

Annual Report  
Naseej International Trading Co  
Fiscal Year 2020





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Naseej

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# Vision and mission

## Our Vision

**We are committed to maintaining our reputation as a pioneering leader in the Carpets & Rugs manufacturing industry and wish to take our success to a global level, and the latter can be achieved by expanding our network through the local and international distribution of our products**

## Our Mission

**We strive to constantly deliver optimum quality products and services which are surely to meet the perceived standards of customer satisfaction, all of which comes in parallel with our values towards our employees and shareholders**

## Our Strategy

- **Focusing on manufacturing profitable and high-quality carpets and products. Beyond that, our strategy strongly supports and promotes the Company's business activities such as importing and selling carpets to cater for all tastes, and increase market share by :**
- **Promoting productive capacity of manufacturing rugs**
- **Turning the yarn manufacturing plant into an independent and profit generating facility.**
- **Commercial expansion in flooring solutions to meet the increased demand in local market.**



# Chairman's Statement



## **Peace, Mercy and Blessings of God**

On behalf of Board of Directors, I am truly honored pleased to present Naseej International Trading Company's Annual Report 2020. The Report outlines the most important achievements and developments regarding The Company's activities, annual financial results and disclosures according to the regulations and laws of Ministry of Commerce and Capital Market Authority (CMA).

Given the persistent challenges faced by companies regardless their form or size due to Covid-19 pandemic, we earnestly pray to Allah relieve this distress, our Company has taken all necessary measures to maintain health and safety of its employees and customers. Furthermore, The Company has made numerous decisions to mitigate the negative impact of the pandemic that hard hit all activities and sectors in the world. Most importantly, The Company has been restructured to cope with changing market conditions. To this end, it has focused its efforts on investing and fostering innovation in highly profitable products, business activities, raising performance efficiency, namely, floorings sector as well as rationalizing expenses and increasing productivity at all levels to able to maintain our competitive advantage. Due to the low capacity which has negatively impacted the financial results of The Company, the management has exerted each possible effort and taken all necessary measures to improve and enhance our Company's efficiency and performance for the greater benefit and interest of our shareholders, customers and employees. We pray to Allah to crown our efforts with success.

In conclusion, I am pleased to extend my sincere thanks and appreciation to the members of Board of Directors for their devotion, dedication, wise counseling and unlimited and generous support to the Management of Naseej International Trading Co., Board of Directors. I would also like to express my deepest gratitude to our honorable customers and shareholders for their confidence in our Company and products.

**Saleh Bin Naser Bin Abdul Aziz Al Sorayai**  
**Chairman**





# Chapter One

**Names, qualifications, experiences, and  
current and previous positions of the Board**



## First : Board of Directors

### Mr. Saleh Naser Abdul Aziz Al Sorayai (Board member – Non-Executive) (Chairman)



**Qualifications :** BA, Accounting

**Current position:** chairman of the Board SNASCO Holding

**Previous Position:** former director General of Finance Department, Al-Sorayai +Company, CEO and managing director, Al-Sorayai Group.

**Experiences:** experience at financial management, building accounting systems, corporate restructuring, new company incorporation and procedures, managing and converting limited liability family -owned businesses into joint stock companies and memberships on various boards and committees.

### Eng. Mansour Saleh Al Hamad Al Kharboush (Deputy chairman – independent)



**Qualifications :** a master's degree in electrical engineering

**Current Position:** Management Consultant to CEO, NWC

**Previous position:** Engineer at Kimia and SABIC, CEO of Al-Rajhi Holding Group

**Experiences:** expertise in O &M , packaging , shipping , procurements , computer and control systems , safety and total quality systems , strategic Business until management , business development project management , resource planning , real estate development , medical supplies and long experience at membership and chairmanship of boards , committees and corporate restructuring.

### Mr. Abdullah Hamdan Abdullah Al Sorayai (former) (executive)



**Qualifications :** Secondary School & Courses in Marketing & Sales

**Current Position:** business sector General director - Al Sorayai Group.

**Previous position:** rug product manager, senior manager of flooring products, key accounts sales and marketing process manager and manager of petrochemicals and exports, Al Sorayai Group.

**Experiences:** held various managerial and leading positions as rug product manager, senior manager of flooring products, key accounts sales and marketing process manager and manager of petrochemicals and exports, Al Sorayai Group.

### Dr. Wael Saad Alrashid (Independent)



**Qualifications :** PhD in change management – information systems

**Current Position:** Family Business Consultant – Board member / Alitco

**Previous position:** served as a CEO of multiple companies operating in industry, trade and services Deputy president of United Wire Factories Company, CEO of Al Sorayai Group

**Experiences:** over 26 years of experience including 15 years as CEO of various companies in industry, trade and services, project leaderships, memberships of Boards of closed and joint stock companies, consultant to various family businesses.

## Eng. Essam Abdullatif Abdulbari Al Mojalid (independent)



**Qualifications :** BSc in industrial engineering

**Current Position:** Deputy chairman of Al Harthi Group

**Previous position:** manufacturing process manager, CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group, Deputy chairman of Deputy chairman of Al Harthi Group

**Experiences:** experience in project and business development , held leading positions including packaging manager , production senior manager , assistant to sales manager , manufacturing director manager , CEO of SAVOLA Group, CEO of Switz Group, director

## Mr. Hamdan Ali Hamdan Matar (Independent)



**Qualifications :** Bachelor of Administrative science, accounting

**Current Position:** CFO of Healthcare Development Holding Company (HDH)

**Previous position:** auditing manager at Aldar Audit Bureau, CEO of Sara Holding Company

**Experiences:** experience in corporate auditing, financial management, business development, investment, acquisition shares in existing companies, setting new companies, held leading positions in companies he served and acted as director member on boards and committees thereof.

## Mr. Abdul Karim Bin Ibrahim Al Nafie (Independent)



**Qualifications :** BSBA in Accounting

**Current Position:** businessman

**Previous position:** former Director of SIDF- CEO of Saudi Ceramic Co.

**Experiences:** experience in various leading positions as Director General of SIDF, CEO of Saudi Ceramic Co., memberships on Boards and committees of closed and joint stock companies.

## Mr. NADER R. AL-NASSER (former Independent)



**Qualifications :** Business Administration & Marketing.

**Current Position:** Managing director of Tourism Enterprise Company (Shams)

**Previous position:** CEO & managing director of Patik, chairman of Amnco, director General of Wall Street Co. And Autostar marketing manager at Thomson and director of Future Co,

**Experiences:** experience in various leading positions as CEO, managing director, general manager and remarkable experience and achievements in joint stock companies.

## Mr. Monther Mohammed Abdullah Al Sorayai (former) (non-executive)



**Qualifications :** B. Sc Business Administration & Economics

**Current Position:** private business

**Previous position:** manager of Aratex- Jeddah industrial Yarn Factory, supplies & procurement General Manager, manufacturing manager at Al Sorayai Group.

**Experiences:** experience in project, procurement and manufacturing management, factory management where he served in leading positions as manufacturing general manager, procurement general manager, general manager of Aratex- Jeddah industrial Yarn Factory at Al Sorayai industrial and Trading Group

## Second: Committee's Members

Audit Committee					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Hamdan Ali Hamdan Matar	CFO of Healthcare Development Holding Co.	Audit manager at Aldar Audit Bureau, CEO at Sara Company	BSc of administrative science -accounting	11 years' experience (Aldar Audit Bureau- Grant Thornton) 9 years' experience (Healthcare Development Holding Company)
2	Mansour Bin Saleh Al Hamad Al Kharboush	Management consultant to CEO of NWC	CEO of Al Rajhi Holding Group – leading positions at SABIC and kemya	Masters of science in electrical engineering	16 years in (Al Jubail petrochemical company, 12 years in (SABIC). 5 years as CEO of (Al Rajhi Holding Company) audit member (Kayan Company)
3	Eng./Essam Abdullatif Abdulbari Al Mojalid	Deputy chairman of Alharthi Group	CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group,	BSc in industrial engineering	12 years in (SAVOLA Group), 3 years (Switz Group), 11 years (Alessa Group), 5 years (Al Harthi Group).

Remuneration & Nomination Committee					
S	Name	Current position	Previous position	Qualifications	Experiences
1	Abdulkarim Ibrahim Al-Nafie	businessman	SIDF director General, managing Director at Saudi Ceramic Co.	BSc in Administration & Accounting	Served 25 years at SIDF, 15 years at Saudi Ceramic Co.
2	Wael Saad Alrashid	Family business consultant – director at Alitco.	CEO at various companies in industry, trade and services, Deputy Chairman of United Wire Factories Company, CEO of Al Sorayai Group	PhD in change management – information systems	Served 2 years at (Al Sorayai Group), 2 years at (United Wire Factories Company), 2 years at (Aldrees Industrial & Trading Company (ALITCO), 4 years at (Saudi Bio-acids Company) and 15 years at multiple companies in industry and trade).
3	Nidal Khuza Club	CEO- Souks Training and Assessment Co	CEO - Saudi Kitchen Line Co	BSc in system management & marketing	Served 14 years at (Souks Training and Assessment Co), 3 years at (Saudi Kitchen Line Co, five years at Resorts and Real Estate Co. (Resorts Holding) and 3 years at (Express Camels for Logistic services)
4	Essam Abdullatif Abdulbari Al Mojalid (former committee member)	Deputy chairman of Al Harthi Group	packaging manager, production senior manager, assistant to sales manager, manufacturing director manager, CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group, Deputy chairman of Al Harthi Group	B.Sc. in industrial engineering	Served 12 years at SAVOLA Group, 3 years at (Switz Group), 11 years at (Alessa Group) and 5 years at ( Alharthi Group)
5	Saleh Nasser Abdulaziz Al-Sorayai ( former Committee member )	Chairman of Naseej International Trading Co.	former director General of Finance Department, Al-Sorayai +Company, CEO and managing director, Al-Sorayai Group	BA, Accounting	Served 25years (al Sorayai company), 15years (SNASCO Holding) and 9 years at (Al-Sorayai Group)



## Executive Committee

S	Name	Current position	Previous position	Qualifications	Experiences
1	Abdulkarim Ibrahim Al-Nafie	businessman	SIDF director General, managing Director at Saudi Ceramic Co.	B.Sc. in Administration & Accounting	Served 25 years at SIDF, 15 years at Saudi Ceramic Co.
2	Essam Abdullatif Abdulbari Al Mojalid	Deputy chairman of Al Harthi Group	packaging manager, production senior manager, assistant to sales manager, manufacturing director manager, CEO of SAVOLA Group, CEO of Switz Group, director general of Autostar, consultant and CEO of Alessa Group, Deputy chairman of Al Harthi Group	BSc in industrial engineering	Served 12 years at SAVOLA Group, 3 years at (Switz Group) , 11 years at (Alessa Group) and 5 years at ( Alharthi Group)
3	Mohammed Hamed Ali Al Kolaiby	CEO- Ebdaa Watan Company	Consultant , general supervisor , senior CEO – Deputy chairman of (Savola Foods)	B.Sc. in industrial engineering	2 years in ( United Sugar Company) , 8 years in (Savola Foods) and 5 years as a consultant and general supervisor.

## Executive Team

S	Name	Current position	Previous position	Qualifications	Experiences
1	Mark Henry Verlaine	CEO	Director General (BIG), Belgium, consultant at (Al-Sorayai Group)	Master's in Economics	Multiple experience over 37 years in different fields of carpet manufacturing
2	Syed Nadimuddin Ahmad	CFO	Group Financial Director	fellow of chartered accountants	Experience over 27 years in financial management and planning
3	Mohammed Osama Mubarak	General manager of HR and Business Transformation	Manager general of Jeddah Yarn Factory (Al-Sorayai Group)	B.Sc. Chemical Engineering	Experience of 11 years in sales , planning , production , quality and management
4	Wissam Mohamed Sarmani	General Manager / marketing and sales	General Manager of business Development / Lazurde for Jewelry Co	B.Sc. in informatics engineering ( systems and networking)	Experience 13 years in marketing , sales , business and product development
5	Abdullah Yahya Fatihi	Manager General / supply Chain	General manager of supply Chain / AL REEF SUGAR REFIN-ERY CO	B.Sc. in industrial engineering and MA in business Administration	Experience over 20 years in Supply Chain and processes

## 2- companies inside or outside KSA in which Al-Sorayai Board member is a member of their previous or current board or a manager.

Member name	names of Companies in which a Board member is a member of their current Board or a manager	Inside/ outside the Kingdom	Legal entity (listed joint stock/ non listed joint stock/ limited liability/...)	names of Companies in which a Board member is a member of their previous Board or a manager	Inside/ outside the Kingdom	Legal entity (listed joint stock/ non listed joint stock/ limited liability/...)
	- Farabi company	Inside	Non listed joint stock	Abdullah & Nasser Al-Sorayai co	Inside	Limited liability
Saleh Nasser Abdulaziz Al-Sorayai	Saudi Carbonate Co. Ltd	Inside	Limited liability	Samara Factory – Belgium	Outside	Limited liability
	Sanasco Group	Inside	Limited liability	Mecca International Market	Inside	Limited liability
	Mattex Fabrics	Inside	Unlisted Joint stock	Shamiya	Inside	Limited liability
Mansour Bin Saleh Al Hamad Al Kharboush	Tatweer Educational Transportation services Company (TTC)	- Inside	Limited liability Listed joint Closed joint	Jubail Petrochemical Co.	- Inside	Limited liability
		- Inside	Listed joint	Sabic	- Inside	Listed joint
		- Inside	Listed joint	Al Rajhi Holding Group	- Inside	Non listed joint
		- Inside	Non listed joint	Kayan Company	- Inside	Non listed joint
Abdullah Hamdan Abdullah Al-Sorayai	Nama Chemicals	Inside	Listed joint	---	- ---	-----
Wael Saad Alrashid	Aldrees Industrial & Trading Company (ALITCO)	Inside	Closed Joint	Saudi Bio-acids Company	Inside Inside	Non listed joint
				United Wire Factories Company (ASLAK)	Inside	Listed joint
Essam Abdullatif Abdulbari Al Mojalid	7 H holding company	Inside	Limited liability	Savola Group (manager)	Inside	Listed joint
				Switz Group	Inside	Limited liability
				Alessa Group	Inside	Non listed Joint
Hamdan Ali Hamdan Matar	SUDAIR PHARMACEUTICAL COMPANY Company	Inside Inside Inside	Limited liability	-----	----	----
	Authorized Policy Insurance Brokers company	Inside	Limited liability	-----	----	----
	Care For Planning	Inside	Limited liability	-----	----	---
Abdulkarim Ibrahim Al-Nafie	Saudi Ceramic Co.	Inside	Listed Joint stock			
	Ceramic pipe,	Inside	Non listed joint			
	Natural Gas Distribution Company	Inside	Non listed joint	Saudi Ceramic Co.	Inside Inside	Listed Joint
	United Cement Company	Inside	Non listed joint			
	Astra Industries Group	Inside	Listed			
NADER R. AL-NASSER	Shams Company	Inside	Listed joint stock	Batic Inv and Logistics	Inside	Listed Joint stock
	Scape Group	Inside	Non listed joint	Amnco Company	Inside	Limited liability
	NATPET	Inside	Non listed	Autostar company	Inside	Non listed
Monther Bin Mohammed Bin Abdul-lah Al Sorayai	-----	-----	-----	Saudi Carbonate Co	Inside	Limited liability

### 3- Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, Independent Director

Name	Membership classification (Executive – Non -executive – Independent)
Saleh Naser Abdul Aziz Al Sorayai	Board member – Non-executive
Mansour Bin Saleh Al Hamad Al Kharboush	Board member- independent
Abdullah Hamdan Abdullah Al-Sorayai (former)	Board member- Executive
Wael Saad Alrashid	Board member- independent
Essam Abdullatif Abdulbari Al Mojalid	Board member- independent
Hamdan Ali Hamdan Matar	Board member- independent
Abdulkarim Ibrahim Al-Nafie	Board member- independent
NADER R. AL-NASSER ( former)	Board member- independent
Monther Mohammed Abdullah Al Sorayai (former)	Board member- non -executive

- On 10/09/2018, the Board of Directors approved the resignation rendered by Eng./Mansour Bin Saleh Al Hamad Al Kharboush (Deputy chairman / independent board member). Mr. Hamdan Ali Hamdan Matar (current Audit committee member) was appointed a Board member (independent) to fill the vacancy of the resigned member as of 10/09/2018 until the reminder of this Board term ending on 15/07/2021. The appointment was ratified by the extraordinary General Assembly meeting convened on 11/06/2019. On 10/09/2018, Board of Directors approved the appointment of NADER R. AL-NASSER, Board member, as deputy chairman.
- On 26/02/2020, Board of Directors approved the appointment of Eng./Mansour Bin Saleh Al Hamad Al Kharboush, independent, replacing Monther Bin Mohammed bin Abdullah Al Sorayai who tendered resignation dated 25/02/2020. The appointment was ratified by the extraordinary General Assembly meeting convened on 26/04/2020.
- On 10/07/2020, after serving two years as CEO of Naseej International Trading Co, the type membership of Dr/ Wael Alrashid 's membership status changed from "non-executive "to "independent".
- On 26/08/2020, the Board approved the appointment of MR./ Abdulkarim Ibrahim Al-Nafie, independent member, to succeed NADER R. AL-NASSER (deputy chairman – independent) who resigned on 24/08/2020. The appointment was ratified by the extraordinary General Assembly meeting convened on 26/08/2020. The Board further approved the appointment of Mansour Bin Saleh Al Hamad Al Kharboush as deputy chairman.
- On 23/12/2020, the Board approved the resignation of Abdullah Hamdan Abdullah Al-Sorayai (executive member).



#### 4- Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks

The Board of Directors pays due attention the shareholders' proposals and comments expressed, recorded and answered during GA meetings, about the Company and its performance... Shareholders' Relations constitute the link between the Board and the shareholders' proposals and comments. Furthermore, Call Centre receives their proposals and comments to be duly examined by the Board secretary and Shareholders' Relations and regularly inform the Board of the significant proposals. The Board also receives and interacts with shareholders' suggestions via e-mail. The Board keeps the Board members, especially non -executive, informed of the shareholders' inputs and comments expressed during Board meetings, if any.

#### 5- A statement of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them

s	Name	GA held on 22/01/2020	GA held on 26/04/2020	GA held on 06/05/2020	GA 20/12/2020
1	Saleh Naser Abdul Aziz Al Sorayai	Attended	Attended	Attended	Attended
2	NADER R. AL-NASSER	Attended	Attended	Attended	Resignation effective from 26 /08/2020
3	Monther Mohammed Abdullah Al Sorayai	N/A	Resigned as of 26/02/2020		
4	Abdullah Hamdan Abdullah Al-Sorayai	Attended	Attended	Attended	N/A
5	Waiel Saad Alrashid	N/A	Attended	Attended	Attended
6	Essam Abdullatif Abdulbari Al Mojalid	Attended	Attended	Attended	Attended
7	Hamdan Ali Hamdan Matar	Attended	Attended	Attended	Attended
8	Mansour Saleh Al Hamad Al Khar- boush	Appointed on 26 February	Attended	Attended	Attended
9	Abdulkarim Ibrahim Al-Nafie	Appointed as of 26/08/2020			Attended

On 26/04/2020, the (third) extraordinary General Assembly meeting was convened due to the absence of the quorum for the first and second extraordinary meetings dated 24/03/2020

## 6- The number of the Company's requests of shareholders registry, dates and reasons thereof.

Numbers of Company's request of shareholders' records	Request date	Request reason
1	20/01/2020	To communicate with shareholders for the purpose of GA and voting
2	22/01/2020	Procedures of the first extraordinary GA meeting
3	01/03/2020	Company's procedures to update shareholders' records
4	19/03/2020	To communicate with shareholders for the purpose of GA and voting
5	24/03/2020	Procedures of the extraordinary GA meeting (first meeting)
6	26/04/2020	Procedures of the extraordinary GA meeting (3 <sup>rd</sup> meeting)
7	06/05/2020	Procedures of the extraordinary GA meeting (1 <sup>st</sup> meeting)
8	20/07/2020	Company's procedures to update shareholders' records
9	30/09/2020	Company's procedures to update shareholders' records
10	15/12/2020	To communicate with shareholders for the purpose of GA and voting
11	20/12/2020	Procedures of the extraordinary GA meeting (1 <sup>st</sup> meeting)

## 7- the means used by the Board to assess its performance, performance of its committees and members, and the external body which conducted the assessment and its relation with the Company

To date, no external body has been engaged by the Company to evaluate the performance of its Board of Directors, committees and individual directors. The Nominations and Remuneration Committee is tasked with determining strengths and weaknesses of Board of Directors and suggesting ways of addressing them in alignment with the Company's interest and strategy.

## 8- Board Meetings

During 2020, the Board held nine (9) meetings in which different topic and items on the Board agenda were discussed and deliberated within the general powers vested in the Board. The chairman didn't receive any written request to hold extraordinary meeting from at least two members during the fiscal year ended in 2020. the financial statements are fully and dully approved by the Board of Directors on its ordinary meeting. If the board meeting does not coincide with the issuance of the financial statements, they are approved by circulation. During 2020, the Board has taken number of resolutions by circulation or via modern technology means as part of its effort to support precautionary measures taken by competent health authorities in Kingdom of Saudi Arabia to curb the spread of Covid 19. To support the continued efforts made by the competent authorities by taking precautionary and preventive measures to curb the spread of Covid-19, the board meetings are held in person or virtually via modern technology as follows:

Board meeting in 2020											
S	Name	1 <sup>st</sup> 26/02	2 <sup>nd</sup> 14/03	3 <sup>rd</sup> 21/04	4 <sup>th</sup> 17/06	5 <sup>th</sup> 15/07	6 <sup>th</sup> 26/08	7 <sup>th</sup> 28/09	8 <sup>th</sup> 12/11	9 <sup>th</sup> 15/12	Total num- ber
1	Saleh Naser Abdul Aziz Al Sorayai	√	√	√	√	√	√	√	√	√	9
2	NADER R. AL-NASSER	√	√	√	apology	apology	apology			Resignation	3
3	Monther Mohammed Abdullah Al Sorayai	apology				Resignation					-
4	Abdullah Hamdan Abdullah Al-Sorayai	√	√	√	√	√	√	√	apology	√	8
5	Waiel Saad Alrashid	√	√	√	√	√	√	√	√	√	9
6	Essam Abdullatif Abdulbari Al Mojalid	√	√	√	√	√	√	√	√	√	9
7	Hamdan Ali Hamdan Matar	√	√	√	√	√	√	√	√	√	9
8	Mansour Saleh Al Hamad Al Kharboush	√	√	√	√	√	√	√	√	apology	8
9	Abdulkarim Ibrahim Al-Nafie				Designation		√	√	√	apology	3

**9- A brief description of Board Committees' competencies , duties , their chairmen, members, number of their respective meetings, dates of those meetings and members' attendance details of each meeting.**





## A - Nomination & Remuneration Committee (NRC)

The composition of the Committee in 2020 is as follows:

Name	Capacity
Abdulkarim Ibrahim Al-Nafie	Committee Chairman
Wael Saad Alrashid	Member
Nidal Khuza Club	Member

- This committee became effective as of 1st January 2020. It was composed of Eng./Essam Abdullatif Abdulbari Al Mojalid (chairman), Saleh Bin Naser Bin Abdul Aziz Al Sorayai (member) and Nidal Khuza Club (member).
- As of 1st September 2020, the Nomination and Remuneration Committee was recomposed as follows: Mr. Abdulkarim Ibrahim Al-Nafie (chairman), Dr/ Wael Alrashid (member) and Nidal Khuza Club (member).

The following table shows the meetings held by Nominations and Remuneration Committee in 2020

S	Name	1 <sup>st</sup> meeting -15 <sup>th</sup> June	2 <sup>nd</sup> meeting 29 <sup>th</sup> August	3 <sup>rd</sup> meeting 16 <sup>th</sup> November	Total attendees
1	Abdulkarim Ibrahim Al-Nafie			Attended	1
2	Wael Saad Alrashid			Attended	1
3	Nidal Khuza Club	Attended	Attended	Attended	3
4	Saleh Naser Abdul Aziz Al Sorayai	Attended	Attended		2
5	Essam Abdullatif Abdulbari Al Mojalid	Attended	Attended		2

## Competencies and duties of the Committee

- **As for Remunerations, the Committee is responsible for**
- Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.
- Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- Providing recommendations to the Board in respect of the remunerations of its members, the committee members and Senior Executive, in accordance with the approved policy.
- As for Nominations, the committee is responsible for
- suggesting clear policies and standards for membership of the Board and the Executive Management;
- providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;

- determining the amount of time that the member shall allocate to the activities of the Board;
- annually reviewing the skills and expertise required of the Board members and the Executive Management;
- reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company;
- providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Reviewing periodically governance charter and providing recommendations and proposals to Board regarding changes that may be made to such charter in alignment with organizing regulations, rules purpose and nature of the Company's activities

## B- Audit Committee

The formation of the Committee in 2020 was as follows

Name	Capacity
Hamdan Ali Hamdan Matar	Chairman
Mansour Saleh Al Hamad Al Kharboush	Member
Essam Abdullatif Abdulbari Al Mojalid	Member

This table shows Audit Committee's meetings in 2020:

S	Name	1 <sup>st</sup> meeting 30 <sup>th</sup> March	2 <sup>nd</sup> meeting 17 <sup>th</sup> June	3 <sup>rd</sup> meeting 19 <sup>th</sup> August	4 <sup>th</sup> meeting 4 <sup>th</sup> Nov.	Total attendees
1	Hamdan Ali Hamdan Matar	√	√	√	√	4
2	Mansour Saleh Al Hamad Al Kharboush	√	√	√	√	4
3	Essam Abdullatif Abdulbari Al Mojalid	√	√	√	N/A	3

## Audit Committee's Competencies and Duties

### The Committee's Competencies and Duties

- analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- monitoring and overseeing (within its functions and powers) the effectiveness governance mechanisms and control which govern the relation between the Company and subsidiaries in a manner that does not conflict with the functions and authority of any other committee that oversees the implementation of the company's governance mechanisms.
- Reviewing and reassessing, from time to time, the adequacy the functions, rules and controls of the Committee's Charter and providing recommendations in respect with any proposed changes to the Board for consideration and recommendation to the shareholders' General Assembly, and
- monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems, particularly the following:

## Internal Audit

- overseeing and monitoring Internal Audit Department, its activities, ensuring its effectiveness in alignment with applicable laws, rules and professional norms.
- Reviewing the Company's internal audit, financial systems and risk management, preparing written reports provided that the reports contain its recommendations and opinion on adequacy of these systems and other activities performed within its mandate in the light of the laws, rules and professional norms. These recommendations shall be presented to General Assembly. The Board shall make available sufficient copies of the audit committees' report at the Company's head office at least ten days prior to General Assembly's meeting , to enable shareholders to get a copy thereof. The report shall be read at the General Assembly pursuant to Article (104) of Companies' Law.
- monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities.

## Financial Reports

- Analysing the Company's quarterly and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- analysing any important or non-familiar issues contained in the financial reports and accounts; accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or auditor;
- examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

## External Auditor

- providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith; and
- investigating the Management's statement presented by external auditor upon the completion of the annual auditing, following up the implementation of the corrective measures regarding the notes and remarks contained therein by the Management.



## Company's Risk Management

- reviewing Risk Management's policies and framework in consistent with the Company's objectives, providing recommendation thereon to the Board for approval and providing recommendation to the Board regarding the issues related to Risk Management.
- overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein; and
- verifying the important risk factors exposed to the Company's business units and activities and the Management's responsiveness to handle them in proper manner.

## Ensuring Compliance

- reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- reviewing the contracts and proposed Related Party transactions, possible conflict of interest cases and providing its recommendations to the Board in connection therewith; and
- reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

## C- Executive Committee

On 03/08/2020, the Board formed the Executive Committee to perform its duties as of 1st September 2020 after being dissolved on 3rd January 2020.

The composition of the Executive Committee in 2020

Name	Capacity
Abdulkarim Ibrahim Al-Nafie	Committee Chairman
Essam Abdullatif Abdulbari Al Mojalid	Member
Mohammed Hamed Ali Al Kolaiby	Member

The table below shows the Executive Committee's meetings in 2020:

S	Name	1 <sup>st</sup> 6 Sept	2 <sup>nd</sup> 13 Sept	3 <sup>rd</sup> 21 Sept	4 <sup>th</sup> 5 Oct	5 <sup>th</sup> 22 Oct	6 <sup>th</sup> 11 Nov	7 <sup>th</sup> 26 Nov	8 <sup>th</sup> 8 Dec	9 <sup>th</sup> 23 Dec	Total
1	Abdulkarim Ibrahim Al-Nafie	√	√	√	√	√	√	√	√	√	9
2	Essam Abdullatif Abdulbari Al Mojalid	√	√	√	√	√	√	√	√	apology	8
3	Mohammed Hamed Ali Al Kolaiby	√	√	√	√	√	√	√	√	√	9

### **Executive Committee's Competencies and Duties**

- following up and executing the Company's projects and presenting the necessary recommendations to the Board;
- Setting the Company's strategic goals and key plans and ensuring its implementation with the necessary quality and reasonable cost;
- Following up, updating and revising, from time to time, the Company's long, medium and short-term strategic plans;
- Following up the implementation of the Company's financial, administrative and supervisory policies and regulations and proposing modifications to the Board.
- Reviewing the Company's HR policies, RACI chart, organizational structure, when necessary;
- Supporting the Executive Management with decisions and facilities from the Board.
- Following up and co-ordinating with Executive Management regarding KPI's approved by the Board and ensuring its implementation in coordination with relevant bodies according to plans and time schedules;
- Follow-up the implementation of the Company's budget estimates compared to the actual one with analysis of any deviation and presenting recommendations in connection therewith to the Board.
- Considering and reviewing the Executive Management 's initiatives and recommending them to the Board.
- Follow -up the implementation of the recommendations of the Board, internal and external auditor if necessary, and other tasks assigned by the Board.

### **10- Results of the annual review of effectiveness of internal control procedures of the Company and the opinion of the audit committee with respect to adequacy of Company's internal control system**

The Internal Audit Department conducts auditing based on the prepared risk management plan, approved and continuously monitored by the Audit Committee. Auditing is mainly designed to evaluate internal control procedures. The Audit conducted by the Internal Audit Department and external auditors on the effectiveness and adequacy of the company's internal control system has not shown a fundamental or remarkable weakness therein. The Audit Committee consistently examines periodic reports on the assessment and development of internal control systems. the Audit Committee believes that the internal control system is effective and reasonably suitable for the Company.

### **11- Remuneration of the Board members and Executive Management as stated in Article (93) of Corporate Governance Regulations**

**the members of the Board and committees are entitled to remunerations based on a policy, standards and controls adopted by the General Assembly on 28December 2017. The remuneration of The Board members may consist of a specified sum; an attendance fee; or a combination of two or more of those benefits.**

- The Remuneration Policy entails that the it should be fair and proportionate to the Board or committee's member's activities carried out and responsibilities borne by the board or committees' members; be consistent the nature of the company's business and its size as well as the skills and experience required. It should be a means to attract Board members with the relevant expertise and qualifications to enhance the company's ability to achieve its objectives. They shall be determined based on the RNC's recommendations.
- The Company's Remuneration Committee may establish other detailed standards and policies based on the amount of remuneration and eligibility of board members.
- The remunerations of board members are not necessarily required to be equal, but it may vary according to the criteria described in this article or any other criteria on which Board members' remuneration can be determined, in all cases the total remuneration received by the board member does not exceed in-kind or in cash (500,000 500,000 Saudi Riyals.

- The remuneration of independent members shall not be linked to the Company's profitability. This is in order that their remunerations wouldn't be affected by the performance of the Company or any other factors which could impact their independence and impartiality.
- The members of the Board are entitled to specific sum of (150.000) one hundred thousand and fifty.
- The Chairman of the Remuneration and Nominations Committee is entitled to a fixed amount of 60,000 riyals. Each member of the Remuneration and Nominations Committee is entitled to a fixed amount of 40,000 riyals, as an annual bonus
- The chairman of the Audit Committee is entitled to a fixed amount of (100,000 riyals) 100,000 riyals. Each member of the Audit Committee is entitled to a fixed amount of (60,000 riyals) as an annual bonus.
- The Chairman of the Executive Committee is entitled to a fixed amount of 100,000 riyals. Each member of the Executive Committee is entitled to a fixed amount of (60,000 riyals) as an annual bonus.
- Session attendance allowance is (2500) SR for the Board or its committees' meetings.
- The remuneration of the chairman of the Board is (100,000) SR in addition to bonuses received by the Board members.

**The company is entitled to claim compensation from Board Member for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event of**

- Committing an act of dishonesty, forgery, or violating the laws and regulations of the Kingdom of Saudi Arabia;
- Failure to carry out responsibilities and duties resulting in damage to the interests of the company;
- Termination of membership by a decision of the General Assembly – for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board.
- Members shall not be entitled to any bonuses for the period following the last meeting attended, and must return all bonuses received for that period If the Audit Committee or the CMA finds that the remuneration paid to any Board member is based on incorrect or misleading information presented to the General Assembly or included in the Annual Report of the Board of Directors.

**the relationship between the remunerations granted and the applicable remuneration policy, highlighting any significant deviation from such policy.**

The Remuneration and Nominations Committee examines the relationship between the remunerations granted and the applicable remuneration policy, and also examines deviations from the policy, and the Committee did not find any fundamental deviation from the policy, noting that all members of the Board of Directors waived their remuneration for 2019 in recognition of the financial conditions of the company, and the challenges it is going through;

## Remuneration of board of directors

S	Member name / class	Position		Fixed Remunerations (SR)							Variable Remuneration							
			Specific amount	Allowance for attending committee sessions	Total allowances for attending committee session	In kind benefits	A statement of the Board workers or managers or administrative and consultancy	Remuneration of the Board secretary, if they are committee	Total	Profit share	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Equity (values to be entered)	Total	End of service	Grand Total	Expenses Allowances
Non- Executive Members																		
1	Saleh Bin Naser Bin Abdul Aziz Al Sorayai	Chairman	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2	Monther Bin Mohammed Bin Abdullah Al Sorayai	Member	-	23,014	-				23,014	-	-	-	-	-	-	-	23,014	-
Independent Members																		
1	Mansour Bin Saleh Al Hamad Al Kharboush	Deputy Chairman	126,986	20,000	10,000				156,986								156,986	
2	Waiel Alrashid	Member	150,000	22,500	2,500				175,000								175,000	
3	NADER R. AL-NASSER	Member	97,808	7,500	-				105,308								105,308	
4	Essam Abdullatif Abdulbari Al Mojalid	Member	150,000	22,500	32,500				205,000								205,000	
5	Hamdan Ali Hamdan Matar	Member	150,000	22,500	10,000				182,500								182,500	
6	Abdulkarim Ibrahim Al-Nafie	Member	52,192	7,500	25,000				84,692								84,692	
Executive members																		
1	Abdullah Hamdan Abdullah Al-Sorayai	Member	150,000	20,000					170,000								170,000	
Total			900,000	122,500	80,000,				1,102,500								1,102,500	



## Remuneration of Committees' member

S	committee / member name	position	Fixed remuneration (except attending sessions)	Allowances for attending sessions (2.500 per session)	total
<b>Audit Committee's member</b>					
1	Hamdan Ali Hamdan Matar	Committee chairman	100.000	10.000	110.000
2	Mansour Bin Saleh Al Hamad Al Kharboush	member	60.000	10.000	70.000
3	Essam Abdullatif Abdulbari Al Mojalid	member	60.000	7.500	67.500
<b>total</b>			<b>220.000</b>	<b>27.500</b>	<b>247.500</b>

<b>Executive Committee's members</b>					
1	Abdulkarim Ibrahim Al-Nafie	Committee chairman	33.425	22.500	55.925
2	Essam Abdullatif Abdulbari Al Mojalid	member	20.055	20.000	40.055
3	Mohammed Hamed Ali Al Kolaiby	member	waived Executive Committee's remuneration and allowances		
<b>total</b>			<b>53.480</b>	<b>42.500</b>	<b>95.980</b>

<b>Remuneration &amp; Nomination Committee's members</b>					
1	Abdulkarim Ibrahim Al-Nafie	Committee chairman	20.055	2500	22.555
2	Nidal Khuza Club	member	40.000	7.500	47.500
3	Wael Saad Alrashid	member	13.370	2.500	15.870
4	Saleh Naser Abdul Aziz Al Sorayai	member	-	-	-
5	Essam Abdullatif Abdulbari Al Mojalid (chairman)	member	39.945	5000	44.945
<b>total</b>			<b>113.370</b>	<b>17.500</b>	<b>130.870</b>

## Remunerations of Executive Committee's members

- 1- Based on the recommendation of the Remuneration and Nominations Committee, the Board specifies Senior Executives' remuneration according to the following principles:
- 2- Remuneration and compensation should be commensurate with the company's strategic objectives and be a motivating factor for Senior Executives to meet these objectives and enhance the company's ability to grow and sustain its business;
- 3- Be commensurate with the nature of the company's business and size as well as with the required skills and experience;
- 4- Enable the company to attract senior executives with skills and qualifications necessary to enable the company to meet its objectives;
- 5- Taking into account the practices of other companies in determining remunerations; and
- 6- Remunerations shall be determined based on the level of employment, tasks, responsibilities, skills, performance scientific qualifications and practical experience.

## Remunerations of Senior Executives

S	Member name / class	Fixed Remunerations (SR)				Variable Remuneration						End of service	Total remuneration The Board, if any	Grand total
		Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentives	Equity grants	Total			
1	CEO	1.248000	312.000	165.780	1.725.780	-	-	-	-	-	-	66.252		1.792.032
2	CFO	570.600	157,850	104,941	833.391	-	-	-	-	-	-	27.403		860.794
3	HR and BD manager	431.200	142.800	118.344	692.344							56.052		748.396
4	Supply chain GM	198.600	64.650	89.017	352.267							10.819		363.086
5	Marketing & Sales GM	437.580	145.392	86.057	669.029							24.768		693.797
<b>Total</b>		<b>2.885.980</b>	<b>822.692</b>	<b>564.139</b>	<b>4.272.811</b>							<b>185.294</b>		<b>4.458.105</b>

## 12- Rights and interests of Board members and Senior Executives on the shares of the Company

The percentage of ownership of Board members and Senior Executives including the shares of their relatives in the company and any change on such interest or rights during the fiscal year 2020, knowing that they have in interest in debt instrument.

A description of any interest, contractual securities or rights issue of Board members and their relatives on shares or debt instruments of the Company							
Board members' names	Position	Beginning of the year		End of the year		Net change	Change ration
		Number of shares	Debt instrument	Number of shares	Debt instrument		
Saleh Naser Abdul Aziz Al Sorayai	Chairman	403.014	N/A	17.296	N/A	385.718	95.7%
Mansour Saleh Al Hamad Al Kharboush	Deputy chairman	174	N/A	60	N/A	114	65.5%
NADER R. AL-NASSER (former )	Member	0	N/A		N/A	0	0%
Monther Mohammed Abdullah Al Sorayai (former)	Member	239	N/A		N/A	239	100%
Abdullah Hamdan Abdullah Al-Sorayai( former )	Member	0	N/A		N/A		0%
Waiel Alrashid	Member	0	N/A		N/A		0%
Essam Abdullatif Abdulbari Al Mojalid	Member	0	N/A		N/A		0%
Hamdan Ali Hamdan Matar	Member	0	N/A		N/A		0%
Abdulkarim Ibrahim Al-Nafie	Member	0	N/A		N/A		0%

- Calculating the number of shares at the end of the year 31 December 2020 after the reduction of capital

#### A description of any interest, contractual securities or rights issue of Senior Executives and their relatives on shares or debt instruments of the Company

A description of any interest, contractual securities or rights issue of Senior Executives and their relatives on shares or debt instruments of the Company							
Board members' names	Position	Beginning of the year		End of the year		Net change	Change ration
		Number of shares	Debt instrument	Number of shares	Debt instrument		
Mark Henry Verlaine	CEO	0	N/A	0	N/A	0	0%
Syed Nadimuiddin Ahmed	CFO (current)	0	N/A	0	N/A	0	0%
Abdulrahman Saleh Bagba	CFO (former)	0	N/A	0	N/A	0	0%
Mahmoud Abdullah Sham-suddin	internal audit manager Board Secretary	0	N/A	0	N/A	0	0%

- No interest, contractual securities or rights issue of Senior Executives and their relatives on shares or debt instruments of the Company

### 13- Social contributions

Naseej International Trading Company is keen on the importance of social contributions. The company has contributed to the recruitment and training of a number of Saudi people to demonstrate their potentials by speciality and give them the opportunity for education, development and honing skills, in line with the Kingdom's vision 2030. During the past year 2020, the Company employed graduates of the College of Technology in Jeddah. It has provided job opportunities for women in all fields. It has also honoured employees whose service in the company exceeds 15 years.



# Chapter Two

## Activity, Planning & Performance



## 14- Incorporation and Activity

Naseej International Trading Co. is one of the leading companies in manufacturing and selling carpets, rugs and yarns in the Middle East. It was established in 1953. It became a Saudi closed joint stock company in 2007. It incorporated and became publicly listed; joint stock listed on Tadawul (Saudi Stock Exchange) on 23 February 2010. With the headquarter located in Jeddah, the Company operates and covers local and global markets,



### Industrial Activity

Manufacturing carpets and rugs by the Carpet Factory is one of the Company's core businesses and the fastest growing sectors. It has two operating licenses for carpet and rug mills. Jeddah Industrial Yarn Factory professionally produces industrial yarns and threads.

### Carpet Factory

On 30/07/1405 H, The Carpet Factory was founded in Jeddah, the fourth Industrial Zone. It excels in the local Manufacturing of carpets in the Saudi Arabia and internationally exports its unique products to various countries around the globe. It professionally produces high- quality, low -priced carpet that perfectly fit offices and mosques.

### Rug Factory

Located in Jeddah – Industrial Zone, 4th Stage, the Rug Factory manufactures and produces all market requirements, whether in residential units, hospitals, hotels, offices.

The factory produces high-quality carpets with special specifications including wool, acrylic and silk carpets, as well as high-quality heat-resistant rugs to meet all domestic and international market demands.

### Jeddah Industrial Yarn Factory

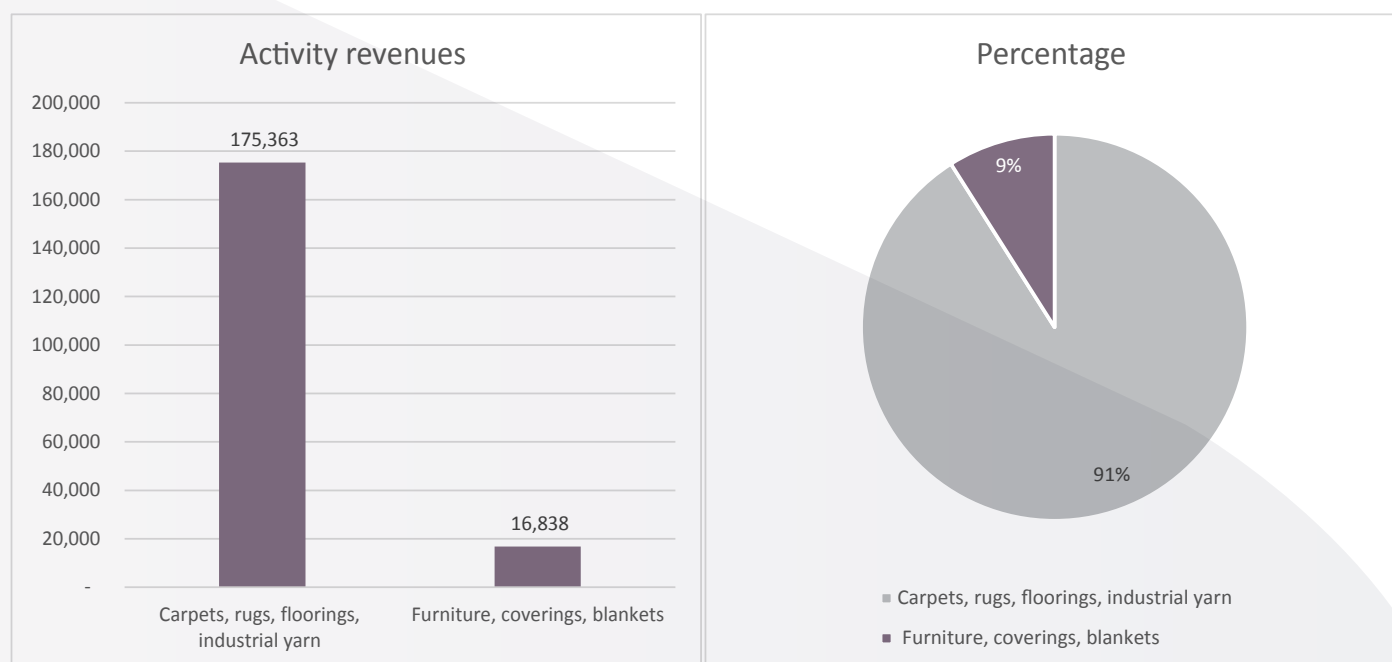
Built on 23/01/1417H, Jeddah Industrial Yarn Factory professionally produces industrial yarns and threads from polypropylene which are essential elements in the Manufacturing of carpets and rugs. It has made a name for itself in the list of top suppliers for carpet and rug manufactures. It exports part of its production to the global markets.

## Investment Activity

The company may establish individual companies (limited liability or closed joint stock) provided that the capital is not less than (5) million riyals. it may own shares in other existing companies or merge with them. it has also the right to participate with third parties in the establishment of joint stock companies or limited liability, after fulfilling the requirements of the regulations and instructions in this regard

**The table below shows the activity and percentage of the total activities of the Company (in thousands of Riyals) as follows**

S	Activity Name	Activity revenues	Percentage
1	Carpets, rugs, floorings, industrial yarn	175,363	91%
2	Furniture, coverings, blankets	16,838	9%
	Total	192,201	100%



## Main activities of affiliate companies

the main scope of business of the affiliate company, The Home Styles, is a retailer carpets, floorings, furniture, blankets, curtains, and accessories. MILLENNIUM WEAVERS (America) main business is in wholesale in carpets and floorings.

**The table below shows the activity and percentage of the total activities of the Company (in thousands of Riyals) as follows:**

S	Activity Name	Activity revenues	Percentage
1	Affiliate company	N/A	N/A

## 15- the Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and future expectations.

### First - the most significant Announcements and Events

From

31-12-2019  
to  
27-02-2020

Calling shareholders to the Extraordinary General Assembly to vote on the recommendation of the Board of Directors to increase the capital by (112,660,000) Saudi Riyals - the beginning of E- voting - the announcement of the results of the extraordinary general assembly on approval of the capital increase - announcement of results of right issues trading and new shares subscription ,coverage percentage 82.83%, details of selling unsubscribed shares - the Results of Remaining Offering and the Allotment of Right Issues- Coverage at the end of the remaining offering period 858.1%- announcement of the distribution of compensation amounts to Right issues holders who did not exercise their right to subscribe to the new shares.

26 February  
2020

Board of Directors approved the resignation of The Board member Mr. Monther Bin Mohammed Bin Abdullah Al Sorayai (non-executive member) from his membership on the Board for private reasons the Board approved at the same meeting the recommendation of Remuneration and Nomination Committee to appoint Eng./Mansour Bin Saleh Al Hamad Al Kharboush as a member of the Board of Directors (independent) as of the date of appointment until the end of the current Board term ended July 15, 2021. The Board invited shareholders to the third extraordinary General Assembly meeting - announcing the approval to change of the Company's name. the second and third items were not approved.

From

27-2-2020  
To  
27-04-2020

Calling shareholders to attended the first and second extraordinary General Assembly meeting to vote on amending Article (2) of the Company's bylaws related to its name, voting on the amendment of Article (3) of the Company's bylaws related to its purpose, vote on the recommendation of the Board to appoint Eng./Mansour Bin Saleh Al Hamad Al Kharboush as a member of the Board of Directors (independent). Calling shareholders to register in Tadawul and the beginning of E-voting on the items of the GA agenda - as preventive and precautionary measures. Due to the incomplete quorum the first and second extraordinary General Assembly meetings were adjourned.

09-04-2020

Announcement of the impact of recent decisions on curbing the spread of Covid-19.

From

13-04-2020  
To  
07-05-2020

Announcement of the invitation of its shareholders to attend the meeting of the General Assembly (first meeting) to vote on the items of the Annual Assembly (Board report - Auditor Report - Financial Statements - Appointment of the Company's Auditor - disclaimer - contracts) - Announcement of the beginning of e voting - announcement of the results of the Assembly by approving all items on the meeting agenda.

14-05-2020

Al Sorayai Trading and Industrial Group announces changing its name to Naseej International Trading Co

31-05-2020

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26-08-2020

the Board approved the appointment of Eng./ Abdulkarim Ibrahim Al-Nafie, independent member, to succeed NADER R. AL-NASSER (deputy chairman – independent) who resigned on 24/08/2020. The appointment was ratified by the extraordinary General Assembly meeting convened on 26/08/2020. The Board further approved the appointment of Mansour Bin Saleh Al Hamad Al Kharboush as deputy chairman.

From

28-09-2020  
To  
29-12-2020

Announcement of the Board of Directors' recommendations to reduce the Company's capital and a subsequent capital increase through rights issues – due to the losses as reflected in 2020 Q3 financial statements – the accumulated losses hit (65.4%) of the Company's capital. By announcing the measures to be taken, on 10th November 2020, The Board of Directors has decided, by circulation, to amend the recommendation related to reducing the Company's capital as detailed in the announcement. Naseej International Trading Company announces its submission the application file for approval to increase the company's capital by offering of rights issue to the Capital Market Authority- calling its shareholders to attend extraordinary General Assembly meeting concerning reduction the Company's capital and voting on the Board's decision of the appointment of Eng. Mr. Abdulkarim Ibrahim Al-Nafie( independent member ) ( first virtual meeting ) via modern technology - Announcing the deadline for the Extraordinary General Assembly to handle accumulated losses- the announcement of the application of E-voting - Announcement of the results of the Extraordinary General Assembly meeting, which included approval of the reduction of the Company's capital and the appointment of a member of the Board of Directors (second meeting)- then Then the announcement of reduction in accumulated losses to 0% of the capital . the announcement of the submission the application file for approval to increase the company's capital by offering of rights issue to the Capital Market Authority- depositing Fractional Shares Sales Revenue in the bank accounts of eligible shareholders.

23-12-2020

The announcement the Board's approval, by circulation, the resignation of Board member / Abdullah Hamdan Abdullah Al-Sorayai (executive member) from his membership due to personal reasons.



## Announcement of Financial Results

31 March 2020 Financial results for fiscal year ended on 31 December 2019.

21 June 2020 Initial financial results for the period ended on 31 March 2020.

24 August 2020 Initial financial results for the period ended on 30 June 2020

09 November 2020 Initial financial results for the period ended on 30 September 2020.

## Second: The Company's plans, decisions, halting operations and future expectations

In line with the restructuring plan and current challenges, the Company's Board of Directors has taken a number of actions and decisions as follows:

On 22/01/2020, The Company increased its capital from (65,500,000) sixty-five million and five hundred thousand Saudi riyals to (1) 78,160,000) one hundred and seventy-eight million and sixty thousand Saudi riyals by issuing Rights Issues of (112,660,000) one hundred and twelve million and six hundred and six hundred and sixty thousand Saudi riyals. Furthermore, the Company's name has been changed from Al Sorayai Holding Group to Naseej International Trading Company upon the approval of extraordinary General Assembly on 26/04/2020. On 12/20/2020, the Company reduced its capital to

amort the accumulated losses from (178,160,000) one hundred seventy-eight million one hundred and sixty thousand Saudi riyals to (61,632,010) sixty-one million six hundred and thirty-two One thousand and ten Saudi riyals.

The Board of Directors is interested in preparing future plans for the expansion of the company's operations and focusing on, outputs, follow-up and monitoring and follow-up KPI's of all departments. It has developed plans focusing commercial activities and increasing carpet production capacity to maximize profitability.

The company continues to take care and hedge against the volatility that occurs so as not be significantly affected by rise in prices or manpower. It seeks to enhance its ability to meet the basic elements through highly qualified team to successfully compete and navigate through the fast changing political, economic, legal and social situations. The company is preparing to adopt with any likely fluctuations and volatility in prices and market as soon as possible.

## Third: The Company's Strengths and Competitive advantages

The Company excels in high quality products manufactured in its local factories, namely rugs.

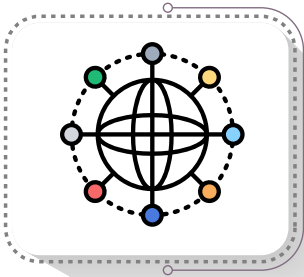
### Strengths and competitive advantages are detailed as follows

- 1- Today's cutting-edge technologies are used in manufacturing yarn for producing the best quality of carpets and rugs;
- 2- Applying the highest and best international standards in choosing raw materials; and
- 3- The Company prides itself of having expanding local and international network of distributors to meet the growing local and global demand.

## 16- Risk Management

Risks constitute an integral part of any commercial and industrial activity. They are managed by the Company through identifying them, determine their scope, assessing the likelihood of their occurrence, containing them as much as possible or mitigating the impact when they occur. The Company addresses risks inherent in its strategy to accomplish the desired goals. It has developed and implemented a policy and approved framework for risk management. This approach increases risk awareness at all management levels, ensures appropriate risk management in place, makes business units more effective and transparent, thus allowing for the risk comparison and aggregation and the opportunity to engage in a collective course in their management.

**The Company's main activities are manufacturing carpets and rugs which may be affected by the following risks:**



**Competitive Risk:**

The Company operates and sells its products in a very competitive markets driven by supply and demand. Additionally, there are other competitive products such Vinyl, parquet and ceramics. Thereby all these factors combined put the Company at risk. The Company's different sales units seek to deal with and manage these risks within the resources and capabilities they have, as well as, their impact they would have on the Company's performance and results.



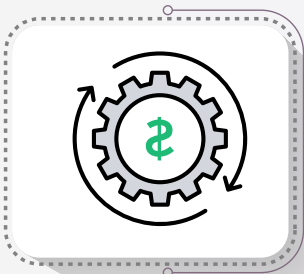
**Economic risks:**

global economic situation: global economic meltdown, recession, and political turmoil in parts of the world may, in turn, reduce demand for products and result in lower selling prices domestically and globally.



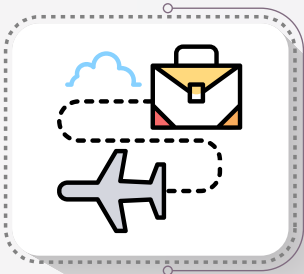
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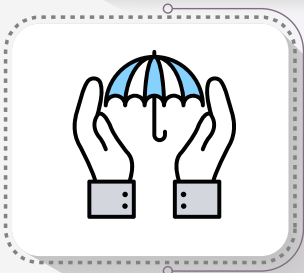
**Technology Risks:**

As the Company relies heavily on technological advancement, using computerized asset management systems, and cutting -edge technologies into running and monitoring its activities and financial records, it keeps modernizing its processes to adopt with various emerging technologies. therefore, efficient and satisfactory performance requires and is closely linked to constant developments of production systems. Through sound planning and proactive and precautionary measures, the Company has been consistently able to manage technology risks to mitigate their impact on business continuity.



**Raw materials Risks:**

In the event of insufficiency or unavailability of raw materials required for manufacturing or any disruption or suspension of supply chain resulting from total or partial economic reasons, natural disasters in manner that may affect on the Company's performance. to avoid these risky scenarios, the Company adopts systemic approach to mitigate these risks by providing raw material sufficient to operate its production lines at the minimum levels for periods of time in future.



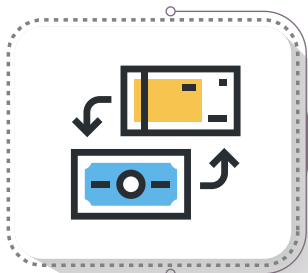
**Export Risks:**

As the Company's revenues from export markets bear the brunt of gluts on global markets which largely accommodate the Company's products. these revenues are susceptible to any changes in political situations or export ban.



#### Risks of unforeseen incident:

The company's factories and plants are made of several production lines and machines. in the event of any malfunction, failure or sudden interruption in the operation of these lines or machines, this would have a negative impact on the company's production for the duration of the defect, malfunction or interruption. For Certain, this will adversely affect the company's performance. earnings outlook and results throughout the period of production interruption, whether for technical reasons (such as interruption of electricity, power or water supplies) or exposure to any accident or emergency, or any natural disaster. That will have a fundamental negative impact on the entire process.



#### Risk of inadequate Financial Resources:

The Company may not be able to provide financial resources needed for full capacity utilization for producing new products that improve profitability. the lack and inadequate financial resource might have negative impact on the Company's financial performance and results of its operations.



#### Commission Rate Risk

Commission rate risk arises from the possibility of fluctuating commission rates which may affect the future profitability or fair values of financial instruments. the Company is exposed to the risks of commission rates on its commission-paid liabilities, specifically the amounts due to banks and the Saudi Industrial Development Fund, and the management works to reduce the risk of commission prices on the company by monitoring changes in the commission prices of the currencies related to the liabilities on which the company pays commission.



#### Risks of Differences Between Zakat and Failure to Apply for VAT Registration

Like other entities and establishments incorporated, operating and subject to Zakat in Saudi Arabia, the Company is obliged to file tax returns within 120 days as of the end of fiscal year for the purpose of renewing Zakat certificate. Since the Company's zakat assessment are not yet final to date, there is a risk that the company will be obliged to pay more than it has been estimated and allocated to the General Authority of Zakat which will, in turn, adversely affect the company's profitability and results.



#### Credit Risks:

Refers to the risk that the counterparty fails to meet its contractual obligations, resulting in a financial loss to the company. Credit risk arises on liquid assets, non-current financial assets, derivatives assets, commercial and other assets. The company aims to reduce the risk of financial credit by implementing relevant risk management policies as the credit limits are determined based on the size of each customer and the risk of default. The methodology applied to determine the credit limit, takes into account third parties, credit ratings, risk ratios and the possibility of default when conducting a commercial and technical assessment of that party to determine its credit limit. These limits are regularly monitored and adhered to, taking into account the evolution of the above information. As a result of this continuous monitoring, changes are made within the credit limits. The Company avoids the concentration of credit risks on its current assets by distributing them over various customers and sectors. As the Company's has a larger and wider geographical base of clients, it is not exposed fundamental credit risks on trade receivables. Nevertheless, the company has an accounting policy consistent with international financial reporting standards (IFRS) to be an allowance for doubtful accounts.



#### **Liquidity Risks**

Means the company's inability to provide funding necessary to meet the company's financial obligations related to its financial instruments. Liquidity risk arises from inability to sell a financial asset quickly at an amount close to its fair value, and poor collection from customers. Liquidity risk is managed by constantly monitoring them to ensure that there is sufficient liquidity to meet the company's future obligations.



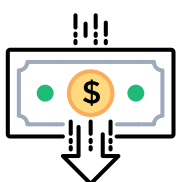
#### **Foreign Exchange Risks:**

The company is exposed to foreign exchange risks from transactions and translation. These risks are managed as part of systematic hedging policy according to the specific business needs through the application of swap agreements with banks.



#### **Fair Value Risks:**

fair value is the value by which an asset is exchanged by paying an obligation between interested parties and is done under the same terms of dealing with other parties. In the view of the fact that financial statements are prepared on historical cost basis, it can produce differences between book value and fair value estimates. For other financial assets and liabilities, management considers that the fair value of other financial instruments is not fundamentally different from their book value.



#### **Capital Risks:**

The Company's objectives when managing capital are: To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. So that it can continue to safeguard the optimal capital structure to reduce capital cost. In order to maintain or modify the capital structure, the company may obtain/repay the financing from/ to the various financial institutions.



#### **Risks of litigation and lawsuits:**

In the course of conducting its business, the Company may expose to litigation and lawsuits in matters related its operations. The Company is not immune against any dispute arising in course of dealing with other parties, such as suppliers, distributors and others which may involve lawsuits and legal actions be brought against the Company before competent judicial authorities. As a result, the Company may be liable to legal claims and actions filed by government agencies and investigative bodies.



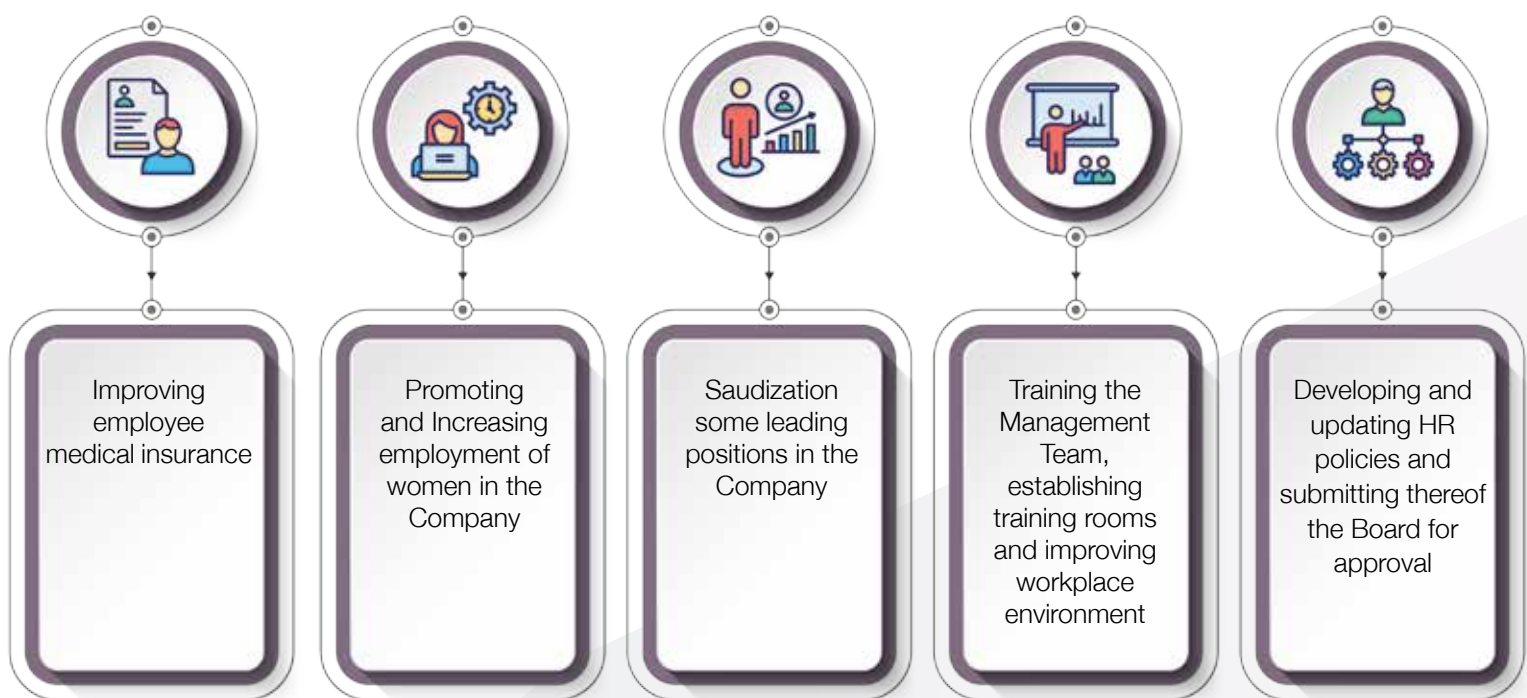
The Company always strives to develop and improve its policy for management of various risks (Risk Identification, Risk Assessment, Risk Management, Risk Review) and key actions to apply them appropriately. The Company also seeks to ensure their consistency with its objectives, monitor its risk appetite and tolerance with special focus on the most significant risks affecting and cross-cutting with Company's various activities and sectors. It constantly measures and assess how flexible and resilient the management plan is to respond and address risks contained in Risk Register. these risks are viewed in the light of the Company's risk appetite with systematic monitor to ensure the appropriate application of the risk management framework in various business units.

## Human Resources Department

HR and Business Development Department is mainly built on human capabilities which are the most valuable asset Naseej International Trading Company owns.

### Key Functions of HR&BD Department:

Human Resources and Business Development department performs many tasks and activities necessary to meet business needs: recruitment, training, coaching, performance evaluation, processing and dispensing payroll and compensation, fostering creativity and innovation, development, Strengthening staff relations, inter-departmental coordination, staff motivation, ensuring compliance with Labour laws, updating relative policies and procedures, analysis and job description, career path planning. One of the key functions and responsibilities of Human Resources Department is to plan to overcome challenges and crises and achieve goals on scientific grounds.



## Marketing Department

Marketing management is the most important function. It plays a vital role in achieving the Company's key strategic objectives through sound planning, well-tailored marketing strategies, managing marketing operations, product promotion. All these activities fall under marketing campaigns. it plans and offers special discounts, launches advertising campaigns for the Company and its various branches and affiliates. Through this instrumental tool, the Company maintains its constant presence in various media by highlighting its achievements and news of interest to local and global clients and investors. marketing team serves as a close liaison between various departments and units through understanding their needs. To promote their products, it plans and carries out marketing campaigns. In short, it serves as a bridge between various departments in the Company.

### **Customer Relations (CRM)**

CRM is a large database for customers where their data is confidentially stored. it is an effective tool for communications, sales and production departments. Social media platforms (twitter, Facebook, Instagram and snapchat) play complementary and support role to various activities of Marketing Department. The compelling reason for using these interactive platforms is to receive, engage and respond to customers' feedback, concerns.

### **E-Commerce: -**

E-commerce is just buying and selling products via electronic means such as mobile applications and internet. The popularity of E-commerce has increased dramatically over past years in Saudi Arabia and the world at large. To cope with these developments, The Company has launched E-commerce platform to be a marketplace for showing its latest products. In addition, the company has entered into an agreement with a group of E-commerce providers such as Amazon Saudi Arabia and Noon.

### **IT Department**

Naseej international Trading Company capitalizes on information technology (IT) to generate the maximum benefits from data and latest technology and use them effectively to improve workplace, increase performance efficiency and raise the quality of services rendered to its customers and employees in all fields. The Company has, therefore, paid special attention to several systems as follows:

### **Manufacturing Execution System (MES)**

Naseej International has introduced and implemented Manufacturing Execution System (MES). MES works in real time to enable tracking, documenting and controlling multiple elements of production lifecycle. it gives insight into how best to improve Company -wide manufacturing operations. Production efficiency has increased by 3to 10%. It has improved production planning and scheduling. It has eliminated paperwork. MES helps achieve that goal by tracking and gathering accurate, real-time data about the complete production lifecycle.

### **Self-Service Program**

A service that enables the company's employees to apply automatically for vacations of all types, access to their personal information and other requests that pass through a series of approvals from the relevant departments.

### **Robotic Process Automation (RPA)**

Naseej International Trading Company is considering relevance and viability of Robotic Process Automation (RPA) in terms of cost – saving. The total cost of RPA compared to the cost of conventional production methods is relatively low. The typical benefits of RPA include increased speed, accuracy and scalability of production whereby the Company can have a competitive advantage.

### **Power Business Intelligence (Power BI)**

Power BI is one of the most successful business intelligences. It is designed to provide interactive, analytical and creative interfaces that enable users (senior management) to monitor businesses and analyse results.

### **Warehouse Management System (WMS)**

Naseej International is considering WMS implementation that will be a game changer for inventory, orders, equipment and personnel. It will enable the Company to increase service efficiency and deliver customer demands timeously and accurately.

## Company's Website Development

The company's website has been developed to create valuable user experience by providing an easy access to the products they desire to acquire. For their convenience, there are several payment and delivery options to choose from. It is worth noting that Naseej International Trading Company is deeply committed to keeping shareholders fully informed by constant updating of the Company's official website to provide them with direct and easy access to information via Investors Relation.

## Environment, Health and Safety (EHS) Department

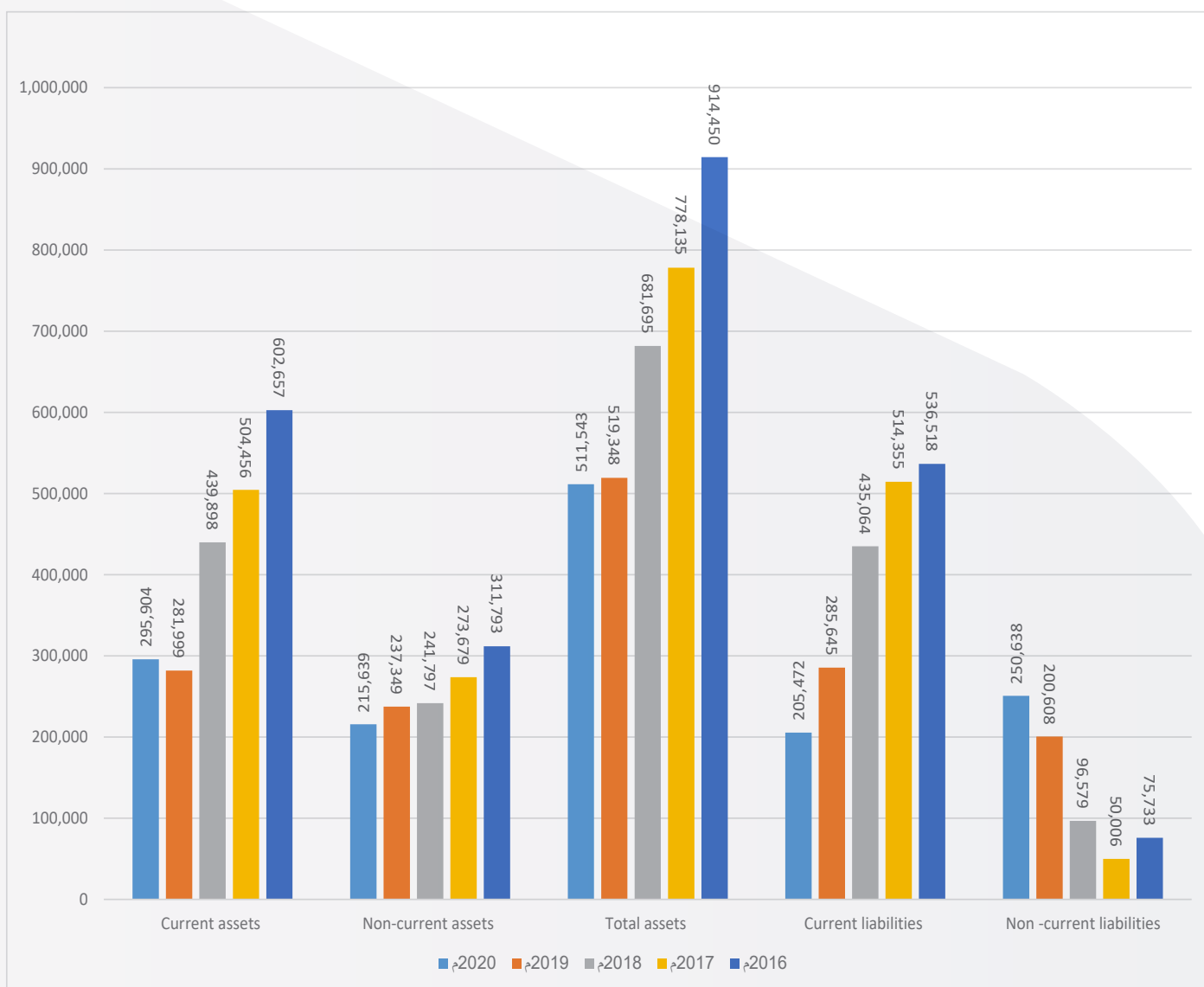
Naseej International Trading Company is genuinely committed to achieving outstanding performance and sustainable development of the natural environment. The Company's ultimate objective is to keep level of injuries to the minimum. Ensuring the health and safety of our employees and stakeholders is one of EHS Department's highest priorities. The Company's EHS policy focuses on preserving human safety and health, by providing safe work environments free from the causes of accidents, injuries or occupational diseases and preserving property from the risk of damage or loss. The company strictly follows the highest safety standards adopted locally and internationally and providing a healthy, safe and risk-free working environment. We are fully committed to conducting our business in such a manner that prevents incidents which cause loss of life, bodily injury or illness, or damage to property or the environment. We strictly follow these principles to sustain our roles as a planning and enforcement authority as follows:

- identify and comply with the relevant legal obligations and the requirements of the parties concerned;
- Ensure that the product meets the necessary or specific regulatory requirements in terms of quality and performance;
- Ensure staff safety and asset protection
- Ensure compliance with environmental laws, other regulations of health and safety, national and international laws applicable on the Company's operations and services;
- Ensure maximum risk control and appropriate risk assessment for negative impacts on health, safety and quality;
- Ensure protection against accidents related to health and work conditions.
- EHS Department integrates quality and EHS considerations into day -to-day Company's activities to be able to meet the requirements of international standards: ISO 14001 2018 (Environment), in line with ISO 45001: 2018 (Occupational Health and Safety) and ISO 9001: 2015 (Quality) regulations;
- Collaborate and coordinate with the Company's stakeholders to ensure mutual relationship between customers and suppliers;
- engage with workers and their representatives to ensure optimal resources use, reducing wastes to the minimum and promoting pollution prevention;
- provide ongoing education and training program to ensure that our employees work in the safest possible way;
- EHS Department is fully committed to continuously improving integrated management systems for the benefit of all parties concerned; and
- Develop sound fire prevention plans and ensure the effectiveness of the evacuation plan in times of emergency.

## 17- Company's assets, liabilities and results of the last five fiscal years

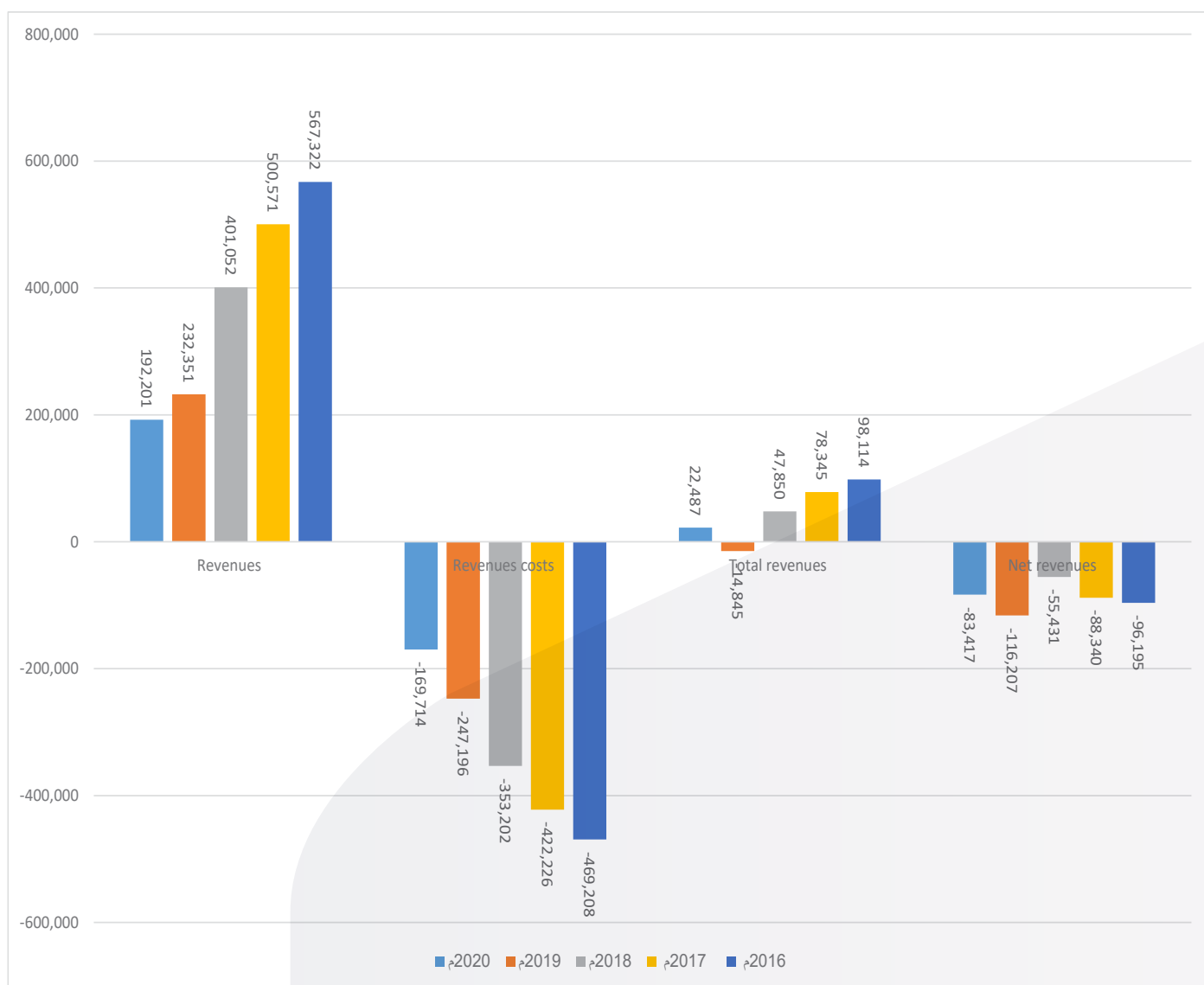
The following table and graph show the Company's assets, liabilities and results of the last five fiscal years:

Assets and liabilities of the last five fiscal years (expressed in thousands Saudi Riyals)						
Year	Current assets	Non-current assets	Total assets	Current liabilities	Non -current liabilities	Total liabilities
2020	295,904	215,639	511,543	205,472	250,638	456,110
2019	281,999	237,349	519,348	285,645	200,608	486,253
2018	439,898	241,797	681,695	435,064	96,579	531,643
2017	504,456	273,679	778,135	514,355	50,006	564,361
2016	602,657	311,793	914,450	536,518	75,733	612,251



The following table and graph show the Company's business results of the last five fiscal years:

the Company's business results of the last five fiscal years (expressed in thousands Saudi Riyals)				
Year	Revenues	Revenues costs	Total revenues	Net revenues
2020	192,201	(169,714)	22,487	(83,417)
2019	232,351	(247,196)	(14,845)	(116,207)
2018	401,052	(353,202)	47,850	(55,431)
2017	500,571	(422,226)	78,345	(88,340)
2016	567,322	(469,208)	98,114	(96,195)

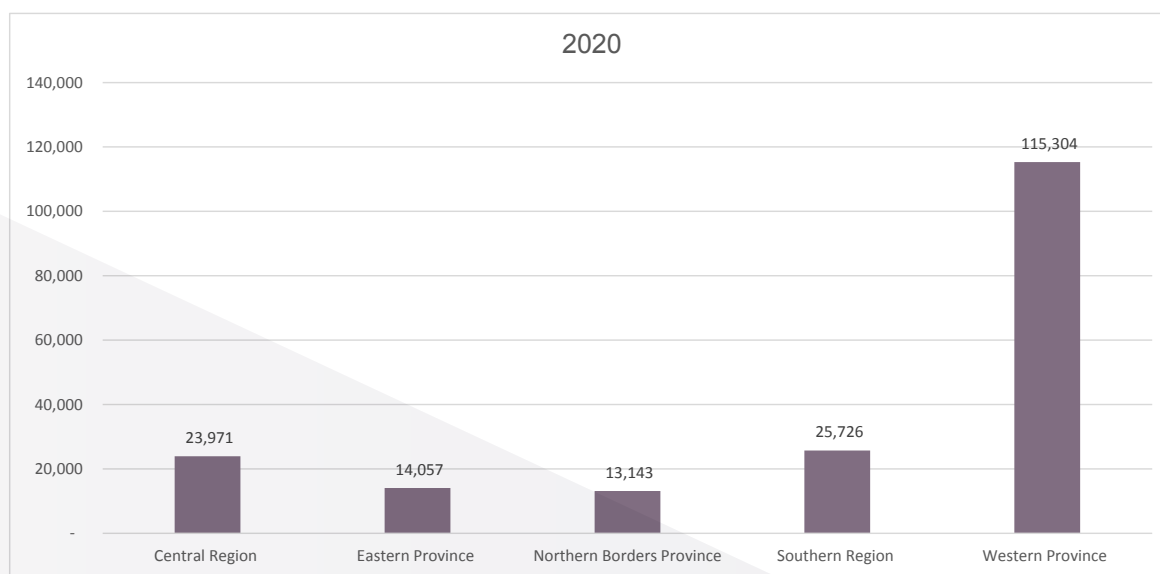




## 18- Geographical Analysis of Revenues of The Company and Its Affiliates

### A) Geographical analysis of revenues of the Company

Geographical analysis of revenues of the Company (expressed in thousands Saudi Riyals)							
Year	Total revenues	Central Region	Eastern Province	Northern Borders Province	Southern Region	Western Province	Total
2020	192,201	23,971	14,057	13,143	25,726	115,304	192,201



### B) Geographic Analysis of Affiliates' Total Revenues

Geographic Analysis affiliates' total Revenue		
Year	Total revenues	Affiliates
2020	N/A	N/A

## 19- Description of material differences in the operational results compared to the previous year's results or any expectations announced by the Company.

Description	2020	2019	Changes (+) (-)	Change rate
Sales /revenues	192,201	232,351	(40,150)	-17%
Sales/revenues cost	(169,714)	(247,196)	77,482	31%
Total profit	22,487	(14,854)	37,341	251%
Other operational revenues	(102,160)	(104,076)	1,916	2%
Other operational expenses	19,916	29,463	(9,547)	-32%
Operational profits (loss)	(59,757)	(89,458)	29,701	33%
Other expenses and financial burdens	(21,215)	(23,972)	2,757	12%
(loss) before zakat	(80,972)	(113,430)	32,458	29%
Discount: zakat and income tax	(2,445)	(2,777)	332	12%
Year's net loss after zakat	(83,417)	(116,207)	32,790	28%

The reason for the decrease in net losses during the current year compared to last year is due to that The company was able to optimize its Cost of Sales across the board along with its Operational expenses. The Gross profit has improved by 251% year on year despite the impact of the COVID pandemic on the markets. These actions, in addition to focusing on value creation through extensive product development, creating market pull whilst optimizing operational effectiveness, have contributed positively to the net result.

## 20- Description of any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants

Financial statements have been prepared according to International Financial Reporting Standards (IFRS) approved in Saudi Arabia and other standards and interpretation adopted by the Saudi Organization for Certified Public Accountants (SOCPA).

## 21- Affiliate Companies: list of names of companies affiliate to Naseej International Trading Co.

Affiliate name	Main scope of business	Country of incorporation	Country of operation	Capital	Company's ownership percentage
The Home Styles (Limited liability)	Retailer in carpets, rugs, floorings, furniture, blankets, curtains and accessories	United Arab Emirates (UAE) -Dubai	Saudi Arabia – Jeddah	100,000 SR	100%
Millennium Weavers Holdings Co., Ltd. - USA	Distributing and selling carpets, rugs and other flooring products	USA- Dalton	USA- Dalton	100,000 \$	100%
Al Sorayai Operation & Maintenance Company Ltd	O&M services for factories and public and private companies	Saudi Arabia -Jeddah	Saudi Arabia -Jeddah	100,000 SR	100%
Al Sorayai Co. for Projects Ltd	Public and private projects services (carpet and rug floorings)	Saudi Arabia -Jeddah	Saudi Arabia -Jeddah	100,000 SR	100%

• Affiliate companies' business activities are suspended due to restructuring

## 22- Loans and Total Indebtedness of The Company (expressed in Saudi Riyals)

s	Creditor's Name	Amount of Principal debt	Loan term	Amounts paid in repayments of debt during 2020	Remaining amount	Total indebtedness of the Company and its affiliates
1	Saudi Industrial Development Fund (SIDF)	52,004	8 years	23,647	28,357	28,357
2	Long -term loans	215,067	Multiple	364,184	206,309	206,309
3	Murabaha loans from local banks	106,790	Multiple	130,061	104,839	104,839

## 23-Outstanding statutory payments

Description	2020 (expressed in thousand Saudi Riyals)	
	Paid amount	Outstanding amount until the end of the annual financial period
Zakat	3,611	4,432
GOSI	2,501	233
Visa & Passports Fees	1,028	28
Labour Office Fees	2,714	105

## 24- sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future

Sanction/ Penalty/ Precautionary Procedure / Preventive Measure	Reasons for violation	Imposing Authority	Measures undertaken to remedy and avoid such non-compliance in the future
10.000SR	Violation of GOSI regulations	GOSI	Ensuring Compliance and modifying dismissal mechanism
13.000 SR	Violation of labour Office Regulation	Labour Office	Ensuring Compliance and Violation remedy

## 25- Dividends Distribution Policy

### The annual net profits of the company are distributed as follows:

- Ten percent (10%) of the net profits shall be retained to form a statutory reserve. The Ordinary General Assembly may discontinue such retention if the reserve reaches 30% of the paid capita;
- The Ordinary General Assembly may, based on a proposal by the Board, retain five (5%) percent of the net profits to form an additional reserve to be allocated for a certain purpose(s).;
- The Ordinary General Assembly may resolve to retain other reserves to the extent that serves the Company's interest or ensures, as far as possible, consistent distribution of dividends to shareholders. The Assembly may also deduct from the net profits amounts to establish social institutions for the Company's employees or to assist existing institutions.;
- A rate of (5%) from the remainder from the Company's paid-up capital will be distributed to the shareholders;
- Subject to the provisions of Article 30 of this Law and Article 76 of the Companies Law, 10 per cent of the remainder shall be allocated as remuneration the Board of Directors, provided that the remuneration is commensurate with the number of meetings attended by the Member;
- A shareholder will be entitled to their share of dividends in accordance with the resolution adopted by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution; Dividends shall be distributed to the shareholders registered in the Shareholders Register at the end of the maturity day; and
- Naseej 's shareholders have not received their dividends for the fiscal year 2020.

## 26- Transactions between the Company and related parties (expressed in Saudi Riyals)

Related party	Type of relationship with Company	Transaction Type	Transaction Term	Transaction Value
Al-Sorayai Industrial Investment Group [ASIIG]	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD	Supply of raw materials to factories: glue - paperboard - chemicals - and finished goods (furniture -, foam, mattress toppe (labaddah)) according to approved purchase orders and at the prevailing market price.	Continuous supplies under approved purchase orders at the prevailing market price	3,085,185
Mattex Fabrics	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD	Supply of raw materials (inner and outer carpet lining) under approved purchase orders and at the prevailing market price	Continuous supplies under approved purchase orders at the prevailing market price	11,454,199
Al Hikmah International Co-Real Estate Development	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD	Lease contracts for showrooms, warehouses and offices at the prevailing market price	Annual contracts renewed atomically	2,152,500

## 27- Interests in Contract Businesses (expressed in Saudi Riyals)

During the fiscal year 2020, the company has dealings with related parties, and the prices of the notifications are at the prevailing market price and are renewed annually by the association

Nature of business or contract	Business or contract amount	Business or contract term	Business or contract conditions	Name of member/ Senior Executive or any person in relation to them
Al-Sorayai Industrial Investment Group [ASIIG- Supply of raw materials to factories: glue - paperboard - chemicals - and finished goods (furniture -, foam, mattress topper (labaddah) according to approved purchase orders and at the prevailing market price.	3,085,185	Continuous supplies under approved purchase orders at the prevailing market price	No conditions	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD
Mattex Fabrics- Supply of raw materials (inner and outer carpet lining) under approved purchase orders and at the prevailing market price	11,454,199	Continuous supplies under approved purchase orders at the prevailing market price	No conditions	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD
Al Hikmmah International Co-Real Estate Development- Lease contracts for showrooms, warehouses and offices at the prevailing market price	2,152,500	Annual contracts renewed atomically	No conditions	Saleh Bin Naser Bin Abdul Aziz Al Sorayai Chairman of BoD



# Chapter 3

## Disclosure Requirements - Governance



## 28- Board's Declaration

### The Board hereby declares that :

- Records of accounts have been properly prepared;
- Internal control system is built on sound basis and is effectively implemented;
- There are no significant doubts concerning the Company's ability to continue carrying out its activity;
- there are no sanction, penalty, preventive measure or precautionary restriction imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority during 2020 except stated herein.
- The Company has no preference or differential voting right (DVR) shares;
- During the fiscal year ended on 31December 2020;
- there is no interest in a class of voting shares held by persons (other than the company's directors, Senior Executives, their spouses and minors) who have notified the Company of their holdings along with any change to such rights during the last fiscal year;
- There are no treasury shares maintained by the Company;
- There are no convertible debt instruments, contractual securities, right issue or similar rights issued or granted by the Company during the fiscal year ended on 31/12/2020;
- There is no company affiliated to Naseej International Trading Co. has issued shares or debt instruments;
- There is no Audit Committee's recommendation on the need for appointing an internal auditor for the Company;
- There are no investments made or any reserves set up for the benefit of the employees of the Company except end- of -service benefits;
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, rights issue or similar rights issued or granted by the Company, during 2020;
- No redemption, purchase or cancellation by the Company of any redeemable debt instruments;
- During 2020, there have been no arrangements or agreements under which a Director or a Senior Executive of the Company has waived any dividends;
- No arrangements or agreements under which a Director has waived any remunerations for the fiscal year 2020. With exception of Saleh Bin Naser Bin Abdul Aziz Al Sorayai, Chairman of BoD, and Mohammed Hamed Ali Al Kolaiby, Executive Committee member, who waived their remunerations and allowances of 2020, no other Senior Executive waived any of their salary or compensations;
- The Company has no Employee Stock option Plans or any scheme for granting Company shares or a percentage of the Company;
- the external auditor's report did not contain any reservations on the annual financial statements;
- the Board has not made any recommendations on replacing the external auditor / Elayouty – accounting, audit for business, before the end of the term for which it is appointed since the approval of the Ordinary General Assembly;
- there are no Audit Committee's recommendations that are in conflict with the Board's resolutions or those which the Board disregarded, relating to appointment, dismissal, performance assessment or determining the remuneration of an external auditor; and
- The Company has not granted any loan to any of its Board of Directors' member not guaranteed any loan contracted by a member with a third party.

## Investment Limits

There are no investment limits on the company's shares as per the amended Rules for Qualified Foreign Financial Institutions Investment in Listed Securities and Instructions for the Foreign Strategic Investors Ownership in Listed Companies based on company's bylaw and the issued instructions by the related regulators and supervisory authorities.

## 29- Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

Article /paragraph NO	Article /Paragraph text	Reason for non-implementation
Article (39) Training	2) developing the necessary mechanisms for Board members and the Executive Management to continuously enrol in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	As a guiding article, it has not been fully but partially implemented by enrolling Executive Management in training programmes and courses. If it is mandatory, it will be fully implemented.
Article (41) Assessment	a)The Board shall develop, based on the proposal of the Nomination Committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	As a guiding article, it has not been fully but partially implemented. No external Party has been engaged for assessment. Remuneration and Nomination Committee assesses and follows up the Board's performance on regular basis. If it is mandatory, it will be fully implemented.
Articles (70)-(71)-(72) Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	As a guiding article, it has not been implemented. When it becomes mandatory, it will be fully implemented by the Company. currently "risk control "is within the terms of reference of the Audit Committee.
Article (85) Employee Incentives	1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and 3) establishing social organisations for the benefit of the Company's employees.	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory.
Article (87) Social Responsibility	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory
Article (88) Social Initiative	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company	As a guiding article, it has not been implemented. it will be implemented when it becomes mandatory
Article (89) Policies and Procedure of Disclosure	3) the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	Guiding article – the Company's website includes all information to be disclosed. The Company's website is continuously updated.
Article (95): Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	It is a guiding article. it will be implemented and adhered by when mandatory. Currently, Corporate Governance Committee is under the competencies of Remuneration and Nomination Committee



In conclusion, on this occasion, the Board of Naseej International Trading Co. would like to sincerely thank Capital Market Authority (CMA), Saudi Stock Exchange (Tadawul), Ministry of Commerce, Ministry of Investment, and other relevant government agencies for their unlimited and unwavering support. Furthermore, the Board extends deep thanks and gratitude to the Company's shareholders for their great confidence. Finally, we would like to thank Board of Directors' members, Executive Management and employees for their continued support, praiseworthy efforts, commitment, dedication and devotion.

**Board of Directors**  
**Naseej International Trading Company**

