



**SGS**

الشركة السعودية للخدمات الأرضية  
Saudi Ground Services Company

**Saudi Ground Services.**

**General Assembly Meeting**

**(First Meeting)**

Meeting Location: Jeddah City - Via modern communication technology

Date: Thursday, 15th of November, 1445 AH (according to the Umm al-Qura calendar)

Corresponding to: 23rd of May, 2024 AD

Time: 6:30 PM (18:30)



**SGS**

الشركة السعودية للخدمات الأرضية  
Saudi Ground Services Company

# Agenda of Extraordinary General Assembly

Meeting (First Meeting)

Saudi Ground Services.

2024-05-23م





1. Reviewing the Board of Directors' Annual Report of the fiscal year ended 31st December 2023, and discuss it
2. Voting on the External Auditor report of the fiscal year ended 31st December 2023, after discussing it.
3. Reviewing the Financial Statements for the fiscal year ending 31st December 2023, and discuss it.
4. Voting on approving the absolving of the Board of Directors of their responsibility for managing the company of the fiscal year ended 31st December 2023.
5. Voting on the resolution of the Board of Directors to appoint Mr. Nasser bin Farooq AlQawas as a non-executive member of the company's Board of Directors, starting from his appointment date on 01-11-2023, to complete the current board term until its expiration on 05-05-2025, replacing the resigned member Mr. Con Korfiatis (non-executive member). (Attached)
6. Voting on the appointment of the company's external auditor among the candidates based on the recommendation of the audit committee to review and audit the financial statements for the third quarter and annual for the year 2024, as well as the first and second quarters of 2025, and determining their fees.
7. Voting on the business and contracts between the company and Saudi Arabian Airlines, and a member of the Board of Directors Mr. Nasser AlQawas and a commercial Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 1,003,430,184 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
8. Voting on the business and contracts between the company and Saudia Aerospace Engineering Industries Company, and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 33,946,750 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
9. Voting on the business and contracts between the company and Saudi Arabian Airlines Private Flights (SPA), and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 13,633,472 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
10. Voting on the business and contracts between the company and Saudi Royal Fleet Services, and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 33,196,728 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
11. Voting on the business and contracts between the company and Flyadeal, and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports,

noting that transactions for the year 2023, amounted 208,238,883 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)

12. Voting on the business and contracts between the company and Saudi Amad Company, in which the Chairman of the Board Eng. Khalid Albuainan has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 8,037,823 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
13. Voting on the business and contracts between the company and SAL Saudi Logistics Services, and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 14,453,029 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
14. Voting on the business and contracts between the company and Caterion Holding Company, and a member of the Board of Directors Mr. Nasser AlQawas and Capt. Fahd Cynndy has an indirect interest in it, which is about the provision of ground handling services at the Kingdom's airports, noting that transactions for the year 2023, amounted 49,132,362 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
15. Voting on the business and contracts between the company and Saudi Amad Company, in which the Chairman of the Board Eng. Khalid Albuainan has an indirect interest in it, which lease agreement for operational vehicles at the Kingdom's airports, noting that transactions for the year 2023, amounted 10,208,100 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
16. Voting on the business and contracts between the company and Bupa Arabia Cooperative Insurance Company, and a member of the Board of Directors Mr. Nader Ashoor has an indirect interest in it, which is insurance services, noting that transactions for the year 2023, amounted 103,323,951 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
17. Voting on the business and contracts between the company and Saudi Amad Company, in which the Chairman of the Board Eng. Khalid Albuainan has an indirect interest in it, which is Crew bus, deportees and Passenger buses at the Kingdom's airports, noting that transactions for the year 2023, amounted 53,315,622 SAR annually, noting that these transactions are carried out on commercial basis and without preferential terms. (attached)
18. Voting on the Board of Directors delegated the authority of the Ordinary General Assembly to 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 Ordinary General Assembly or until the end of the period of the authorized Board of Directors, whichever is earlier, in accordance with the conditions set forth in the executive bylaws of the companies law for listed joint stock companies.
19. Voting on authorizing the Board of Directors to distribute interim dividends on a semi-/quarterly basis for the fiscal year 2024.

20. Voting on disbursing an amount of 2,750,000 riyals as a remuneration to members of the Board of Directors for the financial year ending on 12/31/2023 AD.
21. Voting on amending the Audit Committee Charter. (Attached).
22. Voting on amending the regulations for the work of the Nominations and Remuneration Committee. (Attached).
23. Voting on amending the Standards and procedures for board membership Policy. (Attached).
24. Voting on amending the Remuneration and Compensation Policy for the board members and its committees and the executive management. (Attached).
25. Voting on amending Article (4) of the company's Bylaw, regarding the company's purposes.
26. Voting on amending Article (6) of the company's Bylaw, regarding the company's duration.
27. Voting on amending the company's Bylaw to align with the new Companies Law and renumbering the articles to correspond to the proposed amendments. (Attached).
28. Voting on transferring the statutory reserve amount of 520,172,845 Saudi Riyals, as stated in the financial statements for the year ended on December 31, 2023, to the retained earnings account.



1.Reviewing the Board of Directors' Annual Report  
of the fiscal year ended 31st

Annual Board Report 2023



الشركة السعودية للخدمات الأرضية  
Saudi Ground Services Company

# Audit Committee report for the year 2023 for shareholders meeting



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## **Introduction**

In line with the provisions of the Company Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority and the company's Law, all of which stipulated that the Audit committee should carry out the tasks of supervising the internal audit department in the company, which undertake the systems of control and reports and the recommendation of the appointment of external auditors and determining their fees, As well as in supervising any other tasks that the Board of Directors request, which ensures the activation of the supervisory role in the company, the Audit committee during 2023 carried out all the tasks assigned to it in accordance with the regulations and the committee charter of the Audit committee, which was approved by the General Assembly of Shareholders.

According to Article (88) of Corporate Governance Regulations issued by the Capital Market Authority, this annual report of the Audit Committee has been prepared to show the committee opinion on the adequacy of the company's internal control system and other work within its jurisdiction.

### **1. The Appointment of the Audit Committee:**

The Audit committee of the Saudi Ground Services Company was formed based on a decision of the General Assembly which was held on 09/03/2022, whose cycle ends on 05-05-2025.

### **2. Committees Roles and responsibilities:**

The Committee is responsible for monitoring the company's work and verifying the integrity of its reports, financial statements and internal control systems, and the commission's Roles includes the followings:

#### **a. Financial Reports:**

1. Audit the company's financial statements, lists and financial performance announcements before submission to the Board of Directors to ensure their integrity, fairness, and transparency and to express their opinion.
2. Provide technical opinion at the request of the Board of Directors as to whether the Board's report - and the Company's financial lists are fair, balanced, and understandable and include information that allows shareholders and investors to assess the financial position or status of the Company, its performance, its business model, and its strategy.
3. Study any significant or unusual issues contained in financial reports and accounts.
4. Carefully consider any matters raised by the company's financial manager, his/her supervisor, the company's compliance manager or internal auditor.
5. Verification of accounting estimates in material matters in financial reports.
6. Study of company accounting policies and make an opinion and recommendation to the Board of Directors.
7. Meeting with executive management and external auditors to audit and discuss the company's operational quarterly results and annual financial statements, as well as all internal oversight reports or summaries.
8. Meeting with the internal auditor to review the internal audit reports and to discuss the company quarter results and the quarter and financial results.
9. Audit other relevant reports or financial information provided by a company to a government agency, or the public, and related reports submitted by the external auditors or their summaries.

#### **b. Internal Audit:**

1. Study and audit the internal and financial control systems of the company.

2. Study internal audit reports and follow up on the implementation of corrective actions for the observations contained therein.
3. Oversight and oversight of the performance and activities of the internal auditor, internal audit management, governance, and compliance of the company, to ensure that the necessary resources are available and effective in performing the work and tasks assigned to it. If the company does not have an internal auditor, the committee shall make its recommendation to the board as to the need for his appointment and, if not, shall state the reasons in the annual report.
4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit or Management Unit or Internal Auditor and propose rewards.

**c. External Auditors:**

1. Recommend to the Board of Directors the appointment, dismissal, determination of fees and performance evaluation of external auditors, after ascertaining their independence and auditing the scope of their work and the terms of their engagement.
2. Verify the independence and objectivity of external auditors and the effectiveness of the audit work, taking into account relevant rules and standards.
3. Audit the plan and work of the external auditors of the company and verify and reflect on their failure to submit technical or administrative works outside the scope of the audit.
4. Answer inquiries from external corporate auditors.
5. Study external auditors' reports and observations on the financial statements and follow-up action taken thereon.
6. Audit with the external auditor any problems or difficulties encountered and audit the management response.

**d. Ensuring Compliance:**

1. reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2. ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
4. 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.

**3. Audit committee members:**

	Name	Membership title	General Assembly approval
1	Dr. Omar bin Abdullah Jafari	Committee Chairman	The membership of the members started with the third cycle of the board from 06/05/2022 to 05/05/2025
2	Mr. Adel Abul Khail	Committee member	
3	Mr. Saleh Abdulrahman Al-Fadl	Committee member	
4	Mr. Hisham Ali Al-Aqel	Committee member	
5	Mr. Nader Mohammed Saleh Ashoor	Committee member	

#### 4. **Audit Committee Meetings:**

During 2023 the audit committee held five meetings as follows:

Number of meetings (5) during 2023						
Member Name	First 25/03/2023	Second 17/05/2023	Third 10/08/2023	Fourth 04/11/2023	Fifth 19/12/2023	Total
Dr. Omar bin Abdullah Jafari	Present	Present	Present	Present	Present	5
Mr. Saleh Al-Fadl	Present	Present	Present	Present	Present	5
Mr. Hisham Ali Al-Aqel	Present	Present	Present	Present	Present	5
Mr. Adel Al-Khail	Present	Present	Present	Present	Present	5
Mr. Nader Ashoor	Present	Present	Present	Present	Present	5

#### 5. **Achievements of the Audit Committee:**

During 2023, the Committee achieved several achievements in achieving the objective for which the Committee was formed, which is activating the supervisory role in the company, the Committee took several decisions and recommendations to the Board of Directors to ensure the continuity of the business, including but not limited to the following:

- 1- Recommendation for the financial statement approval for the financial year 2022
- 2- Recommendation for approval of financial statement for first quarter of 2023
- 3- Review internal audit plan for 2023.
- 4- Approval of internal audit plan and supervise it works and review its report through 2023.
- 5- Follow up on the implementation of corrective actions for the observations contained in the internal audit report.
- 6- Follow-up of regulatory letters and reports.
- 7- Follow-up the conduct of internal control work and its effectiveness.
- 8- Approving the internal audit plan for 2024.

#### 6. **The Audit committee's opinion on the adequacy of the company's internal control system:**

One of the responsibilities and roles of the audit committee is to ascertain the adequacy of the internal control of the company and to conduct its work in accordance with established best practices, by following up and examining reports issued by the internal or external auditor or the compliance department. The audit committee's opinion on the adequacy of the company's internal control system is as follows:

##### **Executive management:**

The company's executive management has signed declarations affirming its responsibility to provide internal control procedures to ensure the effectiveness and efficiency of the company's operations and control procedures, including the credibility and integrity of the financial reports and the compliance with the regulations, laws, and policies in force .

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

The company's internal audit department also implements the annual audit plan approved by the audit committee to assess the applicable internal control situation, focusing on the evaluation of the regulatory environment, organizational structure, risks, policies and procedures, the segregation of tasks and information systems by randomly sampling planned activities for audit to ascertain the effectiveness and efficiency of the internal control

systems designed and applied, and obtaining assurances of the effectiveness and efficiency of internal control procedures during the year.

**Compliance Department:**

The Compliance Management is responsible for ensuring the company's compliance with all external laws and regulations. They identify potential risks that the company may face and provide advice on how to avoid them in order to maintain the company's legal position and protect it from any legal penalties. Additionally, they respond to all letters received from regulatory authorities within the specified timeframe and without delay.

**External Auditor:**

The Audit Committee ensured that the external auditor performed his responsibilities towards the company by following up on the plans and implementing the audit work to obtain a high degree of satisfaction that the accounting standards, which are known in Saudi Arabia, were applied in the company and that the quarterly and annual financial statement results reports of the company were free of material errors, in accordance with the unqualified opinion of the external accountant during 2023. Based on the annual examination of the internal control procedures tested during 2023 by the Audit and External Auditor Committee and the internal audit department of the company, the results of this examination indicated that there were several observations during 2023 and most of them were addressed. It is therefore not possible to emphasize the comprehensiveness of the internal audit procedures and evaluations conducted in the Kingdom, as they are based on random sampling efforts. The above improvement, and the developments are ongoing by the Committee and the company's internal control departments to ensure more effective and efficient follow-up mechanism to internal control processes and procedures.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Dr. Omar Jefri

Audit Committee Chairman



2/3 Voting on the External Auditor report after discusses it and Reviewing the Financial Statements of the fiscal year ended 31st December 2023, and discussing it.

Financial Statements & External Auditor Report

**5.Voting on the resolution of the Board of Directors to appoint Mr. Nasser bin Farooq AlQawas as a non-executive member of the company's Board of Directors, starting from his appointment date on 01-11-2023, to complete the current board term until its expiration on 05-05-2025, replacing the resigned member Mr. Con Korfiatis (non-executive member). (Attached)**



**CV**

**Personal data of the candidate**

<b>Full Name</b>	Nasser AlQawas		
<b>Nationality</b>	Saudi	<b>Date of birth</b>	04/12/1969

**Academic qualification of the candidate**

N	Qualification	Major	qualification Date of obtaining the	Entity name
1	Leaders Program 2030		On progress	Misk Foundation / Esade University
2	Executive Development Program		2022	IMD
3	Master's degree	in Law (LL.M.)	2014	King Abdul Aziz University
4	Certified Compliance Officer (CCO)		2013	The Financial Academy
5	Diploma in Regulation, Compliance & Anti Money Laundering		2012	Henley Business School, University of Reading, UK
6	Leadership & Management Advanced Program		2008	INSEAD Business School
7	Bachelor's degree	in Law (LL.B.)	1991	King Abdul Aziz University

**Experiences of the nominated member**

Period	Field experiences
May 2023 – Present	Saudi Arabian Airlines Legal Affairs Vice President
May 2016 – May 2023	Bupa Arabia for Cooperative Insurance General Counsel – Senior Director of Legal Affairs & Corporate Governance
Aug 2013 – May 2016	Saudi National Bank Chief Legal Advisor
Jul 2011 – Aug 2013	Saudi National Bank Group Chief Compliance Officer
Mar 2006 – Jul 2011	Saudi National Bank General Secretary of the Board
Dec 2004 – Mar 2006	Saudi National Bank Head, Legal Advisory & Research
Jan 2001 – Dec 2004	Saudi National Bank Judgment enforcement section manager
Aug 1997 – Jan 2001	Saudi National Bank Legal Advisor
Jun 1992 – Aug 1997	Law Office of Prince Saad AlFaisal in Association with Arent Fox Legal Advisor

**Current membership in the board of directors of other joint stock companies (listed or non-listed) or any other company, regardless of its legal form or the committees deriving from it**

#	the company Name of	Main activity	Membership status ( executive, non-executive, Independent)	Membership nature (personal capacity, a representative of a legal person)	Committee membership	Legal form of the company
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1	Saudi Arabian Airlines Group				Anti-Corruption Committee	
2	Abunayyan Holding Co.				Board Member	
3	Abunayyan Holding Co.				Governance, Risk and Compliance Committee Chairman	
4	Banking Dispute Committee				Jeddah Reserved Committee Member	
5	AMS Baeshen & Co.				Governance, Nomination & Remuneration Committee Member	
6	Diyar Alkhayyal Real Estate Development Co.				Board Member	
7	Diyar Alkhayyal Real Estate Development Co.				Audit Committee Chairman	



**6. Voting on the appointment of the company's external auditor among the candidates based on the recommendation of the audit committee to review and audit the financial statements for the third quarter and annual for the year 2024, as well as the first and second quarters of 2025, and determining their fees.**

Date: 06 - 10 - 1445

Corresponding to 15-04-2024

Ref: 02-2024

Dear Respected Mr. Chairman & Board Members

Saudi Ground Services Company

Greeting,

**Subject: Recommendation of the Audit Committee to appoint external auditors to audit the company's financial statement for the year 2024, and for Quarterly Reviews for first and second quarter of 2025**

In Reference to the Audit Committee's specialties and based on the AC Charter which was approved by the Ordinary General Assembly that was held on 09/03/2022 AD, which states that "Recommendation to the Board of Directors to appoint chartered accountants, separate them and determine their fees, and take into account their independence when recommending appointment, "the audit committee of the Saudi Ground Services Company had requested offers from eight audit firms, which are as follows:

1. Ernst & Young (EY)
2. KPMG Professional Services (KPMG)
3. Deloitte & Touche Company
4. Price Waterhouse Coopers (PWC)
5. Bakertilly MKM & Co. (Bakertilly)
6. Crowe Solutions for Professional Consulting (Crowe)
7. BDO Dr. Mohamed Al Amri and Co. (BDO)
8. Grant Thornton

We have received quotations from three auditing firms mentioned above. However, PWC has been excluded due to a conflict of interest as they have provided related services regarding the company's Zakat. Additionally, Crowe Global has been excluded

التاريخ: 06-10-1445هـ

الموافق: 15-04-2024م

رقم: 02-2024

السادة / رئيس وأعضاء مجلس الإدارة  
الشركة السعودية للخدمات الأرضية

السلام عليكم ورحمة الله وبركاته وبعد،،،

**الموضوع: توصية لجنة المراجعة بتعيين المراجع الخارجي للشركة للربع الثالث والسنواتية من العام 2024م والربع الأول والثاني من العام 2025م**

إن لجنة المراجعة وبحكم اختصاصها وعلى ضوء ما تضمنته ضوابط ولوائح عملها المعتمدة من الجمعية العامة العادية المنعقدة بتاريخ 09 / 03 / 2022م، والتي تنص على "التوصية لمجلس الإدارة بتعيين المحاسبين القانونيين وفصلهم و تحديد أتعابهم، و يراعى عند التوصية بالتعيين التأكد من استقلاليتهم" فقد قامت لجنة المراجعة للشركة السعودية للخدمات الأرضية بطلب عروض من ثمانية مكاتب هي كما يلي:

1. شركة إرنست ويونغ (EY)
2. شركة الفوزان وشركاه (KPMG)
3. شركة ديلويت & توش (Deloitte)
4. شركة برايس ووتر هاوس كوبرز (PWC)
5. شركة بيكر تيلي وشركاه
6. شركة كرو العالمية
7. شركة الدكتور محمد العمري
8. شركة جرانت ثورنتون

لقد تلقت الشركة عروض الأسعار من عدد ثلاثة شركات من شركات المراجعة المذكورة أعلاه، تم استبعاد شركة PWC لوجود تعارض مصالح نظرا لتقديمها خدمات تتعلق بالتقييمات الزكوية للشركة كما تم استبعاد شركة كرو العالمية وذلك لافتقارها الى

توصية لجنة المراجعة بتعيين المراجعين الخارجيين لمراجعة حسابات الشركة لعام 2024م

for lacking experience in auditing ground handling companies. Furthermore, the offer from Deloitte was not received within the specified timeframe by the company, also no proposal was received from KPMG. Therefore, two offers from the following auditing firms are being considered:

1. Ernst & Young (EY)
2. Bakertilly MKM & Co. (Bakertilly)

The costs excluding the value added tax on the offers received are as follows:

1. Ernst & Young (EY) SAR 1,048,005/-
2. Bakertilly MKM & Co. (Bakertilly) SAR 860,000/-

After studying and analyzing the technically qualified proposals submitted by the audit firms, their respective financial proposals, the committee recommends the following:

**First Candidate:** Ernst & Young (EY) to audit the company's accounts for the period with an aggregate fee of SAR 1,048,005/-, for the following reasons:

- 1- They are one of the top 4 global audit firms, reputable & known for quality of services globally.
- 2- The company provided the audit services for the company in 2022/2023.

**Second Candidate:** Bakertilly MKM & Co. (Bakertilly) to audit the company's accounts for the period with an aggregate fee of SAR 860,000/-, for the following reasons:

- 1- They have highly qualified team with good experience in auditing accounts in the local and international market.

All the best ,,

الخبرة في تدقيق شركات خدمات المناولة الأرضية. كما لم يتم استلام العرض الخاص بشركة ديلويت في المدة المحددة من قبل الشركة، كما لم يتم استلام أي عرض من شركة كي بي ام جي، وبالتالي يتم النظر في عدد اثنين من العروض من شركات التدقيق التالية:

1. شركة إرنست ويونغ (EY)
2. شركة بيكر تيلي وشركاه

وقد حددت التكاليف الخاصة بالعروض المستلمة بدون ضريبة القيمة المضافة كما يلي:

1. إرنست ويونغ (EY) 1,048,005 ريال / -
2. شركة بيكر تيلي وشركاه 860,000 ريال / -

بعد دراسة وتحليل العروض المقدمة تقنيا من شركات التدقيق، والعروض المالية الخاصة بكل منها، فإن اللجنة توصي بما يلي:

**المرشح الأول:** شركة إرنست ويونغ لمراجعة حسابات الشركة للعام بمبلغ قدره 1,048,005 ريال سعودي وذلك للأسباب الآتية:

- 1- واحدة من أفضل 4 شركات تدقيق عالمية، ذات سمعة طيبة ومعروفة بجودة الخدمات على مستوى العالم.
- 2- لأنها قدمت خدمات المراجعة للشركة في عام 2023/2022.

**المرشح الثاني:** شركة بيكر تيلي وشركاه لمراجعة حسابات الشركة للعام بمبلغ قدره 860,000 ريال سعودي وذلك للأسباب الآتية:

- 1- لديهم فرق عمل مؤهل تأهيلا عاليا ولديه خبرة جيدة في تدقيق الحسابات في السوق المحلي.

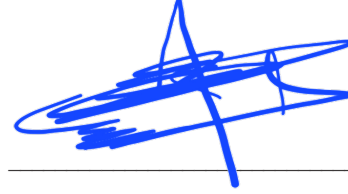
و الله الموفق،،،

## موافقة أعضاء اللجنة



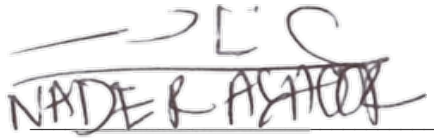
الأستاذ/ صالح بن عبد الرحمن الفضل

عضو اللجنة



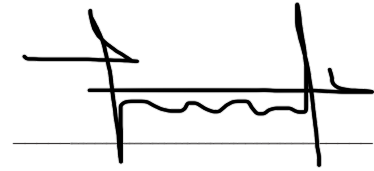
الأستاذ/ عادل بن صالح أبالخييل

عضو اللجنة



الأستاذ/ نادر بن محمد صالح عاشور

عضو اللجنة



الأستاذ/ هشام بن علي العقيل

عضو اللجنة



الدكتور/ عمر بن عبد الله جفري

رئيس اللجنة

**7/17 Voting on the transactions and contracts with  
related parties**



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## **LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY)**

### **Scope**

We have been engaged by Saudi Ground Services Company (the “Company”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia, here after referred to as the engagement, on the Company’s compliance with the requirements of Article (71) of the Companies’ Law (the “Subject Matter”) contained in the Company’s attached notification (Appendix A) which is presented by the Company’s Board of Directors to the Ordinary General Assembly on the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them dated 31 March 2024.

### **Criteria Applied by the Company**

In preparing the Subject Matter the Company applied the below criteria (the “Criteria”). Such Criteria were specifically designed for the notification presented by the Company’s Board of Directors to the Ordinary General Assembly (Appendix A). As a result, the subject matter information may not be suitable for another purpose.

- Article (71) of the Companies’ Law issued by the Ministry of Commerce.
- Notification presented by the Company’s Board of Directors to the Ordinary General Assembly (Appendix A) dated 31 March 2024.
- Declarations submitted by some of the Company’s Board of Directors’ members regarding the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them dated 31 March 2024.

### **Management Responsibilities**

The Company’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### **Our Responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



## **LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF SAUDI GROUND SERVICES COMPANY (A SAUDI JOINT STOCK COMPANY) (continued)**

### **Our Responsibilities (continued)**

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“ISAE 3000”) endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 26 March 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### **Our Independence and Quality Management**

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Description of Procedures Performed**

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 were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although 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. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject matter and related information and applying analytical and other appropriate procedures.



**LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF  
SAUDI GROUND SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Description of Procedures Performed (continued)**

Our procedures included:

- Obtained the notification presented the by the Company's Board of Directors to the Ordinary General Assembly (Appendix A), regarding the transactions and contracts entered into by the Company in which some of the Board of Directors' members directly or indirectly with the Company dated 31 March 2024.
- Obtained the declarations from some of the Company's Board of Directors' members for the transactions and contracts done with the Company's in which some members of the Company's Board of Directors have a direct personal interest in them dated 31 March 2024.

We also performed such other procedures as we considered necessary in the circumstances.

**Other Matter**

The attached notification (Appendix A) is stamped by us for identification purposes only.

**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

for Ernst & Young Professional Services

Abdulaziz S. Alarifi

Certified Public Accountant  
License No. (572)

Jeddah: 07 Shawwal 1445H  
16 April 2024G





التاريخ : 1445-10-09 هـ

الموافق : 2024-04-18 م

Dear/ Shareholders of the Saudi Ground Services Company  
Greetings,

السادة/مساهمي الشركة السعودية للخدمات الأرضية  
حفظهم الله  
السلام عليكم ورحمة الله وبركاته.

**Subject: Notification from the Board of Directors to the  
General Assembly Meeting regarding the transactions with  
related parties**

**الموضوع: تبليغ من مجلس الإدارة إلى الجمعية العامة للمساهمين حول  
تعاملات الأطراف ذات العلاقة**

With reference to article (71) of the Companies law, we would like to inform you that during the fiscal year 2023, the Saudi ground services has entered into a number of business transactions and contracts in which some of the Board members have interest (whether direct or indirect) as per the attached report. Such contracts and transactions were executed in accordance to the relevant regulations and with preferences conditions.

بالإشارة إلى المادة (71) من نظام الشركات نود إبلاغكم بأنه خلال العام المالي 2023م. قامت الشركة السعودية للخدمات الأرضية بالدخول في عقود و معاملات تجارية كان لبعض أعضاء مجلس الإدارة مصلحة فيها (بطريقة مباشرة أو غير مباشرة) وذلك وفقاً للتقرير المرفق والتي تم التعامل معها في ضوء الأنظمة ذات العلاقة وبدون شروط تفضيلية .

The contracts and transactions were also disclosed in the Annual Board Report for the year 2023 as per legal requirements noting that the company in such transactions follows the same terms and commercial principles followed with third parties, without any preference.

كما تم الإفصاح عنها في التقرير السنوي لمجلس الإدارة للعام 2023م، حسب المتطلبات النظامية علماً بأن الشركة في مثل هذه التعاملات تتبع نفس الشروط والأسس التجارية المتبعة مع الغير ودون أي تفضيل.

In this regard, the Board recommends to the General Assembly approving the continuation of these transactions as per the details included in the attached agenda items of the General Assembly Meeting.

وهذا الخصوص، فقد تضمن جدول أعمال جمعيتكم الموقرة توصية من مجلس الإدارة بالموافقة على إستمرار هذه التعاملات والعقود وفقاً للمعلومات الواردة في بنود جدول أعمال الجمعية.

Also, as per the relevant regulations, we have requested the company's External Auditor to issue a report on those transactions to be presented to the Shareholders General Assembly which is attached along with the agenda of the AGM.

ولقد طلبنا وفقاً للنظام تقريراً خاصاً من قبل مراجع حسابات الشركة الخارجي حول هذه المعاملات لعرضه على جمعيتكم الموقرة والمرفق في جدول أعمال الجمعية.

وتقبلوا منا وافر التحية والتقدير،،

Board of Directors Approval	موافقة أعضاء مجلس الإدارة
 Mrs. Ghada AL Jarbou Board Member	 Mr. Mansour A. Al Bosaily Board Member
 Mr. Nasser AlQawas Board Member	 Mr. Nader Ashoor Board Member
 Mr. Per Utnegaard Board Member	 Mr. Said AL Hadrami Board Member
 Dr. Omar A. Jefri Vice-Chairman	 Capt. Fahd H. Cynndy Board Member
 Eng. Khalid Q. Al Buainain Chairman	

	Related party	Type of relationship with the company	Type of contracts and business	Term	Transactions Amount (SAR)	Terms of business or contract	Member name
1	Saudia Airlines Air Transport Company	It is owned by the Saudia Airlines by 100% and is a founding shareholder in the company by 52.5%	Services provided	Five years (three years with an option to renew for another two years)	1,003,430,184	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudia Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
2	Saudia Aerospace Engineering Industries Company (Saudia Technic)	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year agreement and annually renewed	33,946,750	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
3	Catrion Catering Holding Company	Owned to Saudi Arabian Airlines Corporation by 35.7%.	Services provided	One year, automatically and annually renewed	3,313,138	Same terms and standards adopted with third parties without preferential terms.	It is 35.7% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
4	Saudia Private Aviation	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year, automatically and annually renewed	13,633,472	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
5	Saudia Royal Fleet	It is 100% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	One year, automatically and annually renewed	33,196,728	The same terms and standards as with others without any preferences.	It is 100% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
6	Flyadel Airline	It is 100% owned by the Saudia	Services provided	Three years	208,238,883	The same terms and standards as with	It is 100% owned by the Saudi Arabian Airline

		Airlines and is a founding shareholder in the company.				others without any preferences.	and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
7	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Services provided	Unfixed term transactions	8,037,823	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain
8	TLD Arabia Equipment Services	50% ownership of Saudi Ground Services	Services provided	Unfixed term transactions	529,886	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
9	SAL Saudi Logistics Services Company	It is 49% owned by the Saudia Airlines and is a founding shareholder in the company.	Services provided	Three years	14,453,029	The same terms and standards as with others without any preferences.	It is 70% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
10	Jusoor Airport Services Company	51% ownership of Saudi Ground Services	Invoices on behalf of related party	Unfixed term transactions	56,095,572	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
11	Jusoor Airport Services Company	51% ownership of Saudi Ground Services	Expenses incurred on behalf of related party	Unfixed term transactions	24,544,045	Same terms and standards adopted with third parties without preferential terms.	Joint Venture
12	Catrion Catering Holding Company	Owned to Saudi Arabian Airlines Corporation by 35.7%.	Services received	Seven years, automatically and annually renewed	49,132,362	The same terms and standards as with others without any preferences.	It is 35.7% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynnny and Mr.Nasser Alqwas
13	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Services received	Transactions that are not specified for a period of time	10,208,100	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain
14	Bupa Arabia for Cooperative Insurance Co. SJSC	Common Key Management Personnel	Services received	One year agreement	103,323,951	Same terms and standards adopted with third parties without preferential terms.	Mr. Nader Ashoor
15	Saudi Amad for Airport Services and Transport Support Company	Joint Venture	Invoices on behalf of related party	Transactions that are not specified for a period of time	53,315,622	The same terms and standards as with others without any preferences.	Eng. Khalid Al Buainain

16	Saudi Airlines Cargo Company	Owned to Saudi Arabian Airlines Corporation by 70%.	Services received	Unfixed term transactions	683,845	Same terms and standards adopted with third parties without preferential terms.	It is 70% owned by the Saudi Arabian Airline and it is a founding shareholder in the company by 52.5%. It is represented in the Board of Directors by Capt. Fahd Cynndy and Mr.Nasser Alqwas
17	TLD Arabia Equipment Services	50% ownership of Saudi Ground Services	Equipment maintenance	As per contract	136,907,150	Same terms and standards adopted with third parties without preferential terms.	Joint Venture