

Board Circular



HCC
أسمنت حائل
Hail Cement

Board Circular of Hail Cement Company



Listed Joint Stock Company - (Commercial Registration: 3350026399)

Board Circular of Hail Cement Company, a listed joint stock company operating under Commercial Registration No. 3350026399, dated 24/12/1431H (“Hail Cement”), addressed to the shareholders of Hail Cement pursuant to Article 39 of the Merger and Acquisition in respect of the offer made to them by Qassim Cement Company, a listed joint stock company operating under Commercial Registration No. 1131001224, dated 28/08/1398H (corresponding to 03/08/1978G) (“Qassim Cement”) for the purpose of Qassim Cement’s acquisition of all the shares of Hail Cement through a securities exchange offer in accordance with the provisions of Article 26 of the MARs (the “Circular”).

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This Circular includes the opinion of the Board of Directors of Hail Cement regarding the offer submitted to the shareholders of Hail Cement for the purpose of Qassim Cement’s acquisition of all the shares of Hail Cement, which amount to ninety-seven million, nine hundred thousand (97,900,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 100% of the share capital of Hail Cement (hereinafter referred to as “**Hail Cement Shares**”), through a securities exchange offer for all Hail Cement Shares (the “**Acquisition Transaction**”). The Circular also includes independent advice provided to the Board of Directors of Hail Cement by SNB Capital, which was appointed as the Financial Advisor in connection with the Acquisition Transaction. Accordingly, this Circular should be read in full and all sections hereof should be carefully reviewed.

In the event of any uncertainty regarding the voting decision to be made at the EGM on the Acquisition Transaction, the concerned shareholder should seek independent financial advice from a financial advisor licensed by the Saudi CMA.

Hail Cement entered into an Implementation Agreement with Qassim Cement on 08/06/1445H (corresponding to 21/12/2023G) (the “**Implementation Agreement**”) for the purpose of Qassim Cement’s acquisition of all the issued shares of Hail Cement, amounting to ninety-seven million, nine hundred thousand (97,900,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, in exchange for Qassim Cement’s issuance of twenty million, five hundred and fifty-nine thousand (20,559,000) ordinary shares for the benefit of the eligible shareholders of Hail Cement (the “**Consideration Shares**”) by increasing its paid-up capital from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000) and increasing its number of shares from ninety million (90,000,000) shares to one hundred and ten million, five hundred and fifty-nine thousand (110,559,000) shares, representing an increase of 22.8% in the current share capital of Qassim Cement. The Acquisition Transaction is subject to the terms set out in the Implementation Agreement as summarised in Section 7.1.1 “**Terms of the Implementation Agreement**” of this Circular. None of these conditions may be amended or waived without the signed written approval of Hail Cement and Qassim Cement. In accordance with the Implementation Agreement, following the approval of the EGMs of both Qassim Cement

and Hail Cement on the Acquisition Transaction (hereinafter referred to as the “**Acquisition Transaction Completion**”), shareholders of Hail Cement registered in the shareholders’ register of Hail Cement at the end of the second trading period after the completion date of the Acquisition Transaction, will receive 0.21 shares in Qassim Cement for each share they own in Hail Cement (the “**Exchange Ratio**”).

In the event that the calculation of the number of shares due to any of the eligible shareholders of Hail Cement based on the Exchange Ratio results in fractional shares, the resulting number will be rounded down to the nearest integer. For example, if one of the eligible shareholders of Hail Cement owns one hundred and ten (110) shares in Hail Cement, such shareholder will be allocated twenty-three (23) Consideration Shares, not twenty-three point one (23.1) shares. Fractional shares will be aggregated and sold in the Saudi Stock Exchange on behalf of the eligible shareholders of Hail Cement. The proceeds resulting from the sale of fractional shares will be distributed to the entitled shareholders, each according to their entitlement, after deduction of the costs relating to the sale of fractional shares from the total proceeds of the sale of the fractional shares.

In addition, the total value of the Acquisition Transaction will be determined based on the value of the Consideration Shares. The total nominal value of the Consideration Shares is nine hundred and seventy-nine million Saudi Riyals (SAR 979,000,000). The total market value of the Consideration Shares for the purposes of the Acquisition Transaction is one billion, two hundred and ninety-nine million, three hundred thousand Saudi Riyals (SAR 1,299,300,000), based on the Exchange Ratio and the closing price of Hail Cement shares of thirteen Saudi Riyals and twenty-seven halalas (SAR 13.27) as of 08/06/1445H (corresponding to 21/12/2023G) (which is the last trading day preceding the conclusion date of the Implementation Agreement). The total value of the Consideration Shares to be included in the financial statements of Qassim Cement will be determined at a later date, based on the closing price of Hail Cement shares on the last trading day preceding the Acquisition Completion date.

It should be noted that the completion of the Acquisition Transaction is conditional on obtaining the approvals of the EGMs of Hail Cement and Qassim Cement on the Acquisition Transaction. For further details regarding the terms of the Acquisition Transaction and the necessary procedures for

completion of the Acquisition Transaction, please refer to Section 7.1.1 (“**Terms of the Implementation Agreement**”) and Section 9 (“**Necessary Procedures for Completion of the Acquisition Transaction**”) of this Circular. For clarity, if the required percentage — which is a minimum of three-quarters of the voting rights represented at the meeting — of the shareholders of Hail Cement (who are entitled to vote at Hail Cement’s EGM on the Acquisition Transaction) and the shareholders of Qassim Cement (who are entitled to vote at Qassim Cement’s EGM on the Acquisition Transaction) approve the Acquisition Resolutions and all other terms of the Acquisition Transaction are fulfilled, including the non-occurrence and non-continuation of a Material Adverse Event, and the non-breach of the warranties provided by both parties, Hail Cement will become an unlisted joint stock company wholly-owned by Qassim Cement. All the eligible shareholders of Hail Cement (including shareholders who voted against the Acquisition Transaction or did not participate in voting) will receive Consideration Shares in Qassim Cement based on the Exchange Ratio. For further details regarding the terms of the Acquisition Transaction, please refer to Section 7.1.1 (“**Terms of the Implementation Agreement**”). The completion of the Acquisition Transaction will result in an increase in the share capital of Qassim Cement from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000). For further details regarding the impact of the Acquisition Transaction on Hail Cement and the motives thereof, please refer to Section 3.2 (“**Benefits of the Acquisition Transaction**”) of this Circular.

If the shareholders of Hail Cement approve the Acquisition Transaction (through the approval of the Acquisition Resolutions by the EGM of Hail Cement) and all other conditions of the Acquisition Transaction are fulfilled, the eligible shareholders of Hail Cement will own 18.6% of Qassim Cement’s share capital following completion of the Acquisition Transaction (by calculating the total shares, without taking into account their ownership in Hail Cement or Qassim Cement (as the case may be) before the Acquisition Transaction Completion, and without taking into account the treasury shares and the shares that Qassim Cement will own indirectly). Meanwhile, the current shareholders of Qassim Cement will own 81.4% of Qassim Cement’s share capital upon the Acquisition Transaction Completion. Hail Cement shareholders will have the right to receive dividend distributions declared by Qassim Cement after the effective date of the Acquisition Resolution, according to the maturity date for each declared dividend. The completion of the Acquisition Transaction will also result in a number of changes in the composition of the Qassim Cement’s Board of Directors following completion of the Acquisition Transaction. For further details regarding the proposed changes to the composition of Qassim Cement’s Board of Directors, please refer to Section 7.1.3 (“**Composition of Qassim Cement’s**

Board of Directors after Completion of the Acquisition Transaction) of this Circular.

Qassim Cement has submitted an application to the CMA to register and offer the Consideration Shares and an application to Saudi Tadawul to accept the listing of the Consideration Shares on Tadawul. The Offer Document has been submitted to the CMA and has been approved for publication. All requirements of the CMA have been fulfilled. All statutory approvals relating to the Acquisition Transaction and the increase in Qassim Cement’s share capital have been obtained, taking into account the issuance of the necessary approvals of the EGMs of Hail Cement and Qassim Cement on the Acquisition Transaction.

As of the date of this circular, Hail Cement does not have any Substantial Shareholders.

It should be noted that in accordance with the requirements of Article 3(n) of the MARs, shareholders who own shares in Hail Cement and Qassim Cement are not entitled to vote on Acquisition Resolutions except in the EGM of one of the two companies only. If a shareholder votes in both EGMs, his vote will be excluded from one based on the decision of the two companies, as they deem appropriate.

This Circular has been issued by the Board of Directors of Hail Cement, and is addressed to the eligible shareholders of Hail Cement. This Circular has been prepared in accordance with the requirements of Article 39 of the MARs. The members of the Board of Directors of Hail Cement bear no responsibility for the validity or accuracy of the information relating to Qassim Cement contained in this Circular. All of the information contained in this Circular pertaining to Qassim Cement is based on the information provided by Qassim Cement as well as the information obtained from Qassim Cement during the necessary due diligence studies conducted by Hail Cement, with the help of its advisors, on Qassim Cement. It should also be noted that Qassim Cement is committed under the Implementation Agreement to provide Hail Cement with all information related to Qassim Cement required for the purpose of preparing this Circular. Pursuant to the Implementation Agreement, Qassim Cement provided a guarantee to Hail Cement (as is customary in such cases) regarding the correctness and completeness of the information provided to Hail Cement (in all material aspects) in connection with the Acquisition Transaction as of the date of its submission, including the information provided during the professional due diligence studies and preparation of the documentation related to the Acquisition, including this Circular, and that the information provided is not misleading in all material respects.

Qassim Cement also provided a guarantee under the Implementation Agreement that it has not intentionally concealed any material information relating to the Acquisition Transaction from Hail Cement.

This Circular was published around the time of the publication of the Offer Document issued by Qassim Cement in relation to the Acquisition Transaction. The Offer Document includes information related to Qassim Cement and the Acquisition Transaction. The members of the Board of Directors of Hail Cement, whether jointly or severally, shall bear no liability towards the shareholders of Hail Cement with respect to the information contained in the Offer Document. Accordingly, the members of the Board of Directors of Hail Cement, jointly or severally, do not make any assurances or representations, whether express or implied, with respect to the validity, accuracy or completeness of the information contained in the Offer Document.

The members of the Board of Directors of Hail Cement believe that the Acquisition Transaction is fair and reasonable, after having exercised the appropriate due diligence with the assistance of their advisors and after taking into account the market situation as of the date of publication of this Circular, the expected benefits of the Acquisition Transaction and its motives, and the independent advice provided thereto by SNB Capital (in its capacity as the Financial Advisor to Hail Cement in connection with the Acquisition Transaction), dated 08/06/1445H (corresponding to 21/12/2023G) (a copy of which is attached in Annex 1 of this Circular). Such advice states that on the date of the provision thereof to Hail Cement's Board of Directors, and in accordance with the factors, assumptions and restrictions described in such advice, SNB Capital Company considers the Exchange Ratio agreed under the Implementation Agreement to be financially fair for Hail Cement and its shareholders.

The members of the Board of Directors of Hail Cement also believe that the Acquisition Transaction is in the interest of Hail Cement and its shareholders, and therefore recommend that Hail Cement shareholders approve the Acquisition Transaction. In presenting such recommendation, members of the Board of Directors of Hail Cement took into consideration the external advice they received regarding legal, financial, accounting, technical and other matters related to the Acquisition Transaction, noting that Hail Cement has not received any alternative offers as of the date of this Circular.

It should be noted that the members of the Board of Directors of Hail Cement did not take into account the individual investment objectives, financial position, Zakat and tax situation or circumstances of each shareholder due to the varying circumstances, conditions and objectives of each of them, nor did they take into account trading levels or patterns, Qassim Cement share prices or any other circumstances after the date hereof. Accordingly, the members of the Board of Directors emphasise the need for each shareholder of Hail Cement to obtain independent professional advice from a financial advisor licensed by the CMA with regard to the Acquisition Transaction. As such, each shareholder of Hail Cement must rely on their own

review of the Acquisition Transaction to ensure the suitability of the Acquisition Transaction and the information contained in this Circular to their personal investment objectives and financial conditions.

It is also worth noting that the members of Hail Cement's Board of Directors (who own shares in Hail Cement) intend to vote to approve the Acquisition Resolutions at Hail Cement's EGM on the Acquisition Transaction.

The terms and abbreviations used in this Circular shall have the meanings specified in the "**Terms and Definitions**" section of this Circular. All references to times and dates contained in this Circular shall be references to the time in Riyadh in the Kingdom of Saudi Arabia and the Gregorian calendar, unless otherwise specified.

Shareholders should read this Circular completely and review all sections hereof carefully. Shareholders should also read the Offer Document submitted by Qassim Cement carefully and fully before voting on the Acquisition Resolutions.

Hail Cement has appointed SNB Capital as its Financial Advisor in connection with the Acquisition Transaction.

Financial Advisor



The Capital Market Authority (the "**CMA**") and the Saudi Exchange ("**Tadawul**") shall not assume any responsibility for the contents of this Circular, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from the information contained in this Circular or reliance on any part hereof.

This Circular was published on 11/11/1445H (corresponding to 19/05/2024G).

This Circular has been prepared in both Arabic and English. The Arabic language version is the approved version, and therefore, in the event of any discrepancy between the Arabic and English texts, the Arabic text shall prevail.

Important Notice

This Circular contains the opinion of the Board of Directors of Hail Cement regarding the offer submitted to the eligible shareholders of Hail Cement for the purpose of Qassim Cement's acquisition of all Hail Cement shares in exchange for the issuance of new shares in Qassim Cement to the eligible shareholders of Hail Cement. Moreover, this Circular aims to provide the eligible shareholders of Hail Cement with the opinion of Hail Cement's Board of Directors regarding the offer submitted by Qassim Cement, in order to assist the eligible shareholders of Hail Cement with regard voting on the Acquisition Resolutions.

This Circular and the Offer Document issued by Qassim Cement should be read in their entirety and all sections thereof should be carefully reviewed before voting on the Acquisition Transaction. In the event of any uncertainty regarding the voting resolution to be made at the EGM on the Acquisition Transaction, the Board of Directors of Hail Cement recommends obtaining independent financial advice from a financial advisor licensed by the CMA. The CMA and the Saudi Exchange (Tadawul) shall not assume any responsibility for the contents of this Circular, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from the information contained in this Circular or reliance on any part hereof.

The information, data and statements contained in this Circular have been presented as of the date of publication hereof, unless another date is specified for such information, data or statements. Thus, such information, data or statements are subject to change after the date of publication of this Circular. Accordingly, the publication of this Circular does not necessarily mean that any of the facts and information contained in this Circular have not changed. Moreover, none of the information contained in this Circular should be considered as forecasts or predictions regarding the future financial performance of Qassim Cement after the completion of the Acquisition Transaction, nor shall any statement contained in this Circular be considered as a confirmation that the earnings per share of Qassim Cement after the completion of the Acquisition Transaction shall be equal to or exceed the earnings per share of Qassim Cement in the previous financial periods.

It should also be noted that no person has been authorised to provide any information or statements on behalf of the Board of Directors of Hail Cement except as disclosed in this Circular. Consequently, no information or statements issued by other parties should be relied upon as having been issued by Hail Cement, SNB Capital, or any of Hail Cement's advisors in connection with the Acquisition Transaction.

Copies of this Circular can be obtained from Hail Cement's headquarters or by visiting its website (<https://hailcement.com> or) or the website of Tadawul (<https://www.saudiexchange.sa>). Aside from this Circular, none of the contents of the above-mentioned websites should be considered as part of this Circular, and Hail Cement assumes no responsibility for the content of such websites.

Hail Cement has appointed SNB Capital as its Financial Advisor in connection with the Acquisition Transaction. SNB Capital, a company licensed by the CMA in the Kingdom of Saudi Arabia, is acting as the exclusive financial adviser to Hail Cement in connection with the Acquisition Transaction, and shall not be liable to any party other than Hail Cement for providing advice on the Acquisition Transaction or any other matter referred to in this Circular. SNB Capital has not independently verified the correctness or accuracy of the information or data contained in this Circular. Accordingly, neither SNB Capital nor any of its subsidiaries shall bear any liability that may result from the invalidity, inaccuracy or incompleteness of any of the data or information contained in this Circular.

Hail Cement has also appointed Ernst & Young as its Financial Due Diligence Advisor in connection with the Acquisition Transaction. Ernst & Young shall not be liable to any party other than Hail Cement for providing advice on the Acquisition Transaction or any other matter referred to in this Circular.

Publication and Distribution Restrictions

This Circular is intended for the eligible shareholders of Hail Cement, subject to any restrictions in the regulations and laws of any restricted state. Although all Hail Cement shareholders have the right to attend Hail Cement's EGM on the Acquisition Transaction and vote on the resolutions thereof (subject to any restrictions that may be imposed due to a conflict of interest or any other restrictions under the laws in force in the Kingdom), the eligible shareholders of Hail Cement residing outside the Kingdom should take into consideration that this Circular has not been filed or registered with any regulatory authority outside the Kingdom. Accordingly, if any of the eligible shareholders of Hail Cement resides in any country whose laws require Hail Cement to adopt any measures in order to enable the relevant shareholder to vote on the Acquisition Resolutions in a legal manner, it should be known that Hail Cement has not taken such steps and therefore the relevant shareholder must refrain from voting on the resolutions proposed at Hail Cement's EGM on the Acquisition Transaction. If the relevant shareholder votes on the Acquisition Resolutions despite this, Hail Cement and Qassim Cement shall have the right not to proceed with the Acquisition Transaction unless the Acquisition Transaction has been approved by the required majority of Hail Cement shareholders without counting the votes of such shareholder.

Forecasts and Forward-Looking Statements

This Circular includes certain forecasts and forward-looking statements related to Qassim Cement after the Acquisition Transaction Completion. These forecasts and forward-looking statements are not based on historical or current facts. Such forward-looking statements may be inferred through their use of forward-looking terms and phrases, including, but not limited to, "expects", "aims", "estimates", "intends", "plans", "will", "objective", "believes", "seeks", "may", "would", "could", "should," or the negative forms thereof or other comparable terms. The forward-looking statements contained in this Circular include, but are not limited to, (1) estimates of the expected benefits of the Acquisition Transaction and forecasts for financial performance, financial circumstances and other future events, (2) business strategies and the management, expansion and development of Qassim Cement's business following the Acquisition Transaction Completion, and (3) the Acquisition Transaction and the expected dates

for the occurrence of such events. There is no guarantee or assurance that any of the objectives or forecasts mentioned in this Circular may be achieved. Neither the advisors mentioned in the "**Corporate Directory**" section of this Circular nor any of their directors or employees shall bear any liability for any direct or indirect loss or damage that may be incurred by any person due to their reliance on any data or due to the omission of any information not included in this Circular.

It should be noted that these forward-looking statements involve risks which may or may not be apparent, as well as other factors that may cause the actual results, performance, strategies or events to differ materially from those expressly stated or implied in such statements. Risks associated with forward-looking statements are considered beyond the control of Hail Cement and cannot be accurately estimated, such as future market conditions and the behaviour of other market participants. Therefore, such statements should not be relied upon completely. Furthermore, these forward-looking statements are not considered a guarantee of the actual future performance of Qassim Cement after the Acquisition Transaction Completion, and they have not been reviewed by the Chartered Accountant. These forward-looking statements are based on numerous assumptions, including assumptions related to the current and future business strategies of Qassim Cement after the Acquisition Transaction Completion and the regulatory environment in which Qassim Cement will conduct its business in the future. All oral or written forward-looking statements issued by Hail Cement or persons acting on its behalf are expressly limited in their entirety by the "**Important Notice**" in this section.

Hail Cement does not intend or assume any obligation to amend or update the forward-looking statements contained in this Circular, except as required by the applicable laws and regulations.

This Circular does not constitute and may not be considered legal, financial, tax or Zakat advice. In the event of any uncertainty in relation to the consequences, effects or legal, financial, Zakat or tax provisions, specialized advice must be sought from licensed legal, financial and tax advisors in relation to these matters.

Corporate Directory

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صلاح الحجيدان للمحاماة والاستشارات القانونية منذ ١٩٩٨ (ذ.م.م)

Financial Due Diligence Advisor

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Note: The above-mentioned advisors and auditor have provided and, as of the date of this Circular, have not withdrawn their written consent to the publication of their names, addresses, logos and statements in the context in which they appear herein.

Key Dates and Stages of the Acquisition Transaction

The following table sets out the projected timetable for the key events of the Acquisition Transaction. The dates listed below are indicative. Hail Cement (or Qassim Cement or Tadawul, as the case may be) will announce the occurrence of the actual events requiring disclosure on the website of Tadawul in accordance with the relevant rules and regulations, including any changes that may occur to the timetable.

Event	Expected Timetable/Date
1- Required procedures related to the EGM	
Qassim Cement's submission of the final draft of the Offer Document to the CMA.	The final draft of the Offer Document was submitted to the CMA on 21/10/1445H (corresponding to 30/04/2024G).
The CMA's approval of the request to increase Qassim Cement's share capital and to publish the Offer Document.	07/11/1445H (corresponding to 15/05/2024G).
The CMA's approval of the convening of Hail Cement's EGM on the Acquisition Transaction and Qassim Cement's EGM on the Acquisition Transaction.	11/11/1445H (corresponding to 19/05/2024G).
Announcement of the call for Hail Cement's EGM on the Acquisition Transaction on the Tadawul website (with reference to the possibility of a second meeting being held one hour after the end of the period specified for the first meeting in the event that the required quorum is not met).	12/11/1445H (corresponding to 20/05/2024G).
Announcement of the call for Qassim Cement's EGM on the Acquisition Transaction on the Tadawul website (with reference to the possibility of a second meeting being held one hour after the end of the period specified for the first meeting in the event that the required quorum is not met).	12/11/1445H (corresponding to 20/05/2024G).
Publication of Hail Cement's Board Circular and Qassim Cement's Offer Document and Shareholder Circular.	12/11/1445H (corresponding to 20/05/2024G).
Provision of the documents available for inspection by Hail Cement and Qassim Cement to their shareholders.	12/11/1445H (corresponding to 20/05/2024G).
Commencement of the electronic voting period for shareholders at Hail Cement's EGM to vote on the agenda items of the EGM.	29/11/1445H (corresponding to 06/06/2024G).
Commencement of the electronic voting period for shareholders at Qassim Cement's EGM to vote on the agenda items of the EGM.	29/11/1445H (corresponding to 06/06/2024G).
Convening of Hail Cement's EGM on the Acquisition Transaction (first meeting). The quorum for the EGM shall be met if attended by shareholders representing at least half of Hail Cement's share capital.	04/12/1445H (corresponding to 10/06/2024G).
Convening of Hail Cement's EGM on the Acquisition Transaction (second meeting) in the event the quorum was not met in the first meeting. The quorum for the EGM shall be met if attended by shareholders representing at least a quarter of Hail Cement's share capital.	One hour after the period specified for the first EGM in which the quorum was not met.
Convening of Qassim Cement's EGM on the Acquisition Transaction (first meeting). The quorum for the EGM shall be met if attended by shareholders representing at least half of Qassim Cement's share capital.	04/12/1445H (corresponding to 10/06/2024G).

Event	Expected Timetable/Date
Convening of Qassim Cement's EGM on the Acquisition Transaction (second meeting) in the event the quorum was not met in the first meeting. The quorum for the EGM shall be met if attended by shareholders representing at least a quarter of Qassim Cement's share capital.	One hour after the period specified for the first EGM in which the quorum was not met.
Publication of the Acquisition Resolutions adopted at the first or second EGM of Hail Cement on the Acquisition Transaction on the Tadawul website (or the announcement that the EGM was not convened due to the lack of quorum).	05/12/1445H (corresponding to 11/06/2024G).
Publication of the Acquisition Resolutions adopted at the first or second EGM of Qassim Cement on the Acquisition Transaction on the Tadawul website (or the announcement that the EGM was not convened due to the lack of quorum).	05/12/1445H (corresponding to 11/06/2024G).
2- Procedures to be adopted in the event of a lack of quorum for the first and second EGMs	
The CMA's approval of the call to convene Hail Cement's EGM on the Acquisition Transaction (third meeting) or Qassim Cement's EGM on the Acquisition Transaction (third meeting).	06/12/1445H (corresponding to 12/06/2024G).
Announcement of the call for Hail Cement's EGM on the Acquisition Transaction (third meeting) or Qassim Cement's EGM on the Acquisition Transaction (third meeting) on the Tadawul website.	06/12/1445H (corresponding to 12/06/2024G).
Commencement of the electronic voting period for shareholders at Hail Cement's EGM on the Acquisition Transaction (third meeting) or Qassim Cement's EGM on the Acquisition Transaction (third meeting).	23/12/1445H (corresponding to 29/06/2024G).
Convening of Hail Cement's EGM on the Acquisition Transaction (third meeting) or Qassim Cement's EGM on the Acquisition Transaction (third meeting). The quorum for the third EGM shall be met regardless of the number of shares represented therein.	27/12/1445H (corresponding to 03/07/2024G).
Publication of the Acquisition Resolutions adopted at the third EGM of Hail Cement or Qassim Cement (as the case may be) on the Tadawul website.	28/12/1445H (corresponding to 04/07/2024G).
3- Acquisition Transaction Completion	

Event	Expected Timetable/Date
Acquisition Transaction Completion	<p>04/12/1445H (corresponding to 10/06/2024G) (if the EGMs on the Acquisition Transaction of both Qassim Cement and Hail Cement issue their approval at the first or second meeting).</p> <p>27/12/1445H (corresponding to 03/07/2024G) (if the EGMs on the Acquisition Transaction of both Qassim Cement and Hail Cement, as the case may be, issue their approval at the third meeting).</p>
Suspension of trading of Hail Cement's shares	<p>The first trading period following the completion of the Acquisition Transaction. It is expected that this will take place on:</p> <p>05/12/1445H (corresponding to 11/06/2024G) (if the EGMs on the Acquisition Transaction of both Qassim Cement and Hail Cement issue their approval at the first or second meeting).</p> <p>28/12/1445H (corresponding to 04/07/2024G) (if the EGMs on the Acquisition Transaction of both Qassim Cement and Hail Cement, as the case may be, issue their approval at the third meeting).</p>
Delisting of Hail Cement's shares from Tadawul	No earlier than the second trading session and no later than the sixth trading session following the Acquisition Transaction Completion.
Listing of the Consideration Shares on Tadawul and their allocation to the eligible shareholders of Hail Cement who are registered in Hail Cement's shareholder register by the end of the second trading period after the Acquisition Resolution comes into effect.	No earlier than the second trading session and no later than the sixth trading session following the Acquisition Transaction Completion.
Amendment of the commercial registration of Qassim Cement	<p>Within thirty (30) days of the Acquisition Transaction Completion, which is expected to take place on:</p> <p>04/01/1446H (corresponding to 10/07/2024G) (if the EGMs on the Acquisition Transaction of both Qassim Cement and Hail Cement issue their approval at the first or second meeting).</p> <p>29/01/1446H (corresponding to 04/08/2024G) (if the EGMs on the Acquisition Transaction of Qassim Cement and Hail Cement, as the case may be, issue their approval at the third meeting).</p>
Deadline for the distribution of the proceeds from the sale of the fractional shares that were sold	<p>Within thirty (30) days of the Acquisition Transaction Completion. This is expected to take place on:</p> <p>04/01/1446H (corresponding 10/07/2024G) (if the EGMs on the Acquisition Transaction of Qassim Cement and Hail Cement issue their approval at the first or second meeting).</p> <p>29/01/1446H (corresponding 04/08/2024G) (if the EGMs on the Acquisition Transaction of Qassim Cement and Hail Cement, as the case may be, issue their approval at the third meeting).</p>

Terms and Definitions

The following phrases and terms, wherever mentioned in this Circular, shall have the meanings assigned to them, unless the context requires otherwise:

<p>Acquisition Resolutions</p>	<p>The resolutions that are scheduled to be presented to the shareholders of Both Companies in relation to the Acquisition Transaction, which are as follows, or any amendment thereto, will be made at the request of the Authority or the agreement of the parties before inviting the relevant associations:</p> <p>Regarding Hail Cement: Approval of the offer made by Qassim Cement to the shareholders of Hail Cement to acquire all of Hail Cement's shares in exchange for the issuance of 0.21 shares in Qassim Cement for each share held by Hail Cement shareholders, whereby Hail Cement will become an unlisted joint stock company wholly owned by Qassim Cement, in accordance with the relevant regulatory requirements and the terms and conditions of the Implementation Agreement, including the approval of the following matters related to the Acquisition Transaction:</p> <ul style="list-style-type: none"> a- the provisions of the Implementation Agreement; b- authorisation of Hail Cement's Board of Directors, or any person authorised by the Board of Directors, to issue any decision or take any action that may be necessary for implementation of any of the above-mentioned resolutions. <p>As regards Qassim Cement: Approval of the increase of Qassim Cement's share capital from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000), representing an increase of 22.8% in the current share capital, through the issuance of twenty million, five hundred and fifty-nine thousand (20,559,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share for the purpose of acquiring all Hail Cement's shares, in accordance with the provisions of Article 26 of the MARs issued by the CMA Board. This will be achieved through the issuance of twenty million, five hundred and fifty-nine thousand (20,559,000) Qassim Cement shares at a ratio of 0.21 shares per Hail Cement share, in accordance with the terms and conditions of the Implementation Agreement with respect to the transaction concluded between Qassim Cement and Hail Cement on 08/06/1445H (corresponding to 21/12/2023G), including the approval of the following matters related to the Acquisition Transaction as of the date of the Acquisition Transaction Completion:</p> <ul style="list-style-type: none"> a- the provisions of the Implementation Agreement; b- the increase of Qassim Cement's share capital from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000) for the purpose of acquiring all Hail Cement's shares, which amount to 97,900,000 shares, in accordance with the terms and conditions of the Implementation Agreement; c- the proposed amendments to Qassim Cement's Bylaws in accordance with the form set out in Appendix 1 of this Circular with regard to the share capital and the composition of the Board of Directors; d- pursuant to the Implementation Agreement, Hail Cement nominees, namely Mr. Abdulmalik bin Khalid bin Sulaiman AlRajhi and Mr. Abdul Aziz bin Majid bin Abdullah Al Qasabi, will be appointed to the new seats on the Board of Directors of Qassim Cement; and e- authorisation of Qassim Cement's Board of Directors, or any person authorised by the Board of Directors, to issue any decision or take any action that may be necessary for implementation of any of the above-mentioned resolutions.
<p>Acquisition Transaction</p>	<p>The Acquisition Transaction through which Qassim Cement acquires all of Hail Cement's shares in accordance with Article 26 of the MARs, in exchange for Qassim Cement's issuance of the Consideration Shares to the eligible shareholders of Hail Cement through the increase of Qassim Cement's share capital from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000).</p>
<p>Acquisition Transaction Completion</p>	<p>After the issuance of the approval of the EGMs of both Qassim Cement and Hail Cement on the Acquisition Transaction.</p>

Acting in Concert	At the discretion of the CMA, this means actual cooperation under an agreement (whether binding or non-binding) or understanding (whether formal or informal) between persons to control a company (whether directly or indirectly, excluding indirect ownership under a swap agreement or through an investment fund whose unitholders do not have any right to participate in investment decisions thereof), through the acquisition by any of them (through direct or indirect ownership) of shares with voting rights in such company. The term "persons acting in concert" shall be construed accordingly. Without prejudice to the application of this definition, the persons mentioned below shall be deemed, without limitation, to be acting in concert with other persons in the same category, unless proven otherwise: (1) persons who are members of the same group; (2) relatives of the person; and/or (3) a person or persons who have provided financial assistance (other than that provided by a bank in the ordinary course of its business) to the Offeror (i.e., Qassim Cement) or persons who are members of the same group with that person for the purpose of purchasing shares with voting rights or convertible debt instruments.
Affiliate	A person who controls another person, or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Both Companies	Hail Cement and Qassim Cement.
Business Day	Any day except Fridays, Saturdays and official holidays in the Kingdom of Saudi Arabia.
"Circular" or "Hail Cement's Board Circular"	The circular issued by Hail Cement's Board of Directors pursuant to the requirements of Article 39 of the MARs, addressed to the eligible shareholders of Hail Cement concerning the Offer Document presented by Qassim Cement in connection with the Acquisition Transaction, wherein Hail Cement's Board of Directors expresses its opinion to shareholders in relation to the Offer and Qassim Cement's plans regarding Hail Cement and its employees following the Acquisition Transaction Completion.
Capital Increase	The proposed increase in the share capital of Qassim Cement from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000) along with the increase in the number of its shares from ninety million (90,000,000) ordinary shares to one hundred and ten million, five hundred and fifty-nine thousand (110,559,000) ordinary shares, representing an increase of 22.8% to the current share capital of Qassim Cement.
Closing Price	The last price at which the shares were traded on the relevant trading day, in accordance with the mechanism specified by Tadawul.
CMA or Capital Market Authority	The Capital Market Authority of the Kingdom of Saudi Arabia.
Companies Law	The Companies Law promulgated by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G).
Consideration Shares	The new shares of Qassim Cement to be issued to the eligible shareholders of Hail Cement as a result of the Acquisition Transaction, amounting to twenty million, five hundred and fifty-nine thousand (20,559,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
Control	The ability to directly or indirectly influence the actions or decisions of another person (except for indirect ownership through a swap agreement or an investment fund whose unitholders have no right to participate in investment decisions thereof), whether individually or by acting in concert with another person or persons, through the (direct or indirect) ownership of 30% or more of a company's voting rights. The term "controller" shall be construed accordingly.
EGM	An Extraordinary General assembly Meeting of the relevant company's shareholders, held in accordance with its Bylaws.
Eligible Shareholders	Hail Cement shareholders who own shares in Hail Cement on the Acquisition Transaction Completion date, and whose names appear in the shareholder register of Hail Cement on the second trading day following the Acquisition Transaction Completion date.
Exchange	The Saudi Stock Exchange Company (Tadawul), which is the exchange in which securities are traded in the Kingdom of Saudi Arabia and which is managed and operated by Tadawul and supervised by the Capital Market Authority. It also means - depending on the context - the Saudi Tadawul Company, which is a wholly owned subsidiary of the Saudi Tadawul Group, which is the entity responsible for operating the market.
Exchange Ratio	The basis on which the number of Consideration Shares due to the eligible shareholders of Hail Cement will be determined in connection with the Acquisition Transaction, which will result in 0.21 shares in Qassim Cement for each share in Hail Cement.
Financial Advisor	SNB Capital Company.

Firm Intention Announcement	The announcement published by Qassim Cement on the Saudi Tadawul website on 05/07/1445H (corresponding to 17/01/2024G) regarding its firm intention to submit an offer to acquire all the issued shares of Hail Cement through a securities exchange transaction, in accordance with the provisions of Paragraph (e) of Article (17) of the MARs.
General Authority for Competition	The General Authority for Competition in the Kingdom of Saudi Arabia.
Hail Cement	Hail Cement Company, a Saudi joint stock company headquartered in Hail and registered under Commercial Registration No. 3350026399, dated 24/12/1431H (corresponding to 30/11/2010G), with a capital of nine hundred and seventy-nine million Saudi Riyals (SAR 979,000,000).
Hail Cement's EGM on the Acquisition Transaction	Hail Cement's EGM that will be held to vote on the Acquisition Resolutions.
Hail Cement's Shares	The issued shares of Hail Cement, amounting to ninety-seven million, nine hundred thousand (97,900,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, which represent 100% of the share capital of Hail Cement.
Implementation Agreement	The binding Implementation Agreement concluded between Hail Cement and Qassim Cement on 08/06/1445H (corresponding to 21/12/2023G) which regulates the Terms and Conditions of the Acquisition Transaction and the rights and obligations of the parties in relation thereto.
Investment Fund 17	GIBC Investment Fund 17 is an open-ended private investment fund managed by GIB Capital, an authorised Capital Market Institution for the purpose of investing in stocks and securities. The fund was established, its units were offered, and the CMA was notified of that on 15/05/1442H (corresponding to 30/12/2020G), and the terms and conditions of the fund were issued on 26/06/1442H (corresponding to 10/01/2021G). Qassim Cement owns all of the units thereof.
Kingdom	The Kingdom of Saudi Arabia.
MARs	The Merger and Acquisition Regulations issued by the CMA Board pursuant to Resolution No. 1-50-2007, dated 21/09/1428H (corresponding to 03/10/2007G), and its amendments from time to time.

Material Adverse Event	<p>As defined in the Implementation Agreement, this means any event, change or combination of events or changes that have, or are reasonably expected to have, a material adverse effect on the business, assets, liabilities, financial condition, profitability or prospects of either company or on the Acquisition Transaction or its implementation. For the purpose of the Implementation Agreement, it was agreed that the following shall not be considered in determining whether a Material Adverse Event has occurred:</p> <ul style="list-style-type: none"> a- any deterioration in economic, political or market conditions or financial securities, credit, or capital market conditions in the financial services sector globally, in the Middle East, in the Kingdom, or in general, unless such deterioration has a disproportionate material adverse effect compared to other companies operating in the same sector in which Both Companies (as the case may be) operate; b- any change, development, or event that results solely from the signing and execution of the Implementation Agreement or the announcements related to the Acquisition Transaction, or the suspension or consummation of the Acquisition Transaction or any of the other transactions contemplated by the Acquisition Agreement or the completion thereof, including the impact of such changes or developments on the relationships – contractual or otherwise – between either company (as the case may be) and their employees, customers, suppliers, or partners; c- any change, development, or event resulting from the inability of either Company (as the case may be) to meet any internal or published projections, estimates, forecasts or predictions in respect of revenue, earnings, or any other financial or operational metrics for any period (it being understood that the causes of such change may themselves constitute a Material Adverse Effect or may be taken into account for the purposes of determining whether or not a Material Adverse Effect has occurred, except for such causes as set out in paragraphs (a) or (d) to (f) of this definition); d- any change or proposed change, after the date of the Implementation Agreement, in the applicable laws, except changes that would reasonably result in an adverse effect on the two companies (as applicable) in a materially disproportionate manner when compared to each other or to other companies operating in the same sector (as the case may be); e- geopolitical conditions, the outbreak or escalation of hostilities, or the occurrence of any acts of war, sabotage or terrorism or any escalation thereof, whether threatened or ongoing, from the date of conclusion of the Implementation Agreement, except for events that result in an adverse effect on the two companies (as applicable) in a materially disproportionate manner when compared to each other or to other companies operating in the same sector; f- floods, earthquakes, the outbreak or escalation of any pandemic or any other natural disaster, except for events that result in an adverse effect on the two companies (as the case may be) in a materially disproportionate manner when compared to each other or to other companies operating in the same sector; and g- any change, event or development resulting from any act of the two companies (as the case may be) that is expressly required to be taken in the context of the Acquisition Transaction.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia.
Non-Binding MoU	The non-binding Memorandum of Understanding concluded between Hail Cement and Qassim Cement on 29/02/1444H (corresponding to 25/09/2022G), pursuant to which the two companies agreed in a non-binding manner upon the share Exchange Ratio and the structure for conducting the Acquisition Transaction.
Offer	The offer submitted by Qassim Cement to the eligible shareholders of Hail Cement to acquire all of Hail Cement's shares in exchange for the issuance of Consideration Shares in Qassim Cement in accordance with the provisions of Article 26 of the MARs.
Offer Document	The Offer Document issued by Qassim Cement and prepared in accordance with the provisions of Article 38 of the MARs regarding the offer made by Qassim Cement to the eligible shareholders of Hail Cement.
Offer Period	The period from the date of Qassim Cement's Firm Intention Announcement to submit an offer to the shareholders of Hail Cement until the date when Both Companies' EGMs on the Acquisition Transaction issue their respective resolutions, or until the Implementation Agreement is terminated in accordance with the provisions thereof (whichever comes first). For further details regarding the termination provisions of the Implementation Agreement, please refer to Section 7.1 ("Implementation Agreement") of this Circular.
Person	Any natural or legal person permitted to enter into this transaction in accordance with the laws of the Kingdom.
Qassim Cement	Qassim Cement Company, a Saudi listed joint stock company headquartered in Buraydah and registered under Commercial Registration No. 1131001224, dated 28/08/1398H (corresponding to 03/08/1978G), with a capital of nine hundred million Saudi Riyals (SAR 900,000,000).



Qassim Cement's EGM on the Acquisition Transaction	Qassim Cement's EGM that will be held to vote on the Acquisition Resolutions.
Related Party	<p>Any person (whether acting in concert with Hail Cement or Qassim Cement, or independently of them) who deals in or holds, directly or indirectly, the shares of Hail Cement or Qassim Cement, whether through a private sale and purchase transaction or offer, any person (in excess of their normal interests as a shareholder) who has an interest or potential interest, whether personal, financial or commercial, in the outcomes of the Acquisition Transaction, or a related party to both Hail Cement and Qassim Cement. Without prejudice to the general application of this definition, this includes, but is not limited to:</p> <ol style="list-style-type: none"> 1- any person or persons who has/have provided financial assistance to Hail Cement or Qassim Cement (other than a bank in the ordinary course of its business); 2- members of the Board of Directors of Hail Cement or Qassim Cement (or any of their Affiliates); 3- any person who owns 20% or more of the share capital of Hail Cement and Qassim Cement (whether individually or by acting in concert with another person or persons); and <p>a Substantial Shareholder of Hail Cement who is also a member of the Board of Directors of Qassim Cement, or vice versa.</p>
Relative	Husbands, wives, children and parents.
Restricted State	Any country or jurisdiction wherein the offering of the Consideration Shares or the distribution or publication of this Circular or any other documentation relating to the Consideration Shares would be illegal under the applicable laws.
Rules on the Offer of Securities and Continuing Obligations (ROSCOs)	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and its amendments from time to time.
Saudi Riyal or SAR	The Saudi riyal, the official currency of the Kingdom of Saudi Arabia.
Substantial Shareholder	Any person that owns five percent (5%) or more of the share capital of Hail Cement or Qassim Cement (as the case may be).

1. Introduction

1.1 Circular of Hail Cement

This circular includes the information that must be provided to the eligible shareholders of Hail Cement in accordance with the requirements of Article 39 of the MARs.

1.2 Overview of the Acquisition Transaction

On 29/02/1444H (corresponding to 25/09/2022G), Qassim Cement and Hail Cement announced the signing of a Non-Binding MoU between the two companies in connection with a potential securities exchange transaction. Under the MoU, the two companies agreed that the structure for conducting the potential transaction would be through a share exchange offer to be submitted by Qassim Cement (as the Offeror) to the shareholders of Hail Cement (as the Offeree) for the purpose of acquiring all of Hail Cement's shares. A non-binding Exchange Ratio was also agreed, taking into account the results of the necessary due diligence studies to be conducted by Both Companies.

On 11/06/1445H (corresponding to 24/12/2023G), Hail Cement announced the conclusion of the Implementation Agreement. On the same date, Qassim Cement also announced the conclusion of the Implementation Agreement, including its Firm Intention Announcement to continue to conduct the Acquisition Transaction and submit an offer to Hail Cement shareholders for such purpose. The Implementation Agreement includes all of the provisions and steps necessary for implementation and completion of the Acquisition Transaction between the two companies in accordance with the provisions of Article 26 of the MARs and the Capital Market Law, the Companies Law and the regulations thereof, as well as other applicable laws and regulations in force in the Kingdom of Saudi Arabia (for further details regarding the provisions of the Implementation Agreement, please refer to Section 7.1 ("**Implementation Agreement**"). On 05/07/1445H (corresponding to 17/01/2024G), Hail Cement announced the issuance of the firm intention to submit an offer to acquire all shares of Hail Cement Company through swap agreement offer by Qassim Cement Company.

Under the provisions of the Implementation Agreement, Qassim Cement will acquire all Hail Cement shares in exchange for Qassim Cement issuing Consideration Shares to Hail Cement shareholders by increasing its share capital in accordance with the provisions of Article 75 of the ROSCOs and based on the Exchange Ratio, whereby Hail Cement shareholders will receive 0.21 shares in Qassim Cement for every share they own in Hail Cement. The total number of Consideration Shares will be twenty million, five hundred and fifty-nine thousand (20,559,000) fully paid shares with a nominal value of ten Saudi Riyals

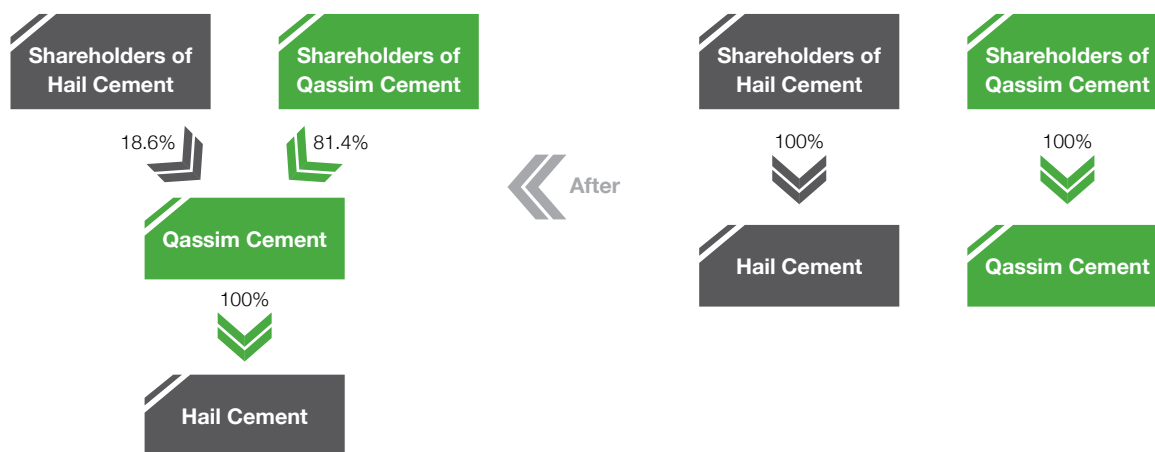
(SAR 10) per share, with the total nominal value of the Consideration Shares amounting to two hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 205,590,000). These shares will be issued through a 22.8% increase in the share capital of Qassim Cement, from nine hundred million Saudi Riyals (SAR 900,000,000) to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000), and an increase in the number of its shares from ninety million (90,000,000) shares to one hundred and ten million, five hundred and fifty-nine thousand (110,559,000) shares. Upon Acquisition Transaction Completion, the current Qassim Cement shareholders will own 81.4% of Qassim Cement's share capital after the capital increase, while Hail Cement shareholders will own 18.6% of Qassim Cement's share capital after the capital increase.

The total value of the Acquisition Transaction will be determined based on the value of the Consideration Shares. The total nominal value of the Consideration Shares is two hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 205,590,000), and the total market value of the Consideration Shares is one billion, two hundred and ninety-nine million, three hundred and twenty-eight thousand, eight hundred Saudi Riyals (SAR 1,299,328,800). This is based on the closing price of Qassim Cement shares of SAR 63.20 as of 08/06/1445H (corresponding to 21/12/2023G) (which is the last trading day preceding the date of execution of the Implementation Agreement). The total value of the Consideration Shares to be included in the financial statements of Qassim Cement will be determined at a later time based on the closing price of Qassim Cement shares on the last trading day preceding the Acquisition Transaction Completion date.

In the event that the calculation of the number of shares due to any of the shareholders of Hail Cement based on the Exchange Ratio results in fractional shares, the resulting number will be rounded down to the nearest integer. For example, if one of the shareholders of Hail Cement owns 110 shares in Hail Cement, such shareholder will be allocated 23 Consideration Shares, not 23.1 shares. Fractional shares will be aggregated and sold on the Exchange on behalf of the shareholders of Hail Cement. The proceeds resulting from the sale of the fractional shares will be distributed to the entitled shareholders, each according to their entitlement, after deduction of the costs relating to the sale of the fractional shares from the total proceeds of the sale of the fractional shares.

Qassim Cement indicated in the Offer Document that it is not expected that the Acquisition Transaction, if completed, will result in forced layoffs of employees, and that it intends to benefit from the valuable experiences and skills of Hail Cement employees.

Below is a simplified model of the Acquisition Transaction structure:



Note: By calculating the total shares, without taking into account their ownership in Hail Cement or Qassim Cement (as the case may be) before completing the acquisition deal, and without taking into account the treasury shares and the shares that Qassim Cement will own indirectly.

1.3 Determination of the Exchange Ratio

An agreement was reached between Qassim Cement and Hail Cement on the Exchange Ratio, which determines the number of Consideration Shares that Hail Cement shareholders will receive in Qassim Cement as a result of the Acquisition Transaction, following negotiation and discussion between the two companies and after conducting the necessary legal and financial due diligence studies. The table below provides a summary of the results of the agreed evaluation:

Agreed Exchange Ratio	0.21 shares in Qassim Cement for each share in Hail Cement.
Total Number of Consideration Shares	Twenty million, five hundred and fifty-nine thousand (20,559,000) fully paid ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per share.
Total Nominal Value of the Consideration Shares	Two hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 205,590,000), based on a nominal value of ten Saudi Riyals (SAR 10) per share.
Total market value of the Hail Cement shares subject of the Acquisition Transaction (at the end of trading on the day preceding the day of signing the Implementation Agreement on 08/06/1445H (corresponding to 21/12/2023G))	One billion, two hundred and ninety-nine million, three hundred and twenty-eight thousand, eight hundred Saudi Riyals (SAR 1,299,328,800).
Percentage difference between the total market value of the Consideration Shares and the total market value of the Hail Cement shares subject of the Acquisition Transaction (at the end of trading on the day preceding the signing of the Implementation Agreement dated 08/06/1445H (corresponding to 21/12/2023G))	One billion, one hundred and forty-seven million, four hundred and eleven thousand, five hundred and fifteen Saudi Riyals (SAR 1,147,411,515).
Percentage difference between the total market value of the Consideration Shares and the total market value of the Hail Cement shares subject of the Transaction (at the end of trading on the day preceding the signing of the Implementation Agreement dated 08/06/1445H (corresponding to 21/12/2023G))	13.24%
Qassim Cement share price (at the end of trading on the day preceding the signing of the Implementation Agreement dated 08/06/1445H (corresponding to 21/12/2023G))	SAR 63.20
Hail Cement share price (at the end of trading on the day preceding the day of signing the Implementation Agreement on 08/06/1445H (corresponding to 21/12/2023G))	SAR 11.72
Implicit valuation of Hail Cement's share (at the end of trading on the day preceding the day of signing the Implementation Agreement on 08/06/1445H (corresponding to 21/12/2023G))	SAR 13.27

2. Opinion of the Board of Directors of Hail Cement regarding the Acquisition Transaction

The Board of Directors of Hail Cement is of the opinion that the Acquisition Transaction is fair and reasonable, after having exercised the appropriate due diligence with the support of their advisors and after taking into account the market conditions as of the date of publication of this Circular, as well as the anticipated benefits of the Acquisition Transaction and the underlying reasons therefor, in addition to the independent advice received from SNB Capital in its capacity as the Financial Advisor to Hail Cement in connection with the Acquisition Transaction. Such advice states that, on the date of the provision thereof to the Board of Directors of Hail Cement, and in accordance with the factors, assumptions, and limitations outlined in such advice, SNB Capital deems the agreed Exchange Ratio under the Implementation Agreement to be financially equitable for Hail Cement. It should be noted that the opinion given by SNB Capital will not be updated. Accordingly, there is no guarantee that SNB Capital will maintain the same opinion regarding the fairness of the Exchange Ratio on the date of Hail Cement's EGM on the Acquisition Transaction, since the factors and assumptions on which the opinion was based on the date of its submission are prone to change.

The members of the Board of Directors of Hail Cement also believe that the Acquisition Transaction is in the interest of Hail Cement and its shareholders, and therefore recommend that Hail Cement shareholders approve the Acquisition Transaction. In providing such recommendation, the members of the Board of Directors of Hail Cement took into account the findings of the due diligence studies conducted by Hail Cement's advisors on Qassim Cement, in addition to the external advice they received on legal, financial, accounting, strategic and other matters related to the Acquisition Transaction, noting that Hail Cement has not received any alternative offers as of the date of this Circular.

It should be noted that the findings of professional due diligence studies depend on several factors, including the accuracy and completeness of the information provided by Qassim Cement. Accordingly, when expressing its opinion regarding the Acquisition Transaction, the Board of Directors of Hail Cement did not take into account any material operational, legal or financial risks relating to Qassim Cement's business, assets or liabilities that were not reached by Hail Cement and its advisors during the necessary due diligence studies on Qassim Cement, or that were not anticipated, calculated or disclosed to Hail Cement by Qassim Cement.

It should be noted that the members of the Board of Directors of Hail Cement did not take into account the individual investment objectives, financial position, Zakat and tax situation or circumstances of each shareholder due to the varying circumstances, conditions and objectives of each of them, nor did they take into account trading levels or patterns, Qassim Cement share prices or any other circumstances after the date hereof. Accordingly, the members of the Board of Directors emphasise the need for each shareholder of Hail Cement to obtain independent professional advice from a financial advisor licensed by the CMA with regard to the Acquisition Transaction.

As such, each shareholder of Hail Cement must rely on their own review of the Acquisition Transaction to ensure the suitability of the Acquisition Transaction and the information contained in this Circular to their personal investment objectives and financial conditions.

Moreover, it is worth noting that the Board of Directors of Hail Cement intends to vote to approve the Acquisition Resolutions at Hail Cement's EGM on the Acquisition Transaction.

3. Opinion of the Board of Directors of Hail Cement regarding the Plans of Qassim Cement

This section contains the expected benefits of the implementation of the Acquisition Transaction. It further contains forward-looking statements, which are subject to risks and uncertainties and therefore should not be unduly relied upon. It should be noted that the business integration estimates between the two companies contained in this section are merely preliminary, and there is no intention to update such data or any other forward-looking statements or to make future additions except as required by the applicable laws and regulations. Nothing contained in this section is intended to provide or may be considered to be a forecast, prediction or estimate of the current or future financial performance of Qassim Cement.

3.1 Overview

On 29/02/1444H (corresponding to 25/09/2022G), Qassim Cement and Hail Cement announced the conclusion of a Non-Binding MoU between the two companies in connection with a potential securities exchange transaction. Under the MoU, the two companies agreed that the structure for conducting the potential transaction would be through a share exchange offer to be submitted by Qassim Cement (as the Offeror) to the shareholders of Hail Cement (as the Offeree) for the purpose of acquiring all of Hail Cement's shares. A non-binding Exchange Ratio was also agreed, taking into account the results of the necessary due diligence studies to be conducted by Both Companies.

On 11/06/1445H (corresponding to 24/12/2023G), Qassim Cement announced the conclusion of the Implementation Agreement, including the final Exchange Ratio of 0.21 shares in Qassim Cement for each share in Hail Cement, in addition to all of the provisions and procedures necessary for implementation and completion of the Acquisition Transaction between the two Companies in accordance with the provisions of Article 26 of the MARs, the Capital Market Law, the Companies Law and the regulations thereof, as well as the other applicable laws and regulations in force in the Kingdom of Saudi Arabia. On 05/07/1445H (corresponding to 17/01/2024G), Qassim Cement announced its firm intention to submit an offer in connection with the Acquisition Transaction, then announced a following announcement in this regard on 06/07/1445H (corresponding to 18/01/2024G).

3.2 Benefits of the Acquisition Transaction

The integration of Qassim Cement and Hail Cement is expected to expand the scale of operations, improve access to raw materials, and unlock synergies through shared knowledge and experience in the cement sector. Furthermore, following the Acquisition Transaction, Qassim Cement is expected to be well-positioned to support the Saudi economy and play a leading role in contributing to achieve the Kingdom's Vision 2030, along with being a key stakeholder in supporting and implementing major projects in the Kingdom of Saudi Arabia. Below is a summary of the key motives and expected benefits of the Acquisition Transaction:

- **Scale, coverage and profile:** The two Companies will have production facilities of 4 kilns and 7 cement mills with a production capacity of approximately 9.3 million tons of cement and 5.6 million tons of clinker, with total notional revenues of approximately SAR 924.3 million and net income of approximately SAR 127.4 million (13.8% net profit margin) based on the year ended 31 December 2022G, which will enable Qassim Cement to become one of the most prominent players in the cement industry sector in the Kingdom.
- **A reliable and flexible partner for major projects:** Qassim Cement is expected to have a clear footprint in the Kingdom of Saudi Arabia, where it will be well-positioned to meet the expected growth in demand driven by major projects in the Kingdom, particularly in the central and northern regions. Together, Qassim Cement and Hail Cement will be better positioned to obtain contracts within mega projects in these two regions based on several success factors, the most important of which are: (1) the availability of production facilities in two different locations, which will result in greater preparedness in meeting higher levels of demand and thus reduce risks related to future supply orders, (2) lower costs (due to integration and increased savings) and increased operating efficiency (due to combined knowledge and expertise), and (3) a broader scope that allows investment in new products (high-quality cement) and the development of sustainable solutions.

- **Capabilities:** Following the completion of the Acquisition Transaction, Qassim Cement plans to leverage the existing and complementary capabilities and resources of Hail Cement and Qassim Cement together in order to achieve new competitive advantages by implementing the following activities:
 - **R&D expertise in the cement sector:** Pooling of shared knowledge and expertise between both parties, sharing of best practices, and discontinuing any overlapping projects in order to optimally invest the available resources.
 - **Enhance technical expertise:** Developing the operations of Qassim Cement and Hail Cement through better exploitation of the value chain.
 - **Improve negotiation ability:** Enhancing and strengthening relationships with suppliers as a result of the greater scale of the Company's business, as well as increased flexibility in the face of customer pressure through diversification of the customer base.
 - **Enhance human capital:** Attracting the best talent and expertise, both locally and internationally, as a leading multi-factory brand.
- **Revenue benefits:** After the Acquisition Transaction, Qassim Cement will be able to benefit from the geographic integration between the production facilities and asset portfolios of Hail Cement and Qassim Cement to expand into the regions of the Kingdom of Saudi Arabia. The shared knowledge and experience in local markets within various cities of the Kingdom of Saudi Arabia (particularly in the central and northern regions) is expected to drive growth in the near term by improving the product portfolio. Revenue savings can be expected in the medium and long term through increased market share due to the expansion of production capacity along with efficient resource utilisation.
- **Cost synergies:** The Acquisition Transaction is expected to provide opportunities for cost savings and optimal utilisation of resources upon completion of the business integration process, with the possibility of creating other values, driven by increased scope and scale of business, as well as leveraging the integration of administrative and technical expertise and annual efficiency gains. Following the Acquisition Transaction Completion, Qassim Cement is expected to benefit from the best practices of both Qassim Cement and Hail Cement in order to reduce operating expenses and improve transportation and logistics costs (by reducing the distance in logistics for raw materials as well as customer logistics), in addition to focusing administrative functions in the short and medium term.
- **Balance sheet synergies:** Combining the capital expenditure of the two companies is expected to simplify procurement procedures (purchase of raw materials in bulk, leveraging the quarries, etc.). Furthermore, Qassim Cement is expected to benefit from improved inventory following the Acquisition Transaction (for example, through a joint program to reduce clinker and spare parts inventory levels).

4. Opinion of the Board of Directors of Hail Cement regarding the Plans of Qassim Cement with regard to the Employees of Hail Cement

Qassim Cement indicated in the Offer Document that the Acquisition Transaction will not result in forced layoffs of Hail Cement employees, and it plans to utilise the Hail Cement employees experience and skills. Therefore, the Board of Directors of Hail Cement is reassured regarding Qassim Cement's plans for Hail Cement's employees and believes that such plans are in their interest.



5. Related Parties and Members of the Board of Directors

5.1 Interest in the Acquisition Transaction

According to the MARs, the Qassim Cement owned Investment Fund 17 is a Related Party due to its ownership of 2,308,206 shares in Hail Cement, representing 2.36% of Hail Cement's share capital prior to the Acquisition Transaction Completion.

6. Ownership Interests and Transactions

6.1 Hail Cement's Board of Directors confirms the following:

- Hail Cement does not currently own or control any shares in Qassim Cement, nor has it owned or controlled any shares in Qassim Cement at any time during the 12-month period preceding the date of this Circular.
- - Other than the treasury shares referred to in paragraph (6-4) below, no ownership stakes in Hail Cement or Qassim Cement are owned or controlled by: (1) Hail Cement, (2) a pension fund affiliated with Hail Cement, (3) any of Hail Cement's advisors, or (4) any person acting in concert with Hail Cement. Hail Cement has no subsidiaries, and therefore no ownership by subsidiaries. None of the persons mentioned in this paragraph dealt in Hail Cement or Qassim Cement shares during the offer period until the day prior to this circular.
- There are no ownership interests in Hail Cement or Qassim Cement that are managed at the discretion of an investment fund manager that has control thereover, or is controlled or under common control with Hail Cement or any person acting in agreement therewith, or with any Relevant Advisor of Hail Cement or any person acting in concert therewith. The term "Relevant Advisor" means the Financial Advisor to Hail Cement in connection with the Acquisition Transaction, any advisor to Hail Cement in connection with the Acquisition Transaction, or any advisor providing advice to a person acting in concert with Hail Cement in connection with the Acquisition Transaction or to any of the Capital Market Institutions licensed by CMA to practice securities activities for the benefit of Hail Cement, or regarding any matter which causes a person to be considered as acting in concert with Hail Cement.
- - Hail Cement has not purchased or recovered any of its shares during the 12-month period preceding the Offer Period, which commenced on 05/07/1445H (corresponding to 17/01/2024G) up to the day prior to the publication of this Circular.
- No ownership interests in Hail Cement or Qassim Cement are owned or controlled by a person who has entered into an agreement with Hail Cement (or with any person acting in concert therewith) regarding any compensation arrangement or option, or any arrangement, agreement or understanding – whether formal or informal and regardless of the nature thereof – which may be an incentive for any person to hold, deal, or abstain from dealing in Hail Cement securities.

6.2 The following table shows the ownership interests of the members of Hail Cement's Board of Directors and the extent of any controlling interest they hold in Hail Cement or Qassim Cement based on the shareholder register of Hail Cement issued on Sunday, 01/08/1445H (Corresponding to 11/02/2024G):

Name	Position	Member-ship Capac-ity	Entity Repre-sented	Ownership in Hail Cement				Ownership in Qassim Cement			
				Direct	Indirect Interest ⁽¹⁾	Total	Percent-age	Direct	Indirect Interest ⁽¹⁾	Total	Per-centage
Mr. Abdulmalik Khalid Sulaiman AlRajhi	Board Chairman	Independent	Al Rajhi Holding Group	1,000	1,500,100 ⁽³⁾	1,501,100	1.53%	N/A	N/A	N/A	N/A
Mr. Abdul Aziz Majid Al Qasabi	Vice Chairman	Independent	-	657,488	7,011,500 ⁽⁴⁾	7,668,988	7.83%	N/A	N/A	N/A	N/A
Mr. Abdul Aziz Tariq Al Bassam	Member	Independent	-	295,000	N/A	295,000	0.3%	N/A	N/A	N/A	N/A
Mr. Abdullah Abdulaziz Al-Jeriwi	Member	Independent	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eng. Khaled Abdul Aziz Al Ahmed	Member	Executive	-	100	N/A	100	0.0001%	N/A	N/A	N/A	N/A
Eng. Fahad Abdul Karim Moajel Al Faraj	Member	Independent	-	N/A	407,938 ⁽⁵⁾	407,938	0.42%	N/A	N/A	N/A	N/A
Vacant ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-

(1) Shares in which they have an indirect interest, namely shares directly owned by: (1) companies controlled by the Board member, (2) the Board member's relatives, i.e., their spouses, parents and children, or (3) the entity which the Board member represents.

(2) This position is currently vacant, as Board member Ahmed Saleem Ali Eliwah resigned on 08/02/1445H (corresponding to 24/08/2023G). No replacement has been appointed to date.

(3) Refers to the shares owned by Al Rajhi Holding Group, which the Director represents, amounting to 1,500,000 shares.

(4) Refers to the shares owned by the Board member's father, amounting to 4,731,500 shares and shares owned by Mushira Saudi Company, amounting to 2,280,000 shares, in which the Board member holds a controlling share.

(5) Refers to the shares of Fahad Al-Moajel & Bros. Co.

6.3 The members of Hail Cement's Board of Directors have not traded in the shares of Hail Cement or Qassim Cement during the 12-month period preceding the Offer Period from 05/07/1445H (corresponding to 17/01/2024G) (until the day prior to the publication of this Circular).

6.4 It should be noted that Hail Cement owns treasury shares amounting to (1,493,478) shares, representing (1.53%) in Hail Cement's capital before the Acquisition Transaction Completion. These treasury shares will be part of the Offer and will accordingly be exchanged for Qassim Cement shares based on the Exchange Ratio.

7. Material Agreements of Hail Cement

With the exception of the Implementation Agreement and the MoU, Hail Cement has not concluded any material agreements outside the framework of its ordinary course of business during the two years preceding the start of the Offer Period which amount to 10% or more of Hail Cement's annual revenues as per its financial statements audited for the financial years ended 31 December 2023G.

7.1 Implementation Agreement

Both Companies entered into the Implementation Agreement on 08/06/1445H (corresponding to 21/12/2023G), whereby they agreed on the terms, conditions and obligations of the Acquisition Transaction and the obligations of Both Companies with respect to the implementation of the Acquisition Transaction. The Implementation Agreement also contains a number of warranties provided by each company to the other, in addition to a number of business restrictions.

The Acquisition Transaction is subject to the approval of both the eligible shareholders of Hail Cement and the shareholders of Qassim Cement. Based on Paragraph (n) of Article 3 of the MARs, shareholders holding shares in both Qassim Cement and Hail Cement may only vote on the Acquisition Resolutions at the EGM of one of the two companies only, if the shareholder votes in both EGMs, his vote will be excluded from one of them based on the resolution of the two companies as they deem appropriate.. For further information on shareholder voting at the EGM, please refer to Section 9 ("**Necessary Procedures for Completion of the Acquisition Transaction**") of this Circular.

7.1.1 Terms of the Implementation Agreement

The Implementation Agreement contains a number of terms that must be fulfilled for the Acquisition Transaction Completion. Both Companies have undertaken to exert efforts to satisfy such terms as soon as possible prior to the approval of the EGMs of Both Companies, and to coordinate their efforts in this regard. Moreover, Both Companies have agreed such terms may not be amended or waived without the written consent of Both Companies. Such terms are outlined as follows:

1- Obtaining all required approvals from the CMA pertaining to the Acquisition Transaction.

- 2- Obtaining the approval of the Saudi Stock Exchange (Tadawul) to list the Consideration Shares and any other approvals in relation to the Acquisition Transaction.
- 3- Submitting any required notices pertaining to the Acquisition Transaction to the Securities Depository Center Company ("**Edaa**").
- 4- Obtaining a no-objection certificate from the General Authority for Competition in relation to the Acquisition Transaction or the elapse of the deadline set for the review of the economic concentration request by the General Authority for Competition pursuant to the Competition Law.
- 5- Obtaining a no-objection certificate from the Ministry of Commerce in relation to the proposed amendments to the Qassim Cement's Bylaws.
- 6- Obtaining the approval of the required majority of Qassim Cement shareholders on the Acquisition Resolutions.
- 7- Obtaining the approval of the required majority of Hail Cement shareholders on the Acquisition Resolutions.
- 8- The non-occurrence and non-continuation of a Material Adverse Event.
- 9- Non-breach of several warranties made by Qassim Cement and Hail Cement, unless the breaching party rectifies the relevant breach in a manner acceptable to the other party if such breach is rectifiable. These warranties are as follows:
 - a- Both Qassim Cement and Hail Cement have the authority to conclude the Implementation Agreement and fulfil their respective obligations which arise therefrom.
 - b- The obligations arising from the Implementation Agreement are binding on both parties.
 - c- The conclusion of the Implementation Agreement and the fulfilment of its obligations will not lead to:
 - 1- A fundamental breach of the provisions of the bylaws of either party; and
 - 1- A material breach or a breach that would grant any other party the right to terminate any Material Agreement (as defined in the Implementation Agreement) to which either party is a party or the right to materially amend the same.

- d- All information pertaining to each party which has been provided to the other party in connection with the Acquisition Transaction or pertaining to each party (including information provided during the due diligence studies or for the purpose of preparing the Acquisition Transaction documents) is correct and complete in all material respects and is not materially misleading as of the date thereof.
 - e- No material information or any other information requested during the due diligence studies has been withheld by the other party in the context of the Acquisition Transaction.
- 10- No resolution, law, directive, order, ruling, or decree has been issued by any governmental authority or body in the Kingdom that would render the completion of the Acquisition Transaction – in accordance with the terms of the Implementation Agreement – impermissible or illegal.
- 11- Obtaining the approval of a number of parties with which each of the two companies' contracts in connection with the Acquisition Transaction, pursuant to the provisions of the Implementation Agreement.

7.1.2 Business Restrictions

The Implementation Agreement obliges Both Companies to refrain from any act that violates the restrictions set out therein concerning how Both Companies conduct their business between the date of signing the Implementation Agreement until the date of the Acquisition Transaction Completion or the termination of the Implementation Agreement in accordance with the Terms and Conditions thereof (whichever occurs first) without the consent of the other Party, noting that other Party may not withhold or delay its consent without reasonable cause.

Should one of the two companies breach any such restrictions, the other party shall, at its reasonable discretion and in the event that the non-breaching party finds the violation to be a Material Adverse Event, be entitled to terminate the agreement pursuant to a written notice granted to the breaching party. For further details regarding the termination provisions of the Implementation Agreement, please refer to Section 7.1.4 ("**Termination Provisions of the Implementation Agreement**") of this Circular.

The business restrictions set out in the Implementation Agreement stipulate that, unless mandated by law, neither company may perform any act or agree to perform any act that would breach any such restrictions. These restrictions are summarised as follows:

- 1- The Company's activities shall be restricted to its ordinary course of business and in all material respects, shall be consistent with its previous practices, taking care in all cases not to violate the relevant regulations.
- 2- No material change will be made in the nature or scope of the Company's business nor will it engage in any new material activities.
- 3- No dividends or other distributions, whether in cash, in kind, or in any other form, will be declared, distributed, or paid for any period (except for Q4 of 2023G, which shall not differ from the previous practices in this regard).
- 4- To refrain from entering into or amending any agreement, undertaking any commitment or performing any action if such action would result in the incurrence of compensation, expenses or obligations in excess of the following percentages:
 - a- 10% of the Company's total assets, in the event of the acquisition of assets.
 - b- 1% of the Company's total assets, in the event of the disposal of assets.
 - c- 5% of the Company's net assets, in the event of any other transaction or agreement.
- 5- To refrain from concluding any financing or loan agreement in excess of 10% of the Company's total liabilities.
- 6- To refrain from making any change in human resources policies, or any promotion or granting of any bonus or other rewards that are not in line with current policies and do not align with the previous practices of the Company.
- 7- To refrain from taking any action that could lead to the Company's liquidation, merger, dissolution, or transformation of its legal structure.
- 8- To refrain from approving, recommending or conducting any purchase of shares, sale of treasury shares, splitting or consolidation of shares, change of par value or cancellation of shares for any reason.
- 9- To refrain from making any changes to its share capital or amendments to its founding documents.

7.1.3 Exceptions to Business Restrictions

Subject to the foregoing, Both Companies have agreed on a number of exceptions to the business restrictions to allow Both Companies to engage in certain business activities and actions without such activities constituting a breach of the aforementioned business restrictions. These exceptions are as follows:

- 1- Any action undertaken prior to the Implementation Agreement which is publicly announced or specifically disclosed in writing to the other party.
- 2- Any action set out in the Agreement.

7.1.4 Composition of Qassim Cement's Board of Directors after Completion of the Acquisition Transaction

Subject to obtaining the relevant regulatory approvals and the approval of the shareholders of Both Companies, Both Companies agree under the Implementation Agreement to take the necessary actions to amend the composition of Qassim Cement's Board of Directors after the Acquisition Transaction Completion as follows:

- 1- Hail Cement nominates two Directors within 30 working days after the signing date of the Implementation Agreement.
- 2- On the Acquisition Transaction Completion date, Qassim Cement will provide two vacant seats for the members nominated by Hail Cement's Board of Directors by increasing the seats of Qassim Cement's Board of Directors from nine (9) to eleven (11) members, or any other method it deems appropriate.

Based on the aforementioned amendments to the composition of Qassim Cement's Board of Directors, it is expected that the new composition of Qassim Cement's Board of Directors upon Acquisition Transaction Completion will be as follows:

- Two members will be nominated by Hail Cement's Board of Directors to Qassim Cement's Board of Directors upon Acquisition Transaction Completion.
- The remaining members will be members of Qassim Cement's Board of Directors.

Such changes will only take effect after the Acquisition Transaction Completion. The current Boards of Directors and executive management teams of Both Companies will continue to manage the two companies and work independently until the Acquisition Transaction Completion.

7.1.5 Termination Provisions of the Implementation Agreement

The Implementation Agreement shall be terminated with immediate effect, along with all rights and obligations of Both Companies pursuant to the Agreement (with the exception of certain rights and obligations which survive termination, such as provisions relating to maintaining confidentiality, dispute resolution and notices) upon the occurrence of any of the following:

- 1- Notice to terminate the Agreement is served by either party to the other party following the other party's breach of any of the terms and conditions of the Implementation Agreement where such breach constitutes a Material Adverse Event, including:
 - a- Any breach of the obligations set forth in Clause 5 of the Implementation Agreement in connection with the preparation and submission of the required documentation to the CMA for its approval of the publication of the Offer Document and the application for the increase of Qassim Cement's share capital, and the submission of all the required information to enable the other party to prepare such documentation.
 - b- Violation of any of the business restrictions (as described in Section 7.1.2 ("**Business Restrictions**") of this Circular) without obtaining the other party's express or implied consent as per the Agreement.



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- c- Any breach of the warranties presented pursuant to the Implementation Agreement, including the accuracy and completeness of the information, in all material respects, provided to the other party regarding the Acquisition Transaction as of the date of submission thereof. This includes information submitted during the due diligence studies or for the purpose of preparing the Acquisition Transaction documents, including this Circular, as well as the warranties that neither party has intentionally concealed any material information related to the Acquisition Transaction from the other party.
- 2- Failure to fulfil the terms of the Implementation Agreement or to be exempted from any such terms by written agreement between both parties prior to or on the final termination date of 21 December 2024G, unless the parties agree in writing on another date.
- 3- Written agreement between both parties to terminate the Agreement.

8. Zakat and Tax

The Acquisition Transaction may result in Zakat or tax dues on the eligible shareholders of Hail Cement, whether inside or outside the Kingdom. If any shareholder has any queries or questions regarding their Zakat or tax status, they should seek advice from an independent, specialised tax advisor licensed by the competent authorities.

9. Necessary Procedures for Completion of the Acquisition Transaction

Subject to the fulfilment of all conditions stipulated in the Implementation Agreement and described above, the key procedures required to complete the Acquisition Transaction are as follows:

9.1 Government Approvals

The Acquisition Transaction Completion is subject to obtaining a number of government approvals as follows:

- a- Obtaining a no-objection certificate from the General Authority for Competition in relation to the economic concentration resulting from the Acquisition Transaction.
- b- Obtaining the approval of the Saudi Stock Exchange (Tadawul) to list the Consideration Shares.
- c- Obtaining the CMA's approval of the request to increase Qassim Cement's share capital and to publish the Offer Document.
- d- Obtaining a no-objection certificate from the Ministry of Commerce in relation to the proposed amendments to Qassim Cement's Bylaws.
- e- Obtaining the approval of the CMA to convene the EGMs of Qassim Cement and Hail Cement on the Acquisition Transaction. The EGM dates will be announced on the website of the Saudi Stock Exchange (Tadawul).

With the exception of obtaining a no-objection certificate from the Ministry of Commerce in relation to the proposed amendments to Qassim Cement's Bylaws and the approval of the CMA to convene the EGMs of Qassim Cement and Hail Cement on the Acquisition Transaction, all of the government approvals described above have been obtained.

9.2 EGM Approval

The terms governing the Acquisition Transaction Completion include obtaining the approval of the EGMs of both Qassim Cement and Hail Cement on the Acquisition Transaction as follows:

- 1- Approval of the Acquisition Resolutions by the required majority, which constitutes a minimum of three-quarters of the voting rights represented at the EGM of Qassim Cement's shareholders.
- 2- Approval of the Acquisition Resolutions by the required majority, which constitutes a minimum of three-quarters of the voting rights represented at the EGM of Hail Cement's shareholders.

Qassim Cement and Hail Cement will each submit a request to convene their respective EGMs on the Acquisition Transaction to the CMA after publication of this document. After obtaining the CMA's approval in this regard, both Qassim Cement and Hail Cement will publish the invitation to convene their respective EGMs on the Acquisition Transaction, which must be held within twenty-eight (28) business days from the date of publication of this Circular (or any other date approved by the CMA).

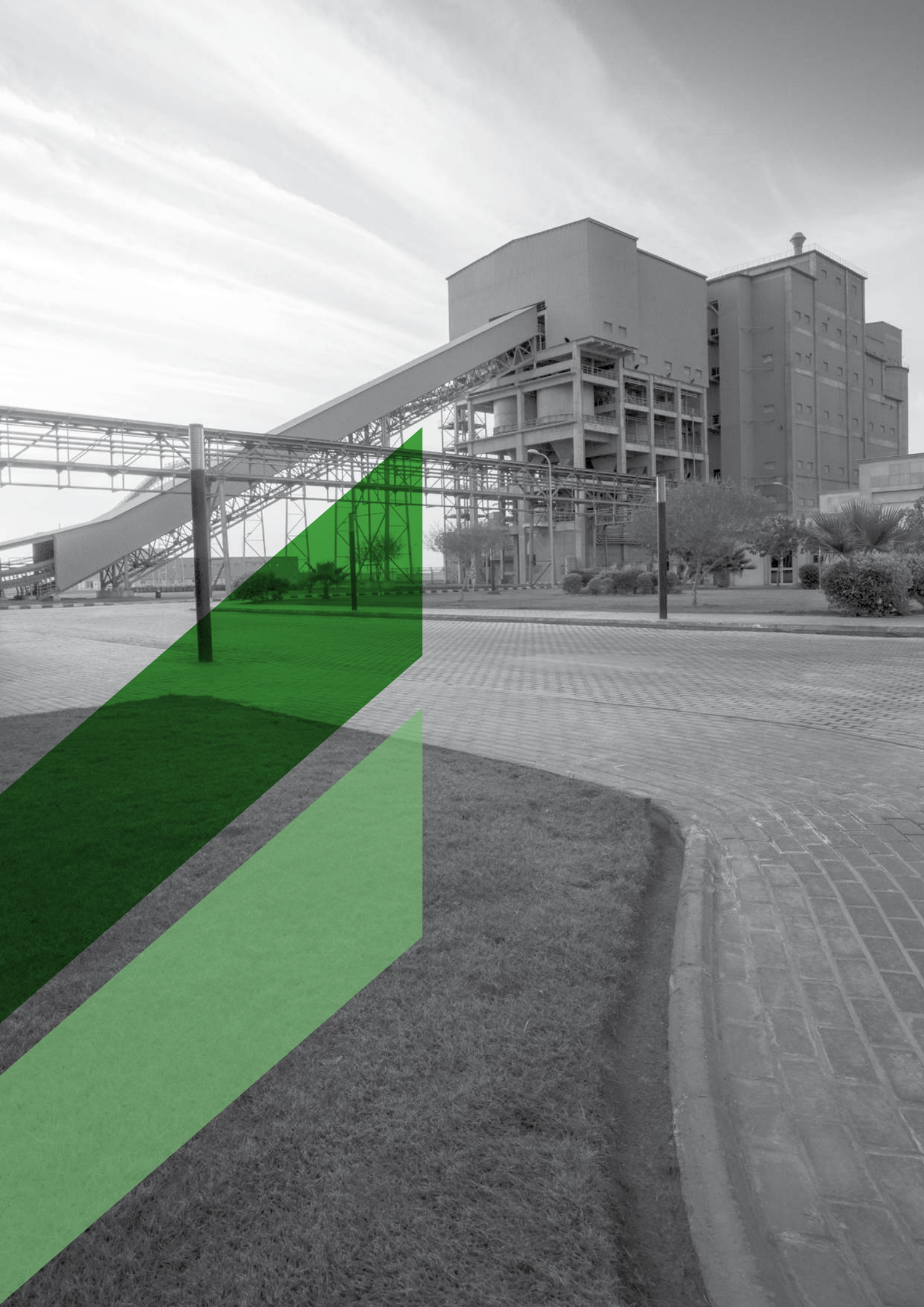
All shareholders listed in the shareholder registers of Qassim Cement and Hail Cement, as the case may be, at the end of the day of the EGM on the Acquisition Transaction, shall have the right to attend the EGM. Shareholders will be able to attend and vote on the agenda (electronically) in accordance with the procedures adopted in this respect. Pursuant to Paragraph (n) of Article 3 of the MARs, shareholders holding shares in both Qassim Cement and Hail Cement may only vote on the Acquisition Resolutions at the EGM of one of the two companies. If a shareholder votes in both EGMs, his vote will be excluded from one of them based on the decision of the two companies as they deem appropriate.

Although all Hail Cement shareholders are entitled to attend the Hail Cement EGM on the Acquisition Transaction and vote on the resolutions thereof (subject to any restrictions that may be in place due to a conflict of interest or any other restrictions under the applicable regulations in the Kingdom), Hail Cement shareholders residing outside the Kingdom must take into account that this Circular has not been submitted to or registered with any regulatory body outside the Kingdom. Accordingly, if any of Hail Cement shareholders are residents of any jurisdiction whose regulations require Qassim Cement to take any steps to enable such shareholder to vote on the Acquisition Resolutions in a legal manner, it should be known that Qassim Cement has not taken such steps and therefore the relevant shareholder must refrain from voting on the resolutions proposed at Hail Cement's EGM on the Acquisition Transaction. If the relevant shareholder votes on the Acquisition Resolutions despite this, Qassim Cement, in coordination with Hail Cement, shall have the right not to proceed with the Acquisition Transaction unless the Acquisition Transaction has been approved by the required majority of Hail Cement shareholders without counting the votes of such shareholder.

If the required percentage – which is a minimum of three-quarters of the voting rights represented at the meeting – of the shareholders of Hail Cement approve the Acquisition Transaction at Hail Cement's EGM on the Acquisition Transaction and all other terms of the Acquisition Transaction are fulfilled, then all Hail Cement shareholders (including shareholders who voted against or did not participate in voting) will not hold any shares in Hail Cement as Hail Cement's shares will be delisted and it will become a wholly owned subsidiary of Qassim Cement. Instead, they will receive Consideration Shares in Qassim Cement in accordance with the terms and conditions of the Implementation Agreement upon Acquisition Transaction Completion.

9.3 Acquisition Transaction Completion

After the Acquisition Resolutions are approved by the shareholders of Both Companies, the Acquisition Resolutions will become effective. As a result, the ownership of all Hail Cement shares will be transferred to Qassim Cement, the shares of Hail Cement will be delisted, and Hail Cement will become wholly owned by Qassim Cement. Qassim Cement will issue Consideration Shares to Hail Cement Eligible Shareholders in a period no less than the second trading session and no later than the sixth trading session following the Acquisition Transaction Completion date.



10. Waivers

No application has been submitted to the CMA for any waivers.

11. Documents Available for Inspection

Hail Cement will provide copies of the following documents for inspection at its headquarters during normal working hours on any business day from the date of publication of this Circular until the end of the Offer Period:

- 1- The Bylaws and Articles of Association of both Hail Cement and Qassim Cement.
- 2- The audited financial statements of Hail Cement and Qassim Cement for the financial years ended 31 December 2021G, 2022G and 2023G.
- 3- The Memorandum of Understanding (MoU).
- 4- The Implementation Agreement.
- 5- The opinion of the Financial Advisor.
- 6- Pro forma unaudited consolidated financial information for Qassim Cement for the fiscal year ending on 31 December 2022G and for the six-month period ending on 30 June 2023G.
- 7- Approval letters from the advisors for the use of their names, logos and statements in this Circular.

12. Annex 1: Independent Advice Provided by the Financial Advisor



PRIVATE & CONFIDENTIAL

21 December, 2023

Board of Directors
Hail Cement Company
King Abdullah Rd. Industrial Area
P.O. Box 1008
Hail 81431
Kingdom of Saudi Arabia

Dear Sirs

Hail Cement Company (the "Offeree" or "HCC") proposes to accept the offer made by Qassim Cement Company (the "Offeror" or "QCC") to acquire all shares of HCC in consideration for newly issued shares in QCC (the "Offer") such that upon completion of the Offer, the Offeree will be a wholly owned subsidiary of QCC and the Offeree will be delisted from the Saudi Exchange (the "Transaction"). Pursuant to the implementation agreement entered into between HCC and QCC on 08/06/1445H (corresponding to 21/12/2023G) (the "Implementation Agreement") pursuant to which QCC has agreed to make an offer to HCC's shareholders (the "Shareholders" and each a "Shareholder") pursuant to Article 26 of the Merger and Acquisition Regulations issued by the board of the Capital Market Authority pursuant to resolution number 1-50-2007 dated 21/09/1428H (corresponding to 03/10/2007G) as amended by Resolution of the board number 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) (the "Regulations") and in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority pursuant to resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G) as amended by resolution of the board number 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G) (the "Rules on the Offer of Securities and Continuing Obligations"), the Transaction will be implemented through QCC's acquisition of all of HCC's shares, which are 97,900,000 shares with nominal value of SAR 10 per share, through a securities exchange offer in consideration for QCC's issuance of 20,559,000 new ordinary shares with nominal value of SAR 10 each for HCC's shareholders (the "Consideration Shares"). After completion, the Shareholders, who are registered in HCC's shareholders' register at the end of the second trading day after the date of the approval of the extraordinary general assembly relating to the Transaction of both companies, will receive 0.21x Consideration Shares in QCC in return for every share they own in HCC (the "Exchange Ratio").

As part of our engagement as financial advisor to the Offeree in relation to the Offer and pursuant to the terms of our engagement letter signed 12 November 2022 with the Offeree, the Offeree has requested the opinion of SNB Capital ("SNBC" "us" "we" or the "Financial Advisor") pursuant to Article 18 of the Regulations, as to whether SNBC considers the Exchange Ratio as fair, from a financial point of view, to the Offeree (the "Opinion").

The Transaction will become effective if the general assembly of the Offeree approve the Transaction in accordance with Articles 26(c) of the Regulations and the Consideration Shares (the "Shares") are registered and listed on Tadawul.

This Opinion is provided to the board of directors of HCC (the "Board") on 08/06/1445H (corresponding to 21/12/2023G) pursuant to Article 18 of the Regulations.

In arriving at the Opinion, SNBC has undertaken such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. For the purposes of giving the Opinion, SNBC has:

- a) met with certain members of the management of the Offeree to discuss the operations, financial condition forecasts relating to the business, earnings, cash flow, assets, liabilities and prospects of the Offeree prepared and provided to us by HCC management and QCC,

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SNB Capital Company | Saudi Joint Stock Company | Paid up capital SAR 1,500,000,000 million | Authorized by the Capital Market Authority | CR: 1010231474 | 7347 AlMulek Saudi Road | 2775 Al Murabba District | P.O. Box 22216 Riyadh 12624 | Kingdom of Saudi Arabia | Telephone: 8002440123 | Email: info@alahicprtal.com

- as well as the rationale and certain terms for the Transaction, including information related to certain strategic, financial and operational outcomes anticipated from the completion of the Transaction and certain risks associated with the Offeree and QCC's existing and future operations, infrastructure, services or business models;
- b) reviewed the reported price and trading activity for ordinary shares of the Offeree and QCC and compared them with those of certain publicly traded companies which we deemed to be relevant;
 - c) reviewed the financial terms of the Offer;
 - d) reviewed the Implementation Agreement;
 - e) examined HCC's audited consolidated financial statements for the fiscal years ended 31 December 2020G, 31 December 2021G, 31 December 2022G and unaudited financial statements for the six months ended 30 June 2023G;
 - f) examined QCC's audited consolidated financial statements for the fiscal years ended 31 December 2022G, and the unaudited financial statements for the six months ended 30 June 2023G;
 - g) reviewed on a non-reliance basis, certain due diligence materials prepared by the Offeree's advisors for the purpose of the Offer;
 - h) Compared the terms of the Offer with those, to the extent publicly available, of certain comparable transactions that we deemed to be relevant;
 - i) reviewed certain publicly available information relating to HCC and QCC that we deemed to be relevant;
 - j) reviewed historical market prices and trading volume for HCC's shares and QCC's shares; and
 - k) reviewed such other financial studies, analyses and information, used certain valuation methods commonly used for these types of analyses, and considered such other factors as we have deemed appropriate.

In giving the Opinion, we have relied on the following assumptions and have been subject to the following limitations:

We have relied upon and assumed, without independent verification:

- (i) the assessment of the Offeree's management and the Board on the commercial merits of the Offer and the Transaction, including that the Offer is in the best interests of the Offeree and the Shareholders;
- (ii) the accuracy and completeness of all data and information and all other material provided to or discussed with us or publicly available and have not assumed any responsibility with respect to such data, information and other material nor for verification of the same;
- (iii) the accuracy or reasonableness of any forecasts and projections with respect to the future financial results and condition of the Offeree and the Offeror, or the assumptions on which they are based and have assumed that such projections, forecasts and analyses were prepared with due care and skill, in good faith and on bases reflecting the best currently available estimates and judgments. We express no opinion with respect to such projections, forecasts and analyses or the assumptions upon which they are based;
- (iv) that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of the Offeree and the

Offeror since the date of the most recently published available audited financial statements, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading; and

- (v) that the Transaction will be consummated as described in the Board's Circular without waiver or modification thereto. We have further assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Offeree and the Offeror or on the contemplated outcomes of the Transaction; and
- (vi) the assessment by the management of the Offeree and the Offeror of the rationale for the Transaction and information related to certain strategic, financial and operational outcomes anticipated from completion of the Transaction and of the validity of, and risks associated with HCC and QCC's existing and future operations, infrastructure, services or business models.

We have not prepared or been furnished with any independent valuation or appraisal of the assets or of the liabilities of the Offeree and the Offeror. Furthermore, in connection with this Opinion, we have not been requested to make, and have not made, nor have we commissioned any physical inspection or independent appraisal of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Offeree, the Offeror or any other party. We express no opinion regarding the value of any entity.

We have not been asked to, nor do we, express any opinion as to the commercial assessments of the Board to recommend or proceed with the Transaction. Neither we have not been asked to, nor do we, express any opinion as whether the process of achieving the Transaction including the Offeree's shareholders' approval and the validity of any legal agreements relating to the Transaction, is fair or otherwise.

We have not included the legal and tax effects of any reorganization or transaction costs which may arise as a result of the Offer or the Transaction in our analysis.

We have not performed any independent analysis of the situation of the individual shareholders of the Offeree including with respect to taxation in relation to the Transaction and express no opinion thereon.

This Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and publicly available information as it exists and as disclosed to us as at the date hereof. We shall not and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring after the date hereof. We are acting as financial adviser to the Offeree in relation to the Transaction and expect to receive a fee for our services, which is contingent upon completion of the Transaction. In addition, the Offeree agreed to indemnify us in relation to any liabilities we might incur within the scope of our engagement on this Transaction.

We are expressing no opinion herein as to the price at which any securities of either the Offeree or the Offeror will trade at any time, including the prices at which the Offeror's securities will trade following consummation of the Transaction.

This Opinion is furnished solely for the use and benefit of the Board in connection with the Transaction and is not intended to, and does not, confer any rights or remedies upon any other person, and is not intended to be used, and may not be used, for any other purpose or relied upon or used by any other person, without our prior written consent. Without prejudice to the generality of the foregoing, as this Opinion is required to be published in the Board Circular in accordance with Article 39 of the Regulations, we consent to its inclusion therein. This Opinion should not be construed as creating any fiduciary duty on the part of the Financial Advisor to any party. This Opinion is not intended to be, and does not constitute, a recommendation to any security holder or any other person as to how such person should act or vote with respect to the Transaction. This Opinion, as set forth

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herein, is limited to the fairness, from a financial point of view, of the Exchange Ratio to the Offeree. The decision to approve the Transaction in accordance with 26(c) of Regulations rests with the Shareholders in extraordinary general assembly.

The Opinion is issued in the Arabic language and reliance may only be placed on this Opinion as issued in the Arabic language. If any translations of this Opinion are delivered, they are provided only for ease of reference, have no legal effect and the Financial Advisor makes no representation as to (and accepts no liability in respect of) the accuracy nor completeness of any such translations.

On the basis of the work set out above and subject to the various assumptions and limitations set forth herein, and in reliance thereon, it is our opinion that, as at the date hereof, the Exchange Ratio is fair and reasonable, from a financial point of view, to the Offeree and the Shareholders.

Handwritten signature/initials

Yours faithfully,



SNB Capital Company

Name: Rashed Sharif

Title: Chief Executive Officer

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13. Annex 2: Proposed Amendments to the Bylaws of Qassim Cement

Article	Article Text in the Current Bylaws	Proposed Amendment to the Article
Article 7: Share Capital	<p>The Company's share capital is set at nine hundred million Saudi Riyals (SAR 900,000,000), divided into ninety million (90,000,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are ordinary cash shares.</p> <p>The share capital was increased from four hundred and fifty million Saudi Riyals (SAR 450,000,000) to nine hundred million Saudi Riyals (SAR 900,000,000) pursuant to the resolution of the EGM of the Company's shareholders held on 28/11/1430H, corresponding to 16/11/2009G.</p> <p>The share capital was increased from three hundred million Saudi Riyals (SAR 300,000,000) upon incorporation to four hundred and fifty million Saudi Riyals (SAR 450,000,000) pursuant to the resolution of the EGM of the Company's Shareholders held on 01/12/1414H, corresponding to 11/05/1994G.</p>	<p>The Company's share capital is set at <u>amounts to one billion, one hundred and five million, five hundred and ninety thousand Saudi Riyals (SAR 1,105,590,000)</u> nine hundred million (SAR 900,000,000); divided into <u>one hundred and ten million, five hundred and fifty-nine thousand (110,559,000)</u> ninety million (90,000,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are ordinary cash shares.</p> <p>The share capital was increased from four hundred and fifty million Saudi Riyals (SAR 450,000,000) to nine hundred million Saudi Riyals (SAR 900,000,000) pursuant to the resolution of the EGM of the Company's shareholders held on 28/11/1430H, corresponding to 16/11/2009G.</p> <p>The share capital was increased from three hundred million Saudi Riyals (SAR 300,000,000) upon incorporation to four hundred and fifty million Saudi Riyals (SAR 450,000,000) pursuant to the resolution of the EGM of the Company's Shareholders held on 01/12/1414H, corresponding to 11/05/1994G.</p>
Article (8): Subscription to Shares	<p>The shareholders have subscribed to the entire capital stock of 90,000,000 (ninety million) shares, representing 100% of the shares fully paid in the name of the company.</p>	<p>The shareholders have subscribed to the entire capital stock of 90,000,000 (ninety million) <u>one hundred and ten million five hundred and fifty-nine thousand (110,559,000)</u> shares, representing 100% of the shares fully paid in the name of the company.</p>
Article 19: Company Management	<p>The Company is managed by a Board of Directors consisting of nine members elected by the General Assembly for a term of three years.</p>	<p>The Company is managed by a Board of Directors consisting of nine members <u>eleven members</u> elected by the General Assembly for a term of three years.</p>



HCC

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