

FEASIBILITY STUDY FOR THE
IMPLEMENTATION PROGRAMME
OF
M/S HAOMAI INVESTMENT CO. LTD
IN
ESTABLISHING AND OPERATING A
PROJECT FOR MANUFACTURING HIGH QUALITY METALLIC ROOFING SHEETS



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DAR ES SALAAM

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M/S HAOMAI INVESTMENT CO. LTD

INVESTMENT PROPOSAL FOR THE ESTABLISHING AND OPERATING A PROJECT FOR MANUFACTURING HIGH QUALITY ROOFING SHEETS

INVESTMENT PROPOSAL

This feasibility study has been prepared by M/S HAOMAI INVESTMENT CO. LTD for the company's implementation programme in establishing and operating a project for setting up facilities for manufacturing high quality metal roofing sheets in Dar es salaam.

The business plan has been prepared to give an analysis of the financial, and other resources required for the implementation programme and also asses its economic viability and commercial viability for presentation to the company's promoters (shareholder) in order to allocate funds and machinery as well as equipment to supplement the equity contribution.

COMPANY'S BACKGROUND

M/S HAOMAI INVESTMENT CO. LIMITED is a private owned company newly registered/incorporated in Tanzania by Register of companies under company's ordinance CAP 212, on 26 day of January 2021 with certificate of Incorporation No. 149685472

The main purpose of the project proposal is to establish and operate facilities for manufacturing high quality roofing sheets to correspond with the growing demand both in local and foreign market. The quality of company's product will guarantee customer's satisfaction in this intended programme.

There is very big market for the high quality roofing sheets which influenced the management of M/S HAOMAI INVESTMENTCO. LIMITED to invest in manufacturing them. The proposed project will import machinery from china and install new, modern and sophisticated machinery and use of new Chinese technology.

Hence, in its implementation the proposed project is estimated to cost USD \$ 500.000. The estimated capital investment cost will be on new and modern machinery, workshop equipment, utility vehicles and other expenses.

MARKET POTENTIAL.

There is an extensive market potential for the company's Metallic roofing sheets manufactured under this implementation programme as the market is growing day by day especially in urban as well as rural areas for Housing, Real Estate/Commercial & residential project etc. The intended project in its implementation programme will manufacture different kinds of Metallic roofing sheets.

A recent survey undertaken by M/S HAOMAI INVESTMENT CO. LIMITED has realized that there is high demand for high quality Metallic roofing sheers which will be made suitable for housing/Real Estate, Commercial & residential project in rural and urban etc.

There are number of factors which will make the proposed project to dominate the such as quality and goodwill.

There are few manufactures and importers of Metallic roofing sheets who can complete with the company's quality products.

Later the intended project experts to export the Metallic roofing sheets to the neighboring countries in order to earn foreign currency especially in this implementation programme.

THE COMPANY'S OBJECTIVES

M/S HAOMAI INVESTMENT CO. LTD is a project for carrying on business of manufacturing high quality Metallic roofing sheets the mission of project is basically aimed at production and marketing the high quality Metallic roofing sheets for local and foreign market in order to achieve the following objectives;

- To foster the growth of Metallic roofing sheets manufacturing industry in Tanzania.
- To reduce dependence on external sources for importation of Metallic roofing sheets.
- To promote local market for locally Metallic roofing sheets.
- To promote export market for locally produced Metallic roofing sheets.

- To promote brand and quality of Metallic roofing sheets locally.
- To promote growth and expansion of private sector.
- The company will create more employment (more job opportunities from unskilled to professional/technicians etc.)
- Skill development (human resources development) through on job training and use of modern Chinese machinery and application of new technology (Chinese technology).
- Income generation, alleviation of poverty and improve their social welfare.
- The company contributes to the government revenue through taxes-corporate tax, SDL, PAYE, WITHHOLDING Taxes and other levies, etc




5. PLAN/PROSPECTS

- High production performance of Metallic roofing sheets.
- To increase export market to neighboring countries and hence resulting foreign earning in addition to the prevailing local market.
- To purchase/ import new plant & machinery and workshop equipment with introduction of new Chinese technology.
- To increase the volume of production capacity of Metallic roofing sheets.

SHARES DISTRIBUTION

The overall management of the M/S HAOMAI INVESTMENT CO. LTD is vested in the Board of directors. These are Directors and shareholders of M/S HAOMAI INVESTMENT CO. LTD with shares distributions indicated below.

This top management board will become the main sponsors for all strategic plan that will promote the proposed project M/S HAOMAI INVESTMENT CO. LTD.

Information	Description			
Shareholder's information	Directors Name	Passport No. and Profile	Address and Nationality	No. of Shares
	MR. JINZHANG, LIN 	EJ3358385 A successful Businessman with over 10 years' experience in China manufacturing business.	CHINESE	9300
	MR. YOU, ZONGLIN 	EBI668759 Current work as Director of Chang Jiang Investment C. Ltd with over four years' experience in Tanzania Business (WPQA/8133/16)	CHINESE	600
	MS. HUANG SHUYAN 	EE2763957 Former staff of BATI BOMBA (T) LTD with two years' experience in the field of manufacturing of Metallic roofing sheets.	CHINESE	100

The share capital of the company is Tshs. 1000,000,000/= divided into 100,000 shares of Tshs. 5,000/= each, and the Company shall have the power to increase its capital and to divide the share in its capital for the time being into several classes of stock or shares and to attach thereto respectively such preferential, deferred or special rights, privileges, or conditions as may be determined by or in accordance with the Article of Association of the Company.

LOCATION

The Company's business premises are located at warehouse plot No 14, Pugu road Ilala, Dsm. The postal Address P.O. Box 75966 Dar es salaam, Tanzania

IMPLEMENTATION SCHEDULE

We are going to have five implementation stages to pass before inception of this project.

PHASE I - JANUARY – 2021

- Three month of research and economic review of various business aspects in Tanzania
- Preparing feasibility study for the implementation programme in setting up facilities for manufacturing of roofing sheets.
- Obtaining Directors TIN and company TIN
- Company registration to BRELA

PHASE II - FEBRUARY – 2021

- Obtaining company registration Document from Brela and TRA
- Application for the Tax exemption on capital/deemed capital goods after being awarded certificate of Incentives.

PHASE III - MARCH – 2021

- Ordering/Importing new machinery, workshop equipment tools, generator, office equipment, vehicles etc.
- Clearing the goods from the customs control (at the Port and Airport)

PHASE IV - APRIL – 2021

- Registration with Tanzania Investment Centre (TIC) in implementation programme for the proposed project i.e application for the Certificate of Incentives.
- Installing the plant and machinery FOR EXTRUSION- To manufacture Metallic roofing sheets.
- Recruiting new staffs and training them on new technology skills (on how to operate new plant and machinery).

8.5 PHASE V - MAY - 2021

- Staff recruitment and training both local and expatriates
- Trial production and quality checking
- Fully commencement of production of all kind of metallic roofing sheets
- Initial sales and marketing

CAPITAL INVESTMENT COST

The initial capital for this project is 1 Billion Tsh. equivalent to \$ 500,000.00 USD to be invested directly into the project as indicated in the table below.

Land and building	\$ 84,000.00
Plant	\$ 71,667.27
Vehicle	\$ 4,904.64
Furniture and fitting	\$ 6,300.31
Pre expenses	\$ 3,778.89
Others	\$ 9,500.69

Working capital	\$ 319,848.20
TOTAL	\$ 500,000.00

FINANCIAL PLAN AND ECONOMIC ANALYSIS

Source of Fund

M/S HAOMAI INVESTMENT CO. LTD is a project for manufacturing high quality Metallic roofing sheets. The proposed project has firmed up finances for the intended programme by its own foreign funds (equity) from the Directors. All investment comes from the Foreign Equity direct from the owners/shareholder of the company. Estimated payoff period is 5years.

Project Profit and Loss Account

The company envisages generating a profit of USD \$ 55,000 this operating year. The profit amount is expected to steadily rise to USD \$ 60,000 in year two, USD \$ 65,000 in year three and USD \$ 70,000 in year four.

Project cash flows

The project cash flow for the next five year indicate that the company will have enough funds to service/ repay the loan and interest payments if any. Hence the financial obligations will be met in timely fashion.

SENSITIVITY ANALYSIS

To assess further the viability of the implementation project sensitivity analysis has been worked out on the basis of several unfavorable condition that might negatively affect the operations of M/S HAOMAI INVESTMENT CO. LIMITED

23. 1 Effect of coast increase on profitability (on the basis of II Metallic corrugated roofing sheet income in USD \$)

Income	-Cost	-Increase	-Profit before depreciation
880,000	270,000	%	210,000
480,000	283,000	5%	196,500
480,000	297,000	10%	183,000

Effect of Metallic roofing sheets income decrease/ drop on profitability (on the basis of the year II costs in USD \$)

Income	-Income Decrease	-Cost	-Profit before depreciation
480,000	%	270,000	210,000
456,000	5%	270,000	186,000
432,000	10%	270,000	162,000

The viability/ profitability of the company operations appears more sensitives to sale income/ revenue than increase in the operating costs. This implies that the company

should strive to maintain the existing market and undertake an aggressive marketing strategy to hire more clients and expands its market or clients base

MANAGEMENT OF THE COMPANY

Human Resources

Haomai Investment Co. Ltd will set up a factory in Tanzania with its headquarter in Dar es salaam while expand to branch level in all major Cities including Arusha, Mbeya, Mwanza and Dodoma. In order to sustain in business and work in Professional manner, we will employ people from all walks of life in various positions while engaging some experts in various technical positions in order to impart skills and train local to work with the newly established machines.

Manpower plan

This project being manufacturer of Metallic roofing sheets, in its implementation programme will usher in the country Chinese technology (Transfer of knowledge/ technology) The advantages to the country are quite significant and will get the advantage of value addition due to such incoming technology.

Further the country can reduce its dependence on importation of corrugated roofing sheets. Hence Tanzanian will be able to purchase high quality Metallic roofing sheets at the reasonable price.

This project will cause more people to be employed about 20 local people and raise their income, improve their social welfare and pay taxes; its is poverty alleviation programme to them. All employee will be subjected to labor regulations

Personnel Training:

The Company will execute overall training program for its personnel with local employees as the majority. Through training on management, technical and process, productive

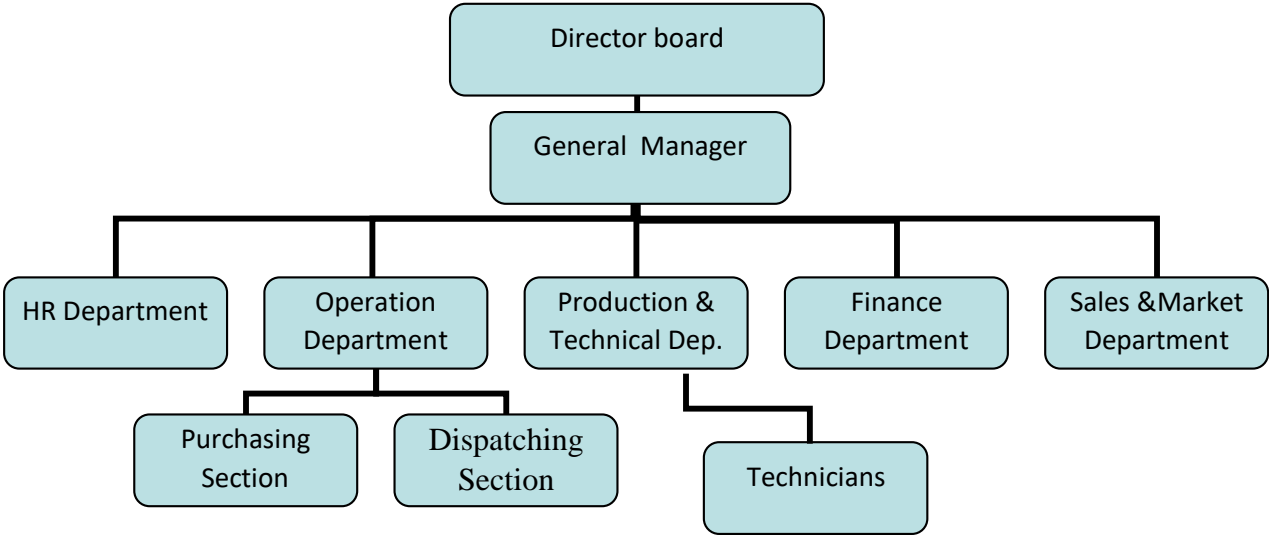
operation and so on, the company will foster high level management team, engineering and technological team, production operation team and professional marketing team. Thus the company will become more localized soon as possible.

Stable quality, exquisite technology, complete management system, sincere service and long term development concept combine to present permanent pursuit of Haomai Investment Co. Ltd. To serve the cost of doing business, we will ensure our localization police is effective.

Transfer of the technology.

Our company will acquire high level technical staff and management team, complete and sophisticate productive process and technologies which keep pace with world level development. The company will therefore capable enough to execute effective control over production and execute efficient according to market demand. Complete management system guarantees regular operation of the company. The company is capable enough to face any quality control system and obtain any certificate on quality control.

Organization Chart



LIST OF MACHINERY & EQUIPMENT

- Machine and equipment for Manufacturing Metallic roofing sheets.
- Eva injection Machine
- Moulds.
- Handle, Glue, & Fitting.
- Fork lift

The Production Process

According to the product scheme and technical scheme of the project, the product production process is divided into raw materials organization, cutting board (cutting), combination, straightening, anticorrosive, detection, transport, installation phase etc

PLANT LAYOUT

- EXTRUSION MACHINE.
- EXTRUSION MACHINERY
- CUTTING & GRADING SECTION.

COMPETITION & MARKET ANALYSIS

Economic growth

The positive economic growth which had been registered in Tanzania have attracted more investment in the country, which resulted an increase in CONSTRUCTION project/ HOUSING /REAL ESTATE for people, hence increase in demand for Metallic roofing sheets.

Market Demand

Tanzania is a prosperous country in African Continent which is developing very fast. High level management personnel of technology and marketing of our company has been to Tanzania three times for market prospect investigation. We found that Tanzania claims great demand in high quality roofing sheet. It is a very huge market. A lot of universal roofing sheet to facilitate market relies on import.

Since **Haomai Investment Co. Ltd** is registered in Tanzania we believe that when our products enter the market, we will gradually satisfy the demand for roofing sheets and export our products to some other countries in future. What's more, we also found wide margin in repairing and facilitating market. So we conclude that great development potential exists in Tanzania.

Construction industry is rising vigorous in Tanzania. We see that social status of Tanzania inhabitants is rising. Their living environment and living conditions are urgently to be improved. Booming of construction demand is sure to provide vast market for color steel tile producers. The development of city construction cannot do without the requirement of high quality roofing sheets. Establishment of our company will greatly satisfy this market demand.

Along with improvement of living standards, the market of high quality roofing sheets will also grow. We see that now in Tanzania, high quality roofing sheets is simple in techniques but high in prices. We can foresee that sound prospects exist in high quality roofing sheets maintain service market.

While analyzing the market of Tanzania, we also put our vision to surrounding countries which also presents increasing market demand, our company owns very strong market development capacity with advantages in international trade. We can export some of our products to East and Central Africa and Latin American since Tanzania's annual export of

high quality roofing sheets to Africa and Latin America exceeds 3 million m².

Strong upward trend in the demand of quality roofing sheets and broad prospects in potential market present optimistic development margin for our company. Our products will soon occupy considerable market share in Tanzania by our fine tradition, reliable quality and outstanding brands.

BUSINESS STRATEGY

Management of the company has developed and implemented some strategies in order to increase productivity, meet the growing demand and dominate the entire market. These business strategies are technology/ product quality, Advertisement/ promotion, employing qualified and experienced personnel, on job training, business discipline etc.

PROMOTION AND ADVERTISEMENT

Promotion/ Advertisement, is one of the marketing strategies and aids to trade. The company will advertise its products in the newspapers, posters, social networks, street banners and later on the televisions.

ENVIRONMENTAL ISSUE AND COMPLIANCE

All the project's operation will be carried out in environmental friendly matter, the wastes will be recycled. It will have good sewerage and drainage system and will ensure adherence and compliance to all environmental regulations governing manufacturing business in the country.

CONCLUSION AND RECOMMENDATION

The financial evaluation of the proposed project done so far indicates that this programme will be profitable both economically and financially viable venture.

The management being experienced businessman process ample managerial capabilities in various business disciplines. Based on the above factors, it is recommended that the company should be granted the certificate of Incentives for the proposed programme so as to enjoy tax exemption on capital/deemed capital goods and increase its production capacity.

SUBMISSION

M/S HAOMAI INVESTMENT CO. LTD wishes to submit its plan and application to the Tanzania Investment Centre (TIC) and BRELA its proposal for registration and award of certificate of Incentives Temporary industrial Licence in the proposed programme of investing in Metallic roofing sheets manufacturing project. This will enable the project to qualify for the Tax exemption Capital Goods and start manufacturing.