

**BUSINESS PLAN FOR THE
IMPLEMENTATION PROGRAMME**

**OF
PING DA GROUP INTERNATIONAL LIMITED**

**IN
ESTABLISHING AND OPERATING A PROJECT FOR THE
MANUFACTURING OF BODIES (COACHWORK) FOR MOTOR
VEHICLES AND TRAILERS AND SEMI-TRAILERS**

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PING DA GROUP INTRNATIONAL LIMITED

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PINGDA GROUP INTERNATIONAL LIMITED ESTABLISHING AND OPERATING A PROJECT FOR MANUFACTURING OF BODIES (COACHWORK) FOR MOTOR VEHICLES AND TRAILERS AND SEMI-TRAILERS

1. INVESTMENT PROPOSAL

The investment plan has been prepared by **PING DA GROUP INTERNATIONAL LIMITED** for the company's implementation programme in carrying on business of manufacturing of Flatbed semi trailers, for motor vehicles.

The feasibility study has been prepared to show clear picture of the implementation programme and analyze the financial and other resources required for the implementation of the proposed project for manufacturing Flatbed trailer for motor vehicles

The investment proposal was also to assess its economic viability and commercial viability for presentation to the company's promoters (shareholders) for allocation of funds and machinery as well as equipment to supplement the equity contribution. The company will install the modern factory plant for manufacturing bodies (coachwork) for motor vehicles and all kinds of semi-trailers, like flatbed semi-trailers, low bed semi-trailers, cargo semi-trailers, etc. in its implementation program.

2. COMPANY'S PROFILE

PING DA GROUP INTERNATIONAL LIMITED is a private company registered and incorporated in Tanzania by Registrar of Companies under company's ordinance **Cap 212**, on **13st** day of **APRIL 2022** with Certificate of Incorporation Number **155817372**.

The company was incorporated with a major objective of carrying on the business of manufacturing of bodies (coachwork) for motor vehicles and trailers and semi-trailers. **PING DA GROUP INTERNATIONAL LIMITED** basically aims at increasing the production capacity of bodies (coachwork) for motor vehicles, trailer and semi-trailer by increasing and at the same time dominating the entire market by improving the quality of the company's products. Knowing the above market reasons the management has thought it is important to establish and operate a manufacturing plant for the proposed project by importing and installing a modern and sophisticated plant and machinery and use of new technology.

3. TARGETED MARKET

Since our commencement of operations and based on our Research done, we found that the market within the country and East and Central Africa is big especially in the trailers market segment, we focusing on internal and external markets, where by our projection we targeting on selling of about 35% within a Country and 15% out of the Country mainly Zambia, Congo, Rwanda, Burundi, Mozambique, and so forth. The marketing research and tailored marketing strategy described in this business plan projected to get revenue worth \$ 260,000.00 and above annually.

In Tanzania Trailers manufacturing industry includes about 8 company's Major companies in specialty segments covers about only twenty-five percent (25%) of entire internal market, customers' demands are higher compared to manufactured trailers. Demand is driven largely by the needs of other industrial companies and is therefore linked to economic growth. The profitability of individual companies depends on technical expertise and efficient manufacturing; large companies have economies of scale in purchasing raw materials

4. THE COMPANY'S OBJECTIVES

PINGDA GROUP INTERNATIONAL LIMITED is a project for manufacturing bodies (coachwork) for motor vehicles and all kinds of semi-trailers, like flatbed semi-trailers, low bed semi trailers, cargo semi-

trailers. The mission of the company is to manufacture the best quality trailers, with value pricing and provide exceptional customer service after the sale of the trailers, (Customer satisfaction is our vital Philosophy). We wish to establish a successful partnership with our customers, our employees, and our suppliers that respect the interests and goals of each part.

5. SHAREHOLDERS (PROMOTERS)

The following are the promoters/ shareholders of **PING DA GROUP INTERNATIONAL LIMITED** with their shareholder's position are:-

No	Name of Shareholders	No. of Shares
1.	Chen Qishun	50
2.	Ren Yanping	50
	TOTAL	100

6. LOCATION

The project is located at Plot No. **2 BLOCK F.KIDIMO MKWALIA KITUMBO VILLAGE** this location affords us good visibility along with convenient access for customers wishing to stop at our location.

7. THE COMPANY'S INVESTMENT PROGRAMME

The proposed investment will be implemented within a period of 3 years. The company's promoters /shareholders) have resolved to register the proposed project with **Tanzania Investment Centre (TIC)** and securing the certificate of incentives. The TIC approved project are allowed tax exemption on Capital/ deemed Capital goods i.e. Duty and VAT manufacturing of bodies (coachwork) for motor vehicles and manufacturing of trailers and semi-trailers. Generators commercial vehicles, computers, fax, telephones, copiers, CCTV system for security/monitoring the factory etc. These are capital and deemed capital

goods for the project.

8. THE COMPANY'S IMPLEMENTATION SCHEDULE PROJECT IMPLEMENTATION SCHEDULE ACTIVITY PERIOD

1. Processing TIC Certificate of Incentive March 2023
2. Funds Mobilization June - July 2023
3. Construction of factory and showroom Sept 2023 - Dec 2023
4. Trial Operations Jan 2024 - June 2024
5. Commercial Operations July 2024

9. CAPITAL INVESTMENT COST

Land/Building	USD \$	45,000.00
Plant/Machinery	USD \$	400,000.00
Vehicles	USD \$	50,000.00
Furniture and Fittings	USD \$	50,000.00
Working Capital		<u>USD \$ 155,000.00</u>
TOTAL CAPITAL		<u>USD \$ 700,000.00</u>

10. FINANCIAL PLAN (SOURCE OF FUNDS)

PING DA GROUP INTERNATIONAL LIMITED has resolved to register the proposed project and allocated funds for the projects implementation programme by its own fund (equity) and foreign loan:-

Own fund (equity) USD \$ 100,000.00

Foreign loan USD \$ 600,000.00

TOTAL USD \$ 700,000.00

11. SUBMISSION

PING DA GROUP INTERNATIONAL LIMITED wishes to submit its plan and application to the **Tanzania Investment Centre (TIC)** its proposal for registration and award of certificate of incentives in the implementation programme, which enables the project to enjoy Duty and VAT exemption on project's capital/deemed capital goods.

12. ECONOMIC GROWTH

Positive economic growth which had been registered in Tanzania, have

attracted more investments in the country, which resulted an increase in purchasing power of people, hence increase in demand for motor cycles.

13. COMPETITION / MARKET

Although there are reasonable number of importers of motor cycles in Tanzania and few local assembling industries still the supply is not enough compared to the level of demand and their quality are below standard. Furthermore, the company expects to dominate the local and export market because the project ensures the high quality of all kinds of motor vehicles that will be manufactured by the project. Other factors are goodwill and promptness.

14. PROMOTION/ ADVERTISEMENT

Promotion/ Advertisement, which forms a very important part in advertising the business. It is one of elements in marketing strategy. The proposed project will be advertising its business in the newspapers, street banners and later on in the televisions in a manner benefiting the promotional role of any company or private institutions.

15. BUSINESS STRATEGY

PING DA GROUP INTERNATIONAL LIMITED has pointed out some business strategies in order to dominate the market and meet the growing demand and high productivity. The following business strategies have been implemented by the proposed project to capture markets.

- Technology/product quality
- Advertisement/promotion
- Employing qualified and experienced personnel
- On job training
- Business Discipline

16. ENVIRONMENTAL ISSUE

The project is environmental friendly, it does not produce any waste products at the result of its activities, the project will also establish another

line for recycling of the products which have already been used and lost its shape.

17. PROJECT MANAGEMENT

The overall management of the company is vested in the Board of Directors. Mr. Chen Qishun is the Managing Director of the Company; he is well versed in manufacturing of the motor vehicle industry. The other Director is Ms. Ren Yanping. By the management system, such as the quality responsibility system, cost check system, performance encouragement system will be introduced into this project, and encouragement mechanism and competitive mechanism will be also be implemented in Tanzania.

18. MANPOWER AND TRANSFER OF TECHNOLOGY

This project being the motor vehicle manufacturing industry in its implementation programme will usher in the country 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 manufacturing of motor vehicles trailer and semi - trailer. Hence Tanzanian will be able to purchase high quality motor vehicles. The proposed project will cause more people to be employed about **30** local people and **2** foreigners raise their income, improve their social welfare and pay taxes, it is poverty alleviation programme to them. Local employees will get on job training and in long run will improve the technical competence of the production.

19. 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. There are many other benefits direct and indirect of this project.

The management being experienced businessmen possesses 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 project so as to qualify for import duty and VAT exemption on capital/deemed capital goods and increase its production capacity.

20. FINANCIAL AND ECONOMIC ANALYSIS

20.1 Projected Profit and Loss Accounts

The company envisages generating a profit of **USD \$ 500,000** this operating year. The profit amount is expected to steadily rise to **USD \$ 520,000** in year two, **USD \$ 540,000** in year three and **USD \$ 560,000** in year four.

20.2 Projected cash flows

The project cash flows for the next five years indicate that the company will have enough funds to service/repay the loan interest payments. Hence the financial obligations will be met in a timely fashion.

20.3 Proposed Balance Sheet:

The Projected balance sheet shows healthy financial situation. Short term liabilities are at all times covered by fixed assets. Also current liabilities are adequately covered by current assets.

21. SENSITIVITY ANALYSIS

To assess further the viability of the implementation project, sensitivity analysis has been worked out on the basis of several unfavorable conditions that might negatively affect the operations of **PING DA GROUP INTERNATIONAL LIMITED**.

21.1 Effect of cost increase on profitability (on the basis of year II USD)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPREE
2,250	1,730	%	520
2,250	1,816	5%	433.5
2,250	1,903	10%	347

21.1 Effect of cost decrease on profitability (on the basis of year II USD)

INCOME	COSTS	INCREASE	PROFIT BEFORE DEPREE
2,250	1,730	%	520
2,250	1,730	5%	407.5
2,250	1,730	10%	295

Appendix I

**PING DA GROUP INTERNATIONAL LIMITED
PROJECTED INCOME STATEMENT**

(Fig. USD \$ '000')

Income	Year s			
	1	2	3	4
Sales Income	500.0	580.0	650.0	700.0
Total Income	500.0	580.0	650.0	700.0
Utilities	400.0	400.0	400.0	400.0
Salaries and wages	200.0	200.0	200.0	200.0
Transportation/fuel	400.0	500.0	600.0	700.0
Administrative expenses	45.0	50.0	50.0	60.0
Total Expenditure	1045.0	1,150.0	1,250.0	1360.0
Net Profit (pre tax and depreciation)	500.0	520.0	540.0	560.0

PROJECTED LONG TERM REPAYMENT (USD)

YEAR	PRICIPLE	INTEREST	TOTAL	AMOUNT
				600,000
I	600	600	1200	540,000
II	600	580	1,180	480,000
III	600	560	1,160	420,000
IV	600	540	1,140	360,000
V	600	520	1,120	300,000
VI	600	500	1,100	240,000
VII	600	480	1080	180,000
VIII	600	460	1060	120,000
IX	600	440	1040	60,000
X	600	420	1020	0

Appendix II

PINGDA GROUP INTERNATIONAL LIMITED PROJECTED CASHFLOW STATEMENT

(Fig. USD \$ '000')

Year	1	2	3	4	5	6	7	8	9	10	TOTAL
Cash inflow	500.0	520.0	540.0	560.0	580.0	600	620	640	660	680	7,060
Income from operation	500.0	520.0	540.0	560.0	580.0	600	620	640	660	680	6,060
Cash outflow											
Interest payments	200.0	180.0	160.0	140.0	120.0	100	80	60	40	20	1,100
Loan re-payment	200.0	200.0	200.0	200.0	200.0	200	200	200	200	200	2,000
	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0	1,200
Surplus cash generated	20.0	20.0	20.0	20.0	20.0	20	20	20	20	20	2,000
	540	520	500	480	460	440	400	380	360	340	3,000