

The agenda of ordinary general shareholders assembly (No .33)

(First meeting)

Which will be held On Wednesday 20/11/1442 AH, corresponding to 30/06/2021 AD at
07:30 PM

Seral	Items
1	Voting on the Board of Director's report for the fiscal year ending on 31/12/2020.
2	Voting on the Auditor Report for the Fiscal year ended 31 December 2020
3	Voting on the Financial Statements for the Fiscal year ended 31 December 2020.
4	Voting on the absolving the Board of Directors from their liabilities pertaining to management of the company for the year ending 12/31/2020.
5	Voting for the delegating the authority of the General Assembly to the Board of Directors with the license mentioned in Paragraph (1) of Article 71 of the Companies Bylaw for a period of one year from the date of approval of the General Assembly or until the end of the term of Delegated Board of Directors, whichever is earlier, in accordance with the conditions mentioned in the related regulations.
6	Voting on the Appointment of External Auditor for Company Based on the Recommendation of the Audit Committee to examine, review the Financial Statements of the (Second and Third Quarters) and the Year end for the Fiscal year 2021 and in Additional to the First Quarter of the Fiscal year 2022 and Determine their Fees.

Date: 25/03/2021

**SIDC Group Audit committee Annal Report
For the year ended on 31 December 2020**

Gentlemen / shareholders of the Saudi Industrial Development Company "SIDC"

We are pleased to share with you SIDC Group Audit Committee Report for 2020, Prepared in line with the requirement of Articles (104) of Companies law and the Article (8) of the charter of the Audit committee approved by the third Extraordinary General Assembly of the company's shareholders held on 22/10 / 1438 H, corresponding to 16/07/2017.

The Audit committee held (8) meetings during 2020:

Summary of Audit Committee responsibilities and achievements executed in 2020

1. Financial Reports :

Reviewed the preliminary quarterly and annual financial statements of the company and recommended to the Board of Directors. The reports also ensure their integrity, fairness and transparency, and express a technical opinion - upon the request of the Board - whether the report of the Board and the financial statement of the company is fair, balanced and understandable. They include information that allows shareholders and investors to evaluate the position of the company's financial performance, business model and strategy. The reports also study any important or unfamiliar issues included in the financial reports, and carefully research any issues raised by the company's financial director or whoever assumes his duties or the compliance officer in the company or the auditor. Additionally, the reports verify the accounting estimates in the essential issues mentioned in the financial reports, study the accounting policies followed in the company and express opinion and recommendation to the Board of Directors in this regard.

2. Internal Auditing :

Review and supervision of the company's internal audit to verify the availability and effectiveness of the necessary resources in the performance of the work and its tasks and maintain its independence, Review and approved of the annual internal audit plan, Study and review the company's internal and financial control systems, review and assess the internal audit reports and monitor the implementation of the corrective actions of the notes contained in them and recommend the Board of Directors of the essential observations if any.

3. The External Auditor :

- They recommend to the Board to nominate and dismiss auditors, determine their fees, evaluate their performance, verify their independence, review the scope of their work and the terms of contracting with them. He also verifies the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, taking into account

the relevant rules and standards. Additionally, he reviews the company's auditor's plan and work, and verifies by not presenting technical or administrative works outside the scope of the audit work and expresses his views about it. The auditor also answers the inquiries of the company's auditor, studies the auditor's report and his notes on the financial statements and follows up on what was taken regarding them.

- The Thirty-two Ordinary General Assembly approved for the shareholders of the company during its meeting held on 22/10/1441 AH corresponding to 14/06/2020 to appoint the Alazem, AlSudairy, Alshaikh & Partners Certified Public Accountant for an annual fee of (122) thousand riyals to review the company's quarterly accounts and final accounts, after the recommendation submitted by the committee to the Board of Directors to nominate the external auditor for the year 2020 and determine his fees.

4. Compliance Audit:

Review the contracts and the proposed dealings to be conducted by the company with the related parties and review the results of external Auditors limited review of related party transaction for 2020 include report by board of directors in relation to the related party transaction executed by company during the year and provide any recommendations if any. It also verifies the company's commitment to the relevant laws, regulations, policies

3- Impact of Covid – 19:

The audit Committee is monitoring any material impact on the continuity of business activities and operations relating to any potential risks and safety of employees to ensure the Group's management of an effective and timely response, as well as ensure adherence to the precautionary measures imposed by respective authorities.

Conclusion:

Based on the results of internal and external audits through reports submitted to the Committee during the year in addition to the information provided by the Administration to the Committee regarding the internal control system, the Committee confirms that control policies and procedures applied achieve the purposes of the company and protect its interests and all-important observations and recommendations noted by committee have taken the corrective actions

Therefore, it was not clear to the Committee any fundamental weakness or irregularities in the internal control system.

Nasser bin Mishari Al-Farhoud

A handwritten signature in blue ink, appearing to read "Nasser bin Mishari Al-Farhoud".

Head of the Audit Committee

Date: 27/03/2021

Corresponding to 14/08/1442H

**SIDC Audit Committee's Recommendation to the Shareholders' General Assembly
Regarding Nominating an External Auditor
For Auditing the Company's Records.**

The Audit Committee of SIDC Company Held its first meeting in 2021 on Saturday, 27/03/2021 Corresponding to 14/08/1442H, after the deliberations at its meeting and based on its authorities articulated in its charter approved by the third Extraordinary General Assembly of the company's shareholders, the Committee has reviewed and assessed the proposals submitted by the nominated external audit firms to audit the interim and year-end financial statements

Recommendation:

After examining and conducting the technical and professional assessment for the nominated audit firms that submitted their proposals to Company, the Audit Committee recommends to the Shareholders' General Assembly the selection of one of the external audit firms as listed below to carry out the external audit to review the interim and annual financial statements as follows:

1. For the, second, third quarters of 2021
2. Annual financial statements for the year 2021
3. First quarter of 2022

No	Nominated Extrnal Audit	fees (SAR)
1	Ibrahim Ahmed Albassam & Co. (Albassam & Co.)	160,000
2	Dr. Mohamed Al-Amri & Co.	220,000

Nasser bin Mishari Al-Farhoud

A handwritten signature in blue ink, appearing to read "Nasser bin Mishari Al-Farhoud".

Head of the Audit Committee

**SAUDI INDUSTRIAL DEVELOPMENT COMPANY (SIDC)
(A SAUDI JOINT STOCK COMPANY)
LIMITED ASSURANCE REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2020



Al Azem & Al Sudairy & Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

SAUDI INDUSTRIAL DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

YEAR ENDED 31 DECEMBER 2020

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**Independent Limited Assurance Report To The Shareholders of Saudi Industrial Development Company
(A Saudi Joint Stock Company)**

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been reported, in all material respects, in accordance with the applicable criteria ("Criteria") set below.

Subject Matter

The Subject Matter of our limited assurance engagement is related to the declaration enclosed in the attached Appendix I (the "Declaration") prepared by the Management and presented by the Chairman of the Board of the Directors of Saudi Industrial Development Company ("the Company") in respect of transactions between the members of the Board of Directors and the Company occurred during the year ended 31 December 2020 to be presented to the Company's general assembly in order to comply with the requirements of the applicable Criteria set below.

Applicable Criteria

Article 71 of the Regulations for Companies issued by Ministry of Commerce and Investment ("MOCI") (1437H - 2015).

Management Responsibility

The Management and the Chairman of the Company are responsible for the preparation of the Declaration in accordance with the applicable Criteria, and are responsible for the selection of methods used for identification of transactions under the applicable Criteria. Further, the management and the Chairman of the Company are responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Declaration that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') as endorsed in the Kingdom of Saudi Arabia and the terms of reference for this engagement as agreed with the Company.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Independent Limited Assurance Report to the Shareholders of Saudi Industrial Development Company (A Saudi Joint Stock Company) (continued)

Independence and quality controls

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) as endorsed in Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior, and we are also independent of the Company’s in accordance with professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia that are relevant.

Our firm applies International Standard on Quality Control (1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included:

- Discussing with the management the process of obtaining business and contracts by any of the members of the Board of Directors (“BOD”);
- Obtaining the BOD Chairman’s Declaration that includes all kind of business and contracts performed by any of the BOD members either directly or indirectly in the favor of the Company during the year;
- Review the BOD resolution that indicate member’s notification to the BOD on the business and contracts performed by the BOD member; and further that the concerned board member did not participate in the resolution passed in this regard.

Further, we have not performed any audit or review procedures for the transactions carried out by the Company during the year ended 31 December 2020 in which any of the members of the Board of Directors had a direct or indirect personal interest, and for the underlying records or other sources from which the Declaration was extracted. Accordingly, we do not express such an opinion.

Limited Assurance Conclusion

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Declaration of Saudi Industrial Development Company for the year ended 31 December 2020 is not prepared in accordance with Article 71 of the Regulations for Companies issued by the MOCI (1437H - 2015).

Restriction of Use of Our Report

Our report is prepared upon the request of the Company’s management to be presented to the shareholders in their General Assembly Meeting in accordance with the requirements of Article (71) of the Companies Law and should not be used for any other purpose.



AlAzem, AlSudairy, AlShaikh & Partners
Certified Public Accountants



Abdullah M. AlAzem
License No. 335

20 Ramadan 1442H (May 2, 2021)
Jeddah, Kingdom of Saudi Arabia

Number: LE-21-2050-014

Date: 01/05/2021 AD

Corresponding to 19/09/1442 H



Gentlemen shareholders of the Saudi Industrial Development Company "SIDC"

The 33rd Ordinary General Assembly Meeting

In accordance with the provisions of Article (71) of the Companies Law, I would like to inform you of the business and contracts that were carried out by the company during the fiscal year 2020 AD, and where members of the Board of Directors had an indirect interest in them:

Agreement	Related Parties	Natural and terms of transactions	Amount in 2020 AD (Saudi Riyals)	Duration of Agreement
Contract to provide transportation, handling, and storage services	Emmdad logistic Services Co. in which two members of the Board of Directors indirectly own shares in it, Mr. Ahmed bin Abdullah Al-Kanhal and Mr. Ibrahim bin Abdullah Al-Humaidhi.	The Global Marketing Co. for Sleeping system Ltd "Sleep High" (a subsidiary company) has entered into an agreement with Emmdad logistic Services Co. to transport, handle, and store "Sleep High" products according to the number of trips executed, the quantity of products and the leased storage spaces.	11,965,308	3 Years from 1/7/2019 AD until 30/6/2022 AD
Contract to provide transportation, handling, and storage services	Emmdad logistic Services Co. in which two members of the Board of Directors indirectly own shares in it, Mr. Ahmed bin Abdullah Al-Kanhal and Mr. Ibrahim bin Abdullah Al-Humaidhi.	SIDC Ceramic plant (company's branch) has entered into an agreement with Emmdad logistic Services Co. to transport, handle, and store "CASAVIA" products according to the number of trips executed, the quantity of products and the leased storage spaces.	785,630	3 Years from 1/7/2019 AD until 30/6/2022 AD
Total Intercompany transaction amount during 2020 AD			12,750,938 Saudi Riyals	

The company's auditor has been appointed to submit a report on these works and contracts according to the statutory requirements, bearing in mind that the vote was preceded in the 31st Ordinary General Assembly, which was held on 20/08/1440 AH corresponding to 25/04/2019 AD as follows:

- 1- Approval of the works and contracts that will be carried out between (The Global Marketing Co. for Sleeping system Ltd. - Sleep High - a subsidiary company) and (Emmdad logistic Services Co. - a subsidiary company), which is about transporting, handling, and storing "Sleep High" products according to the number of trips executed, the quantity Leased products and storage spaces at an expected annual amount of (12,394,800) saudi riyals, for the contract period from 01/07/2019 to 30/06/2022 AD.
- 2- Approval of the works and contracts that will be carried out between (SIDC Ceramic plant - company's branch) and (Emmdad logistic Services Co. - a subsidiary company), which is about transporting, handling, and storing the products of "CASAVIA" according to the number of trips executed, the quantity of products and the spaces the leased storage space expected at an annual amount of (854,175) saudi riyals, for the contract period from 01/07/2019 to 30/06/2022 AD.

Kindly accept my sincere greetings and appreciation,

Abdul Ilah bin Muhammad Al-Asaker

Chairman of Board of Directors