



Number: 002/2022

Date: 21/10/1443 AH

Corresponding to: 22/05/2022 AD

Gentlemen shareholders of Scientific and Medical Equipment House Company– God bless them

The Extraordinary General Assembly

Peace, mercy and blessings of God be upon you,,,

As stipulated in Article (71) of the Companies Law, I would like to inform you of the business and contracts that were completed for the company during the fiscal year 2021 AD, and the members of the Board of Directors had a direct interest in them:

Agreement	Related Party	Nature and terms of dealing	Amount in riyals for the year 2021 AD	Duration
Contracts for the provision of services and purchase orders for supply	Rawabi International Marketing Company, with which Mr. Basel Saud Al-Arifi (Chairman of the Board), Bandar Saud Al-Arifi (Vice-Chairman of the Board), Barakat Saud Al-Arifi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Board Member) have a direct relationship.	The Medical and Scientific Equipment House Company has entered into the following terms: <ul style="list-style-type: none"> A lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with Rawabi International Marketing Company. The contract includes maintenance and operation works for the building at a value of (864.000) riyals. A labor lease contract worth (11.641.330) riyals. Orders for the purchase and supply of cleaning materials for projects according to quotations with a total amount of (5.550.272) riyals. 	18.055.602	Gregorian year and renews automatically
Information technology service contract	Rawabi Smart Services and Devices Company, with which Mr. Basel Saud Al-Arefi (Chairman of the Board), Bandar Saud Al-Arifi (Vice-Chairman of the Board), Barakat Saud Al-Arifi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Board Member) has a direct relationship with it.	The Medical and Scientific Equipment House Company has entered into the following terms: <ul style="list-style-type: none"> A contract to provide information technology services with Ruby for Smart Services and Devices, in order to provide technical and technical support to the Medical Equipment House Company. The contract includes maintenance and operation work for the company's networks, computers and servers, and follow-up work in the SAP computerized system with the executing company, at a value of (2,940,000) riyals. Labor lease contract worth (858.817) riyals. 	33.798.817	Five years, starting on June 30, 2020 and ending on December 31, 2025

Page 1 from 5



<p>Contracts for the provision of services and purchase orders for supply</p>	<p>The National Company for Sulfur Products, with which Messrs. Basel Saud Al-Arefi (Chairman of the Board), Bandar Saud Al-Arefi (Vice-Chairman of the Board), Barakat Saud Al-Arifi (Managing Board Member – CEO) and Bashir Saud Al-Arefi (Board Member) are directly related.</p>	<p>The Medical and Scientific Equipment House Company has entered into the following terms:</p> <ul style="list-style-type: none"> • A lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the National Company for Sulfur Products. The contract includes maintenance and operation works for the building at a value of (384,000) riyals. • Labor lease contract worth (567,713) riyals. • A purchase order for the rehabilitation works of the sulfur factory building in Riyadh, with a value of (6.904.666) riyals. 	<p>7,856.379</p>	<p>Gregorian year and renews automatically</p>
<p>Contracts for the provision of services and purchase orders for supply</p>	<p>The German Company for Metal Surface Treatment Chemicals, with which Messrs./ Basil Saud Al-Arifi (Chairman of the Board), Bandar Saud Al-Arefi (Vice-Chairman of the Board), Barakat Saud Al-Arifi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Board Member) are directly related.</p>	<p>The Medical and Scientific Equipment House Company has entered into the following terms:</p> <ul style="list-style-type: none"> • A lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the German Company for Metal Surface Treatment Chemicals. The contract includes maintenance and operation works for the building at a value of (264,000) riyals. • Labor lease contract worth (2,282,070) riyals. • Construction revenue from a purchase order with an amount of (506,926) riyals. • Orders for the purchase and supply of cleaning materials for projects according to wide offers with a value of (347,887) riyals. 	<p>3.400.883</p>	<p>Gregorian year and renews automatically</p>
<p>A contract for the construction of a commercial complex and the rental of housing units</p>	<p>Deira Al Ammar Real Estate Company, which has a direct relationship with Basil Saud Al Arifi (Chairman of the Board), Bandar Saud Al Arifi (Vice Chairman of the Board), Barakat Saud Al Arifi (Managing Board Member – CEO) and Bashir Saud Al Arifi (Member of the Board of Directors) with a direct relationship..</p>	<p>The Medical and Scientific Equipment House Company has entered into the following terms:</p> <ul style="list-style-type: none"> • Contracting and establishing a commercial complex with Deira Al-Ammar Real Estate Company for the supply and construction of the Specialized Commercial Mall project. The contract includes the supply and implementation of all civil, construction, architectural, mechanical and electrical works for the commercial complex, and there are no preferential terms in this contract at a value of (18,629,883) riyals. • Rental contract of units in King Fahd Building, with a value of (1,564.275) riyals. 	<p>20.194.158</p>	<p>Two years and ten months, starting on February 16, 2020 and ending on December 15, 2022 AD</p>



Consumables supply contract	Union Land Trading Corporation, which Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board of Directors) has a direct relationship with.	The Medical and Scientific Equipment House Company entered into a contract with the Union Land Trading Corporation in exchange for a contract for the supply of consumables (mechanical – air conditioning), by issuing purchase orders according to the value of the agreed consumables and the value (variable and calculated at the end of the year), and there are no preferential conditions in this Contract	6.955.513	Two years, starting on 03/01/2020 and ending on 02/31/2022 AD Automatically renews for a period of time
Contract for the supply of consumables and subsistence	Barakat Al Khair Trading Corporation, with which Mr. Barakat Saud Al Arifi (Managing Board Member – CEO) has a direct relationship.	The Medical and Scientific Equipment House Company entered into a contract with Barakat Al Khair Trading Corporation in return for the supply of consumables (electrical – catering), by issuing purchase orders according to the value of the agreed consumables, and the value (variable and calculated by the end of the year), and there are no preferential conditions in this Contract	4.591.887	Two years, starting on 03/01/2020 and ending on 02/31/2022 AD Automatically renews for a period of time

The company's auditor has been appointed to submit a report regarding these works and contracts according to the statutory requirements (a copy of it is attached), and we recommend presenting to the company's shareholders in the general assembly and voting for the above-mentioned works and contracts as follows:

- 1- Approval and licensing of business and contracts for the coming year, which will take place between the company with related parties / Rawabi International Marketing Company, which belongs to the members / Basil Saud Al-Arefi (Chairman of the Board of Directors), Bandar Saud Al-Arifi (Vice-Chairman of the Board of Directors), Barakat Saud Al Arifi (Managing Board Member – CEO) and Bashir Saud Al Arifi (Member of the Board of Directors) are directly related to it, in return for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with Rawabi International Marketing Company. The contract includes maintenance and operation works for the building, as well as approval of a labor lease contract and purchase orders for the supply of cleaning materials for projects, with an expected annual amount of (16,200,000) riyals for the period from 01/01/2022 to 31/12/2022.
- 2- Approval and licensing of works and contracts for the coming year, which will take place between the company with related parties / Rawabi Smart Services and Devices Company, which belongs to the members / Basil Saud Al-Arefi (Chairman of the Board), Bandar Saud Al-Arifi (Vice-Chairman of the Board of Directors), Barakat Saud Al-Arefi (Managing Board Member – CEO)



- and Bashir Saud Al-Arifi (Member of the Board of Directors) are directly related to it, in return for providing technical support to Scientific and Medical Equipment House Company. The contract includes maintenance and operation work for the company's networks, computers and servers, and follow-up work in the computerized SAP system with the executing company, with an expected annual amount of (3,800,000) riyals for the period from 01/01/2022 to 31/12/2022.
- 3- Approval and licensing of works and contracts for the coming year, which will take place between the company with related parties / the National Company for Sulfur Products, which belongs to the members / Basil Saud Al-Arifi (Chairman of the Board of Directors), Bandar Saud Al-Arifi (Vice-Chairman of the Board of Directors), Barakat Saud Al-Arefi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Member of the Board of Directors) are directly related to it, in return for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the National Company for Sulfur Products. The contract includes maintenance and operation works for the building, as well as approval of a labor lease contract and purchase orders for the supply of construction services and cleaning materials for projects, with a total expected annual amount of (7,500,000) riyals for the period from 01/01/2022 to 31/12/2022.
 - 4- Approval and licensing of works and contracts for the coming year, which will take place between the company with related parties / the German company for the treatment of metal surfaces, which belongs to the members / Basil Saud Al-Arefi (Chairman of the Board), Bandar Saud Al-Arifi (Vice-Chairman of the Board of Directors), Barakat Saud Al-Arefi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Member of the Board of Directors) are directly related to it, in return for renting the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah with the German company for surface treatment of metals. The contract includes maintenance and operation works for the building, as well as approval of a labor lease contract and purchase orders for the supply of cleaning materials for projects, with an expected annual total of 3,400,000 riyals for the period from 01/01/2022 to 31/12/2022.
 - 5- Approval and licensing of works and contracts for the coming year, which will take place between the company with related parties / Deira Al Ammar Real Estate Company, which belongs to the members / Basil Saud Al Arifi (Chairman of the Board of Directors), Bandar Saud Al Arifi (Vice Chairman of the Board of Directors), Barakat Saud Al-Arefi (Managing Board Member – CEO) and Bashir Saud Al-Arifi (Member of the Board of Directors) are directly related to it, in exchange for a contract to establish a commercial complex on Al-Takhasosi Street – Riyadh and a contract for renting units in the building of King Fahd Building, and there are no preferential terms in this contract, with an expected annual amount of (15,800,000) riyals for the period from 01/01/2022 until 15/12/2022.
 - 6- Approval and licensing of works and contracts for the coming year, which will take place between the company and related parties / Union Land Trading Corporation, with which Mr. Bandar Saud Al-Arifi (Vice Chairman of the Board) has a direct relationship, in exchange for a contract for the



supply of consumables (electrical – catering), by issuing purchase orders according to the value of the agreed consumables, and there are no preferential terms in this contract, with an expected annual amount of (2,200,000) riyals for the period from 01/01/2022 to 31/12/2022.

- 7- Approval and licensing of works and contracts for the coming year, which will take place between the company and related parties / Barakat Al Khair Trading Corporation, which Mr. Barakat Saud Al Arifi (Managing Board Member – CEO) has a direct relationship with, in exchange for a contract for the supply of consumables (mechanical – air conditioning), by issuing purchase orders according to the value of the agreed consumables, and there are no preferential terms in this contract, with an expected annual amount of (3,200,000) riyals for the period from 01/01/2022 to 31/12/2022.

Kindly accept my sincere greetings and appreciation,,,

Basil bin Saud Al Arifi

Chairman of Board of Directors



**Independent Limited Assurance Report on the Transactions and
Balances Between the Company and the Related Parties**

**To the Shareholders of
Scientific and Medical Equipment House Company
(Saudi Joint Stock Company)
Riyadh – Kingdom Saudi Arabia**

We have performed a limited assurance engagement to determine whether it has come to our attention a matter that makes us believe that what has been detailed in the subject paragraph below (the “Subject Matter”) has not been reported and fairly presented, in all material respects, in accordance with the relevant criteria (“Applicable Criteria”) hereinafter referred to below.

Subject Matter:

The subject of the limited assurance engagement relates to the letter submitted and approved by the Chairman of the Board of Directors of Scientific and Medical Equipment House Company regarding the business and contracts in which the Board members have direct or indirect interest during the year ended December 31, 2021, as attached to this report.

Applicable Criteria:

Article (71) of the Companies’ Law issued by the Ministry of Commerce.

Management Responsibility:

Management of the Company is responsible for the preparation and fair presentation of the information mentioned in the above Subject Matter paragraph in accordance with the Applicable Criteria. In addition, the Management is responsible for implementing internal control systems that are deemed necessary to prepare and present the information contained in the above Subject Matter paragraph free from any material misstatements, whether due to fraud or error, and to apply appropriate controls, maintain adequate records, and make reasonable estimates according to the relevant circumstances and events.

Our Responsibility:

Our responsibility is to express a limited assurance conclusion on the above Subject Matter based on the assurance engagement we performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000: “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” as endorsed by the Kingdom of Saudi Arabia, along with the terms and conditions related to this engagement which have been agreed with the Company's Management.

Our procedures have been designed to obtain a limited level of assurance that is sufficient to provide a basis for expressing our conclusion. Accordingly, we have not obtained all of the evidence required to provide a reasonable level of assurance. The implemented procedures depend on our professional judgment, including the risk of material misstatements in the Subject Matter, whether due to fraud or error. We also took into consideration the effectiveness of internal control systems when determining the nature and extent of our procedures, and our engagement was not designed to provide assurance about the effectiveness of those systems.

Independence and quality control:

We have complied with independence and other ethical requirements in accordance with the Code of Ethics and Professional Conduct endorsed in the Kingdom of Saudi Arabia, which contain the fundamental principles of integrity, objectivity, professionalism, due care, confidentiality, and professional conduct.

In addition, we comply with the International Standard on Quality Control (1) as endorsed in the Kingdom of Saudi Arabia, in order to maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable regulatory requirements.

Summary of the Performed Procedures:

The procedures performed in a limited assurance engagement differ in nature, timing, and less in scope than those performed in a reasonable assurance engagement. As a result, the level of assurance that is obtained in the limited assurance engagement is significantly less than the assurance that would be obtained if a reasonable assurance engagement was performed.

The performed procedures included, but were not limited to, the following:

- Obtain the attached letter that includes a list of business and contracts in which the members of the Board of Directors have a direct or indirect interest during the year ended December 31, 2021.
- Obtain an understanding of the nature of the transactions that took place during the year ended December 31, 2021 between the Company and the entities in which the members of the Board of Directors have a direct or indirect interest.
- Obtain statement of account for the entities in which the members of the Board of Directors have a direct or indirect interest as mentioned in the letter, and compare the total volume of transactions with what was mentioned in the letter submitted and approved by the Chairman of the Board of Directors.
- Examine, on a sample basis, the transactions to their supporting documents to verify their correctness.
- Ensure the business and contracts included in the letter match with the disclosures reported in the audited consolidated financial statements.

Limited Assurance Conclusion:

Based on the limited assurance procedures performed, and the evidence obtained, nothing came to our attention that caused us to believe that what was detailed in the above Subject Matter paragraph and reported in the attached letter, has not been reported and presented fairly, in all material respects, in accordance with the applicable criteria.

Restriction of Use:

This report has been solely prepared on the request of the Company's Management to assist the Company in fulfilling its obligations in reporting to the General Assembly under Article (71) of the Companies' Law. The report may not be used for any other purpose or distributed to any other parties other than the Ministry of Commerce, the Capital Market Authority, and the Shareholders of the Company. In addition, no quote or reference can be made to this report without our prior consent.

Baker Tilly MKM & Co.
Certified Public Accountants



Ayad Obeyan Alseraihi
(Certified Public Accountant - License No. 405)
Riyadh on Shawwal 21, 1443 H
Corresponding to May 22, 2022

