



HCC

شركة أسمنت حائل

Hail Cement Co.

Profits Distribution Policy

Recommendations of Board of Directors	Date: 8/2/2021 AD
Approval of the General Assembly:	Date:

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Introduction

The profit distribution policy of Hail Cement Company has been prepared in accordance with the Companies Law, the Company main system, and the Capital Market Authority rules and regulations, in a way that fulfills the aspirations and common interests of the company and its shareholders.

The first article: The objective:

Setting clear standards and controls that determine the distribution of profits to the shareholders of the company, preserve the financial balance of the company, solidify its relationship with its shareholders and enhance its position in the Saudi financial market.

The second article: Definitions

The words and expressions contained in this policy have the meanings shown opposite each of them, unless the context of the text requires otherwise.

- **The company:** Hail Cement Company
- **The board:** Board of Directors of Hail Cement Company.
- **The statutory reserve:** An amount that is retained from the profits against the possible future expenses or losses stipulated in the main system of the company.
- **The consensual reserve:** An amount that is retained from the profits against the possible future expenses or losses. It is allocated to a specific purpose decided by the General Assembly through a recommendation from the Board of Directors.
- **The holders of the debt instruments:** The creditors and lenders of the company.

The third article: The mechanism of reserves formation

- A-** A percentage of 10% of the net annual profits is retained to constitute the statutory reserve of the company. The General Assembly may decide to suspend this retention if the aforementioned reserve reaches (30%) of the capital which is paid through a recommendation of the Board of Directors.
- B-** The Ordinary General Assembly may, according to a proposal of the Board of Directors, retain a percentage of the annual net profits to form a consensual reserve to be allocated for a specific purpose or purposes decided by the General Assembly.

- C- The Ordinary General Assembly is entitled to, according to a proposal from the Board of Directors, constitute other reserves to the extent that serves the interest of the company or ensures the distribution of fixed profits as possible to the shareholders.
- D- The General Assembly may, according to a proposal of the Board of Directors, deduct amounts from the net profits so as to support the activities of the social liability or constitute social institutions for the staff of the company or to give assistance to any existing institutions.

The fourth article: The proportion allocated for distribution

- A- An amount not less than (5%) five percent of the paid capital must be allocated from the remaining annual profits after deducting the statutory reserve and other reserves decided by the General Assembly for distributing it to the shareholders according to what is proposed by the Board of Directors and the General Assembly. If the remaining percentage is from the profits due to the shareholders is sufficient to pay this percentage, the shareholders is not entitled to get this amount (5%) in this year or the following years, and the General Assembly may not decide to distribute a percentage of the profits in exceeding what the Board of Directors proposes.
- B- Considering the provisions set in article (21) of the main system of the company and article(76) of the system of the private company, the aforementioned(the Board of Directors and the General Assembly) allocate a percentage not exceeding (10%) of the remainder for the remuneration of the Board of Directors provided that the entitlement of this remuneration is commensurate with the number of sessions attended by the member.

The fifth article: The entitlement of profits

The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision points out the date of entitlement and the date of distribution. The eligibility of the profits is for the shareholders in the shareholders' records at the end of the day specified for entitlement. The Board of Directors must execute the decision of the Ordinary General Assembly with regard to the distribution of profits to the shareholders in accordance

with the controls established by the Financial Market Authority in this regard.

The sixth article: The use of the retained profits and reserves

The Ordinary General Assembly may use the retained profits and the other reserves which are distributable for the payment of the remaining amount of the value of the share or part of it provided that this does not violate the equality among the shareholders.

The seventh article: The decomposition and periodicity of profits disbursement

The company may distribute interim profits to its shareholders in a semi-annually or quarterly basis, in accordance with the controls set by the competent authority and its main system. The decision must be submitted to the next General Assembly for approval.

The eighth article: The adherence to regulations with holders of debt instruments

The restrictions stated in the applicable laws, internal regulations and agreements concluded with holders of debt instruments, financing deeds, creditors and other lenders in addition to other legal and regulatory considerations and any restrictions imposed on the distribution of profits in accordance with loans agreements concluded the funds and institutions of the governmental or commercial financing and the other matters deemed necessary by the Board of Directors upon the distribution of the profits must be put into consideration.

The ninth article: The consideration of the financial position of the company

The requirements of future growth plans and expansions, the analysis of investment opportunities, the company needs in reinvestment, and the requirements of enhancing the company financial position and the level of cash and capital flows upon the recommendation to distribute the profits or constitute reserves must be considered.

The tenth article: Reviewing, publication and enforcement

1. The decree is reviewed and amended as needed.
2. This policy is held effective upon approval by the General Assembly.



Dividends Distribution Details

Voting to distribute cash dividends to shareholders for the fiscal year ending on December 31, 2020 with a total amount of (48,950,000) riyals at a rate of (0.50) riyals per share, which represents (5%) of the company's capital

Dividend Period	Fiscal year 2020
Dividend per share	0.5 SR
Dividend Percentage	5%
Number of Shares illegible	97,900,000
Total amount	48,950,000
Date of eligibility	The eligibility of cash dividends will be to the shareholders who own the Company's shares on the eligibility date and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the day of the Company's General Assembly meeting (eligibility date)
Distribution date	Distribution date will be announced later.

Article 49, Distribution of Profits:

The annual net profits of the company are distributed as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this retainer whenever the said reserve reaches 30% of the paid capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may avoid a percentage of the annual net profits to form an agreement reserve to be allocated for a specific purpose or purposes decided by the General Assembly.
3. The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.
4. Of the remainder after that, a percentage of not less than (5%) of the company's paid-up capital shall be distributed to the shareholders.
5. Subject to the provisions stipulated in Article (twenty-one) of this system, and Article (seventy-six) of the Companies Law, after the above, a percentage not exceeding (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of Sessions attended by the member.
6. The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis according to the regulations issued by the Capital Market Authority.

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تم النشر تم إصدار نسخة النظام بناء على قرار الجمعية العامة غير العادية بتاريخ 2021/02/17