



SHUN TAO INVESTMENT COMPANY LIMITED
PROGRESS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

January 2021

INTRODUCTION

Shuntao Investment Company is a limited liability company that was incorporated on 5th November 2013 and issued a certificate of incorporation No. 103604. The Company's main activity is exportation of hot washed Polyethylene Terephthalate (PET) granules that are a product of recycled plastic substances, mainly used plastic bottles.

The only market that Shuntao Investment Company serves so far is China, where customers of the PET materials use them to make synthetic fibers.

The Company embarked formerly into operational activities in early 2014 by setting up processing plant in Dar es Salaam, and just a few centers that were established as collection points for the used plastic materials.

DEVELOPMENTS

At the beginning, i.e. in year 2014, the company was able to process an average of 200 tons of PET flakes per month. This was made from an average of 300 tons of collected PET bottles. The yield ratio in this context was 1:0.67; meaning 1 ton of collected bottles yielded 0.67 ton of processed PET flakes. Or 1.5 tons of collected bottles yielded 1 ton of PET flakes.

By end of year 2015, the company had made remarkable expansion where by collection points were established throughout all regions in Tanzania mainland.

The company also, by year 2015 had imported twenty (20) units of small scale crushers and distributed free of charge, one to each regional collectors. Thus, instead of transporting materials such bottles in their form, it was now possible to crush them and reduce their volume. This move was aimed at reducing costs of transporting materials from collection points in the regions to the main processing plant in Dar es Salaam.

However, along the line in September 2017, Chinese Government banned importation of PET flakes and made a requirement that only PET granules instead, could be imported into the Country.

This necessitated further investment into the machinery that could cater for the newly imposed requirement i.e. processing of PET flakes further into granules. This machinery had the capacity of producing an average of 390 tons of PET granules per month.

By the time the new machinery had arrived, the Company had an accumulation of 4,000 tons of PET flakes that was made between the months of September 2017 and January 2018.

Between February 2018 and September 2018, the Company installed two more lines of PET granules machines with a capacity of producing an average of 500 tons of granules. By the end of year 2019, the Company was producing an average of 676 tons of granules per month.

1. PLANNED ACTIVITIES FOR THE PERIOD

In the beginning of year 2020, Shuntao Investment Company had set the following objectives to contribute towards fulfilment of its strategic aims.

- Increase productivity to 1,000 tons of PET granules by end of year 2020
- Investing into additional processing plant in order to reach the scale of 1,000 tons of by end of 2020
- To enhance collection of used bottles countrywide

2. ACHIEVEMENTS MADE ON THE PROJECT IMPLEMENTATION TO DATE

By the end of year 2020 the status of the above objectives is as per below;-

Productivity:

Productivity of 1,000 tons per month was not achieved by year end. In contrast, productivity actually fell to 309.47 tons. This was a fall of around 54% productivity compared to the preceding year of 2019.

Outbreak of COVID-19 pandemic in early months of year 2020, adversely affected businesses globally. China which is our sole market was one of the Countries that were severely hit by the disease. In response, it temporarily suspended all imports leaving only the importation of essential items.

This essentially means that Shuntao Investment Company was no longer able to export granules of PET throughout the entire period of suspension that lasted for around four months.

Due to this, the company had to respond inter-alia, by curtailing production of PET granules to avoid unnecessary storage costs that would invariably stem from piling of stock, as it was not certain as to how long the business will be in a halt.

Additional Processing Plant:

The company did not endeavor into investment of additional processing plant because of the reasons discussed above.

It would have been futile to increase production capacity amid steep declining sales that was directly resulted by Covid pandemic.

Collection of used bottles

Again, due to the reasons discussed above, the company could not enhance collection of used bottles Countrywide as the final product was unsaleable during the suspension of imports by China. That being the case, this objective was not attained.

3. COMPANY'S UPDATED INFORMATION

Shareholders Information

SHAREHOLDER'S NAME	SHARES HELD	PERCENTAGE	NATIONALITY
EMANUEL GABRIEL MASENGA	2500	25%	TANZANIAN
QUI RENHAO	2000	20%	CHINESE
LIU JULIANG	2000	20%	CHINESE
LI TAO	2000	20%	CHINESE
LU MINGHUA	1500	15%	CHINESE

Company Communication Information

Email address	shuntaocompany@gmail.com
Mobile Number	0767 428 533
Physical Address	P.O.Box 32973
	Mikocheni light industrial area
	Plot no 131 Kinondoni
	Dar es salaam

Contact Person

Name	Emmanuel Masenga
Position	Managing Director
Telephone	0767 428 533
Telephone	shuntaocompany@gmail.com

Incorporation

Shuntao Investment Company is a limited liability company that was incorporated on 5th November 2013 and issued a certificate of incorporation No.103604.

TIN Certificate Number

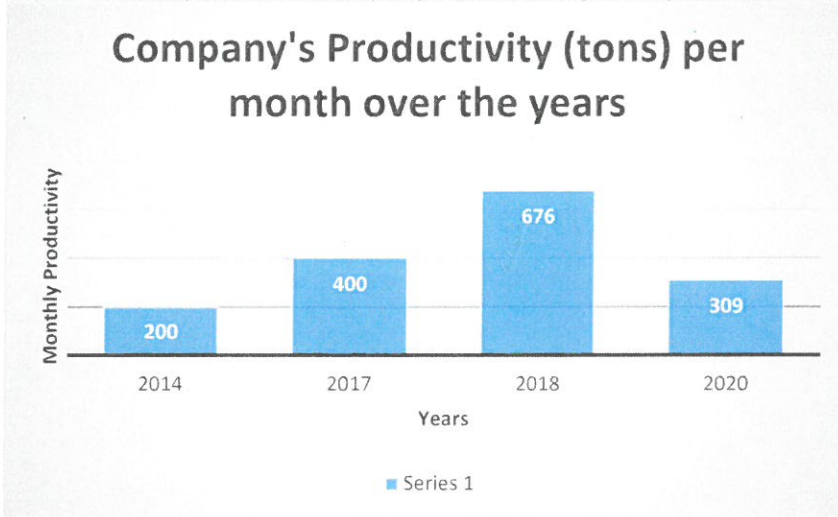
122 – 959 – 368

Project Objective

The Company's main activity is exportation of hot washed Polyethylene Terephthalate (PET) granules that are a product of recycled plastic substances, mainly used plastic bottles.

Project Capacity

Below is a snapshot of a Company's productivity from year 2014 to year 2020.



Direct Employment

Foreign Men	2
Foreign Women	0
Local Men	44
Local Women	1

Indirect Employment

Estimated Total Number	20 vendors per day
Type/Area of indirect employment	Within Dar es salaam 20 vendors whereby one vendor can collect bottles from 10 to 20 different people
	We also have vendors from different Regions in Tanzania eg. Arusha, Kilimanjaro, Tanga, Dodoma, Mwanza, Shinyanga, Musoma, Mbeya, Morogoro, Mtwara, Iringa, Lindi, Zanzibar

4. PROJECT FINANCIAL EXPENDITURE TODATE

	Foreign (USD)	Local (USD)	Total (USD)
Plant and Machinery	-	234,359.75	234,359.75
Vehicle /Aircrafts	-	50,064.99	50,064.99
Furniture	-	5,879.60	5,879.60
Office Equipment	-	13,806.10	13,806.10
Working sub-total capital	-	261,262.80	261,262.80
GRAND TOTAL	-	565,373.24	565,373.24

5. PROJECT FINANCING

	Amount in USD	Source Country
Local Equity	369,308.72	Tanzania
Local Loans	-	Tanzania
Foreign Equity	-	
Foreign Loan	-	
Total Investment	369,308.72	

6. PROBLEMS AND SOLUTIONS

In the course of a year, the Company has faced a number of challenges some of which started from prior years but remain as relevant now as they have been in the past.

- Temporary suspension of the imports of PET granules by the Government of China amid the Covid pandemic. This has been well explained above on the section of productivity
- Competition
 In the recent years, there has been a significant increase in the number of factories processing PET materials in Dar es Salaam, which has caused a surge in the price of collected PET materials and affected its supply. As a result, the Company's profit margin has declined.

- **Transport cost**
The cost of transporting bottles collected from various collection points especially from outside Dar es Salaam continues to be one of the major challenges facing the company. Although investment in crushers has enabled larger quantities to be transported at the same cost, costs are still high, which lowers the Company's profitability.
- **Low price offered to collectors of materials**
The price offered to collectors is perceived to be very low, something that discourages people to collect and sell to the company. However, this is outside the control of the company because what the company offers has been calculated to take into account all costs of production and selling price

7. FUTURE PLANS

- In order to address the issue of decline in the supply collected PET materials due to the increase in the number of factories, the company plans to increase the a number of collection points by 10% by end of year 2021. This will provide a guarantee to acquire enough materials that will enable the company produce at full capacity
- The company plans to source another area that will cater for storage of both unprocessed PET materials and finished granules. Currently, the space is increasingly becoming congested
- The company has set a target productivity of 1,000 tons per month, which was the target for year 2020 but was missed to challenges discussed above
- To add a new line of production that will contribute towards attainment of the target productivity of 1,000 tons per month

8. RECOMMENDATIONS AND OTHER COMMENTS

- We recommend that TIC, in collaboration with other key stakeholders to provide incentives on importation of machinery that is used in the production process
- To reduce bureaucracy that exists on exportation of our products

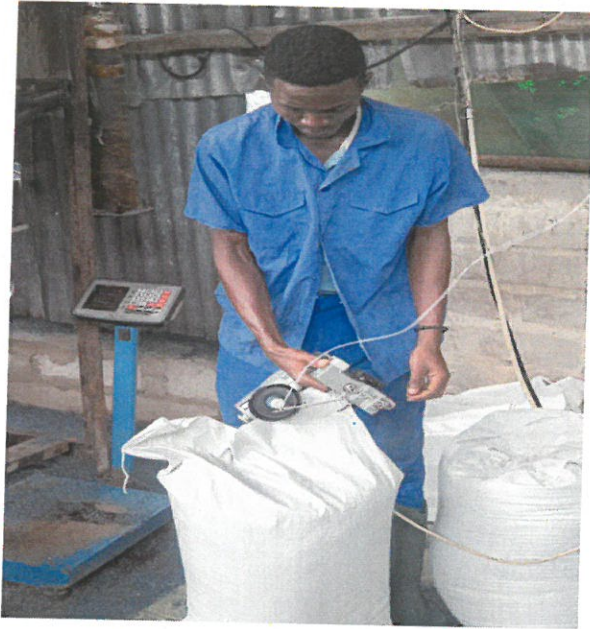
SHUN TAO INVESTMENT COMPANY LIMITED
Plot 131 Mikocheni Light Industrial Areas
P. O. Box 32973, Dar es salaam, Tanzania



***COLLECTED PET BOTTLES DIFEFERENT POINT
COLLECTION***



SHREDDING PROCESS (GRANULES AS FINAL PRODUCT)



WEIGHING & PARKING PROCESS



STORING (WAITING EXPORTATION PROCESS)

As the use of plastics has increased over the years, especially bottled water they have become a larger part of our nation's solid waste (MSW) and landfill which causes environmental pollution. Recycling plastic is environmental friendly since it deals with the problem of environmental pollution which is the agenda in planet we are living in. Shuntao Investment Company Limited has become a part and parcel of the solution, where by it collects the plastics in Dar es Salaam and other regions within the country. The Company has the capacity of producing an average of 390 tons of PET granules per month.