

Hangzhou Industrial Co.Ltd

Limited Liability Company - Joint Venture

Financial Position Statement As At December 31, 2024

(All amounts are in Saudi Riyals)

	<u>NOTE</u>	<u>December 31,2024</u>	<u>December 31,2023</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash And Cash Equivalents	5	105,940	543,313
Trade Receivables	6	242,313	-
Prepayments And Other debit balances - at Net	7	236,429	306,206
Inventory	8	501,222	429,555
Total Current Assets		1,085,904	1,279,074
<u>Non Current Assets</u>			
Property , Plant And Equipment - Net	9	1,172,842	1,287,240
Intangible Assets	10	7,577	10,498
Total Non Current Assets		1,180,419	1,297,738
Total Assets		2,266,323	2,576,812
<u>Liabilities & Share Holders' Equity</u>			
<u>Current Liabilities</u>			
Trade Payables		15,001	11,201
Accrued Expenses & Other credit balances	11	100,193	3,500
Zakat and Tax provision	12	10,036	13,667
Total Current Liabilities		125,230	28,368
<u>Non - Current Liabilities</u>			
Due To Related Parties	13	2,049,061	0
Provision For End Of Service Employee Benefits	14	78,133	30,453
Loans	15	1,100,000	1,000,000
Total Non - Current Liabilities		3,227,194	1,030,453
Total Liabilities		3,352,424	1,058,821
<u>Share Holders' Equity</u>			
Capital	14	4,000,000	4,000,000
Accumulated losses		(5,086,101)	(2,482,009)
Total Share Holders' Equity		(1,086,101)	1,517,991
Total Liabilities & Share Holders' Equity		2,266,323	2,576,812

The Accompanying Notes From (1) To (23) Form An Integral Part Of These Financial Statements.

Hangzhou Industrial Co.Ltd

Limited Liability Company - Joint Venture

Statement of Profit Or Loss And Other Comprehensive Income For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

	Note	December 31,2024	December 31,2023
Revenue		616,925	-
Operating Cost	17	(871,128)	-
Gross loss		(254,203)	-
General and Administrative Expenses	18	(2,432,803)	(2,096,230)
Operating losses		(2,687,006)	(2,096,230)
Finance expenses		(100,000)	-
Other Income	19	192,950	35,525
Net Loss Before Zakat &Tax		(2,594,056)	(2,060,705)
zakat expense	12 / A	(10,036)	(13,667)
Tax expense	12 / B	-	-
Loss For the Year		(2,604,092)	(2,074,372)
Other Comprehensive Income		-	-
Total Comprehensive Income		(2,604,092)	(2,074,372)

The Accompanying Notes From (1) To (23) Form An Integral Part Of These Financial Statements.

Hangzhou Industrial Co.Ltd

Limited Liability Company - Joint Venture

Statement Of Changes In Owners Equity For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

	Capital	Accumulated losses	Total
Balance As Of January 01,2023	<u>4,000,000</u>	<u>(407,637)</u>	<u>3,592,363</u>
Net Loss For The Year	-	(2,074,372)	(2,074,372)
Other comprehensive Income	-	-	-
Total comprehensive Income	-	(2,074,372)	(2,074,372)
Balance As Of December 31,2023	<u>4,000,000</u>	<u>(2,482,009)</u>	<u>1,517,991</u>
Net Loss For The Year	-	(2,604,092)	(2,604,092)
Other comprehensive Income	-	-	-
Total comprehensive Income	-	(2,604,092)	(2,604,092)
Balance As Of December 31,2024	<u>4,000,000</u>	<u>(5,086,101)</u>	<u>(1,086,101)</u>

The Accompanying Notes From (1) To (23) Form An Integral Part Of These Financial Statements.

Hangzhou Industrial Co.Ltd

Limited Liability Company - Joint Venture

Cash Flows Statement For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

	<u>December 31,2024</u>	<u>December 31,2023</u>
<u>Cash Flow From Operating Activities:</u>		
Net Loss Before Zakat&Tax	(2,594,056)	(2,060,705)
<u>Adjustments</u>		
Depreciation of Property , Plant And Equipment	165,548	105,555
Amortization	2,921	3,651
Provision For End Of Service Employee Benefits - Additional	50,080	30,453
Gains from selling Property , Plant And Equipment	(4,506)	-
Finance expenses	100,000	-
<u>Change In Operating Assets and Liabilities</u>		
Trade Receivables	(242,313)	-
Prepayments And Other debit balances - at Net	69,777	(246,018)
Inventory	(71,667)	(429,555)
Trade Payables	3,800	11,201
Accrued Expenses & Other credit balances	96,693	(4,500)
Provision For End Of Service Employee Benefits - Paid	(2,400)	-
Net Cash (used in) Operating Activities	(2,426,123)	(2,589,918)
Provision For Zakat - Paid	(13,667)	(37,357)
Net Cash (used in) Operating Activities	(2,439,790)	(2,627,275)
<u>Cash Flow From Investing Activities:</u>		
Proceeds from Disposals Of Property , Plant And Equipment	71,300	-
Payments for the purchase property, plant and equipment	(117,944)	(1,392,795)
Net Cash (used in) Investing Activities	(46,644)	(1,392,795)
<u>Cash Flows From Financing Activities:</u>		
Due To Related Parties	2,049,061	(9)
Loans	-	1,000,000
Net Cash Provided From Financing Activities	2,049,061	999,991
Change In Cash And Cash Equivalents	(437,373)	(3,020,079)
Cash And Cash Equivalents at the beginning of the year	543,313	3,563,392
Cash And Cash Equivalents at the end of the year	105,940	543,313

The Accompanying Notes From (1) To (23) Form An Integral Part Of These Financial Statements.

Hangzhou Industrial Co.Ltd

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Notes To The Financial Statements For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

5- Cash And Cash Equivalents

	December 31,2024	December 31,2023
Cash on hand	482	1,723
Cash at Bank	105,458	541,590
	105,940	543,313

6- Trade Receivables

	December 31,2024	December 31,2023
customers	242,313	-
	242,313	-

7- Prepayments And Other debit balances

	December 31,2024	December 31,2023
Prepaid Governmental expenses	50,280	59,789
Prepaid Rent	43,334	25,000
Advance payment suppliers	1,135	65,207
GAZAT - VAT	141,680	156,210
	236,429	306,206

8-Inventory

	December 31,2024	December 31,2023
Raw materials	403,960	429,555
Goods in production	64,893	-
Finished goods	32,369	-
	501,222	429,555

Hangzhou Industrial Co.Ltd**Limited Liability Company - Joint Venture****Notes To The Financial Statements For The Year Ended December 31, 2024****(All amounts are in Saudi Riyals)****9-Property , Plant And Equipment - Net**

This Item Consists Of The Following:

Description	Vehicles	Machinery & Equipment	Furniture & Fixtures and Office Equipment	TOTAL
<u>Cost:</u>				
Balance As Of January 01,2024	189,000	1,160,591	43,204	1,392,795
Additional	108,000	7,698	2,246	117,944
Disposales	(73,000)	(7,217)	-	(80,217)
Balance As Of December 31,2024	224,000	1,161,072	45,450	1,430,522
<u>Depreciation:</u>				
Balance As Of January 01,2024	26,040	77,206	2,309	105,555
Additional	45,243	115,851	4,454	165,548
Disposales	(12,680)	(743)	-	(13,423)
Balance As Of December 31,2024	58,603	192,314	6,763	257,680
<u>Net Book Value:</u>				
As Of 31 Dec,2024	165,397	968,758	38,687	1,172,842
As Of 31 Dec,2023	162,960	1,083,385	40,895	1,287,240

The depreciation of Property , Plant and Equipment has been charged as follows:

	December 31,2024	December 31,2023
General And Administrative Expenses	165,548	105,555
	165,548	105,555

Hangzhou Industrial Co.Ltd

Limited Liability Company - Joint Venture

Notes To The Financial Statements For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

10 - Intangible Assets**Cost:**

	Programs	Total
At 1.1.2024	14,605	14,605
At 31.12.2024	14,605	14,605

Depreciation:

At 1.1.2024	4,107	4,107
Amortization For The Year	2,921	2,921
At 31.12.2024	7,028	7,028

Net Book Value:

At 31.12.2024	7,577	7,577
At 31.12.2023	10,498	10,498

11 - Accrued expenses and other payables

	December 31,2024	December 31,2023
Accrued Salaries & Wages	93,943	-
Accrued Audit & consulting Fees	6,250	3,500
	100,193	3,500

12 - Provision for zakat and tax

	December 31,2024	December 31,2023
Beginning balance	13,667	37,357
Zakat for the year 12/A	10,036	13,667
Tax for the year 12/B	-	-
Used during the year	(13,667)	(37,357)
	10,036	13,667

A- Zakat on the share of Saudi partner (40%):**This Item Consists Of The Following:**

	December 31,2024	December 31,2023
Adjusted net Loss	-	(2,030,253)
Adjusted Additional	2,151,129	5,155,368
Adjusted Disposal	(1,180,419)	(1,758,368)
Adjusted Net Zakat Base	388,284	546,699
Zakat @ 2.5%	10,036	13,667

Hangzhou Industrial Co.Ltd

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Notes To The Financial Statements For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

B - Tax on the share of the non-Saudi partner (60%):

	December 31,2024	December 31,2023
Net losses befor zakat & Tax	(2,594,056)	(2,060,705)
Additional Provision during the year	-	30,453
Depreciation difference	(145,433)	(61,653)
Net Tax base Non - Saudi Share (60%)	(1,643,693)	(1,255,143)
Tax 20%	-	-

Zakat position

the company have submit the zakat return until the year end 31 December 2023 and obtained to the zakat certificate valid until 30 April 2025, the company not receive any zakat assessment until that date

13 - Due from Related Parties

The Related Parties Are The Company'S Partners, Senior Management Staff In The Company, And The Facilities Owned Or Managed By

These Parties, As Well As The Facilities That Exercise Joint Control Or Substantial Influence Over These Parties. The Following Is A

Summary Of The Most Important Transactions That Took Place Between The Company And Related Parties During The Year:

The Nature And Volume Of Transactions

The Nature And Volume Of Dealings With Related Parties During The Year Ending December 31,2024 Are As Follows:

Partner Name	Relationship	Nature of Transactions	December 31,2024	December 31,2023
		Trade / Bill payment	117,823	-
Hangzhou East Plastic Products Co.	Partner	Trade /purchases	168,804	-
		withdrawals	-	9
		Finance	1,198,080	-
Mohammad Alloush Mohammad Al-Hajry	Partner	Finance	800,000	-

Due To Related Parties:

	December 31,2024	December 31,2023
Hangzhou East Plastic Products Co.	1,249,061	-
Mohammad Alloush Mohammad Al-Hajry	800,000	-
	2,049,061	-

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(All amounts are in Saudi Riyals)

14- Provision For End Of Service Employee Benefits

Employee benefits are represented in the end-of-service reward only, as the planned credit unit was not used to measure the end-of-service reward obligation due to management's assessment of the presence of unjustified effort and cost, as the end-of-service reward obligation and the cost incurred under the Saudi labor system were measured according to the undiscounted amount of the entitlement As At December 31, 2024

	December 31,2024	December 31,2023
Begining balance	30,453	-
Provided During The Year	50,080	30,453
Used during the year	(2,400)	-
	78,133	30,453

15-Loans

On November 7, 2023, the company obtained a loan from Mr. Muhammad Aloush Muhammad Al-Hajri in the amount of one million Saudi riyals at an interest rate of 10%, with the interest to be calculated starting from January 1, 2024.

	December 31,2024	December 31,2023
Loans	1,100,000	1,000,000
	1,100,000	1,000,000

16 - Capital

The company's capital was amounted at 4,000,000 Saudi riyals (only four million) divided into 10,000 shares (only ten thousand shares) of equal value, the face value of each of which was (400) riyals, and it was distributed among the two partners as follows:

Description	Shares no.	Share value	Total	Percentages
Hangzhou East Plastic Products Co.	6,000	400	2,400,000	60%
Mohammad Alloush Mohammad Al-Hajry	4,000	400	1,600,000	40%
	10,000		4,000,000	100%

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Notes To The Financial Statements For The Year Ended December 31, 2024

(All amounts are in Saudi Riyals)

<u>17-Operating Cost</u>	<u>December 31,2024</u>	<u>December 31,2023</u>
Beginning of the year inventory	429,555	-
Purchases during the year	942,795	429,555
End of year inventory	(501,222)	(429,555)
	871,128	-
<u>18 - General And Administrative Expenses</u>	<u>December 31,2024</u>	<u>December 31,2023</u>
Salaries & Wages	1,159,113	676,513
Customs ,Shipping and transportation	88,837	120,073
Government Fees	121,241	86,659
Professional Fees	67,890	102,621
Travel and accommodation expenses	44,142	126,444
End Of Service Employee Benefits	50,080	30,453
Rent	370,166	320,500
Telephone & Post Charges	62,914	81,075
repairs and maintainance	76,200	214,818
GOSI	89,098	35,235
Medical insurance	16,841	13,873
Stationary , Printing & Postage	8,198	3,827
Depreciation	165,548	105,555
Amortization of intangible assets	2,921	3,651
Miscellaneous	109,614	174,933
	2,432,803	2,096,230
<u>19- Other Income</u>	<u>December 31,2024</u>	<u>December 31,2023</u>
Human resources revenues	157,180	32,000
Traffic compensation	1,400	3,283
Gains from selling Property , Plant And Equipment	4,506	-
Other Income	29,864	242
	192,950	35,525