development Company.</li> </ul>
7	Mr. Mansour Abdullah Suleiman bin Saeed	There none no	<ul style="list-style-type: none"> <li>-Jabal Omar Development Company.</li> <li>- Al-Balad Al-Ameen Company.</li> <li>- Wahat Makkah Company.</li> <li>- Ideal environment Company.</li> </ul>
8	Mr. Mohamed Tariq Muhammad Ismail Sadiq	<ul style="list-style-type: none"> <li>- High End Job Co., Ltd.</li> <li>- ADS Trading and Services Company.</li> <li>- Asl Al-Farroj Company.</li> <li>- Advanced Mission Company.</li> </ul>	There none no



S	Member name	Current membership	Previous Memberships
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	There none no	- Real Estate Tadawul Company.
10	Mr. Yasser Abdul Hamid Ahmed Abu Sulaiman	There none no	There none no
11	Mr. Turki Ibrahim Abdel Rahman Al-Qunibet	There none no	There none no

33) Names of companies inside and outside KSA of which a member of the Company's Board of Directors is one of its managers:

S	Member name	Company name
1	Mr. Abdulrahman Abdul Qadir Muhammad Fakieh	Fakieh Poultry Farms Company Board Chairman
2	Mr. Ahmed Abdul-Aziz Suleiman Al-Hamdan	Head of the Counselor Ahmed Al-Hamdan Group for Development and Consulting
3	Mr. Ibrahim Mohammed Ibrahim Al-Issa	There none no
4	Mr. Hamza Muhammad Salih Hamza Serafi	There none no
5	Mr. Ziad Bassam Muhammad Al-Bassam	CEO of Al Bassam Group
6	Mr. Saleh Muhammad Awad bin Laden	CEO of Real Estate Projects Management and Development Company
7	Mr. Mansour Abdullah Suleiman bin Saeed	Director General of Mansour Abdullah Bin Saeed & Partners General Contracting Company
8	Mr. Mohamed Tariq Muhammad Ismail Sadiq	Director General of High End Job Company limited
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	There none no
10	Mr. Yasser Abdel Hamid Ahmed Abu Suleiman	There none no
11	Mr. Turki Ibrahim Abdel Rahman Al-Qunibet	There none no



34) Board Committees' Powers, names, their chairmen and their members, number of their meetings, dates of their meeting and attendance data for each member:

First: Audit Committee:

**Duties and responsibilities of the Audit Committee:**

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of reports, financial statements, and internal control rules therein. In order to perform its duties, the Audit Committee has the following:

- 1) The right to access the Company's records and documents.
- 2) To request any clarification or statement from members of the Board of Directors or the executive management.
- 3) To ask the Board of Directors to invite the General Assembly of the Company to convene if the Board of Directors impedes its work or the Company suffers heavy damage or losses.

**Duties and responsibilities of the Audit Committee are summarized as follows:**

**First: Financial reports:**

- 1) Studying the initial and annual financial statements of the Company before submitting it to the Board of Directors and expressing its opinion and recommendation regarding them, to ensure their integrity, fairness and transparency.
- 2) Study any important issues included in the financial reports, and carefully research the issues raised by the financial manager, compliance officer, or Auditor.





- 3) Verifying the accounting estimates regarding the fundamental issues mentioned in the financial reports.
- 4) Studying the accounting policies applied in the Company and express opinion and recommendation to the Board of Directors in this regard.

#### **Second: Internal Audit:**

- 1) Studying and auditing the internal and financial control and risk management rules in the Company, and prepare a written report that includes its recommendations and opinion on the adequacy of these rules and the work they have performed within the scope of its competence, provided that the Board of Directors deposits sufficient copies of this report in the Company's head office 10 days prior to the date of the General Assembly meeting, and the report shall be read in the General Assembly meeting.
- 2) Examining any restrictions on the work of the internal audit department that might affect its ability to perform its work and tasks, and submit proposals and recommendations to address them.
- 3) Controlling and supervising the performance of the Company's internal audit department, to ensure its effectiveness in performing the tasks assigned to it. if the Company does not have an internal Auditor, it shall submit a recommendation to the Board on the extent of the need to appoint him. If it is not recommended to the Board, it shall state the reasons in the Company's annual report.
- 4) Examining the internal audit reports and following up on the implementation of corrective actions for the observations contained therein, with the necessary support to carry out its work effectively.
- 5) Recommending to the Board of Directors to appoint a director of the internal audit unit or department or the internal Auditor and suggesting his remuneration.

### **Third: Auditor:**

- 1) Recommending to the Board of Directors to nominate and dismiss Auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them, provided that the total period of their appointment does not exceed five continuous Years, and a period of two Years shall elapse before they return to the audit work at the Company
- 2) The Company's Board of Directors shall submit to the Ordinary General Assembly the recommendation submitted to it by the audit Committee regarding the selection of the Company's Auditor, indicating the names of the Auditors who submitted their offers and the value of their fees. The Ordinary General Assembly shall appoint one or more Auditors from among them to audit the Company's accounts.
- 3) Verifying the Auditor's independence, objectivity and fairness, and the effectiveness of the audit work, in accordance with the relevant rules and standards.
- 4) Studying the Company's Auditor's plan work, and verify that he has not submitted technical or administrative works outside the scope of the audit work, and express its views on this.
- 5) Answering the Auditor's inquiries about the Company's business that fall within the scope of his audit.
- 6) Studying the Auditor's reports and notes on the financial statements and follow up on what has been taken in their regard.

### **Fourth: Commitment Guarantee:**

1. Auditing the results of the reports of the regulatory authorities and verify that the Company has taken the necessary actions in this regard.
2. Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
3. Auditing the contracts and transactions proposed to be conducted by the Company with related parties, and submit its opinions on this to the Board of Directors.
4. Submitting to the Company's Board with what it deems necessary to take action in their regard and expressing its recommendations on the steps that need to be taken.

### Audit Committee Meetings:

The Audit Committee held (9) meetings during the Fiscal Year 1441/1442 H (the period from 1/5/1441 AH to 30/4/1442 AH). The Committee consists of four members, including a specialist in financial and accounting affairs, according to the following statement:

S	Member name	Position	1 <sup>st</sup> meeting on 26/05/1442 A.H.	2 <sup>ND</sup> meeting on 13/06/1442	3 <sup>rd</sup> meeting on 18/07/1442 A.H	4 <sup>th</sup> meeting on 23/07/1442 A.H.	5 <sup>th</sup> meeting on 3/8/1442 A.H	6 <sup>th</sup> meeting on 18/08/1442 A.H	7 <sup>TH</sup> meeting 10/9/1442 A. H.	8 <sup>th</sup> meeting on 18/10/1442 A..H	9 <sup>th</sup> meeting on 10/11/1442 A.H.	10 <sup>th</sup> meeting on 20/11/1442 A.H.	11 <sup>th</sup> meeting on 23/12/1442 A.H.	12 <sup>th</sup> meeting on 3/1/1443 A.H.	13 <sup>TH</sup> meeting on 24/1/1443 A.H.	14 <sup>th</sup> meeting on 14/2/1443 A.H.	15 <sup>th</sup> meeting on 6/3/1443 A.H.	16 <sup>th</sup> meeting on 14/03/1443 A.H.	17 <sup>th</sup> meeting on 28/03/1443 A.H.	18 <sup>TH</sup> Meeting on 18/04/1443 A.H.
1	Ziad Bassam Mohammed Suleiman Al- Bassam	Committee Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Saleh Mohammed Awad bin Laden	Committee member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Mansour Abdullah Suleiman bin Saeed	Committee member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Ibrahim Mohammed Ibrahim Al-Issa	Committee member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## Second: Remuneration and Nomination Committee:

### Remuneration and Nominations Committee Powers:

- 1) Preparing a clear policy for the remuneration of members of the Board of Directors, its committees and the Executive Management, and submitting it to the Board for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure of them, and verification of their implementation.
- 2) Clarifying the relationship between the remunerations awarded and the applicable remuneration policy, and indicate any material deviation from this policy.
- 3) Periodic review of the remuneration policy and evaluation of its effectiveness in achieving the objectives envisaged.
- 4) Recommending to the Board of Directors the remuneration of the Board members and the sub-Committees and the senior executives of the Company in accordance with the approved policy.
- 5) Proposing clear policies and standards for membership in the Board of Directors and executive management.
- 6) Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 7) Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
- 8) Determining the time that the member should allocate to the work of the Board of Directors.
- 9) Annual review of the necessary needs of skills or appropriate expertise for Board membership and executive management tasks.
- 10) Reviewing the Board structure and executive management and make recommendations regarding possible changes.
- 11) Annually verifying the independence of the independent members, and the absence of any conflict of interest if the member is a member of the Board of Directors of another Company.
- 12) Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
- 13) Developing special procedures in case the position of a member of the Board of Directors or a senior executive becomes vacant.
- 14) Identifying weaknesses and strengths of the Board, and proposing solutions to address them in line with the Company's interest.

### Remuneration and Nomination Committee Meetings:

Remuneration and Nomination Committee held (2) meetings during the Fiscal Year 1442/1443 AH (the period from 1/5/1442 AH to 29/04/1443 AH). It consists of three members, according to the following statement:

S	Member name	Position	1st meeting on 26/12/1442 AH	2nd meeting on 18/03/1443 AH
1	Mohammed Tareq Mohammed Ismail Sadeq	Committee Chairman, Committee Member	√	√
2	Mansour Abdullah Suleiman bin Saeed *	Committee member	√	√
3	Fahad Rabeh Mishaan Al- Otaibi	Committee member	√	√

### Third: The Investment Committee:

The company's board of directors issued Resolution No. (227) on 2/1/1443 AH corresponding to 10/8/2021 AD regarding the formation of the company's investment committee. The committee was formed of (4) members, including (3) members of the board of directors, and a member of a committee from outside the company's board of directors.

### Tasks of the Investment Committee:

Studying the available real estate and commercial investment opportunities, which help the company to diversify its sources of income with good financial returns and low risks, so that the company does not depend on a single source of income. Its recommendations must be submitted to the Chairman of the Board of Directors, and then to the Board of Directors to take what it deems appropriate regarding the projects in which the company can invest.



### Investment Committee Meetings

The Investment Committee held a number of (3) meetings during the fiscal year 1442/1443 AH (the period from 1/5/1442 AH until 29/4/1443 AH), and it consists of four members, according to the following statement:

S	Member name	Position	1st meeting on 18/01/1443 AH	2ndmeeting on 25/02/1443 AH	3 <sup>rd</sup> meeting 15/03/1443 A.H.
1	Mansour Abdullah Suleiman bin Said	Committee Chairman, Committee Member	√	√	√
2	Mohammed Tareq Mohammed Ismail Sadeq	Committee member	√	√	√
3	Yasser Abdel Hamid Ahmed Abu Suleiman	Committee member	√	√	√
04	Mohamed Ragab Amin Semkari*	Committee member	√	√	√

\*Committee member from outside the company's board of directors





35) The implemented and non-implemented provisions of the Corporate Governance Regulations, and the reasons for that:

The Company applies all provisions of the Corporate Governance Regulations, except for those shown in the following table:

Article / Paragraph number	Article Text / Paragraph	Reasons for non-implementation
11/ 7	Issuing preferred shares, approving their purchase, converting Ordinary shares into preference shares, or converting preferred shares into Ordinary shares, according to a text in the Company's articles of association and according to the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies.	NA (The Company's articles of association do not include any provision for this)
18	A Board member shall be of professional competence possesses the necessary experience, knowledge, skill and independence, in order to carry out his duties efficiently and competently etc.	Indicative
32 / b	The Board of Directors holds at least four meetings a Year, with no less than one meeting every three months.	Indicative
38	The Board of Directors shall define the conditions that shall be met for the Board Secretary.	Indicative
39	The Company shall give sufficient attention to training and qualifying members of the Board and the executive management, and develop the necessary programs for that.	Indicative
41	Evaluation: The Board of Directors, based on the proposal of the Nomination Committee, sets the necessary mechanisms to annually evaluate the performance of the Board, its members, Committees, and executive management. etc.	Indicative
66 / b	The number of candidates for the Board of Directors whose names are presented to the General Assembly shall exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.	Indicative
70, 71, 72	Formation of the Risk Management Committee, its powers, and meetings.	Indicative
83	The Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights.	Indicative
85	The Company sets up programs to develop and stimulate the participation and performance of the Company's employees.	Indicative
87, 88	Social responsibility, social work initiatives.	Indicative
89/ 3	The Company's website shall include all the information required to be disclosed, and any data or other information published through other means of disclosure.	Indicative
95	Corporate Governance Committee Formation.	Indicative

36) A statement of the value of the regular payments paid and due for payment of any zakat, taxes, fees or any other dues that were not paid until the end of the annual financial period, with a brief description of them and their reasons:

S	Statement	1442/1443 A.H.		Brief description	Reason
		Repaid	Due		
1	Zakat	277,797	816,905	Zakat of 1442/1443 AH	Until payment
2	Value added tax	10,979,215	1,317,812	Maturity of November 2021	Until payment
3	Social Security	4,965,246	-	—	—
4	Visas and passports	5,095,023	-	—	—
5	Saudi Electricity Company	4,412,180	1,276,615	Maturity of November 2021	Until payment
6	National Water Company	1,860,819	169,472	Maturity of November 2021	Until payment

37) Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the Company by the Authority or any supervisory, regulatory or judicial authority, with an explanation of the reasons for the violation and the signatory to it:

- The company was fined an amount of (300 thousand riyals) regarding the conviction of Makkah Construction and Development Company for Umrah Services (a subsidiary company) of delaying in informing the competent authorities of the number of (12) Umrah performers who were late to leave after the end of the specified period of their stay. The fine was imposed by the Administrative Committee - Immigrants Department - Makkah Al-Mukarramah Passports - General Directorate of Passports, in accordance with Administrative Committee Decision No. 134997, dated 24/7/1442 AH.
- The company was fined an amount of (10 thousand riyals) for violating the field administrative control due to non-compliance with the requirements of the tax invoice due to the failure to display the tax certificate in the Food and Beverage Department of the company's Makkah Hotel and Towers. The fine was imposed by the General Authority for Zakat and Income Tax with notice of imposition of fine No. 48000051453 dated 4/13/2021 AD.



- 38) Audit Committee recommendations that there is a conflict between them and the Resolutions of the Board of Directors, or which the Board refused to take into account regarding the appointment and dismissal of the Company Auditor, determining his fees and evaluating his performance or appointing the internal Auditor, the rationale for these recommendations, and the reasons for not taking them into account:

NA - (there is no conflict between the audit Committee recommendations and the Resolutions of the Board of Directors).

- 39) Recommendation of the audit Committee regarding the need to appoint an internal Auditor in the Company in the absence of one:

Not Applicable to the Company.

- 40) If the Auditor's report includes reservations about the annual financial statements, the Board of Directors' report shall clarify those reservations, their reasons, and any information related to them:

There are no reservations in the Company's Auditor's report on the financial statements for the Fiscal Year 1442/1443 A.H..

- 41) In the event that the Board of Directors recommends changing the Auditor before the end of the period for which he was appointed, the report shall contain that, along with the reasons for recommending the change:

The Company's Board did not recommend changing the Auditor before the end of the period for which he was appointed.

- 42) A statement of details of the remuneration and compensation paid to members of the Board and members of sub-Committees and the executive management:

#### Remuneration Policy:

#### First: Remuneration Policy for Board Members and Committees:





The remuneration policy applies to Board members, its Committees, and it is the annual remuneration and allowances for attending Board meeting and Committees, and the allowances for attending meetings of the General Assembly.

- 1) The annual remuneration for the Board member shall be 200,000 SAR (two hundred thousand riyals), provided that the total remuneration and financial or in-kind benefits and remunerations that the member receives shall not exceed 500,000 riyals (five hundred thousand riyals) annually, in accordance with Article Twenty of the Company's Articles of Association.
- 2) The value of the member's attendance allowance for each meeting of the Board or Committees or the General Assembly meetings of the Company is 3,000 riyals (three thousand riyals), whether the meeting was in attendance or through means of communication (group conversation), or if it was a Resolution to pass on Board meetings Management only.
- 3) The Company secures first class travel tickets for members residing outside the region in which the Board, Committees and General Assembly meetings are held, or business class according to the possibility available. In the event that the ticket is purchased by the Board or Committee member; the member shall be given 3,000 riyals (three thousand riyals) per meeting.
- 4) The Company provides accommodation and catering in five-star hotels and transfers for a maximum of two nights for members residing outside the area in which the meetings of Board, its Committees or General





Assembly meetings are held. If the member provide accommodation and catering; he shall be paid 2,000 SAR Two thousand riyals) per night, with a maximum of two nights.

- 5) Remunerations and meeting attendance allowances are paid to Board and Committees member, as approved by the Company's General Assembly.
- 6) The value of the expenditures shown in Clause No. (3 and 4) of these regulations shall be disbursed upon the end of the meeting, in coordination with the Secretary of the Board.
- 7) In the event that a Board member is assigned with other additional tasks, his remuneration shall be approved before payment by the Board Chairman.

#### **Second: Remuneration Policy for Executive Management:**

The Remuneration and Nomination Committee shall review and recommend the annual remuneration for senior executives and employees, provided that they are approved by the Company's Board, and the Director General of the Company shall implement this policy in accordance with approved annual performance indicators, provided that the remuneration of the executive management shall include the following:

- 1) Receive a monthly salary at the end of each Hijri month according to his contract.
- 2) Basic allowances include: Housing allowance, transportation allowance.
- 3) Medical insurance for the employee (individual / family) according to his contract.
- 4) Work injury insurance and total or partial disability or death on the job.
- 5) Granting the employee an annual paid leave in accordance with his contract.





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- 6) Granting the employee travel tickets (individual / family) according to his contract, and in accordance with the Company's personnel management policy.
- 7) Granting the employee the end of service gratuity in accordance with the Labor Law in KSA.







Third: Statement of remuneration details for Board Members, executive management, and Committee members:

A. Remuneration of board members

S	Member name	Fixed Remunerations							Variable Remunerations						End of Service Gratuity	Total	Expense allowance
		Certain amount	Allowance for attending Board Meetings	Total allowance for attending Committee Meetings	Benefits in kind	Technical, administrative and advisory work remunerations	Remuneration of the Chairman or Managing Director Or the secretary if a member	Total	Percentage of profits	Periodic Remunerations	Short-term incentive plans	Long-term incentive plans	Shares awarded (value)	Total			
First: Independent Members:																	
1	Ibrahim Mohammed	x	30,000	57,000	x	x	x	87,000	x	200,000	x	x	x	200,000	x	287,000	x
2	Muhammad Tariq Muhammad Ismail Sadiq *	x	30,000	15,000	x	x	x	45,000	x	200,000	x	x	x	200,000	x	245,000	x
3	Yasser Abdel Hamid Ahmed Abu Suleiman *	x	30,000	9,000	x	x	x	39,000	x	200,000	x	x	x	200,000	x	239,000	x
4	Turki Ibrahim Abdulrahman Al-Qunaybet	x	30,000	x	x	x	x	30,000	x	200,000	x	x	x	200,000	x	230,000	x
Total		x	120,000		x	x	x	201,000	x	800,000	x	x	x	800,000	x	1,001,000	x
Second: Non-executive members:																	
1	Abdul Rahman Abdul Qadir Muhammad Fakieh	x	30,000	x	x	x	x	30,000	x	200,000	x	x	x	200,000	x	230,000	x
2	Ahmed Abdel Aziz Suleiman Al-Hamdan	x	30,000	x	x	x	x	30,000	x	200,000	x	x	x	200,000	x	230,000	x
3	Saleh Mohammed Awad bin Laden	x	30,000	57,000	x	x	x	87,000	x	200,000	x	x	x	200,000	x	287,000	x
4	Ziad Bassam Mohammed Suleiman Al-Bassam	x	30,000	57,000	x	x	x	87,000	x	200,000	x	x	x	200,000	x	287,000	x
5	Mansour Abdullah Suleiman bin Saeed	x	30,000	72,000	x	x	x	102,000	x	200,000	x	x	x	200,000	x	302,000	x
6	Fahad Rabeh Mishaan Al-Otaibi	x	30,000	6,000	x	x	x	36,000	x	200,000	x	x	x	200,000	x	236,000	x
Total		x	180,000	192,000	x	x	x	372,000	x	1,200,000	x	x	x	1,200,000	x	1,572,000	x
Third: Executive Members:																	
1	Hamza Muhammad Salih Hamza Serafi	x	30,000	x	x	x	1,200,000	1,230,000	x	200,000	x	x	x	200,000	x	1,430,000	x
Total		x	30,000	x	x	x	1,200,000	1,230,000		200,000	x	x	x	200,000	x	1,430,000	x





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Senior Executive Jobs	Fixed Remunerations				Variable Remunerations						End of Service Gratuity	Total executives remuneration for the Board	Total
	Payroll	Allowances	Benefits in kind	Total	Periodic Remunerations	Earnings	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
CEO	480,000	168,000	x	648,000	161,000	x	x	x	x	161,000	—	—	809,000
Acting Finance Director	119,568	41,844	x	161,412	—	x	x	x	x	35,000	—	—	196,412





**C. Committee members' Remuneration:**

S	Member name	Fixed Remunerations (Excluding allowance for attending the Meetings)	Meetings Allowance	Total
<b>First: Audit Committee:</b>				
1	Mr. Ziad Bassam Muhammad Al-Bassam	×	57,000	57,000
2	Mr. Ibrahim Mohammed Ibrahim Al-Issa	×	57,000	57,000
3	Mr. Saleh Muhammad Awad bin Laden	×	57,000	57,000
4	Mr. Mansour Abdullah Suleiman bin Saeed	×	57,000	57,000
<b>Total</b>		<b>×</b>	<b>228,000</b>	<b>228,000</b>
<b>Second: Remuneration and Nomination Committee:</b>				
1	Mr. Mohamed Tariq Muhammad Ismail Sadiq	×	6,000	6,000
2	Mr. Mansour Abdullah Suleiman bin Saeed	×	6,000	6,000
3	Fahad Rabeh Mishaan Al-Otaibi	×	6,000	6,000
<b>Total</b>		<b>×</b>	<b>18,000</b>	<b>18,000</b>
<b>Third: The Investment Committee:</b>				
1	Mr. Mansour Abdullah Suleiman bin Saeed	×	9,000	9,000
2	Mr. Muhammad Tariq Muhammad Ismail Sadiq	×	9,000	9,000
3	Mr. Yasser Abdel Hamid Ahmed Abu Suleiman	×	9,000	9,000
4	Mr. Mohamed Ragab Amin Semkari	×	9,000	9,000
<b>Total</b>		<b>×</b>	<b>36,000</b>	<b>36,000</b>





43) Relationship between the remunerations awarded and the applicable remuneration policy, and any material deviation from this policy:

Makkah Company clarifies that the Remunerations awarded are in accordance with the approved Remunerations policy, and there is no material deviation between the granted Remunerations and the remuneration policy.

44) Actions taken by the Board of Directors to inform its members, especially non-executives, of shareholders' proposals and comments about the Company and its performance:

NA- (none of the shareholders made proposals or comments about the Company's performance).

45) The means adopted by the Board in evaluating its performance and the performance of its Committees and members, and the external body that carried out the evaluation and its relationship with the Company, if any:

Not Applicable to the Company.





46) A statement of Board Meetings number and the number of Meetings attended by each member from the date of the last meeting of the General Assembly:

Number of Board Meetings during Fiscal Year 1442/1443 AH (02) Attendance Meetings			
S	Member name	Position	Number of Meetings attended by each member from the date of the last meeting of the General Assembly on 07/09/1442 A.H. (No board meeting of the company has been held after the date of the assembly meeting).
1	Mr. Abdulrahman Abdul Qadir Muhammad Fakieh	Board Chairman	-
2	Mr. Ahmed Abdul-Aziz Suleiman Al-Hamdan	Deputy Chairman of the Board	-
3	Mr. Ibrahim Mohammed Ibrahim Al-Issa	member	-
4	Mr. Hamza Muhammad Salih Hamza Serafi	member	-
5	Mr. Ziad Bassam Muhammad Al-Bassam	member	-
6	Mr. Saleh Muhammad Awad bin Laden	member	-
7	Mr. Mansour Abdullah Suleiman bin Saeed	member	--
8	Mr. Mohamed Tariq Muhammad Ismail Sadiq	member	-
9	Mr. Fahad Rabeh Mishaan Al-Otaibi	member	-
10	Mr. Yasser Abdel Hamid Ahmed Abu Suleiman	member	-
11	Mr. Turki Ibrahim Abdel Rahman Al-Qunibet	member	-

