

**Agenda of the Ordinary General Assembly Meeting (first meeting) to be held on Thursday on  
05/11/1444AH, corresponding to 25/05/2023 on (19:30)**

SN.	Item
1	Reviewing and discussing the report of the Board of Directors for the fiscal year ended on 31/12/2022.
2	Voting on and discussing the report of the auditor of the Company for the fiscal year ended on 31/12/2022.
3	Reviewing and discussing the financial statements for the fiscal year ended on 31/12/2022.
4	Voting on the appointment of the auditor of the Company from among the candidates based on the recommendation of the Audit Committee in order to examine, review, and audit the financial statements for the second quarter 2023, and third quarters 2023 and annual financial statements for the fiscal year 2023 and the first quarter 2024 AD and determining his/her wage.
5	Voting on disbursing an amount of SAR (720,000) as a remuneration for the Board Members for the fiscal year ended on 31/12/2022.
6	Voting on releasing the Board Members from liability for the year 2022.
7	Voting on delegating the Board of Directors with the authority of the General Assembly with the license mentioned in Paragraph (1) of Article 27 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the delegated Board of Directors, whichever is earlier, in accordance with the conditions stipulated in the executive regulations of the Private Companies Law listed joint stock companies
8	Voting on the amendments of the Audit Committee Work Regulation (Attached).
9	Voting on the amendments of the Remuneration and Nomination Committee Work Regulation (Attached)
10	Voting on the policies, criteria, and procedures of the membership of the Board of Directors (Attached).
11	Voting on the policy of remuneration for the Board Members, the Board of Directors Committees, and the Executive Management (Attached).
12	Voting on the works and contracts concluded between the company and Rawabi Marketing International Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Vice Chairman of the Board), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi ( Member of the Board of Directors) directly related to it, in exchange for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with Rawabi International Marketing Company without preferential conditions. The contract includes maintenance and operation of the building, with a total amount of (864,000) riyals during the year 2022. (Attached)
13	Voting on the works and contracts concluded between the company and Rawabi Marketing International Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Vice Chairman of the Board), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi ( Member of the Board of Directors) directly related to it, in return for hiring workers at the prevailing market price and without preferential conditions, with a total amount of (6,656,625) riyals during the year 2022. (Attached)
14	Voting on the works and contracts concluded between the company and Rawabi Marketing International Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Vice Chairman of the Board), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi ( Member of the Board of Directors) directly related to it, in return for issuing approved purchase orders to supply cleaning materials for projects at the prevailing market price and without preferential conditions, with a total amount of (2,260,005) riyals during the year 2022. (Attached)

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15	Voting on the works and contracts concluded between the Company and Rawabi for Smart Services and Devices (RSSD) Company, which the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Vice Chairman of the Board of Directors), Barakat Saud Al-Arifi (Board Member), Bashir Saud Al-Arifi (Board Member) have direct relation with it, for providing the technical support to Scientific and Medical Equipment House Company, without preferential terms, and the Contract includes maintenance and operational works to the networks, computers, and servers of the Company and following up the works in SAP computer system with the implementing company with an amount of SAR (3,088,478) during 2022. (Attached)
16	Voting on the works and contracts concluded between the company and the National Company for Sulfur Products, which are for the members / Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman of the Board of Directors), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Vice Chairman Board of Directors) has a direct relationship with it, in exchange for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the National Company for Sulfur Products without preferential conditions. The contract includes maintenance and operation of the building, with a total amount of (384,000) riyals during the year 2022. (Attached)
17	Voting on the works and contracts concluded between the company and the National Company for Sulfur Products, which are for the members / Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman of the Board of Directors), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Vice Chairman Board of Directors) directly related to it, in exchange for hiring workers at the prevailing market price and without preferential conditions, with a total amount of (5,985,269) riyals during the year 2022. (Attached)
18	Voting on the works and contracts concluded between the company and the National Company for Sulfur Products, which are for the members / Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman of the Board of Directors), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Vice Chairman Board of Directors) has a direct relationship with it, in exchange for approved purchase orders to supply construction services and cleaning materials for projects at the prevailing market price and without preferential conditions, with a total amount of (5,499,076) riyals during the year 2022. (Attached)
19	Voting on the works and contracts concluded between the company and the German Company for Metal Surface Treatment Chemicals, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman of the Board of Directors) and Bashir Saud Al-Arifi (Member of the Board of Directors) directly related to it, in exchange for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the German Company for Metal Surface Treatment without preferential conditions. The contract includes maintenance and operation of the building, with a total amount of (264,000) during the year 2022. (Attached)
20	Voting on the works and contracts concluded between the company and the German Company for Metal Surface Treatment Chemicals, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman of the Board of Directors) and Bashir Saud Al-Arifi (Board Member) (Member of the Board of Directors) directly related to it, in exchange for hiring labor at the prevailing market price and without preferential conditions, with a total amount of (845,484) riyals during the year 2022. (Attached)
21	Voting on the works and contracts concluded between the company and the German Company for Metal Surface Treatment Chemicals, which are for the members/ Basel Saud Al-Arifi (board member), Bandar Saud Al-Arifi (board member), Barakat Saud Al-Arifi (Chairman of the Board of Directors) and Bashir Saud Al-Arifi (Member of the Board of Directors) directly related to it, in

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	exchange for approved purchase orders to supply cleaning materials for projects at the prevailing market price and without preferential conditions, with a total amount of (287,191) riyals during the year 2022. (Attached)
22	Voting on the works and contracts concluded between the company and Deerat Al-Amar Real Estate Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Chairman Board of Directors) has a direct relationship with it, in exchange for a contract to establish a commercial complex in Al-Takhasosi Street in Riyadh without preferential conditions, with a total amount of (7,216,396) riyals during the year 2022. (Attached)
23	Voting on the works and contracts concluded between the company and Deerat Al-Amar Real Estate Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Chairman Board of Directors) directly related to it, in exchange for renting units in the King Fahd Building building without preferential conditions, with a total amount of (2,108,544) riyals during the year 2022. (Attached)
24	Voting on the works and contracts concluded between the company and Deerat Al-Amar Real Estate Company, which are for the members/ Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member) and Bashir Saud Al-Arifi (Chairman Board of Directors) has a direct relationship with it, in exchange for approved purchase orders to supply purchases, spare parts and cleaning supplies at the prevailing market price and without preferential conditions, with a total amount of (887,675) riyals during the year 2022. (Attached)
25	Voting on the works and contracts concluded between the Company and Union Land Trading Establishment, which Mr. Bandar Saud Al-Arifi (General Manager) has a direct relation with it, for consumables (electrical- subsistence) supply contract through the issuance of approved purchase orders at the prevailing market price and as per the agreed upon value of the consumables, without preferential terms, with a total amount of SAR (3,596,924) during 2022. (Attached)
26	Voting on the works and contracts concluded between the Company and Barakat Al Khair Trading Establishment, which Mr. Barakat Saud Al-Arifi (General Manager) has a direct relation with it, for consumables (mechanical- air conditioning) supply contract through the issuance of approved purchase orders at the prevailing market price and as per the agreed upon value of the consumables, without preferential terms, with a total amount of SAR (4,915,470) during 2022. (Attached)



**SCIENTIFIC & MEDICAL EQUIPMENT HOUSE CO.  
AUDIT COMMITTEE**

The Annual report 2022



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### 1. Introduction

The Audit Committee of Scientific & Medical Equipment House (SMEH) Co. directly supervises the operations of the internal audit department and is committed to working to provide best professional practices in the fields of audit in its various aspects (financial, administrative and operational) through adherence to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA), the Audit Committee also constantly seeks to raise the efficiency of internal controls to achieve its main objective of adding value to the company and helping to improve its business by ensuring that all controls and governance procedures in the company work effectively, and work to assist the Board of Directors and the executive management to carry out their work with a high degree of integrity, efficiency and effectiveness, and in pursuit of this goal, the Audit Committee submitted this annual report for the year 2022.

### 2. Audit committee membership

According to the decision of the General Assembly of Scientific & Medical Equipment House (SMEH) Co. on Monday, 14/10/2019, the Audit Committee was formed for a period of (3) years ending on 13/10/2022, and it was renewed for a new period of (3) years according to the General Assembly's decision of (SMEH) on Wednesday corresponding to 29/06/2022 ending on 13/10/2025. Later on, according to the decision of (SMEH)'s general assembly on Tuesday corresponding to 15/11/2022, it was approved to increase the number of audit committee members from (3) to (4) members, so that the number of members of the Audit Committee becomes (4) members, having adequate experience and good knowledge in the financial, operational, administrative and legal affairs:-

1. Mr. Luay Ali Al-Sartawi (Chairman).
2. Mr. Ahmed Nihad Al Zaeem (Member).
3. Mr. Mohamed Abdel-Fattah Mohamed (Member).
4. Mr. Mohamed Ibrahim Al-Hokail (Member).

### 3. Audit committee objectives

The main objective of the Audit Committee of (SMEH) Co. is to participate and assist the Board of Directors of the company in assuming its responsibilities in relation to the following: -

1. Monitoring the company's financial, administrative, and operational activities and reporting such to both the Board of Directors and the General Assembly (if necessary).
2. Verify SMEH's internal control system and its adequacy, and issue any recommendations to the Board of Directors that would enhance and develop the internal control system in a way that achieves the company's objectives and protects the interests of shareholders.
3. Verifying the efficiency and effectiveness of corporate governance and issue recommendations to the company's management to improve the corporate governance system.

### 4. Audit committee independence

The Audit Committee of Scientific & Medical Equipment House (SMEH) Co. is completely independent from the executive management of the company, and it did not face any material restrictions by the executive management during its work.

## **5. Audit committee documents**

The internal audit work in Scientific & Medical Equipment House (SMEH) Co. is organized through the following documents:

1. Audit Committee Regulations.
2. Audit Committee Guide.
3. Internal Audit Charter.
4. Internal Audit Manual – Policies & Procedures.

## **6. Audit committee duties**

### **A. Monitoring the company's financial, administrative, and operational activities**

1. Review operational Policies & Procedures for the whole company and issuing reports.
2. Review the company's Accounting Policies and issuing reports to the Board of Directors, regarding its adequacy to the nature of the company's business.
3. Periodically review of material issues impacting the company's financial and operational performance.
4. Recommend to the Board of Directors the appointment of the external auditors, the termination of the contract with them, and the determination of professional fees, also ensuring their independence.
5. Review the scope of work related to the external auditors and issue any observations in order to enhance the efficiency and effectiveness of implementation of the audit plan.
6. Review the interim and annual Financial Statements, before submitting them to the Board of Directors with recommendation for approval.
7. Review the observations of the external auditors on the Financial Statements (Management report), and follow up with the concerned parties.

### **B. Evaluating Internal Control & Governance**

1. Report to the General Assembly in its annual report its opinion about the adequacy/efficiency of the internal control system.
2. Review Corporate Governance and risk systems in the company, expressing its opinion and recommendations, and raising it to the Board of Directors.
3. Ensure the existence and implementation of a periodic internal review function and evaluation mechanism for Corporate Governance system carried out by external third parties.
4. Review the Internal Audit Department report about progress of implementation of recommendations related to Corporate Governance, risk, and internal control systems, and report to the Board of Directors once the committee finds out that the recommendations have not been taken into consideration.





### C. Supervision of the Internal audit

1. Review the Internal Audit Charter and the audit committee manual & recommend its approval to the Board of Directors.
2. Review and approve the strategic, annual, and progressive internal audit plans.
3. Ensure the independence of the internal audit from the executive management, and ensure that there are no restrictions limiting performance of its work.
4. Supervise the Internal Audit Department in the company and ensuring its efficiency performing its functions.
5. Review the Internal Audit Department reports and follow up the implementation of corrective actions related to the observations.

### D. Others

1. Verify the existence, approval, and adherence to the rules of professional and code of ethics of the company.
2. The committee has the right to request the assistance of specialists and external parties to carry out tasks that fall within the scope of its work and require special expertise.
3. Submit reports to the Board of Directors and/or the General Assembly (if necessary) regarding its activities and recommendations.

## 7. Audit committee meetings

The Audit Committee held (12) meetings during the year 2022, for the purposes of carrying out its duties, supervising the work of the Internal Audit Department (audit plan/audit reports), in addition to discussing and approving the issuance of the consolidated (annual/interim) financial statements of the company.

The Audit Committee emphasises the need to adhere to the implementation of recommendations issued related to the organizational units of the company, and the continuation of the Internal Audit Department's follow up of the implementation of such recommendations, and disclosure of the progress in the approved internal audit plan.





## 8. The adequacy of the company's internal control system

Based on the audit work performed during the year 2022 and the observations reported by the Internal Audit Department, which were discussed and confirmed/approved by both the Audit Committee and the Executive Management of the company, the Audit Committee confirms the following:

1. We noted an enhancement in the company's internal controls system which provide acceptable assurance to avoid material errors, prevent fraud, and its related losses.
2. We emphasise the need of continuation of improvement of the internal controls system, in accordance with business requirements and best practices, in order to achieve the company's objectives.
3. The continuation of the cooperation and support of the Executive Management is a must to keep the momentum of the implementation of the Audit Committee's issued recommendations and to expedite the execution of the corrective action plan.

**Chairman of Audit Committee**

**Luay Ali Sartawi**