

FU XIN MANUFACTURING LIMITED

FUXIN MANUFACTURING LIMITED

**PRE-FEASIBILITY STUDY REPORT ON:
INVESTMENT IN MANUFACTURING AND RECYCLE OF PLASTIC BAGS
AND MATERIALS**

Presented To:

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FU XIN MANUFACTURING LIMITED

Strategic Pre-feasibility Report

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FU XIN MANUFACTURING LIMITED

Business Profile: Pre-feasibility Study Report

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Executive Summary

Company & Project concept

FU XIN MANUFACTURING LIMITED is a limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 29th July, 2016, and bears Certificate of Incorporation No.128238. Company implements project which is under manufacturing sector.

FU XIN MANUFACTURING LIMITED will be located at Salasala, Busara Road, Dar Es Salaam Region. Our company goals and objectives seek to ensure we generate an income that benefits both Nationals and non Nationals so that we strengthen the economic status of the society. The company believes in customers, suppliers, and investors therefore it struggles to create good Rapport with both parties.

Company Goals and Objectives:

In Brief **FU XIN MANUFACTURING LIMITED** aims to;

- Engage in the business of importers, exporters, manufacturers, agents and Representatives and dealer in all kinds of plastic products, parcels and raw Materials.
- Carrying out the business of manufacture, dealer of plastic products and recycling of plastic raw materials, plastic bags (Polypropylene Bags), resins goods and articles connected with plastic manufacturing industry
To carry out the business of manufacturing, import, export, buy, sell, repair, alter, distribute, store and deal in all kinds of plastic bags, iron and steel products of all kinds of scarp from iron, cooper and its bye-products, machinery, implements, rolling stocks and hardware of all kinds and to carry on any other allied business as permissible under law.

Purpose of Business Plan

The primary purpose of this document is to be used as a Pre-feasibility study report for Fu Xin Manufacturing Ltd- Branch for investment in Manufacturing of Plastic materials and plastic bags (Polypropylene Bags).

But also the Pre-feasibility study report shall be submitted to BRELA for the application of Industrial License. The implementation of this project will comprise the following Activities:-

- Construction of a warehouse building which will accommodate Installation of Machines and Equipment for this project.
- Procurement Machines and Equipment for this project.
- equipping the project with all necessary modern furniture and facilities
- Hiring employees who will operate the Machines for Production

The project promoter

The project will be managed and operated by FU XIN MANUFACTURING LIMITED. It is owned by Chinese entrepreneurs and a mother Company from China with the following share Distribution.

TAKEN BY EACH SUBSCRIBER

NAME OF SHAREHOLDERS	NATIONALITY	NUMBER OF SHARES	OF SHARE %
MR. WU ZHANGTAN	CHINESE	5500	55%
MR. CHEN YONGMING	CHINESE	4500	45%

1.0 Company Legality

The legal documents and certificates such as Memorandum and Article of Association, Certificate of incorporation, Tax Identification Number, and value added Tax certificates justify that FU XIN MANUFACTURING LIMITED is operating within the ambit of the law of the Land

1.1 Project Organization Structure

The management of FU XIN MANUFACTURING LIMITED constituted by the following organization set up:-

- Board of Directors,
- General Manager who is responsible on the supervision on the entire Operations of the Company, Company accountant,
- Production Manager who will be directly responsible for all matters pertaining Manufacturing of the products.

1.1.1 Investment Structure

This business project is estimated to cost 1,000,000\$. The money covers building structures but also allocated fund include investment in, Machines and Equipment, furniture and fittings, expenses and working Capital. The equity contributed by the shareholder is 500,000\$ equivalent to 50%.The remaining part of 50% of investment financing will be done through borrowing from banks. However a financial policy of the Company state that the profits generated will be re-invested.

1.2 Forecast financial Information,

Financial information of FU XIN MANUFACTURING LIMITED is projected within five years. The company projected profit and Loss, account show a respectable turnover of more than 18,570\$ in the second year. The profits gained on fifth year are projected to be 55,450 \$.

The projected balance sheet, shows the net worth increase of more than 63,439\$ in

the fifth year of operation and more than 113,106 \$ in the 3rd year of the usefully lifetime of the implementation during which the business will be evaluated again. The financial documents show that the business has a positive net cash flow.

2.0 Statement of Purpose

This Profile is drawn for the purpose of seeking **CERTIFICATE OF INCENTIVES** from the **BUSINESS REGISTRATION AND LICENSING AGENCY** and pre – feasibility study report for new Manufacturing of Plastic Materials- Branch

2.1 Purpose of Investment

This document is prepared to the serve the purpose as a feasibility study for Fu Xin Manufacturing Ltd for establishment of Manufacturing of Plastic materials. The Implementation of this project will compromise the following activities:-

- Construction of a warehouse building which will accommodate Installation of Machines and Equipment for this project.
- Procurement Machines and Equipment for this project.
- equipping the project will all necessary modern furniture and facilities
- Procurement semi-processed raw materials
- Hiring employees for Machine operations

2.2 Investment financing plan

The company expects to invest 1,000,000 USD from shareholders' funds and Loan from the Banks. Profits generated from business operation will be re-invested. There shall be a loan from commercial banks as the investor has set aside 50% of USD 500,000 USD for the investment in phase one up to phase 3 and the rest 50% shall be financed by Project promoters' equity. Table below show the assumptions how the investment financing plan will look like.

TABLE 1 FINANCING**Financing****Long-term liabilities****\$**

Long-term loan	500,000
Owner's equity	
Cash	375,000
Contributed asset value	125,000
Total	1,000,000

TABLE 2: INVESTMENT COST PLAN**COST INVESTMENT STRUCTURE****Current assets****\$**

Working capital	140,000
Opening inventory	100,000
Other	250,000
Property and equipment	
Land	140,000
Building	150,000
Equipment	30,000
Furniture and fixtures	70,000
Leasehold improvements	10,000
Plant	200,000
Motor Vehicles	80,000
Other	70,000
Total assets	1,000,000

2.3 Summary of the Expected Results

At the end, the project is expected to achieve the following:-

- . Provide an opportunity for availability of different bags
- . Increase the number of direct and indirect employment opportunities.
- . Increase tax contributed to the government
- . Generate foreign currency.

3.0 BUSINESS DESCRIPTION

FU XIN MANUFACTURING LIMITED is limited Company incorporated in Tanzania under the Company act of 2002. The Company was incorporated 29th July, 2016, and bears Certificate of Incorporation No.128238. Company implements project which is under manufacturing sector.

The Company will be responsible among other activities, operating and managing manufacturing of Plywood material products and plastic bags (Polypropylene Bags).

3.1.1 Legal Status

Legal certificates and documents such as Memorandum and Article of Association, certificate of incorporation, business license, Tax Identification Number, and value added Tax certificates Justify that FU XIN MANUFACTURING LIMITED is operating within the ambit of the law of Tanzania land.

3.1.2 Mission and Vision of the Company

3.1.2.1 The company vision

"To be the leading company in producing and supplying high quality plastic bags (Polypropylene Bags) in Tanzania"

The company can achieve its mission and vision through

- manufacturing of plastic products that may be used by all people of different level of economy,
- Establishing conducive Business environment for both local and International market
- Proper and reasonable remuneration of the personnel that will increase employees motivation and reduce employee turnover
- Continuing networking with our esteemed clients

3.2.1 Project promoters

3.2.1.1 The project promoter

The project will be managed and operated by FU XIN MANUFACTURING LIMITED.

3.2.2 Operations

The project will be managed and operated by FU XIN MANUFACTURING LIMITED.

The Company will run its activities in a more professional way and it seeks to satisfy its customers by meeting customer expectations. Although the company will use an automated system, people will also be used to manage the operations.

3.2.3 Project Location

The project shall be located at Salasala - Dar Es Salaam Region. This is due to the accessibility of customers and raw materials used to make plastic bags. However, the main offices are within Dar Es Salaam for Manufacture of plastic Bags (Polypropylene Bags).

3.3 Postal Address

FU XIN MANUFACTURING LIMITED

P.O BOX 20653

SALASALA, BUSARA ROAD

PLOT NO. 2049, BLOCK D

DAR ES SALAAM TANZANIA

4.0 Core Activities of the company

FU XIN MANUFACTURING LIMITED will be dealing with establishing and operating the following facilities;

4.1 Recycle of Plastic Materials Products

This is a core activity that will be performed by FU XIN MANUFACTURING LIMITED.

4.2 Technical requirements of the project

The project implementation shall require some of technical facilities some of the facilities are.

1. Plastic Material products
2. Recycling Machines
3. Recycling Water system
4. Weighbridge
5. Warehouse
6. Water-hole

5.0 MANUFACTURING INDUSTRY

5.1 MANUFACTURING SECTOR IN TANZANIA

Economy The Government of Tanzania conceives industrialization as the main catalyst to transform the, generate sustainable growth and reduce poverty. The Government of Tanzania introduced its Sustainable Industrial Development Policy (SIDP) in 1996 to phase itself out of investing directly in productive activities and let the private sector take that role. The main purpose of the Government's SIDP is to design a plan for industrializing Tanzania so that the country becomes semi-industrialized by 2025. In order for Tanzania to become a semi-industrialized country, the contribution of manufacturing to the national economy must reach a minimum of 40% of the GDP by 2025 Foreign Direct Investments (FDI) are expected to provide the capital for desired industrial development.

On the other hand, the sector is not a big employer, compared to agriculture, but it is the most reliable source of government revenue in form of import, sales, corporate and income taxes, accounting for over half of government annual revenue collection. Manufacturing earns the country a fifth of total foreign exchange earnings, thus ranking third after agriculture and tourism. Most production is however concentrated in the Dar Es Salaam region.

Great prospects are pinned on development of a robust SME sector, whose promotion, as government has already realized, still lacks appropriate policy backing. A strong and productive industrial structure can only be achieved where SME and large enterprises not only coexist but also function in a symbiotic relationship. In this regard, successful promotion of aggro-businesses can be considered in the SME development context.

Among the comparative advantages of Tanzania's manufacturing sector are the

availability of a potentially large domestic market and Tanzania's adhesion to the EAC

and the SADC organization, as they are potentially important market destinations. But Kenya is proving to be competing better in the region.

5:2 IMPORTANCE OF MANUFACTURING SECTOR IN TANZANIA

The primary objective why Tanzania needs a vibrant manufacturing sector today is to ensure economic independence in the long-run. This can be achieved through investing in manufacturing sector to reduce the import of goods and products. Once products are manufactured within the land, people will afford to purchase the products; hence the income will increase due to decrease in spending.

Moreover, it helps to diversify the economy away from primary sector towards manufacturing and hence reduce risks and vulnerability to the long-term deteriorating commodity terms of trade and the associated loss in the real income. Manufacturing sector has also substantial forward and backward linkages with other sectors of the economy, particularly agriculture. Also, with proper choice of technology, the sector is determined to create a large number of employments to both skilled and unskilled.

Fourthly, large manufacturing sector can enable export diversification that is necessary to reduce Tanzania's vulnerability to external shocks. However the sector provides opportunity to transfer, adapt and create new technology.

5.3 MANUFACTURERS OF PLASTIC PRODUCTS TANZANIA

Currently there are few manufacturers of Plastic products in Tanzania, Some of them include;

- East Star International Ltd Dar es Salaam
- Jumbo Plastics Company Ltd
- Cello Company Ltd

As there are few companies which manufacture Plywood related products in Tanzania, the competitive advantage for Fu Xin Manufacturing limited is reasonable. The production of plastic products does not match with demand of these products in local Market (within Tanzania) which is highly consumed.

5.3 PROJECT JUSTIFICATION

The proposed project is under management of Fu Xin Manufacturing Limited. It is in line with Tanzania Government efforts in attempt to revamp the Manufacturing sector.

This has also been noted of recent drive of attracting investors in Tanzania in order to maximize Tanzania annual earnings from investment and also compete effectively with regional competitors. This also has been complemented by following measures

- i. The government is making a critical review of all existing laws and regulations, taxation and policies with ultimate aim of improving and creating conducive Environment for private sector Investment, tourism sector is inclusive.
- ii. In 2007/2008 the Government reviewed the existing Industry and trade Policy, taking into consideration the social economic base and the dynamism of manufacturing industry in Tanzania.

5:5 SOCIAL AND ECONOMIC IMPACT OF THE PROJECT

The proposed project will result into the following social and economic impacts in Tanzania:

- The society around the premises will benefit from infrastructures made
- Improve and increase production of shoes related products in Tanzania
- Increased competitiveness among manufacturer of shoes products in Tanzania
- The project will provide employment for more than 150 people
- The Government and other agencies will benefit from various taxes, fees and Commissions that will be paid to the Treasury etc. by this Company.

6.0 OPPORTUNITY

6.1 Lack of enough plastic products manufacturing industries in Tanzania

Following the global change, people have changed the lifestyle to cope with the transitional changes. Technology allows using plastic products. Therefore this technological change gives the opportunity to both Fu Xin manufacturing limited and any people who will use our products.

6.2 Uniqueness location of the project

Fu Xin Manufacturing - Branch is a project that will recycle Plastic materials product, located in Salasala.

The government policy of Tanzania through its President aims to increase the investors in manufacturing industries. Fu Xin Manufacturing limited has seen this opportunity so it supports the Government slogan of "**KAZI IENDELEE**" by making sure it creates employment for local citizens.

6.3 Government Incentives package

In 1997 Tanzania Government enacted Investment law that offers and guaranteed reasonable incentives to both local and foreign investors.

6.4. Market Analysis (Strengths, Weaknesses, Opportunity and Threats)

The company has used one of the marketing tools used to make business analysis in terms of how it can prosper.

Table below present the analysis of the company's Strengths, Weaknesses, Opportunities and Threats SWOT Analysis

Strengths

- . Strong production pool.
- . Quality products with high standards
- . It has an outstanding financing
- . Strong management and well paid personnel
- . Strong customer services
- . Has a will to diversification
- . Access to reliable high technology

Weaknesses

Not yet emphasize on the marketing

Opportunities

- . Fewer manufacturing industries of the same products
- . Good government suitable Facilitate policy

Threats

- Unawareness of the new entrants in the Industry in the same location
- . Effect of inflation
 - . Presence of fake suppliers of the same products.

The company has prepared for the action plans by doing the following:

1. The company plans to make sure the city is clean
2. The company plans to buy local materials and bring opportunities to citizen people
3. In future if needs arises the Company may seek more funds from bank to finishing phase of this project.
4. The company will employ expatriates for marketing of its products/services and develop marketing plan.

8.0 Marketing Information

8.1 Marketing Strategy

8.1.1 Overview

Fu Xin Manufacturing limited Mission, vision, objectives are strategic measures that ensure the business reach where it wants to be and determine its way.

The success of Fu Xin Manufacturing limited will be achieved by providing high quality products, providing friendly service and employing an aggressive marketing plan to build customer traffic.

The management slogan to create and maintain a positive, reputable image for the customers has brought a lot of success to the Company. This image will be consistently portrayed throughout all marketing channels and sales promotions. The following exemplifies some of the tactics we will use to drive more sales.

8.1.2 Customer Database

Fu Xin Manufacturing Limited will aggressively seek to build a database of Customers. Customers will have an opportunity to be included in the database so that we create a strong Customer Relationship and increase sales by creating customer royalty. Customers` database will focus on things such as birthday or anniversary cards; email notification of upcoming specials; coupons; etc. The database will be gathered and maintained on special software. Fu Xin Manufacturing limited will gather names in a variety of manners including staff requests; business card drop for free lunch; menu insert promotion; etc.

8.1.3 Advertising

Fu Xin Manufacturing limited will utilize both traditional and non-traditional methods of advertising. Management`s viewpoint on advertising is state in your own words, the philosophy Fu Xin Manufacturing limited will adopt towards the use of traditional advertising such as radio, newspaper, billboards or television.

In addition, Fu Xin Manufacturing limited will use Advertising Agencies on website to create more customers.

8.1.4 Costing and Pricing

The costing and pricing is done by the management of Fu Xin Manufacturing limited The costing takes into consideration various aspects depending on the cost which has already been incurred, inflation factor and Operating costs. The project promoters of the company are in business for long time i.e. they are business oriented personnel.

However, Fu Xin Manufacturing limited considers the opportunity to invest in Tanzania as God`s grace, therefore, it intend to make sure the price for its product is reasonable as their production is fully done in Tanzania.

8.1.5 Target Customers

Fu Xin Manufacturing limited is target to all customers from all regions in Tanzania especially building constructors and exporters of plastic materials.

8.1.6 Products

The company will be Recycle Plastic Materials for the aim of producing another product.

8.2 Marketing Plan

The company has both short term and long-term marketing plan:

The short term marketing plan includes:

- . Participating in business show case exhibitions
- . Building sustainable long-term relationship with customers
- . Training of sales staff sales and Marketing.

Long Term Plans includes:

- . Take over the plastic product market
- . To be the plastic product brand in Tanzania
- . Investing Market Research and Development

9.0 Management & Administration

9.1 Management

The management team of Fu Xin Manufacturing limited planned to be constituted by the following management team:-

9.1.1 Board of Directors

Fu Xin Manufacturing limited will be managed by the board of Directors which is responsible body for strategic decision making of the project.

Directors of the Company are the ones who having shares in Fu Xin Manufacturing limited. The Company which shall manage this project.

9.1.2 General manager

General Manager will be responsible for daily operation of the company. The manager sees the daily turnover to assess the progress of the company.

9.1.3 Production Manager

Production Manager will be employed who expected to have an extensive background in Manufacturing industry. As the production Manager will be directly responsible for all production functions including recycle plastic product and related products, maintenance of quality standards of the products; training of employees in methods of producing these products, etc.

Under production manager there shall be reasonable number of technical staffs who will be involved in daily production within this project.

9.1.4 Accountant/cash

An accountant will be employed and is expected to have good experience in accounting system as well as he will be responsible in managing cash of Fu Xin Manufacturing limited but also keeping books of accounts properly.

9.1.5 Management Agreements

Management Agreements will be done by all management teams and decisions will consider the opinions from all parts. However, the agreement may be terminated by looking available grounds for company`s sake.

9.1.6 Confidentiality Agreements

Fu Xin Manufacturing limited will enforce that all employees sign a confidentiality agreement. Confidentiality agreements with our employees and partners will protect our products, operating systems, policies and procedures. Having a confidentiality agreement in place is essential to protect the company`s trade secrets, and show our employees that we take our business seriously.

9.1.7 Organization Structure

The management of Fu Xin Manufacturing limited is planning to have the following organization structure.

9.2 Conclusion

- Fu Xin Manufacturing limited will be one of the best recycle of plastic products in Tanzania
- The company aims at expand its operation to make the service available to its clients
- Revenue will be contributed to the Government through various taxes.
- The project will offer continuous direct and indirect employments.
- The company looks technically feasible and financially viable. It is therefore Recommended that the project be supported.