

CHINA GOLD DEVELOPMENT GROUP LIMITED

P.O.BOX ...20232.....

DAR ES SALAAM - TANZANIA

**BUSINESS PLAN FOR DESIGNING, RE MANUFACTURING
ALL KINDS OF AGGREGATED ROCK AND STONE**

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BRIEF SUMMARY PROJECT

COMPANY: CHINA GOLD DEVELOPMENT GROUP LIMITED

LOCATION: MSATA, BAGAMOYO DISTRICT, COASTAL REGION

CONTACTS: P. O. Box 20232....,

OBJECTIVE: TO

PROJECT VALUE: USD 505,000

BENEFITS: AVAILABILITY OF ALL KINDS OF MACHINES LOCALLY DESIGNED AND FABRICATED, TECHNOLOGY TRANSFER, JOBS CREATION, GOVERNMENT INCOME, IMPORT SUBSTITUTION,

IMPLEMENTATION PERIOD: 5YEARS

1.0 PREAMBLE

CHINAGOLD DEVELOPMENT GROUP LIMITED is locally incorporated company planning to design, re-engineering and fabricate all kind of machines based of client's needs and specifications. Company's products will contain the experience and know-how of nearly 10 years. By carefully designing and re engineering of all types of machines, equipments, spare parts etc using the latest production technology, we are able to guarantee a product that will give a modern, fashionable, designable, durable at affordable cost.

Rationality

Most of all machines available in Tanzania are being imported and few of them are designed, re engineered locally. The country is using a lot of foreign currency to buy machines which are not specifically designed to suit our local environment China Gold Development Group **LIMITED** has come to try to bridge that gap

Report's Objective

This report is documented to show the commercial viability, the operational feasibility and the social economic impact of establishing such project in a Dar es Salaam city. It shows the plan for establishing such a

project and then; the financial efficiency, positive environmental impact and benefits borne by the project. It is intended to be submitted to Tanzania Investment centre for acquiring the Certificate of Incentives, to be submitted to the Board of Directors for the resource's authorization, to guide the project implementers, and be submitted to other stakeholders for the project development.

Project's Objective

The main objective by which this study has presented is to inform all stakeholders on the purposeful and solid intention of the **CHINAGOLD DEV GROUP LIMITED** Tanzania Company Limited to establish and operate a plant that will cater the needs of clients'

Registration and Ownership

The company was established in Tanzania after being registered with the registrar of companies on 25th day of June, 2021 as a limited company by liabilities. Its registration No. is 152423446 and has the authorized total number of shares 1000. **CHINA GOLD DEV GROUP LIMITED** Tanzania Company Limited is owned and promoted by two shareholders namely:

Shareholders' Names	% Share	Nationality	Date of Birth
Haijuni Li	60	Chinese	
Tian Wen Tao	40	Chinese	

Location

The site for the project establishment is at **Msata, Bagamoyo, Coast Region.**

The above stated location is ideal for the plant because it is already located industrial area in the master plan, it is an area which has a lot of access.

2.0 NEED FOR THE PROJECT

This project is needed now and has been purposely planned to mean a lot to the country of investment and the owners, the newly elected of **sixth Government emphasizing industrialisation** Tanzania like any other country still need various people to investing in manufacturing sector, by having such project the company intend to complement government efforts as far as manufacturing sector is concerned.

2.1 PROJECT SUPPORT

On merit, the project is highly supported by the national investment promotion policy 2007, industrial policy, industrialization strategy and 6th Government popular with famous slogan of **Kazi inaendelea** and government initiative of industrialization of Tanzania economy, these policies require and highly recommend manufacturing sector.

2.2 CONSTRUCTION

The project planned for this development is designing, re engineering & fabricating all kinds of machines.

The plan will involve construction of structures for:

Offices: this will be a two-storey building with the first floor containing the main reception, purchases and sales offices. The second floor will be for financial controls and for Directors' offices. This structure will require building materials, furniture and electronics.

Production: this will contain four parts. One for materials designing selection, another for re engineering, lastly melting, shaping and fabrication, the other for quality control. This will be the main section of the factory. It will

involve construction of shade structures, installation of machinery.

Inventory section: the plant will have double inventory structures to handle both the raw materials stock and the finished products stock.

Water reservoirs: there will be two tanks for clean water storage each with a capacity of 1,000,000 liters. The water is for the factory production use and human use.

Fuel reservoirs: one tank of 100,000 liters will be constructed to keep the fuel oil while another steel tank of 10,000 kgs will be installed for gas fuel.

Sewage: The sewage system will be constructed to handle both liquid sewage and solid sewage. There will be a water treatment section where dirty water will be purified and then recycled for reuse in the factory system.

Store: The yard will be a shaded area with a capacity of keeping number of finished products.

3.0 IMPLEMENTATION PLAN

Time	Activity
July 2021 -May 2022	Construction
June - September 2022	Machinery, generator & Installations
October - December 2022	Run test of factory
January -March 2023	Adjustments & servicing
April 2023	Official opening

The investors are so far committed to fulfil their duties basing on this implementation plan. They are all optimistic on the operationalization of their idea of this venture. The only limitation that can change the plan is the failure to secure various authoritative licenses on time. This is not the promoters' intention but the experience leant during the feasibility study took more than two years and revealed both positive and negative issues around investments. The assumption is that when most of the main requirements are covered and the permits are in place, the implementation will remain done as planned.

4.0 PROJECT INVESTMENT

Project Investment Cost the estimated capital investment cost of the project is **US\$ 500,000**

CHINA GOLD DEV GROUP LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	25,000.00
Machinery & Equipment	220,000.00
Motor Vehicles	75,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	5,000.00
Working Capital	175,000.00
TOTAL	505,000.00

5.0 QUALITY ASSURANCE

Quality is one of the key issues which will have a strong investment fulfilment, because it determines the qualification of the project to keep on producing and gives the plant an assurance of customers' availability with pride of products.

Each individual stage of work at the factory will be subjected to strict quality controls.

Local laboratories check the manufacturing process and the quality of our products on an ongoing basis. This is how we shall ensure that each individual glass piece meets all quality standards.

The producer/factory will use various known means of public information on the quality standard and the type of a product. Labels and symbol code familiar with a

single digit will be applied to allow consumers to differentiate types of products. The factory will operate under the guidance and regulations of the Tanzania Bureau of Standards (TBS).

6.0 PRODUCTS' MARKETING AND DISTRIBUTION

The project will market the products to various manufactures using manufacturers associations and chamber of commerce, building big hardware whole selling shops, trade fairs like the Dar es Salaam International Trade Fair. Also mass media instruments like radios, newspapers and Television stations will be used to advertise on the project products to the communities.

7.0 PROJECT MANAGEMENT AND MANPOWER

Management: The project will be managed by 24 key staffs; the Management Officer will be the Chairperson. Under him/her will be the General manager, the Chief Engineer, the Production manager, the Finance Manager and the Marketing manager.

Manpower: The project will have a high tech installment of machinery and new technology application

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	1	4	8	15

Men	4	15	10	24
TOTAL	5	19	18	39

Workers' Welfare

Training: All workers inclusive will benefit from the internal training for proper operations, quality and security observance. There will be out-dooring trainings for recommended staffs depending on their working requirements. Generally, the plant will apply sophisticated machinery of high technology, it is through the trainings that the Management team plans to transfer technology and skills to local workers and make Sure, those foreign workers are employed where inevitable.

Health and Insurance: The project will provide medical treatments to its workers as per Country policy requirements and will enroll workers to social security institutions as per the country policy too.

8.0 Financial Analysis

8.1 Considerations and Assumptions:

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty and Value Added Tax. The

straight-line method to depreciate the project's capital items has been applied.

Revenues have been conservatively estimated based on experience of the promoters and trends in the packaging materials products industry.

8.2 Project Investment

The estimated capital investment cost of the project is US\$ 505,000 out of which US\$375,000 will be fixed investment costs.

CHINAGOLD DEV GROUP LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	25,000.00
Machinery & Equipment	220,000.00
Motor Vehicles	75,000.00
Furniture & Fixtures	5,000.00
Pre exp	0.00
Others	5,000.00
Working Capital	175,000.00
TOTAL	505,000.00

For the project to be a reality a total investment amounting to US \$505,000 is needed

8.3 Financing pattern

The project will be financed by equity **US\$375,000** and loan **US\$ 130,000**

8.4 Project operating costs

In order to realize its intended objective, the project will have to meet operating cost not exceeding 15% of annual total revenue and 75% of total revenue is cost of sales

8.5 Projected Revenue

For projection purposes, it is assumed that the economic life of the project is five years, and that revenue from the project commence from the first year of operation.

SUMMARY OF REVENUE "US\$"

	1	2	3	4	5
Revenue	2,610,000	2,818,800	3,044,304	3,287,848	3,550,876

8.6 Projected Profit and Loss Statement

The Income and Expenditure Statement shows the projected income for the 5 years' period. The position depicted is that the project earns profit throughout its life.

Accumulated after tax profits grow from. US\$ in first year **154,875** to US\$ in the year 5th **858,503**

CHINAGOLD DEV GROUP LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT (US\$)

	1	2	3	4	5
Revenue	2,610,000.00	2,818,800.00	3,044,304.00	3,287,848.32	3,550,876.19
Cost of Sales	1,957,500.00	2,114,100.00	2,283,228.00	2,465,886.24	2,663,157.14
Operating Expenses	391,500.00	422,820.00	456,645.60	493,177.25	532,631.43
Profit before Depreciation & Interest	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Interest	24,000.00	180,000.00	16,000.00	6,000.00	-
Depreciation	15,750.00	15,750.00	15,750.00	15,750.00	15,750.00
Gross Profit	221,250.00	86,130.00	272,680.40	307,034.83	339,337.62
Tax (30%)	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Profit After Tax	154,875.00	60,291.00	190,876.28	214,924.38	237,536.33
Accumulated Profit	154,875.00	215,166.00	406,042.28	620,966.66	858,503.00

8.7 Projected Cash Flows

This is shown in the financial statements. The project has a positive end of year cash flow from year 1 US\$**194,625**. of operation to the 5th year US\$ **1,183,252**

CHINAGOLD DEV GROUP LIMITED PROJECTED CASH FLOWS STATEMENT (US\$)

	0	1	2	3	4	5
SOURCES:						
Profit before	0	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62

interest and depreciation						
Equity	205,000.00					
Loan	300,000.00					
Total Sources	505,000.00	261,000.00	281,880.00	304,430.40	328,784.83	355,087.62
Applications :						
Capital expenditure	325,000.00		-	-	-	-
working Capital & Others	180,000.00	-	-	-	-	-
Cash	0	194,625.00	256,041.00	222,626.00	256,674.00	253,286.00
Tax	-	66,375.00	25,839.00	81,804.12	92,110.45	101,801.29
Sub total	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Total applications	505,000.00	261,000.00	281,880.00	304,430.12	348,784.45	355,087.29
Accumulated cash		194,625.00	450,666.00	673,292.00	929,966.00	1,183,252.00

8.8 Projected Balance Sheet

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholder's equity increases from US\$205,000 in the first year of operation to US\$ 547,536 in the 5th year.

CHINAGOLD DEV GROUP LIMITED PROJECTED BALANCE SHEET STATEMENT (US\$)

<u>Fixed Assets</u>	–	1	2	3	4	5
Opening balance	-	325,000	290,250	255,500	220,750	186,000

Total Long-term Assets	-	325,000.00	290,250.00	255,500.00	220,750	186,000
Less depreciation	-	15,750.00	15,750.00	15,750.00	15,750	15,750
Closing balance	-	309,250.00	274,500.00	239,750.00	205,000	170,250
Working capital	180,000	180,000.00	180,000.00	180,000.00	180,000	180,000
Accumulated cash	-	194,625.00	450,666.00	673,292.00	929,966	1,183,252
Total assets	180,000	683,875.00	905,166.00	1,093,042.00	1,314,966	1,533,502
Financed by						
Equity	205,000	310,000.00	310,000.00	310,000.00	310,000	310,000
Net profit	-	154,875.00	60,291.00	190,876.28	214,924	237,536
Total equity	205,000	464,875.00	370,291.00	500,876.28	524,924	547,536
Long term loan	300,000	225,000	150,000	75,000	0	0
Total debts	300,000	225,000.00	150,000.00	75,000.00	-	-
Total equity and debts	505,000	689,875.00	520,291.00	575,876.28	524,924	547,536

8.9 Projected payback period

Total investment is US\$505,000 cash accumulation in 54th years is US\$683,966 which is more than the initial investment by US\$ US\$ 17,8966, the project payback Period is within 3 years.

PROJECTED PAYBACK PERIOD STATEMENT (US\$)

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	154,875.00	15,750.00	170,625.00	170,625.00
2	60,291.00	15,750.00	76,041.00	246,666.00
3	190,876.28	15,750.00	206,626.28	453,292.28

4	214,924.38	15,750.00	230,674.38	683,966.66
5	237,536.33	15,750.00	253,286.33	937,252.99

8.10 Projected loan repayment

Total loan is **US\$505,000** to be repaid within 4years with interest of 8%

LIMITED PROJECTED LONG TERM LOAN REPAYMENT

Year	principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
0				
1	75,000	24000	99,000	300,000
2	75,000	18000	93,000	225,000
3	75,000	12000	87,000	150,000
4	75,000	6000	81,000	75,000
5	0	0	0	0
6	0	0		0

9.0 ECONOMIC BENEFIT OF THE PROJECT

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

Make available machines and spare parts at affordable cost with customer specifications with high quality

Increase the provision of high-quality services in manufacturing sector and other sectors such as construction and mining sector

Increased availability of quality distribution and marketing products along side competitive prices of these products will result in increased healthy competition among all manufacturing companies

The project will result in direct employment creation of 39 people many more indirectly

The Government and other agencies will benefit from various taxes, fees and commissions that will be paid by the company

10.0 CONCLUSION

CHINA GOLD DEVELOPMENT GROUP LIMITED set out a proposal to invest in the establishment of designing, re engineering and fabrication of machines and spare parts project to be located in Dar es Salaam.

The Executive Summary highlights indicate that the proposed project will be financial and economically viable, the project will generate significantly to the social and economic progress by way of increasing the provision of quality construction equipment in the country. It is recommended that the project be accorded the required institutional support to pave the way for its expeditious establishment and development.

In that regard; we strongly recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under Tanzania Investment Act, 1997 to enable smooth implementation

11.0 RECOMMENDATIONS

The project is technically feasible, financially viable, and economically sound, provided the sponsors will manage it efficiently.

It is recommended that the project be approved by Tanzania Investment Centre and be granted the TIC Certificate of Incentives with its associated privileges and benefits as provided for under the Tanzania Investment Act, 1997.