



KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Limited Assurance Report to Southern Province Cement Company on the Board of Directors' Declaration on the Requirements of Article 71 of the Companies Law

To the Shareholders of Southern Province Cement Company

We were engaged by the management of **Southern Province Cement Company** (the "Company") to report on the the Board of Directors' declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law , which comprises the transactions carried out / will be carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Board of Directors' declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law, presented by the Board of Directors of **Southern Province Cement Company** (the "Company"), which comprises the transactions carried out / will be carried out by the Company during the year ended 31 December 2024 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Companies Law issued by Ministry of Commerce ("MOC").

Southern Province Cement Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management of the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).



Southern Province Cement Company's Responsibility (continued)

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law ; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the transactions and contracts performed in which any of the BOD members of the Company has either direct or indirect interest during the year ended 31 December 2024;
- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain directors of actual or potential conflicts of direct or indirect interest in relation to transactions and contracts involving the BoD member;
- Checked that the minutes of meetings of the BOD that the relevant directors who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transactions and contracts;
- On a sample basis, obtained the required approvals along with supporting documents in respect of the transactions and contracts included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 30 to the audited financial statements of the Company for the year ended 31 December 2024.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and MOC for any purpose or in any context. Any party other than the Company and MOC who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company and MOC for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company and MOC on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services Company


Abdullah Oudah Althagafi
License No. 455



Jeddah, 29 April 2025
Corresponding to 1 Dhul Qadah 1446H

SOUTHERN PROVINCE CEMENT CO.

BOARD OF DIRECTORS



شركة أسمنت المنطقة الجنوبية

مجلس الإدارة

إبلاغ مجلس الإدارة للجمعية العامة بالعقود والأعمال بين أعضاء مجلس الإدارة ذوي المصلحة (أطراف ذات علاقة غير مباشرة) وبين الشركة

Disclosure of Transactions with Interested Parties

Greetings of peace, mercy, and blessings of God,

With reference to Article (27) of the Companies Regulation, which states that "No manager or member of the board of directors of a company shall have any direct or indirect interest in the transactions and contracts Concluded for the company account, except with the permission of the partners, the general assembly, the shareholders, or their delegate."

In compliance with the requirements of Article (71) of the Companies Regulation, the Board of Directors hereby notifies the General Assembly, upon its convening, of the transactions and contracts in which a member of the board has a direct or indirect interest. A special report from the company's external auditors is attached to the notification.

The transactions and contracts during 2024 with company from the Board of Directors were as follows:
1st :Transactions and contracts between Southern Cement Company and Saudi Chemical Company Limited, which is owned by Saudi Chemical Holding Group, in which Board Member Eng. Thamer bin Mohammed bin Muqhim Al-Muhaid has an indirect interest as the Group CEO. The transactions involved the supply of civil explosives from February 7, 2022 to February 6, 2025. The value of the transactions during 2024 was SR 12,149,645.

2nd : Transactions and contracts between Southern Region Cement Company and Advanced Maraj Consulting and Mining for Geological Surveys, in which the Board Member, Eng.Yahya bin Mohammed Al-Shanqeeti, a member of the board of directors, has a direct interest as he owns a (25%) stake in the company. These transactions involve a service contract to complete the procedures for extracting mining licenses (exploitation) for gypsum and iron ore licenses, where the scope of work includes the necessary studies for each site in terms of drilling, sampling, analysis, and submitting studies and reports to the relevant authorities until the license is issued." The contract value is (933,166) Saudi Riyals.

Accordingly, we would like to inform you, through this letter, about the members of the board of directors with an interest (related parties) who have transactions or contracts with the company for 2025. We kindly request the following:

To vote on the transactions and contracts that will be concluded between Southern Region Cement Company and Saudi Chemical Company Limited, which is owned by Saudi Chemical Group Holding Company, in which the Board Member, Eng. Thamer bin Mohammed bin Muqhim Al-Meheid, a member of the board of directors, has an indirect interest in his capacity as a Board Member in the group. These transactions involve the supply of civilian explosives starting from 07/02/2025 and ending on 02/06/2028. The estimated annual value of transactions for 2025 is approximately (12 million) Saudi Riyals based on the actual quantities transferred and delivered to the buyer without any preferential terms.

حضرات المساهمين الكرام

السلام عليكم ورحمة الله وبركاته

بالإشارة إلى المادة (27) من نظام الشركات التي تنص على أنه " لا يجوز لمدير الشركة ولا لعضو مجلس إدارتها، أن تكون له أي مصلحة مباشرة أو غير مباشرة في الأعمال والعقود التي تتم لحساب الشركة، إلا بترخيص من الشركاء أو الجمعية العامة أو المساهمين أو من يفوضونه." وبناء على متطلبات المادة (71) من نظام الشركات يبلغ مجلس الإدارة الجمعية العامة عند انعقادها عن الأعمال والعقود التي يكون لأحد أعضاء المجلس مصلحة مباشرة أو غير مباشرة فيها، ويرفق الإبلاغ تقرير خاص من مراجع حسابات الشركة الخارجي.

وقد كانت الأعمال والعقود خلال 2024م مع ذوي المصلحة من أعضاء مجلس الإدارة كالتالي:

أولاً - الأعمال والعقود التي تمت بين شركة أسمنت المنطقة الجنوبية والشركة الكيميائية السعودية المحدودة والتي تملكها مجموعة الشركة الكيميائية السعودية القابضة والتي لعضو مجلس الإدارة المهندس / ثامر بن محمد بن مقحم المهيد مصلحة غير مباشرة فيها بصفته الرئيس التنفيذي للمجموعة، وهي عبارة عن توريد متفجرات مدنية بدأت بتاريخ 2022/02/07م لغاية تاريخ 2025/02/06م وقد كانت قيمة التعاملات خلال عام 2024م بمبلغ (12,149,645) ريال.

ثانياً - الأعمال والعقود التي تمت بين شركة أسمنت المنطقة الجنوبية وشركة مشارف المتقدمة للاستشارات الجيولوجية والتعدين والتي لعضو مجلس الإدارة المهندس / يحيى بن محمد الشنقيطي مصلحة مباشرة فيها بصفته يمتلك حصة (25%) من الشركة، وهي عبارة عن عقد خدمات إكمال إجراءات استخراج رخص التعدين (الاستغلال) لرخص كشف خام الجبس والحديد حيث تضمن نطاق العمل الدراسات اللازمة لكل موقع من حيث أعمال الحفر وأخذ العينات وتحليلها وتقديم الدراسات والتقارير الخاصة بذلك للجهات المعنية إلى حين صدور الرخصة" بقيمة (933,166) ريال.

كما نود إبلاغكم عن أعضاء مجلس الإدارة ذوي المصلحة (أطراف ذات علاقة غير مباشرة) الذين توجد بينهم وبين الشركة أعمال أو عقود لعام 2025م ونأمل منكم ما يلي:

التصويت على الأعمال والعقود التي ستتم بين شركة أسمنت المنطقة الجنوبية والشركة الكيميائية السعودية المحدودة والتي تملكها مجموعة الشركة الكيميائية السعودية القابضة والتي لعضو مجلس الإدارة المهندس / ثامر بن محمد بن مقحم المهيد مصلحة غير مباشرة فيها بصفته عضو مجلس إدارة في المجموعة، وهي عبارة عن توريد متفجرات مدنية بدأت بتاريخ 2025/02/07م لغاية تاريخ 2028/02/06م وتقدر قيمة التعاملات السنوية لعام 2025م بحوالي (12 مليون) ريال حسب الكميات الفعلية المنقولة والمسلمة للمشتري بدون شروط تفضيلية.

المهندس/ أحمد الغامدي

المهندس/ يحيى الشنقيطي

الأستاذ/ منصور الصغير

الأستاذ/ عبد اللطيف السيف

رئيس مجلس الإدارة

الأستاذ/ محمد النابت

الأستاذ/ خالد الربيعة

المهندس/ ثامر المهيد

المهندس/ فهد الهلال

سعد بن عبد العزيز الكروود