



السعودي الألماني الصحية
Saudi German Health

Board of Directors Annual Report

Financial year 2020



Chairman's Speech



Our distinguished shareholders

Greetings,

On behalf of the Board of Directors of Middle East Healthcare Company (Saudi German Hospital) I am pleased to share with you the Board's annual report on the company's performance for the year ended 31/12/2020.

The year 2020 was a difficult year for the countries of the world due to the outbreak of the Corona pandemic, but the kingdom's economy proved its ability in the face of the repercussions of the pandemic, where the Kingdom was able to take health and economic measures aimed primarily at protecting human health by reducing the spread of the epidemic and providing free treatment for infected cases.

The goals of Vision 2030 and economic policies are gaining momentum and the various development projects within the vision will be a major boost to the economy in general and specifically to the healthcare sector, as the Kingdom policy of not starting any new government hospitals represents a great opportunity to increase private sector investment in health care and thereby increase operational efficiency and overall standards for patient's service. The kingdom's healthcare industry is expected to develop with steady population growth and increasing of new diseases not only among the elderly but also among young people.

The expansion projects of The Middle East Healthcare Company will increase its market share, Saudi German-Dammam Hospital opened in February 2020, as well as the opening of the one-day surgery hospital in Jeddah in the second quarter of 2021, and work is currently under way on the 300-bed Saudi German Hospital in Mecca, as well as the opening of the expansion at Riyadh Hospital, which will open at the end of 2021.

In addition, the company will continue to take advantage of the concept of the light asset model to find additional revenue at no significant cost to the company through management supervision agreements for hospitals outside Saudi Arabia under the Saudi German Hospital brand, which reflects positively on the company's profits without any impact on its assets, and the company is currently focusing on many policies to increase and enhance internal operations and improve operating efficiency, which will positively affect the company's performance. Finally, on behalf of the Board of Directors, I would like to thank our auditors, customers, suppliers and employees for their support. I also take this opportunity to thank the Board members for their valuable efforts. I would like to thank all of the company's shareholders for their continued support.

Eng. Sobhi Abdul Jalil Batterjee

Chairman

Middle East Healthcare Company Annual Report (Saudi German Hospital)



Distinguished investors of The Middle East Healthcare Company (Saudi German Hospital)

Greetings,

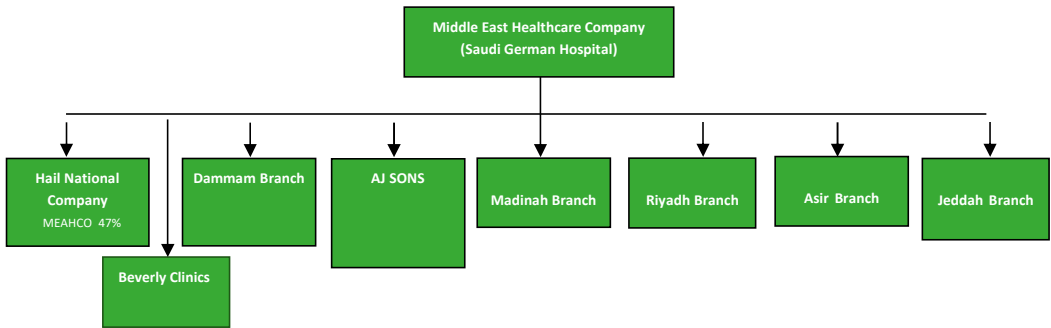
The Board of Directors is pleased to submit to the company's shareholders the annual report for year 2020, which presents the company's activities, its overall status, the results of its operations, and the auditor's report on the company's annual consolidated financial statements.

1. Company Overview

The Middle East Healthcare Company (Saudi German Hospital) was established in Saudi Arabia as a closed joint stock company in accordance with Royal Decree No. M/6 of 22/3/1385 Hijri and Commercial Register No. 4030149460 issued on 06/04/1425 Hijri (corresponding to 25/5/2004) in Jeddah. On 19 February 2015, the company obtained the approval of the CMA to offer a total of 27,612,000 shares for the IPO and the company's shares were listed on the Saudi Stock Exchange (Tadawul) on March 29, 2016.

The company's capital consists of 92.04 million shares with a book value of SAR 10 per share paid in full with a total value of SAR 920.4 million at the end of 2020.

2. The legal structure of the company and its subsidiaries



Middle East Healthcare Company Annual Report (Saudi German Hospital)



3/ The company's vision and mission

The Company Vision: To be the leader in the healthcare sector in the region by building the largest network of hospitals, quality of service and care provided to patients and enhancing value for all stakeholders.

The company's mission: To provide high quality healthcare in all specialties with the highest ethical standards and personal care to outstanding good results and ensure patient satisfaction.

4/ Company Management

The company is currently managed by a board of directors consisting of seven (7) non-executive members, three are independent.

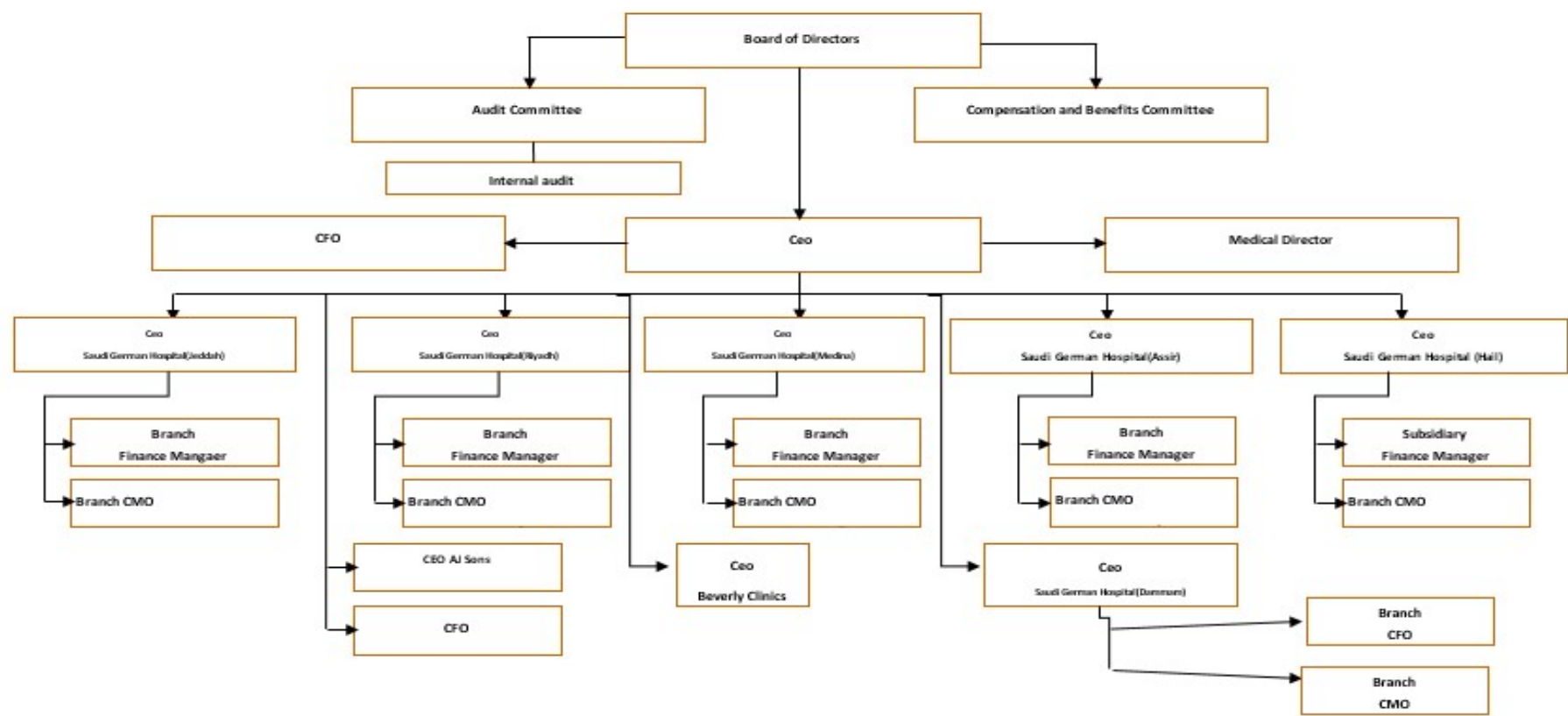
The current three-year term of the Board of Directors began on 17/9/2020 and ends on 16/09/2023.

The company has formed the Audit Committee and Nominations and Remunerations Committee, which are subject to rules and regulations that determine their respective competences and these rules and regulations are part of the company's governance manual, and both committees follow directly to the Board and provide the Board with their recommendations on all matters related to their work, and the Board conducts an annual review of the policies of each committee based on the recommendations received by each committee.

The executive director of the company consists of a team with extensive knowledge and experience to manage the company in accordance with the directions of the Board of Directors.



5/Organizational structure



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6/ Company's Financial Year

According to the company's article of association, the financial year starts on January 1st and ends on the last day of December each year.

7/ Company Auditor

(KPMG)Al-Fawzan & Co., audited the company for the financial year 2020.

8/ Health Sector Overview

8/1 Macroeconomic Outlook:

Saudi Arabia has announced its budget for 2021, with 990 billion Saudi riyals (about \$2.64 billion), the second largest budget in the kingdom's history.

A) Budget deficit.

The 2012 budget estimates a deficit of 141 billion riyals, which is about 157 billion riyals less than 2020 budget deficit of 298 billion riyals. The 2021 budget projected revenues to reach 849 billion riyals, increasing by 79 billion riyals for 2020, which indicates that the amount of revenue is 770 billion riyals.

B) Public debt

New budget data showed that the size of public debt in 2022 increased to 937 billion riyals, compared to 854 billion riyals last year. It is estimated that by the end of 2021 the total public debt will reach 32.7% of GDP. This is in the light of the government borrowing policy, which balances withdrawals from the Kingdom general reserves with other sources of financing from inside and outside the Kingdom to maintain appropriate levels of domestic liquidity as well as to benefit from foreign exchange flows.



C) Spending by sector

The distribution of public spending in the 2021 budget came to different sectors of the country, in which spending on education sector ranked first with the allocation of 186 billion riyals, followed by the health and social development sector with 175 billion riyals. Military spending came in third place with 175 billion riyals by a decrease of 18.3% over the current year. The Internal affairs sector ranked last with 34 billion riyals.

D) Healthcare industry in Saudi Arabia

The development and growth of most industries is largely linked to the progress and decline of the overall economy, but the healthcare industry is among the few industries that are not affected due to its importance despite the decline in government spending that has already occurred in fiscal year 2016.

The population of Saudi Arabia is about 34.8 million, while the population density per square kilometer in the Kingdom is 15.1, and between 2010 and 2016 the kingdom's population increased at a compound annual growth rate of 2.65% assuming the same level of growth until 2050 in which The kingdom's population is expected to reach 77.2 million, however, according to a World Bank report, the kingdom's population is expected to reach 45.1 million by 2050 and the increase in the population, along with rising incomes, is expected to increase the demand for medical services.

According to a recent report on the kingdom's healthcare industry, the demand for health care is expected to increase as a result of the demographic shift and increase in health insurance coverage, with the proportion of young people under 40 years of age in the kingdom's population being approximately 70% and the future of health services has been planned accordingly, as by 2035 it is expected that:

- Population aged 40-59 increased by 1.5%
- The population over 60 years of age is three times more than the current levels.

The healthcare sector in the Kingdom is expected to grow, particularly specialized health care and microsurgery due to the ageing of the population, changing demographics, increasing diseases associated with modern lifestyle and chronic diseases.

(Source: Reports from Samba, Colliers, Knight Frank, World Bank)

Middle East Healthcare Company Annual Report (Saudi German Hospital)



9/ The company's main objectives

Company objectives:

- The establishment, operation and management of hospitals, clinics, medical centers and institutions, rehabilitation centers, laboratories, radiology and pharmacies.
- Purchase and development of land and properties for the benefit of the company.
- Establishing factories, importing all required machinery and equipment and owning patents.
- Engaging in retail and wholesale trade in medicines, equipment, medical machinery, rehabilitation equipment and all relevant equipment for hospitals and medical centers.
- Dealing with commercial agencies in the medical and pharmaceutical sectors.
- Establish specialized training centers and establish, manage and organize exhibitions and conferences of the company.

10/ The company owns the following branches

Branch name	Commercial Register	City	Status
Saudi German Hospital- Jeddah Branch	4030124187	Jeddah	Working
Saudi German Hospital - Assir Branch	5855019364	Asser	Working
Saudi German Hospital - Riyadh Branch	1010162269	Riyadh	Working
Saudi German Hospital - Medina Branch	4650032396	Medina	Working
Saudi German Hospital - Dammam Branch	2050105713	Dammam	Working
Saudi German Hospital Makkah Branch	4031215509	Mecca	Under construction
AJ Sons	4030181710	Jeddah	Working
Beverly Clinics	4030297688	Jeddah	Working



Geographic Footprint

01 Asser

Establishment 2000
400 Licensed Beds
291 Operational Beds
89 Clinics

02 Madinah

Establishment 2003
300 Licensed Beds
197 Operational Beds
58 Clinics

03 Beverly Clinics

Establishment 2018
20 Clinics



04 Jeddah

Establishment 1988
217 Licensed Beds
204 Operational Beds
131 Clinics

05 Riyadh

Establishment 2001
300 Licensed Beds
214 Operational Beds
69 Clinics

06 Hail

Establishment 2017
150 Licensed Beds
90 Operational Beds
24 Clinics

07 Dammam

Establishment 2020
150 Licensed Beds
98 Operational Beds
16 Clinics

Middle East Healthcare Company Annual Report (Saudi German Hospital)



The company also owns a strategic stake in the following subsidiary:

The name of the company's a subsidiary.	Commercial Register	Percentage of ownership	City	Country of work
Hail National Healthcare Company	3350019735	47 %	Hail	Saudi Arabia

11/ A brief overview of Hail National Health Services Company (subsidiary)

Hail National Health Services Company closed joint stock company commercial register no. 3350019735 headquartered in Hail city owns a hospital in Hail city with a capacity of 150 beds and was opened in February 2017 and the hospital passed the initial stages of operation and will contribute to the company's revenue starting next year, the Capital increased from 133.76 million riyals to 174 million to increase the ownership of The Middle East Healthcare Company's capital to (47%).

12/ Management fees agreements

Hospital	City	Country of work
Saudi German Hospital Dubai	Dubai	U.A.E
Saudi-German Hospital Sana'a	Sana'a	Yemen
Saudi German Hospital Cairo	Cairo	Egypt
Saudi-German Hospital in Hail	Hail	Saudi Arabia
Saudi German Hospital Sharjah	Sharjah	U.A.E
Saudi German Hospital Ajman	Ajman	U.A.E
Saudi German Hospital west of Alexandria	West Alexandria	Egypt
Saudi German Hospital Lahore	Lahore	Pakistan
Saudi-German Hospital Islamabad	Islamabad	Pakistan
Saudi German Hospital Karachi	Karachi	Pakistan
BTPL	Lahore	Pakistan

- SGH Yemen – est. 2006
- SGH Dubai – est. 2012
- SGH Cairo – est. 2015
- SGH Sharjah – est. 2018
- SGH Ajman – est. 2019

Operational



Pipeline

- SGH Alex West (Egypt)
- SGH Giza (Egypt)
- SGH Lahore (Pakistan)
- SGH Islamabad (Pakistan)
- SGH Karachi (Pakistan)
- BTPL Lahore (Pakistan)
- SGH Casablanca (Morocco)

13/ Strategy and future plans

The company's strategy is to expand the network of hospitals and polyclinics clinics as referral centers across different geographical areas in Saudi Arabia in addition to which the company also establishes more outpatient clinics and increases the number of beds in the hospitals currently operating in addition to renovations in those hospitals in order to enhance the patient experience and increase the number of patients.

Middle East Healthcare Company Annual Report (Saudi German Hospital)



14 expansion projects

14/1: Saudi-German Hospital Project in University District

Rent of a hospital building from the Company of The Beit Batterjee College of Medical Sciences and Technology (related party) specialized in one day surgeries and located in Jeddah-university district and obtained the initial license from the Ministry of Health and equipped with all medical equipment and machines. The lease period is 4 years starting from 01/04/2021 and ends on 31/03/2025 renewable with the company granted a two-year grace period starting from the date of the beginning of the contract and the receipt of the building in full medical equipment, without any conditions or preferential benefits, provided that the annual rental value for the third and fourth year is 3,500,000 riyals (three million and five thousand riyals) for each year.

14/2: Saudi-German Hospital project in Mecca (under construction).

The project is designed as a 300-bed, 90 clinics hospital and the hospital is located in the Al-Akkishiya neighborhood, the crown prince's project on Ibrahim Al Khalil Road, and is being built on a 59,772-square-meter plot leased from the Holy Capital Secretariat. The hospital building will include clinics, inpatients department, ICU units, operations rooms, laboratory, X-rays and other allied departments.

14/3:Project cost plan and funding:

The contract for the construction of the Saudi German Hospital in Mecca (including medical equipment and furniture) was awarded to the International Hospital Construction Company, a related party, through a tender and evaluation process conducted on commercial basis.

The contract is worth 502.64 million riyals, of which 388.91 million riyals is for the hospital building and 113.73 million riyals for the housing of the employees. Work on the project is under way as scheduled, and the project is expected to be completed by October 2021.

The company expects the cost of the hospital construction project, including the value of land, buildings, medical equipment, furniture and pre-operation expenses, to be approximately 550 million riyals. The project is financed through the company's own resources, a loan from the Ministry of Finance and Islamic bank loans. The company has signed an agreement with Samba Financial Group and Inma Bank to finance the project for a credit line up to 400 million riyals, which can be withdrawn over 3 years depending on the progress of the project.

Middle East Healthcare Company Annual Report (Saudi German Hospital)



[14/4 Expansion of existing facilities for the company's hospitals.](#)

[Saudi-German Hospital Expands in Riyadh](#)

In light of the growing demand for our medical services, the company has approved a plan to expand the Saudi German Hospital in Riyadh by adding 147 beds and establishing a medical tower for clinics with 76 clinics. The projects will be developed within the available land area at the hospital site, and on 18 March 2018, the construction contract was awarded to the International Hospital Construction Company (a related party) through a tender and evaluation process conducted on commercial basis. The contract value reached 193.66 million riyals and the contractor started work on the project on 05/08/2018 and is expected to complete the project by October 2021 and the project will be financed through the company's own sources and a loan from the Ministry of The company has signed an agreement with Al-Inma Bank to finance the project at up to (80%) of the total cost to be withdrawn over three years depending on the progress of the project and (20%) will be financed from the company's own sources.

[15/Quality Improvement Program](#)

The company is committed to providing high quality healthcare services to patients by following the highest standards of medical services. The company has been certified by the International Joint Commission (JCI), (the most famous institution in the world for the accreditation of hospitals) for all its hospitals and uses the medical standards adopted by that authority in the governance system related to health facilities and the company seeks to improve the quality framework always in its hospitals beyond the requirements of this certificate in relation to the level of care and patient safety.

The Board of Directors confirms that the company and its subsidiary have all the necessary licenses and approvals to conduct its operations, noting that the company's hospitals in Jeddah, Riyadh, Assir, Medina and Hail are certified by the Central Council for Accreditation of Healthcare Institutions (CBAHI).



Expansion and CAPEX



Riyadh Outpatient Tower

134 beds, 160 clinics
Capex 194 million
To be operational 2Q 2021

Makkah Hospital

300 beds
Capex 389 million
To be operational 3Q 2021

Makkah Housing

Capex 114 million
To be operational 4Q 2021

Dammam Housing

Capex 90 million
To be operational 4Q 2021

One Day Surgery Hospital-Jeddah

35 beds, 16 clinics.
Rent SAR 7 m in 2 years
2Q 2021



16/ Governance

16/1: The company's governance system

The company is keen to adhere to the highest standards of governance as an important factor in its success.

The company approved the updated governance regulations, internal governance policies and charters based on the updated regulations of the CMA and the corporate system.

The governance regulation aims to improve the corporate governance framework and its organization and raise it to a higher level in terms of transparency and to ensure compliance with the corporate governance regulations by:

- A) Develop management performance based on raising the value of the company and take responsibility for it.
- B) Strengthening the regulatory role in collaboration with executives to achieve the interests of the company and shareholders, including small investors, and increase shareholders' rights to the highest possible level."
- C) Commitment to the appropriate level of disclosure and transparency and the existence of an effective internal control and risk management system.

16/2: Implementing the corporate governance regulations:

The company is keen to adhere to corporate governance standards and requirements through continuous review of its policies, procedures and practices. The company has prepared for itself a governance document in accordance with the updated corporate governance regulation issued by the CMA. The Company affirms its effective commitment to all the provisions of the Corporate Governance Regulation slate in force in Saudi Arabia except the following:

Middle East Healthcare Company Annual Report (Saudi German Hospital)



Article/paragraph No.	Article/paragraph text	Reasons for not applying
Article 41: Evaluation Paragraph (b)	b) Performance evaluation procedures must be written and clear and disclosed to board members and evaluators	In accordance with the Corporate Governance Regulations in relation to the tasks of the Compensations and benefits Committee, including but not limited to a periodic review of the board structure and the development of policies on salaries, remuneration programs and incentives for board members and executives of the company, to ensure that such work is assessed by the Board of Directors and executive management.
Article/paragraph No. Paragraph (e)	Article/paragraph text e) The Board of Directors makes the necessary arrangements to obtain a competent third-year assessment of its performance by a competent external third party	Reasons for not applying In accordance with the Corporate Governance Regulations in relation to the tasks of the Compensations and Benefits Committee, including but not limited to: a periodic review of the board structure and the development of policies on salaries, remuneration programs and incentives for board members and executives of the company, to ensure that such work is assessed by the Board of Directors and executive management.
Article 70	Form a Risk Management Department	The Audit Committee covers the scope of this departments work and reports on the risks the company may face and how to manage these risks while making recommendations and discussing it with the Audit committee during its regular meetings.
Article 71	Terms of reference of the Risk Committee	
Article 72	Risk Committee meetings	
Article 85: Motivating workers. Paragraph (2) Paragraph (3)	2) Stock option plan for employees and retirement programs and establish an independent fund to finance those programs. 3) Establishing social institutions for employees of the company	Under study / paragraphs of a guiding material.
Article 95	Formation of corporate governance committee	The Audit Committee monitors the applications of the company's governance regulations and follows up on its updates/guidance material.

Middle East Healthcare Company Annual Report (Saudi German Hospital)



17/ Tadawul Announcements

The following is a list of the announcements the company has made to shareholders during 2020.

Number	Date	Type of ad	Ad title
1.	30/12/2020	Shareholder's Announcement	The Middle East Healthcare Company (Saudi German Hospital) announces the recommendation of the independent board members to award the contract of the digital transformation project for the company's hospitals to The Ideas Solutions Company for Telecommunications and Information Technology Consultancy (MegaMind) "related party" and the recommendation will be presented to the General Assembly to vote.
2.	5/11/2020	Financial results	Middle East Healthcare Company announces financial results for the period ended September 30, 2020.
3.	20/9/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces the appointment of the Chairman and Vice President and the formation of board committees for its new term.
4.	16/9/2020	Shareholder's Announcement	Middle East Healthcare Company announces signing of a financing agreement that complies with Islamic Shariah law.
5.	7/9/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces the signing of a lease for a hospital building specializing in obstetrics and gynecology in Jeddah with Beit Al-Batraji College of Medical Sciences and Technology (related party).
6.	27/7/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces the resignation of the Head of the Audit committee and the appointment of a new Head of the committee.
7.	27/7/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces the resignation of a board member and the appointment of a new (independent) board member.
8.	27/7/2020	Financial results	Middle East Healthcare Company announces preliminary financial results for the period ended 2020-06-30 (six months)
9.	30/6/2020	Results of the General Assembly Meeting	Middle East Healthcare Company (Saudi German Hospital) announces the results of the GAM (first meeting).
10.	8/6/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) invites its shareholders to attend the GAM (first meeting).
11.	3/6/2020	Financial results	Middle East Healthcare Company announces preliminary financial results for the period ended 2020-03-31 (three months)
12.	23/4/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces the opening of nominations for board membership.
13.	20/4/2020	Shareholder's Announcement	The Middle East Healthcare Company (Saudi German Hospital) announces the implications of precautionary measures and preventive measures to address and reduce the spread of the new CORONA virus (COVID-19)
14.	15/3/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces that no dividends will be distributed to shareholders for financial year 2019.
15.	12/3/2020	Financial results	Middle East Healthcare Company announces annual financial results for 2019-12-31
16.	27/2/2020	Shareholder's Announcement	Middle East Healthcare Company announces the official opening of the Saudi German Hospital in Dammam.
17.	20/1/2020	Shareholder's Announcement	Middle East Healthcare Company (Saudi German Hospital) announces a joint cooperation agreement with The Mayo Clinic Network of America Healthcare.
18.	19/1/2020	Shareholder's Announcement	Middle East Healthcare Company announces the actual start date of the Saudi German Hospital project in Dammam.

Middle East Healthcare Company Annual Report (Saudi German Hospital)



18/ Board of Directors

The company's management is supervised by a board of directors consisting of (7) seven non-executive members, including three (3) independents.

The current Board was appointed by the Extraordinary General Assembly held on 29 June 2020 (8/11/1441) in accordance with Article 17 of the Company's Statute. The current three-year term of the Council began on 17/9/2020 and ends on 16/9/2023.

The board of directors consisted of nine (9) members before and in accordance with the amendment of Article 17 of the Company's Statute in the Extraordinary General Assembly held on 29 June 2020 reduced the number of members of the Board of Directors to seven (7) members.

18/1: Composition of the Board of Directors and classification of its members

The following table shows the members of the Board of Directors and the status of their membership in the Board during the year 2020

Number	Name	Title	Type of membership (Executive/Non-Executive/Independent)
1	Sobhi Abdul Jalil Ibrahim Batterjee	Chairman	Non-executive
2	Makarem Sobhi Abdul Jalil Batterjee	Vice President	Non-executive
3	Khaled Abdul Jalil Ibrahim Batterjee	Member	Non-executive
4	Sultan Sobhi Abdul Jalil Batterjee	Member	Non-executive
5	Mohammed Abdul Rahman Moemena	Member	Independent
6	Amr Muhammad Khalid Khashoshgy	Member	Independent
7	Mohammed Mostafa Mohammed Omar Bin Siddiq He was appointed on 07/28/2020	Member	Independent
8	Ali Abdulrahman Qwaize (Resigned on 28/07/2020)		

Middle East Healthcare Company Annual Report (Saudi German Hospital)



19/ Board duties

The Board of Directors has the following functions and responsibilities:

1. Develop, direct and implement the overall strategy and the company's main objectives, including the development of the company's annual financial and operational plans in light of the recommendations of the company's executive management.
2. Take the necessary actions to achieve the general objectives of the company.
3. Identify the optimal capital structure of the company, strategies and financial objectives and adopt its estimated annual budgets.
4. Approval of settlements, exemptions and liabilities and contracts on behalf of the company.
5. Approval of the company's merger with other companies and manage the company's assets and properties through purchase, mortgage, de-mortgage, sale and disclaimer.

20/ Board of Directors, committee members and executive management

A) Board of Directors

Number	Name	Current position	Previous position	Qualifications	Experience
1	Sobhi Abdul-Jalil Ibrahim Batterjee	Chairman	Chairman	<ul style="list-style-type: none">• Master's degree in electrical engineering, University of Colorado, USA	<ul style="list-style-type: none">• President of Bet Batterjee Medical Company from 1988 to the present.• President of the Saudi German Hospital Group 1988 to date.• Director of Beit Al-Batterjee Pharmaceutical Industries from 2010 to date• Site engineer at Makkah Intercontinental Hotel, 1974-1975.

Middle East Healthcare Company Annual Report (Saudi German Hospital)



2	Makarem Sobhi Abdul Jalel Batterjee	Vice President	Vice President	<ul style="list-style-type: none"> Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015 MBA, London Business School, UK, 2011 B.A. In Health Services Department, Long Beach University, USA, 2002 	<ul style="list-style-type: none"> Founder and CEO of Beit- Batterjee Fitness, 2003- to date Executive Vice President and Business Development Manager, Beit- Batterjee, 2002 - To date Marketing Manager, Beit- Batterjee, 2000 - 2002 Business analyst at Ernst & Young, UNITED Arab Emirates, 1999-2000. Founder and CEO of Gulf youth for Investment and real estate development company from 2005 to date.
3	Khaled Abdel-Jalil Ibrahim Batterjee	Member	Member	<ul style="list-style-type: none"> PHD In Medicine, University of Essen, Germany 	<ul style="list-style-type: none"> Shareholder, Founder, Dean and Board member of the Faculty of Medical Science and Technology, 2004-2014 Head of orthopedic surgery at The Saudi German Hospital in Jeddah 1988 - 2015 Consultant Orthopedic surgeon at Dr. Khalid Abdul Jalil Clinic for Batterjee, 1985-1988
4	Sultan Sobhi Batterjee	Member	Member	<ul style="list-style-type: none"> B.A. In Finance and International Accounting, Regent's University, United Kingdom, 2006 	<ul style="list-style-type: none"> CEO and Founder of Dalalcom International Real Estate Development Company, 2012 - to date. Financial Analyst, Lazard Investment Bank, 2009-2010 Financial Analyst at Anchor (Switzerland), 2008-2009 Financial Analyst at Beit Batterjee, 2006 - 2008
5	Mohammed Abdul Rahman Moemena	Independent Member	Independent Member	<ul style="list-style-type: none"> B.A. In Marketing, King Fahd University of Petroleum and Minerals, Saudi Arabia, 1996 	<ul style="list-style-type: none"> Partner, Edward W Kelly & Partners •2006 - present CEO of Moemena Investment Group, 1998 - to date Trainee, Marketing Department, Unilever, 1995-1996
6	Amr Mohammed Khalid Khashoshgy	Independent Member	-	<ul style="list-style-type: none"> MBA from Yale University School of Management, USA Bachelor's degree from Menlo College, California, USA 	<ul style="list-style-type: none"> Financial and industrial expert. He has a lot of experience in the field of administrative work. He is currently chairman and CEO of several companies in the Kingdom. He also served as a member of the Board of Directors and chairman of the Investment Committee and chairman of the Nominations and Remunerations committee in Al Ahli Takaful for nine years.
7	Mohammed Mostafa Mohammed Omar Bin Siddiq	Independent Member	Independent Member	<ul style="list-style-type: none"> Bachelor's degree in administrative relations, King Abdulaziz University, Saudi Arabia. 1966m 	<ul style="list-style-type: none"> General Manager of Saudi Industrial Development Company 1992-2007 General Manager of Dallah Trading Company 1977-1991 Technical Audit Supervisor, Saudi Arabian Airlines 1966-1977

Middle East Healthcare Company Annual Report (Saudi German Hospital)



21/ Committee members (Audit Committee)

Number	Name	Current position	Previous position	Qualifications	Experience
1	Amr Mohammed Khalid Khashoshgy	Head of the Committee	Member	<ul style="list-style-type: none"> MBA from Yale University School of Management, USA Bachelor's degree from Menlo College, California, USA 	<ul style="list-style-type: none"> Financial and industrial expert He has a lot of experience in the field of administrative work. He is currently chairman and CEO of several companies in the Kingdom. He also served as a member of the Board of Directors and chairman of the Investment Committee and chairman of the Nominations and remunerations committee in Al Ahli Takaful for nine years.
2	Makarem Sobhi Batteejee	Member	Member	<ul style="list-style-type: none"> Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015 Executive MBA, London Business School, UK, 2011 B.A. In Health Services Department, Long Beach University, USA, 2002 	<ul style="list-style-type: none"> Founder and CEO of Beit Batterjee Fitness, 2003 - to date Executive Vice President and Business Development Manager, Beit Batterjee, 2002 - To date Marketing Manager, Beit Batterjee, 2000 - 2002 Business analyst at Ernst & Young, UNITED Arab Emirates, 1999-2000. Founder and CEO of GPIC 2005 to date
3	Ahmed Mohammed Khalid Dahlaoui	Foreign member.	Foreign member.	<ul style="list-style-type: none"> Master's degree in financial risk management, University of Sussex, UK, 2011 	<ul style="list-style-type: none"> CFO, Omar Zuhair Hafiz Holding - March 2014 - Up to Now Accountant of international subsidiaries and subsidiaries - June 2012 to March 2014 Accountant, Financial Reporting Department, United Cooperative Insurance Group - February 2008 to March 2009

Middle East Healthcare Company Annual Report (Saudi German Hospital)



22/ Committee members (Nominations and Remunerations Committee)

Number	Name	Current position	Previous position	Qualifications	Experience
1	Mohammed Abdul Rahman Moemena	President	President	<ul style="list-style-type: none"> B.A. In Marketing, King Fahd University of Petroleum and Minerals, Saudi Arabia, 1996 	<ul style="list-style-type: none"> Partner «Edward W Kelly & Partners «2006 - Present CEO of Amana Investment Group, 1998 - to date Trainee in Marketing, Unilever, 1995-1996
2	Sobhi Abdul-Jalil Ibrahim Batterjee	Member	Member	<ul style="list-style-type: none"> Master's degree in electrical engineering, University of Colorado, USA 	<ul style="list-style-type: none"> President of Beit Batterjee Medical Company from 1988 to the present. President of the Saudi German Hospital Group 1988 to date. Director of Beit Batterjee Pharmaceutical Industries from 2010 to date
3	Makarem Sobhi Batterjee	Member	Member	<ul style="list-style-type: none"> Honorary Doctorate from The United National Arts Organization/ Institute of Human Resources, 2015 Executive MBA, London Business School, UK, 2011 B.A. In Health Services Department, Long Beach University, USA, 2002 	<ul style="list-style-type: none"> Founder and CEO of Beit Batterjee Fitness, 2003 - to date Executive Vice President and Business Development Manager, Beit Baterjee, 2002 - To date Marketing Manager, Beit Batterjee, 2000 - 2002 Business analyst at Ernst & Young, UNITED Arab Emirates, 1999-2000. Founder and CEO of Gulf Youth and Investment real estate development co 2005 to date

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23/ Executive Management

Number	Name	Current position	Previous position	Qualifications	Experience
1	Ahmed Mohammed Shebl Al-Atris	CEO	CEO of Assir Hospital	<ul style="list-style-type: none"> Diploma in Hospital Management, American University in Cairo, Egypt, 2005. Diploma in Hospital Management, Ain Shams University, Egypt, 2004. Diploma in Overall Quality Management in Healthcare, American University in Cairo, Egypt, 2003. Master of Cardiology and Thoracic Surgery, Al-Azhar University, Egypt, 2003. Bachelor of Medicine and Surgery, Tanta University, Egypt, 1993. 	<ul style="list-style-type: none"> CEO 2018 to date. CEO of Saudi German Hospital - Assir from 2009 to 2018. Director of Operations at The Saudi German Hospital - Assir from 2007 until 2009. Assistant Director of Operations at The Saudi German Hospital - Assir from 2005 until 2007. Assistant General Manager of Nasser Institute Hospital, a company registered in the Arab Republic of Egypt working in the field of healthcare, from 1997 to 2005.
2	D. Abdul Rahman Rasheed Bakhsh	Group Operating Director	Strategic Transformation Health Care Manager's Advisor	<ul style="list-style-type: none"> Master of Disaster Medicine, University of Bethemunds, Italy, 2005 Emergency Medicine Fellowship, Glasgow, 1999. Emergency Medicine Fellowship, Edinburgh, 1999. Bachelor of Medicine and Surgery, University of Punjab, Pakistan, 1984. 	<ul style="list-style-type: none"> Consultant to the Director of Health Affairs in Jeddah for Strategic Transformation. 2019-2020 General Supervisor of King Fahd Hospital and Azizia Hospital in Jeddah. 2015-2019 Director of Ajyad Hospital in Mecca. 2005-2015 Director of King Faisal Hospital in Mecca. 2003-2005 Head of emergency department at Heraa Hospital in Mecca. 2000-2003 Emergency Specialist, Royal Aberdeen Hospital, Scotland, 1994-2000

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3	Madani Hozayen	CFO	CFO, Eastern Weavers Group	<ul style="list-style-type: none"> • MBA from The University of Dauphin, Paris 2016 • Master of Economics from the Sorbonne University, Paris 2016 • Diploma in Finance from the Arab Academy of Science and Technology in 2005. • Diploma in management from the Chamber of Commerce and Industry in Paris in 1990. • Bachelor of Commerce Accounting Division from The Faculty of Commerce, Ain Shams University, 1987. 	<ul style="list-style-type: none"> • CFO from June 2019 to date • CFO, Eastern Weavers Group from January 2016 to June 2019 • Regional Financial Director of Swedy Electric Group Algeria from October 2013 to December 2015 • Financial Director, United Foundry Group (Citadel Capital Holdings subsidiary) from August 2009 to September 2013 • Financial Director Orascom Telecom Algeria and North Korea from November 2006 to June 2009 • Audit Partner at Khalid Al Ghannam & Co. from December 2003 to October 2006 • Financial Director, Bahgat Group, August 1998 to November 2003 • Financial Controller of Mohamed Abdel Mohsen Al-Kharafi Group, Albania from July 1995 to July 1998 • Audit Manager Deloitte & Toth, Egypt from June 1990 to June 1995 • Auditor at KPMG, Egypt from January 1988 to May 1990
4	Baraa Saleh Bakor	Human Resources Director	Director of Human Resources, International Medical Centre	<ul style="list-style-type: none"> • MBA-Human Resources, Prince Sultan University, 2015 • B.A. in Business Administration, Prince Sultan University 2012. • Diploma in health services management from the Administrative Business Corporation in 2004. • Diploma in hospital management from the General Administration Corporation in 1999 	<ul style="list-style-type: none"> • Human Resources Director at the company from February 2020- Present. • Director of Human Resources at the International Medical Center from July 2004 to February 2020 • Specialist at the Research Center at King Faisal Specialist Hospital from 2000-2004 • Patient specialist at the National Guard Hospital from 2000-2000 • Receptionist at Bakhsh Hospital from 1996 -2000

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24/ Description of board members who are members of the Board of Directors in other joint stock companies (listed or not listed) for the year 2020

Member's name	Names of companies in which a member of the Board of Directors is a member of the Board of Directors or is a director	Inside the Kingdom/Outside the Kingdom	Legal status (listed/not included)
Sobhi Abdul-Jalil Ibrahim Batterjee	Chairman of Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Chairman of the Board of Directors of The Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
	Chairman of the Board of Directors of The International Hospital Construction Company	Inside the Kingdom	Not Listed
Khaled Abdel-Jalil Ibrahim Batterjee	Board member of Hail National Healthcare Company,	Inside the Kingdom	Not Listed
	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
Makarem Sobhi Abdul Jalil Batterjee	Board member of Hail National Healthcare Company	Inside the Kingdom	Not Listed
	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
Sultan Sobhi Abdul Jalil Batterjee	Member of the Board of Directors of Beit Batterjee Medical College of Sciences and Technology	Inside the Kingdom	Not Listed
	Member of the Board of Directors of The International Hospital Construction Company	Inside the Kingdom	Not Listed
Mohammed Abdul Rahman Mohamed Moemena	Independent Board Member, Financial Expert Company	Inside the Kingdom	Not Listed
	Independent Board Member, Initial co.	Inside the Kingdom	Not Listed
	Independent Board member, France Bank for Business	Outside the Kingdom (Lebanon)	Not Listed
Amr Mohammed Khalid Khashoshgi	Former board member and Head of the Investment Committee and the Nominations and Remunerations Committee for nine years in Al Ahli Takaful.	Inside the Kingdom	Listed
	Chairman and Founder of Global Gibsom	Inside the Kingdom	Not Listed
	Chairman and CEO of AMKEST Group for building materials manufacturing and trade and real estate development.	Inside the Kingdom	Not Listed
	CEO of Omar Qasim Al-Issai & Co. Holding.	Inside the dog.	Not Listed
Mohammed Mostafa Mohammed Omar Bin Siddiq	Member from outside the Board / Buruj Cooperative Insurance Company	Inside the Kingdom	Listed joint stock company

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25/ Board meetings

The following table shows the meetings held by the Board of Directors during the year 2020 and the dates of their meeting and the members who attended each of them:

Number	Name	Meeting (1) 25/2/2020	Meeting (2) 27/7/2020	Meeting (3) 5/11/2020	Meeting (4) 2020/12/24	Total
1	Sobhi Abdul-Jalil Batterjee	✓		✓	✓	4
2	Khaled Abdul-Jalil Batterjee	✓	✓	✓	✓	4
3	Makarem Sobhi Batterjee	✓	✓	✓	✓	4
4	Sultan Sobhi Batterjee	✓	✓	✓		4
5	Mohammed Mostafa Mohammed Omar Bin Siddiq			✓	✓	2
6	Ali Abdul Rahman N Al-Quwaiz	✓				1
7	Mohammed Abdul Rahman Moemena	✓	✓	✓	✓	4
8	Amr Mohammed Khalid Khashoshgy	✓	✓	✓	✓	4

The date of the last meeting of the General Assembly 8/11/1441, 29/06/2020



26/ Board Committees

To ensure the optimal performance of the management of the company and its effective monitoring, the Board of Directors formed the Audit committee with the approval of the General Assembly and the Nominations and Remuneration Committee and these committees are subject

to the adopted rules that determine the tasks and responsibilities assigned to each of them and the committees submit their reports and proposals to the Board and the Board conducts an annual review of its rules of work based on its recommendations. The members of the above-mentioned committees are awarded a specific bonus by the regulations of each committee for their membership.

27/ Audit Committee

The review committee consists of three (3) members. To ensure the principle of neutrality and independence, it was taken into account that all members were non-executive, independent or external.

Number	Name	Board membership	Title
1	Omar Mohammed Khalid Khashoshgy	Independent	Head
2	Makarem Sobhi Batterjee	Non-executive	Member
3	Ahmed Mohamed Khalid Dahlawi	External	Member

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The audit committee has the following functions and responsibilities:

1. Review the company's quarterly and annual financial statements before submitting them to the Board of Directors, with their views and recommendations.
2. Monitor the integrity of financial statements and any data related to the company's financial performance.
3. Review the accounting policies applied in the company and examine the implications that may result from any proposed practices, principles or new developments in accounting, disclosure requirements, relevant laws or regulations, and express opinions and recommendations before submitting them to the Board of Directors.
4. Review the accounting methodologies that are used in important or unusual underlying transactions when there is more than one accounting method of processing, particularly those accounts relating to mergers and acquisitions, restructuring and partnership agreements.
5. Ensure that the company complies with appropriate accounting standards, considering the views of the company's auditors.
6. Review the company's auditors' observations about the financial statements and follow up the actions taken by the company.
7. Ensure that feedback on the company's financial statements and the context in which they appear is clear and complete in order to ensure that they provide shareholders and other parties with the information required to evaluate the company's performance.
8. Review all the basic information contained in the company's financial statements, operational and financial performance report and governance (as long as it relates to risk audit management Department).
9. Review the adequacy and effectiveness of internal financial control and the company's risk management systems, and regularly update the company's financial control and risk management systems to include adequate internal controls.
10. Ensure that there are sufficient procedures in place to assess compliance with CMA's requirements, including ongoing disclosure obligations and monitoring the effectiveness of these procedures and controls.

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11. Review the data on internal control and risk management contained in the company's annual report.
12. Review the adequacy of the arrangements provided by the company with its employees and contractors in order to report (strictly confidentially) any possible financial irregularities, and to ensure that these arrangements provide an appropriate and independent investigation and follow-up procedures.
13. Review the fraud detection mechanisms and procedures approved by the company.
14. Conduct investigations in the event of any possible fraud being reported.
15. Supervising the internal audit department of the company to verify its effectiveness in performing the tasks and duties assigned to it by the Board of Directors.
16. Expressing opinion on the selection of the head of the internal audit department and the auditing company and the appointment and the dismissal of both of them.
17. Review the internal control system and prepare a written report on this matter that includes its opinions and recommendations on this.
18. Review and evaluate annual plans and programs in relation to the company's internal control systems and ensure their adequacy.
19. Review the internal audit reports of the company and follow up the implementation of corrective actions for the remarks contained.
20. Monitoring the executive management's responses to the results and recommendations of the Internal Audit Department.
21. Ensure that sufficient data and information is provided to the Internal Audit Department in order to assist in the performance of its duties effectively in accordance with appropriate professional standards.
22. Meeting with the Internal Audit Department and the company's auditors to discuss the important issues raised by the internal audit department or the company's auditors about the company's management and to ensure that the internal audit manager and the company's auditors can contact the Head of the audit committee at anytime.



23. Make recommendations on the selection, appointment, dismissal and determination of their fees, including the committee's review of its professionalism and independence.
24. Follow-up the work of the company's auditors and the adoption of any work outside the scope of the audit work.
25. Monitoring the independence of the company's auditors, ensure their objectivity and effectiveness of audit procedures in accordance with relevant professional and regulatory requirements.
26. Working with the company's auditors to coordinate and develop a plan and audit procedures for the current year and provide feedback and recommendations in this regard.
27. Review the company's auditors' observations on the company's financial statements and follow up on the actions taken, including:
 - 27.1 The basic findings identified by the audit process.
 - 27.2 Accounting and audit Standards.
 - 27.3 The level of errors identified by the audit.
 - 27.4 Effective auditing.
28. Review letters of commitment to the auditors before submitting them to the company's management to obtain approval and signature and ensure direct communication with the company's auditors and respond to the recommendations of them and their officials.

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The following table shows the record of the 2020 Audit committee meetings, totalling three (3) meetings:

Number	Name	The committee's status	First meeting 13/5/2020	Second meeting 25/5/2020	Third meeting 2/11/2020	Fourth meeting 24/12/2020	Total
1	Amr Mohammed Khalid Khashoshgy	Head of the Committee	✓		✓	✓	3
2	Makarem Sobhi Batterjee	Non-executive member			✓	✓	2
3	Walid Abdulaziz Kayal	External member		✓	✓		2
4	Ahmed Mohamed Khalid Dahlawi	External member	✓	✓	✓	✓	4
5	Ali Abdul Rahman Al-Quwaiz	Former Head	✓	✓			2

28/Nominations and Remunerations Committee

The following table shows the composition of the Nominations and Remuneration Committee:

Number	Name	Membeship Typr	Title
1	Mohammed Abdul Rahman Moemena	Independent	Head
2	Sobhi Abdul Jalil Batterjee	Non-executive	Member
3	Makarem Sobhi Batterjee	Non-executive	Member

The Nominations and Remunerations Committee carries out the following tasks and responsibilities:

1. Make recommendations to the Board regarding board membership and nomination of members in accordance with the policies and standards adopted, taking into account the nomination of any person convicted of any criminal act, breach of trust or involves moral corruption.
2. Review the requirements of board membership annually in terms of the necessary skills and prepare a description of the potential and qualifications required for board membership, including the time that the member must devote to full work for the board.
3. Review the board structure and make recommendations on possible changes in the board.



4. Identify the strengths and weaknesses of the management and propose remedies in accordance with the interest of the company.
5. Ensure on an annual basis the independence of independent members and there is no conflict of interest in the case that a member of the Board is also a member of the board of directors of another company.
6. Develop clear policies on remuneration for board members and executives. These policies are developed in accordance with their performance.
7. A review of the replacement plan for board members and senior executives (especially the CEO, CFO and Operations Manager), considering the challenges and opportunities that the company has and the skills and expertise needed for the Board in the future.
8. In accordance with the policies mentioned in section (6) above, the Committee considers all issues it deems necessary, including the relevant legal and regulatory requirements, and the provisions and recommendations of the Corporate Governance Regulation issued by the Authority and its relevant instructions. The purpose of this policy is to ensure that the executive management members are available to serve the company and provide appropriate incentives to encourage and enhance performance through individual and productive contributions to the company's success in a fair and responsible manner.
9. In accordance with the development of the Board of Directors' Remuneration Policy, the Committee reviews and examines salary scale at the company level and the healthcare sector in the region in general.
10. Take exclusive responsibility for setting the criteria for selecting salary experts who advise the Committee and determine their responsibilities.
11. Developing the induction program and continuing the training program for the members of the Board and monitoring its performance and references. Through its head of the Committee is working to encourage each new member of the Board of Directors to attend these two programs, which must provide the member with a description of the following:
 - 11.1 The company's business and operations.
 - 11.2 The financial, strategic and operational position of the company and in terms of risk management.
 - 11.3 The rights, duties and responsibilities of board members.



12. Supervising the evaluation of the performance of the executive management (including members of the Board of Directors) and ensuring the implementation of the resulting training programs. During the performance review, the Board considers:
- 12.1 Attendance and participation record.
 - 12.2 Professional knowledge and competencies.
 - 12.3 Contributing to the company's strategic objectives.
 - 12.4 Carrying out duties and responsibilities on time.
 - 12.5 Overall behavior.
13. Approving the performance incentive's structure applied by the company and its objectives and approving the total annual payments in accordance with the scheduled programs.
14. Review the structure of any incentive system that includes the granting a stock option for approval by the Board of Directors and shareholders. In the event of distribution, the Committee determines the total amount of these incentives and there remuneration of each of the executive board members, the secretary of the board and the executive management, as well as the performance criteria used.
15. Develop retirement policy and scope and arrangements for both executive board members and executive management.
16. Ensure that the company's contractual obligations are fulfilled in relation to the termination of any employment contract, including payment of the amounts associated with this termination, taking into account the rights of the employee and the company's rights, as well as ensuring that the poor performance is not rewarded and that the necessary measures are applied to reduce the losses of the company and its employees.
17. Oversee any major changes in the structure of employee benefits in the company.
18. Adopt a policy to cover the expenses requirements of the members of the Board.

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The following table shows the summary of the nominations and awards committee meetings in 2020:

Number	Name	Title	First meeting	Second meeting	Total
			25/5/2020	21/12/2020	
1	Mohammed Abdul Rahman Moemena	Head	√	√	2
2	Sobhi Abdul Jalil Batterjee	Member	√	√	2
3	Makarem Sobhi Batterjee	Member	√	√	2

29/ Board member remuneration policy and executive management

The remuneration of the board members shall be determined in accordance with the recommendations of the Nominations and Remunerations Committee taking into account that they follow the rules, regulations and within the limits of the corporate system or any other systems, and be consistent with the company's strategy and objectives, and the need to attract the best members to the board membership and motivate them to perform their duties and duties professionally and efficiently giving the sector in which the company operates and performance indicators.

In addition to the fixed salaries and job allowances received by senior executives, the Board of Directors determines the remuneration of senior executives on the recommendation of the Nominations and Remuneration Committee based on the annual evaluation, which is carried out in this regard, taking into account that they are in line with the company's objectives, activity and size and are consistent with the company's need to attract the necessary abilities, qualifications and skills and consistent with the level of function, tasks and responsibilities.

30/ Clarify the relationship between the bonuses granted and the applicable rewards policy and indicate any fundamental deviation from this policy

On the recommendation of the Nominations and Remuneration Committee, the Board of Directors determines the remuneration of both board members, committee members and senior executives in accordance with regulations and in accordance with the General Assembly's Board Members and its related committees, so there is no substantial deviation during 2020 for the rewards awarded from the applicable policy.

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[31/ Board of Directors and Senior Executive Rewards Table \(including CEO and CFO\)](#)

Board members' bonuses for 2020 (numbers in Saudi Riyals):

Independent members

								Fixed rewards							
	A certain amount.	Attending Board meetings Allowance	Total allowance for attending committee meetings	In-kind benefits	Reward for technical, admin advisory works	Reward the Chairman and Managing Director, if he is a member	Total	Percentage of profits	Periodic rewards	Short- and long-term incentive plans	Preferred shares	Total	End-of-service bonus	Total	Expense allowance
Ali Abdulrahman Al-Quwaiz	112877	3000	42329	-	-	-	158206	-	-	-	-	-	-	-	-
Mohammed Abdulrahman Mougna	200000	12000	75000	-	-	-	287000	-	-	-	-	-	-	-	-
Amr Mohammed Khalid Khashoshgy	200000	12000	50000	-	-	-	262000	-	-	-	-	-	-	-	-
Mohammed Mostafa Mohammed Omar Bin Siddiq	59726	6000	-	-	-	-	65726	-	-	-	-	-	-	-	-

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Non-executive members

								Fixed rewards							
	A certain amount.	Attending Board meetings Allowance	Total allowance for attending committee meetings	In-kind benefits	Reward for technical, admin advisory works	Reward the Chairman and Managing Director, if he is a member	Total	Percentage of profits	Periodic rewards	Short- and long-term incentive	Preferred shares	Total	End-of-service bonus	Total	Expense allowance
Sobhi Abdul Jalil Batterjee	200000	12000	75000	-	-	-	287000	-	-	-	-	-	-	-	-
Dr. Khalid Abdul Jalil Batterjee	200000	12000	-	-	-	-	212000	-	-	-	-	-	-	-	-
Makarem Sobhi Batterjee	200000	12000	97397	-	-	-	309397	-	-	-	-	-	-	-	-
Sultan Sobhi Batterjee	200000	12000	-	-	-	-	212000	-	-	-	-	-	-	-	-
Total	1372603	81000	339726	-	-	-	1793329	-	-	-	-	-	-	-	-

The committee members' rewards:

Members of the Audit Committee	The fixed bonuses (excluding attendance allowance)	Attendance Allowance	Total
1. Amr Mohammed Khalid Khashoshgy	-	50000	50000
2. Ahmed Mohammed Khalid Al-Dahlawi	-	75000	75000
3. Makarem Sobhi Batterjee	-	22397	22397
4. Ali Abdul Rahman Al-Quwaiz	-	42329	42329
5. Walid Abdulaziz Kyal	-	52603	52603
Total	-	242329	242329
Members of the Nominations and Rewards Committee	Fixed rewards (except for attendance allowance)	Attendance Allowance	Total
Mohammed AbdulRahman Moemena	-	75000	75000
Makarem Sobhi Batterjee	-	75000	75000
Sobhi Abdul Jalil Batterjee	-	75000	75000
Total	-	-	225000

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The following table shows the rewards and compensation of senior executives, including the CEO and CFO, for 2020:

Details (SAR)	Payments to five senior executives (including CEO and CFO)
Salaries	3158000 SR
Allowances	484000 SR
Annual rewards	437500 SR
Total	4079500 SR

32/ Corporate Social Responsibility

Community Service

As part of its ongoing social responsibility initiatives, the company's hospitals have implemented several activities that serve the community. These community activities can be classified as follows:

Internal activities: Activities that take place inside the hospital building, especially using the hospital hall. Activities include the Children's Club, the Mother's Club, the Cancer Club, the Anti-Smoking Club, Orphan Day, the Saudi German Hospital Children's Festival and diabetes awareness...etc.

External activities: These activities are held in locations belonging to other entities such as schools, colleges, centers...etc. and take place on a weekly basis.

In addition to the above-mentioned periodic activities, other events are held at a group level and are held in line with WHO directives in all hospitals in a standardized manner and in the same period. These events/group campaigns are held over a week or a month in accordance with WHO programs and are accompanied by a special service offer related to the campaign.



Corporate Social Responsibility Initiatives for Saudi German Health Group in 2020

Strategic partnership signed between Saudi German Health and Wydad Orphans Association

Saudi German Health Group has signed a partnership agreement with the Wydad Orphans Association to support the non-profit sector in implementing development and social initiatives, in line with the objectives of Saudi Arabia Vision 2030. The partnership with the Wydad Orphans Association is part of Saudi German Health's commitment to its community responsibility and its keenness to provide healthcare to the highest international standards for orphaned children through a series of free tests. This initiative aims to achieve the objectives of a vital community within the Kingdom's national vision by empowering citizens who need permanent care. This step also comes within an ambitious nation's axis to encourage private sector participation and build a business sector that not only achieves financial profits, but also contributes to the advancement of its society and country through its institutional social responsibility.

Saudi German Health launches special measures to care for and transport elderly people during movement restrictions to prevent (Covid-19)

The "Saudi German Health Group" has taken a set of measures to meet the needs and requirements of elderly citizens who suffer from chronic diseases. These measures included transportation to and from Saudi German hospitals for free. The group also took the initiative to enhance the capabilities of its emergency care units with the aim of accommodating a greater number of cases with more speed and efficiency. The group has designated a toll-free hotline through which social care professionals provide support to community members, answer their inquiries, and address everything that raises their concerns.



Community awareness seminars and events

Saudi German Health Group has worked extensively to expand its community services through its active participation in the "Health Heros" campaign, organizing awareness sessions and distributing hand sanitizers in more than 100 locations across Saudi Arabia. The group also carried out a series of campaigns to promote awareness of the importance of hygiene and hygiene prevention and to encourage the people to take vaccines for (Covid-19).

The main scientific activities held during the year 2020 includes the following:

1/ Middle East Healthcare Company (Saudi German Hospital) offers a range of medical education and training activities and is the continuing medical education unit in the company's hospitals, which is mainly responsible for providing various types of scientific and medical events such as conferences, awareness seminars, courses and lectures, where the unit was able to provide 41 different scientific and medical activities and provided 323 hours of continuous medical education and training to more than 1,012 healthcare professionals.

2/ As part of its continued contributions to the growth of the healthcare industry in Saudi Arabia, the Saudi German Hospital Academy in collaboration with the Faculty of Medicine (BMC) conducted a series of E.N.T and enthralling courses held at the BMC Anatomy Laboratory in Jeddah during February 2020, with the main objective of training surgeons and enhancing their skills in implementing procedures in the treatment of various ENT and ENT deformities and diseases.

Courses performed include sleep and snoring surgery, a practical salivary endoscopy workshop, a thoracic osteoarthritis cycle, a cochlear implant workshop and implantable hearing aids, and a basic and advanced laparoscopic sinus surgery cycle. The courses were conducted thoroughly through educational and practical sessions. Surgical skills were taught during workshop sessions that worked on fresh frozen human samples.



3/ Clinical Training Unit: The unit has signed agreements with a number of universities, colleges and institutes of medical training for its students and graduates and provided clinical training to a large number of students and trainees in different hospital departments.

4/ Saudi Fellowship Program: The Saudi German-Assir Hospital has been approved by the Saudi Authority for Health Specialties as a supporting center for Saudi medical programs and fellowship programs where the orthopedic surgery program was approved and the ENT program was also adopted at the Saudi German Hospital – Jeddah.

33/ Saudization

In recent years, the government has required the private sector to commit to a percentage of employees in each Saudi company, as part of the so-called "Saudization" program. The required ratios range from 5-90% depending on the nature of the company's work, working conditions and the level of complexity in its work.

Position of the company by Netakat system in 31/12/2020

	Activity	The latest percentage of Saudi citizens	Category
Company Hospitals	Health care	32.5%	Green Middle



34/ Risks

34/1: Risks related to the company's activity and operation.

- **The quality of healthcare services provided:** The inability of the company to continue to provide the required level of quality of health services that satisfy its customers would negatively affect its reputation in the market and may lead to the leakage of its customers and stop dealing with it, in addition to losing its competitiveness to other companies operating in the sector, which would negatively affect the company's business, operations and financial performance.
- **Reliance on qualified medical staff:** The company's ability to attract and recruit qualified doctors and nursing staff remains a challenge that continues to exist for the company, especially in light of the shortage of healthcare staff in the Saudi market, where the demand for doctors and nursing staff exceeds the supply of manpower available in the healthcare sector in the Kingdom and abroad. Therefore, the company's inability to secure a sufficient number of medical professionals who meet the company's high standards in accordance with its reputation, experience, medical knowledge and continuity in the company's hospitals and medical facilities now and in the future would have a negative impact on its operations in terms of the level of health services it provides and the quality of those services. This in turn would affect the company's operations and financial performance.
- **VIP Customers:** The company is unable to maintain its relationships with any of the major customers (e.g. Aramco, Ministry of Health, Social Insurance corporation and Insurance Companies)
- **Risks related to rejected claims.**
- **Risks related to legislation and regulatory requirements for licenses required for the healthcare sector.**



- **34/2: Risks related to force majeure:**
 - The company or any of its medical facilities or hospitals may be exposed to accidents beyond its control, which may affect its operations, for example, the hospital may be exposed to fire or natural disaster, which would adversely affect the company or any of its facilities. Such incidents also disrupt work at the damaged facility for a period of time, which would affect the company's income during the period in which the company is suspended. In such cases, The Company will incur emergency capital expenditures, including, but not limited to, the costs of repairing, rebuilding or rehabilitating the damaged hospital facilities in order to restore them to their original condition, which would adversely affect the company's business, operations and financial performance.
- **34/3: Revenue concentration:** The company's inability to retain key doctors or retain VIP customers would have a negative impact on the company's revenues.
- **34/4 Goodwill of the Company and its reputation:** The brand name "Saudi German Hospital", which belongs to the company and is used by all hospital as a brand name, is a major factor in the development of the demand for medical services of the company. The company's trademark or brand name and reputation may be affected by the following risks and factors, lack of trademark protection, management and supervision contracts with hospitals outside the Kingdom, medical errors and non-mandatory medical certificates.
- **34/5: Risks related to new projects:** The company is currently implementing a number of medical projects. Any delay in the implementation of these projects or exceeding costs may have a negative impact on the company's investments.

34/6: Financing risks

The company and Hail National Healthcare Company received credit facilities and loans from the Ministry of Finance, Inma Bank and Samba Financial Group. In accordance with the provisions of a number of facility agreements concluded by the two companies, the relevant creditors are entitled to terminate or cancel these facilities for any reason.



34/7: Future funding

In addition to relying on self-financing sources, the company may rely on financing from commercial banks to cover the needs of working capital. It may also need this funding to implement its expansion plans.

34/8: Dealings with related parties

The company is currently linked to a number of agreements with the related parties, which include maintenance contracts, construction, supply, sales and advisory services. The Company does not guarantee the continuity of these agreements and transactions in the future, and the Board of Directors of the Company or its General Assembly may not agree to renew these contracts and agreements, or the member of the board concerned may not agree to renew the company's terms, which exposes the company to the risk of not being able to secure alternative contracts in a timely manner and on the appropriate terms. This in turn would adversely affect the company's business, operations and financial performance, especially as the company relies on these contracts for its operations.

34/9: Competitive Environment

The kingdom's healthcare sector faces intense competition among healthcare providers, including hospitals. Therefore, the number of such suppliers continues to increase. The Ministry of Health is currently working to strengthen the healthcare sector by increasing the number of government hospitals in the Kingdom.

34/10: Interest rate volatility risks, currency exchange rates and financial costs

The foreign exchange risk to which the company may be exposed is related to cases where the company's business relationships with international suppliers of products and equipment for its daily medical operations are in foreign currencies. The reason for these risks is the change in the value of foreign products as a result of exchange rate fluctuations.



34/11: Saudization

In recent years, the government has required the private sector to commit to a percentage of employees in each Saudi company, as part of the so-called "**Saudization**" program. The required ratios range from 5-90% depending on the nature of the company's work, working conditions and the level of complexity of its work.

Hence, the company's ability to meet its obligations and eligibility to apply for government loans, in addition to its financial performance and its ability to attract and recruit additional non-Saudi cadres will be adversely affected if it does not comply with the policies of Saudization and the ratios established by the Ministry of Labor. Moreover, the company's failure to comply with the required Policies of Saudization and its proportions may render it unable to employ enough non-Saudi workers for new projects, which in turn would negatively affect its ability to operate these projects, as well as its profitability and financial results.

34/12: Cyber attacks: The company is working regularly to develop its electronic systems to provide maximum comfort to patients of the company's hospitals and facilitate the work of suppliers and customers of the company, so the reliance on electronic systems of the company continues, and due to the increasing technical capabilities of the attack on the Internet significantly and growing The professionalism of cyber attacks on corporate sites is unprecedented, the risks that the company can face on the internet are also increasing, as the company faces a wide range of these risks and the company is aware of these risks and works to confront them with the best technologies available to protect the security of information and its systems. The company invests heavily in technology and information infrastructure to protect its business and ensure that it continues properly.

34/13: In the face of these challenges and potential risks, the company has very carefully considered policies represented in the following:

Continue to expand the company's customer base, increase its share in the private medical services sector and create a strategic relationship with all stakeholders in this sector, both patients, medical insurance companies, the Cooperative Health Insurance Board, the General Directorates of Health Affairs and other players in this sector, with the aim of achieving the interest of all parties, ensuring the expected growth in revenues and maintaining planned profitability ratios.



[35/ Financial Analysis](#)

[35/1: Summary of income statement and budget items](#)

The following table includes a summary of the company's financial performance for the year ended December 31,2020 and for the previous year.

(Figures in millions of Saudi riyals):

	2020	2019	Growth rate
Total Revenues	1,772	1,497	18.4%
Gross profit	600	473	26.9%
Operating profits	126	103	22.3 %
Net income after zakat and taxes	101	97	4%

The company's total revenue during the year 2020 increased by 18.4% from 1,497 million riyals to 1,772 million riyals, and total profit increased by 26.9%, and operating profit increased by 22.3% from 103 million riyals to 126 million riyals and net profit increased by 4% from 97 million riyals to 101 million riyals in 2020.

The net income and profit figures were reclassified this year in line with the adoption of international financial reporting standards No. 9,15 as approved by the Saudi Commission of Legal Accountants and applicable in Saudi Arabia.

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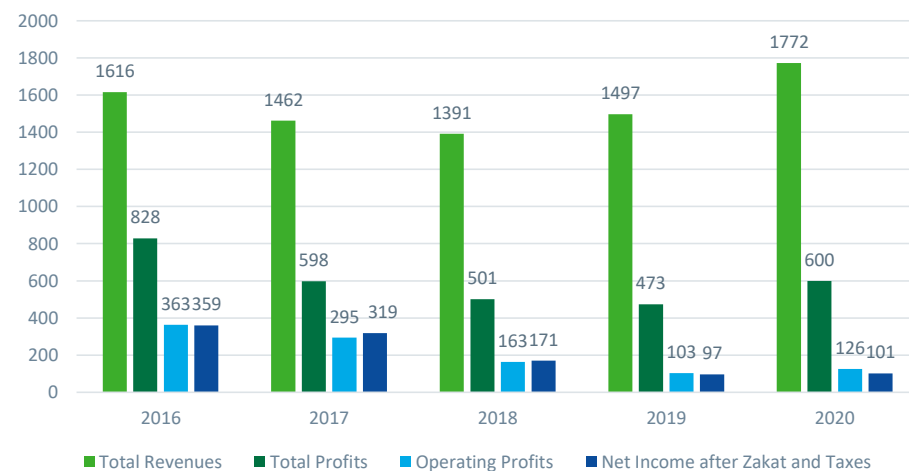


The following table summarizes the company's performance during the period 2016-2020:

	2016	2017	2018	2019	2020
Total revenue	1.616	1.462	1.391	1.497	1.772
Total profit	828	598	501	473	600
Operating Profits	363	295	163	103	126
Net income after zakat and taxes	359	319	171	97	101

The chart below shows the company's performance from 2016 to 2020

The chart below shows the company's performance from 2016 to 2020



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[35/2 Shareholders' equity](#)

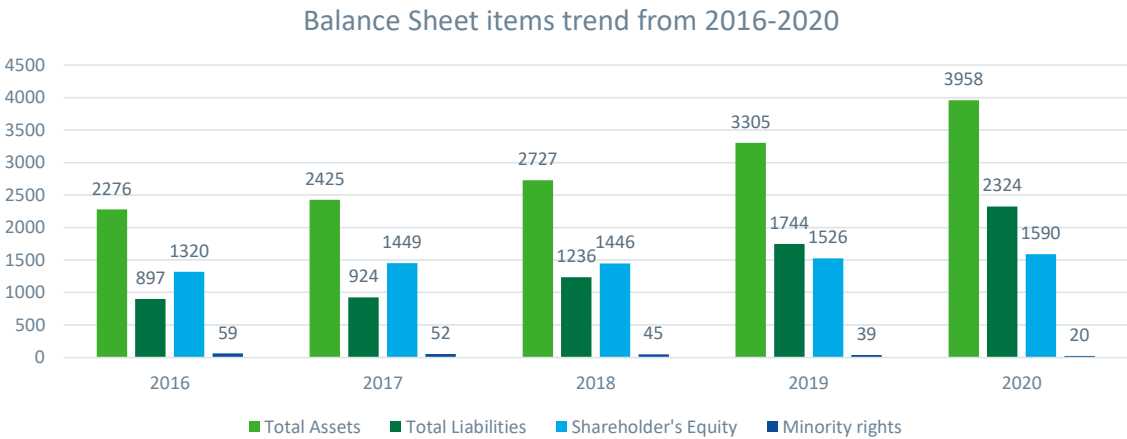
The annual financial statements for the year ended December 31, 2012 include changes in shareholders' equity. The following table shows the growth in shareholders' equity over the last five years (value in million Saudi riyals):

Millions of riyals	2016	2017	2018	2019	2020
Capital	920	920	920	920	920
Statutory reserve	125	155	172	182	192
Retained earnings	275	374	353	421	500
Total shareholders' equity	1.320	1.449	1.446	1.523	1.590

Total shareholders' equity increased from Sar 1.32 Billion in 2016 to Sar 1.59 Billion in 2020.

[35/3 Key balance sheet items:](#)

Millions of riyals	2016	2017	2018	2019	2020
Total assets	2.276	2.425	2.727	3.305	3.957
Total liabilities	897	924	1.236	1.744	2.324
Total shareholders' equity	1.320	1.449	1.446	1.523	1.590
Minority rights	59	52	45	39	20



Total assets increased from 2,276 million riyals in 2016 to 3,957 million riyals in 2020. Total liabilities increased from SAR 897 million in 2011 to SAR 2,324 million in 2020. This is mainly due to the company's continued investment in fixed assets for renovation and expansion of existing hospitals as well as investment in new projects.

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[35/4: Cash flow list](#)

The following table shows the company's cash flow list for the year ended December 31, 2020 and previous years (value in millions SR)

	2016	2017	2018	2019	2020
Net cash flows from operating activities	253	347	159	95	100
Net cash flows from investment activities	(141)	(235)	(355)	(469)	(291)
Net cash flows from financing activities	(13)	(156)	129	380	517
Net changes in cash	99	(44)	(67)	10	(37)
Cash at the beginning of the year	56	155	111	44	53
Year-end cash	155	111	44	54	17

The company maintained a good trend of cash flows and was able to meet all its obligations related to capital expenditures and working capital.

[35/5 Earnings per share](#)

	2020	2019
Earnings per share	1.10	1.07

The company owns a total of 92.04 million shares and its earnings per share increased from 1.07 SR to 1.10 Riyals as a result of increase in profits.

[35/6 Details of operational activities for 2020.](#)

The company's operating profit increased by 22.3% from Sar 103 million to Sar 126 million due to the increase in revenue resulting from the increase in the number of inpatients.

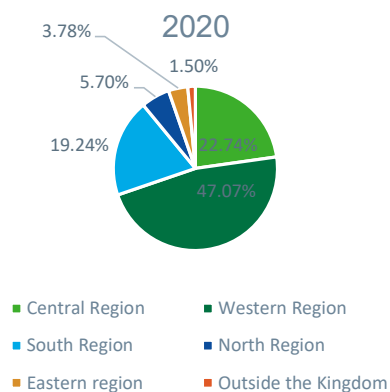
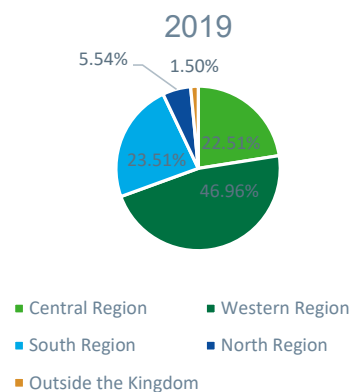
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35/7 Geographical analysis of the revenues of the company and its subsidiaries.

Geographical distribution of the company's revenues

(Million Saudi Riyals)	2020	2019
Central Region	403	337
Western Region	834	703
Southern Region	341	352
Northern Region	101	83
Eastern Region	67	-
Outside Saudi Arabia	8	9



Note: Revenues outside Saudi Arabia represent the revenue of the supervisory fee.



36/ Differing from the accounting standards adopted by the Saudi Association of Chartered Accountants

There is no difference between the accounting standards adopted by the company and those in force in Saudi Arabia issued by the Saudi Association of Chartered Accountants.

37/ Adoption of International Financial Reporting Standards (IFRS)

In 2017, the company appointed an external consultant, SRCO Professional Corporation, to examine the impact of the adoption of the new International Accounting Standards (15.9) as approved by the Saudi Chartered Accountants Authority (SOCPA) and the company's financial statements were prepared accordingly.

The company has successfully completed the transition to international financial reporting standards as approved by the Saudi Chartered Accountants Authority. Accordingly, the Company has announced its financial results for all quarterly periods for 2020 as well as annual financial statements audited in accordance with international accounting standards (9.15).

38/ Equity and debt securities activities

Stock activities: The number of the outstanding shares of company and fully listed for trading in Tadawul is 92.04 million shares at the end of 2020m.

Debt Securities: The company does not have any debt instruments convertible into K-shares on 31/12/2020.



39/ Dividend policy

In accordance with the Company's Statute, the distribution of cash dividends is subject to approval by the General Assembly on the recommendations of the Board of Directors after taking into account various relevant factors in due course, including the company's financial position and obligations that may be restricted from the distribution of cash dividends under the credit facility agreements to which the Company is linked, as well as the results of the business, cash needs and current and anticipated expansion plans.

The decision to distribute dividends to shareholders, which aims to enhance the value of shareholders' investment, is subject to the maximum possible capital expenditure, investment needs, profits and its financial position, as well as market conditions, general economic conditions and other factors, including immediate reinvestment needs, capital, business opportunities and economic activity, as well as other legal and regulatory considerations. The dividends are distributed in Saudi riyals if any.

Although the Company intends to distribute annual dividends to shareholders, it does not provide any guarantee that it will distribute any dividends or any guarantee as to the amount to be distributed in any given year. The distribution of dividends is subject to certain restrictions in the company's statutes, where article 45 stipulates that net annual profits shall be distributed after deducting all expenses and other costs as follows:

- Avoids ten percent (10%) of net profit to form a regular reserve. The provision of these allocations can be suspended to the regular reserve by a decision of the General Assembly once the regular reserve reaches (30%) of the company's capital.
- At the request of the Board of Directors, the AGM may set a side ten percent (10%) of the net annual profit of an optional reserve to serve one or more specific purposes.
- Of the remaining dividends, shareholders are paid a down payment of at least five percent (5%) of the paid-up capital.

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- The remaining amount will be distributed to shareholders as an additional share of the profits or departed until the next financial year, subject to the approval of the General Assembly of Shareholders.

The following table shows the profits distributed by the company in the past five years:

Historical profits during the last financial years (INSAUDI Riyals)

	2016	2017	2018	2019	2020
Distributions for declared earnings of the year	184080000	184080000	-	-	-
Distributions paid during the year	184080000	184080000	184080000	-	-
Net income per year	362643920	319485594	170666150	97568347	100983281
Percentage of declared distributions to net income	50. 76%	57. 62%	-	-	-

40/Dividend

40/1: Dividends for 2019.

The Board of Directors recommended on 15/03/2020 not to distribute cash dividends to shareholders for the year 2019 to support the company's expansion projects and the recommendation was approved already on General Assembly meeting.

40/2: Dividends for 2020.

The Board of Directors recommended on 31 March 2021 not to distribute cash dividends to shareholders for the year 2020 to support the company's expansion projects and the recommendation will be submitted to the General Assembly for voting to it.

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41/ Shares, debt instruments and ownership of board members and senior executives of the company

The following table shows the ownership of board members and senior executives, including their wives and minor children, from the company's shares and debt instruments, and any changes in that ownership during the financial year 2020.

A)	Number	Name	Title	Type of membership	Number of shares	12/2015 Number of shares	31/12/2017 + / -	Share (%)	Membership date
	1	Sobhi Abdul Jalil Batterjee	Chairman	Non-executive	887.026	887.026	-	0.963%	17/09/2020
	2	Khaled Abdel-Jalil Batterjee	Member	Non-executive	1.001	1.001	-	0.001%	17/09/2020
	3	Makarem Sobhi Batterjee	Vice President	Non-executive	1.001	1.001	-	0.0011%	17/09/2020
	4	Sultan Sobhi Batterjee	Member	Non-executive	1.001	1.001	-	0.0011%	17/09/2020
	5	Mohammed Abdul Rahman Moemena	Member	Independent	1.001	1.001	-	0.0011%	17/09/2020
	6	Amr Mohammed Khalid Khashoshgy	Member	Independent	1.001	1.001	-	0.00988%	17/09/2020
	7	Mohammed Mostafa Mohammed Omar Bin Siddiq	Member	Independent	1.001	1.001	-	%0.0001086	17/09/2020



- A) Senior executives do not own any shares in the company.
- B) There are no debt bonds issued by the company.

42/ Credit facilities and loans

The company has signed a number of credit facilities agreements with local banks to obtain various facilities and loans in Saudi Riyals. The banks financed in accordance with these agreements are entitled to a percentage of the financing profits determined by the prevailing profit rates in the market. In addition, the company obtained loans from the Ministry of Finance and used it to finance the construction of Saudi-German hospitals in Riyadh, Medina and Hail. The following table details the facilities available and their use as on 31/12/2020. It should be noted that all of the company's loans are in accordance with Islamic law.

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Loans Breakdown

Institution	Length	Credit Limit	Withdrawals	Amount paid in advance	Outstanding amount	Paid in 2020
1. Ministry of Finance						
Ministry of Finance- Dammam	12y	98	-98	0	98	
Ministry of Finance- Madina	15y	50	-3	-47	3	-3
Ministry of Finance- Hail	18y	70	-59	-11	59	-3
Total MOF Loans		218	-160	58	160	-6
2. Samba Financial Group						
Samba Financial Group-Long Term	1y	200	-102	-	102	
Samba Financial Group-Long Term	1y	300	-257	-	257	
Samba Financial Group-Short Term	6Months	150	-136	-	136	
Total Samba Financial Group Loans		650	-495		495	
3. Inma Bank						
Inma Bank-Short term	6Months	60	-58	-	58	
Inma Bank-Long term	1y	500	-371	-	371	
Total Inma Bank Loans		560	-429		429	
4. Ahly Commercial Bank						
Ahly Commercial Bank- Short Term	6Months	100	-30	-	30	
Total Ahly Commercial Bank Loans		100	-30		30	
5. AL-Bilad Bank						
AL-Bilad Bank- Short Term	6Months	150	-150	-	150	
AL-Bilad Bank- Long Term	1y	50	-22	-	22	
Total AL-Bilad Bank Loans		200	-172		172	
6. Emirates Dubai Bank						
Emirates Dubai Bank- Short Term	6Months	130	-117	-	117	
Emirates Dubai Bank- Long Term	1y	20	-2	-	2	
Total Emirates Dubai Bank Loans		150	-119		119	
7. Al-Rajhi Bank						
Al-Rajhi Bank- Short Term	6Months	120	-89	-	89	
Al-Rajhi Bank- Long Term	1y	185	-9	-	9	
Total Al-Rajhi Bank Loans		305	-98		98	
8. Riyadh Bank						
Riyadh Bank- Long Term	1y	80	-36	-	36	
Total Riyadh Bank Loans		80	-36		36	
Total Loans		2263	-1539		1539	



43/ Board member, executive management or shareholders waive their bonus

There are no agreements or agreements under which any board members, executives or shareholders of the company waive any remuneration due to them.

44/ Shareholders' equity and the General Assembly

The company's statutes and rules of governance guarantee shareholders all rights relating to shares, in particular the right to a share of dividends to be distributed, the right to a share of the company's assets at liquidation, the right to attend general assembly meetings of shareholders, participation in its deliberations, voting on its decisions, the right to dispose of shares, and the right to control the work of the Board of Directors. The company is keen to attend the largest number of its shareholders for general assembly meetings and the company has adopted a remote electronic voting system to facilitate shareholders' exercise of the right to vote if they cannot attend in person.

The company's statutes and governance system relating to the General Assembly of Shareholders, which guarantees the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights and considers the General Assembly of Shareholders to be the highest authority in the company.

45/ The actions taken by the Board of Directors to inform its members, especially non-executives, of the suggestions of shareholders and their observations about the company and its performance

The Board of Directors adopted a policy and disclosure procedures that included procedures to ensure that shareholders have the right to inquire and request information and answer their queries in a way that does not harm the interests of the company, and the shareholders' proposals and notices that are serious are submitted to the Board through appropriate channels to see them and take appropriate action.

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46/ General Assembly meetings

The following is a list of the General Assembly meetings held during the last fiscal year and the names of the board members who attended:

Number	Name	First meeting 29/6/2020
1	Sobhi Abdul-Jalil Ibrahim Batterjee	✓
2	Makarem Sobhi Batterjee	✓
3	Khaled Abdel-JaliL Batterjee	✓
4	Sultan Sobhi Battejee	✓
5	Mohammed Abdul Rahman Moemena	✓
6	Amr Mohamed Khalid Khashoshgy	✓

47/ Number of company's requests for shareholder records

Number	Order date	Reason for request
1	2/1/2020	Company's procedures
2	4/2/2020	Company's procedures
3	1/3/2020	Company procedures
4	1/4/2020	Company's procedures
5	7/5/2020	Company's procedures
6	1/6/2020	Company's procedures
7	27/6/2020	General Assembly
8	7/9/2020	Company's procedures
9	20/10/2020	Company's procedures

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48/ Disclosure policies and procedures

The company applies an approved regulation for disclosure and transparency of information of the company in accordance with the requirements of the corporate governance regulation issued by the Capital Market Authority in accordance with the regulations of the companies and the rules of the securities offering and continuous obligations and the company's statutes and through the system followed by the company to classify the information in terms of its nature and the necessity and periodic disclosure the company is keen to provide updated and accurate information regularly to all parties concerned without discrimination through the website of the Saudi financial market (Tadawul) and the company's website taking into account the need to respond reasonably to the periodic questions of the All parties with interest and media without violating the requirements of regulations and regulations and in a manner that does not constitute a breach of legal professionalism or a source of serious harm to the market or competitive position of the company

Number	The name of the related party	The nature of the transaction	Amount of transaction		The terms of the deal.	Duration
			Due from	Due to		
1.	The Emirates Health Care and Development Company (Sobhi Abdul Jalil Batterjee, Khaled Abdul Jalil Batterjee, Makarem Subhi Batterjee own shares in the company and are members of its board of directors)	Administrative fees	8.675.187	-	The prevailing market conditions, as the duration of this transaction for providing management advice is continuous, and it has started for many years.	10 years from 6/3/2015, renewed annually
2	Bait Al-Batterjee Company for Education and Training (Subhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee own shares in the company)	Training fee	241.993	-	The prevailing market conditions, as the duration of this deal for providing training is continuous, and it started many years ago	One year
3	The Egyptian Saudi Company for Health Care (Sobhi Abdel Jalil Batterjee, Khaled Abdel Jalil Batterjee and Makarem Sobhi Batterjee are members of the company's board of directors and are indirect shareholders in it)	Administrative fees	1.048.699	-	The prevailing market conditions, as the duration of this transaction for providing management advice is continuous, and it has started for many years.	10 years from 05/24/2015, renewed annually
4	Bayt Al-Batterjee College for Medical Sciences and Technology (Sobhi Abdel-Jalil Batterjee, Khaled Abdel Jalil Batterjee, Makarem Sobhi Batterjee and Sultan Sobhi Batterjee own shares in the company).	Training fee	1.069.883	-	The prevailing market conditions, as the duration of this deal of medical training is continuous, and it has started for many years.	One year
5	International House Company (Sobhi Batterjee and Khaled Batterjee) as partners in the company	Other medical services	-	-	The prevailing market conditions, as the duration of this deal has been continuous since last year	One year
6	The Saudi German Hospital - Sharjah (Sobhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee as partners in the Bait Al Batterjee Medical Company, which owns most of the hospital's shares.	medical services	-	-	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	10 years from 05/24/2015, renewed annually
7	The Saudi German Hospital in Sana'a (Sobhi Abdul Jalil Batterjee, Khaled Abdul Jalil Batterjee and Makarem Sobhi Batterjee are members of the company's board of directors and indirect shareholders in it)	medical services	-	-	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	10 years from 05/24/2015, renewed annually
8	The Saudi German Hospital - Ajman (Sobhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee as partners in Ajman Healthcare and Health Development Company)	medical services	-	-	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	10 years from 05/24/2015, renewed annually
9	Bait Al Batterjee Fitness Company (Golds-JM) Sobhi Batterjee, Khaled Batterjee and Makarem Batterjee (partners in the company).	medical services	33.586	-	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	One year
10	Bait Al-Batterjee Pharmaceutical Industries(Sobhi Abdel-Jalil Batterjee and Radwan Khaled Batterjee own shares in the company)	Supply of medicines	-	24.532.764	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	One year
11	Abdul Jalil Khalid Batterjee Company for the maintenance of medical equipment (Khaled Abdul Jalil Batterjee owns shares in the company)	Repair equipment	-	3.541.496	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	One year
12	International Hospitals Construction Company (Sobhi Abdel Jalil Batterjee, Khaled Abdel Jalil Batterjee and Sultan Subhi Batterjee own shares in the company)	Construction / restoration	-	208.870.687	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	One year
13	Bait Al-Batterjee Medical Company (the main shareholder in MICO Sobhi Abdul Jalil Batterjee and Khaled Abdul Jalil Batterjee own shares in the company)	Consulting fees	-	6.300.895	- The prevailing market conditions, as the duration of this deal for providing management advice is continuous, and it started many years ago.	10 years from 05/24/2015, renewed annually
14	Gulf Youth Company for Investment and Real Estate Development (JAN-PRO) (Makarem Sobhi Batterjee owns shares in the company)	Cleaning services	-	11.769.744	The prevailing market conditions, as the duration of this deal is continuous and has started many years ago.	One year



50/ Zakat Position

- The company ended its position until 2008.
- For years 2009 to 2013: -
- The company filed zakat/tax returns for the years ended December 31, 2009 to 2013. The General Authority for Zakat and Income has not issued the final link of zakat/taxes for the years mentioned to date. In this regard, in accordance with our understanding of zakat/tax regulations, we believe that the company's status for the years mentioned is considered final.
- In addition, the company has a balance of SAR 11,739,543 with the General Authority for Zakat and Income in zakat account for the coming financial years.
- 2014: - The company submitted its zakat/tax statement for the year ended December 31, 2014.
- The authority issued the preliminary evaluation for 2014, which showed zakat differences of 4,617,370 Saudi riyals due by the company. The differences resulted from the refusal to apply Fatwa No. 23408 by the General Authority for Zakat and Income. In the fatwa, it is stated that zakat is calculated on the Zakat base even if it is less than the net proceeds of the year.
- The company filed a bank guarantee against the a forementioned zakat differences and objected to this transaction. The General Authority of Zakat and Income rejected the company's 2014 objection. The company transferred the objection to the Committee for the Resolution of Tax Offenses and Disputes (CRTVD), which is still under study by CRTVD to date.
- Years 2015 to 2018: - The company submitted its zakat/tax returns for the years ended December 31, 2015 to 2018.



- The General Authority for Zakat and Income issued a zakat link and a deduction tax (WHT) for the years mentioned.
- The company objected to the assessment, which is still under review by the General Authority for Zakat and Income to date.
- We believe that the company has a strong chance of winning the case in the case of certain items in the said objection.
- 2019: - The company submitted the zakat/tax return for the year ended December 31, 2019 and obtained the unrestricted zakat/tax certificate for the year in question. The General Authority for Zakat and Income has not issued zakat/tax link for the year mentioned to date.

[50/1 Zakat for Hail National Health Services Company \(subsidiary\)](#)

The company completed the zakat declarations until the year ended December 31, 2012 and obtained an unrestricted certificate for the year 2013, where the General Authority for Zakat and Income issued an evaluation for the year in question, which showed differences in zakat worth 0.059 million riyals due by the company, which in turn filed an objection to the said evaluation, which is still under review by the Authority.

The company filed zakat/tax returns for the year ended 31/12 for the years 2014 to 8 2011 and obtained an unrestricted zakat certificate for the year 2018 and the General Authority for Zakat and Income did not issue zakat and tax link for the years mentioned to date.

[51/ Social Insurance](#)

The amount paid to the General Social Insurance Corporation as of 31/12/202 is SR 29,406,104 for all branches of the company.



52/ Board members' statements

The board members of Middle East Healthcare Company acknowledge:

1. The company's records are properly prepared.
2. That the internal control system was well-founded and effectively implemented.
3. There is no doubt about the company's ability to continue its activity.

53/ Penalties and restrictions

There are no Penalties or reservation restrictions on the company from the CMA or any other supervisory, regulatory or judicial authority during the year 2020.

54/ Results of the annual audit of the efficiency of the company's internal control procedures

The company's Audit committee is tasked with examining periodic reports on the evaluation of the company's internal control procedures and the accuracy of its application. The Committee found that internal control systems are appropriate and adequate.

55/ Internal Audit

In addition to the company's internal audit function, some jobs are assigned to Ernst & Young.

56/ Company External Auditor's Report

Based on the report of the company's external auditor, (KPMG)Al-Fawzan & Co., which presented the company's financial after reviewing the company's annual and preliminary financial statements for the financial year ended 31/12/2020

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1. The company's current financial statements fairly and in all fundamental respects reflect the consolidated financial position of Middle East Healthcare Company (listed joint stock company) as of 31/12/2020 and the combined results of its operations and cash flows for the financial year ended in accordance with the international accounting standards approved by the Saudi Association of Chartered Accountants (SOCPA).
2. Meets the requirements of the corporate system and the company's statutes in relation to the preparation of consolidated financial statements and its presentation.

There are no comments for the company's external auditor, KPMG Al-Fawzan & Co., on the financial statements for the financial year ended 31/12/2020.

57/ Concluding Remarks

According to the results highlighted in this report, based on the audited financial statements for 2020, the company continued to achieve significant growth despite difficult market conditions and there is a positive indication that the company is operating in a sector and market with strong foundations, and the company continues to implement major expansion plans over the two years. Short and medium by increasing its capacity in the domestic market and also working on geographical expansion in foreign markets it is important to note that the company has a relatively low debt element as a percentage of its capital, and this gives the company the flexibility to obtain loans from banks in order to increase its capacity to support expansion plans.

Thanks and appreciation

In conclusion, the Board of Directors of The Middle East Healthcare Company (Saudi German Health) is pleased to express its deep appreciation for the sincere efforts made by the employees at all levels, and to thank the company's shareholders and all banks which deal with the company and its suppliers and all other entities and thanks to all government agencies for their continued support, which has always been a source of strength for the company.

Best of luck

Thank you