

TIANYI HOLDING TANZANIA LIMITED

BUSINESS PLAN

FOR

**ESTABLISHING AND OPERATING A PROJECT FOR ASSEMBLING
MOTOR CYCLES AND VEHICLE SPARE PARTS**

1.0. EXECUTIVE SUMMARY.

1.0 INTRODUCTION

TIANYI HOLDING TANZANIA LIMITED is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 158933063 dated 16 November, 2022

The project promoters are experienced Chinese entrepreneurs with over 10 years of involvement in industrial equipment and manufacturing-related businesses. After conducting an extensive assessment of the Tanzanian transportation and automotive spare parts market, the directors are now ready to establish a motorcycle assembly and vehicle spare parts manufacturing project, and they foresee a strong future in this sector.

This business plan has been prepared for TIANYI HOLDING TANZANIA LIMITED for the establishment of a Motorcycle Assembly and Vehicle Spare Parts Production Project. The project implementation will involve the following activities:

- Registration of the project with TIC
- Obtaining necessary permits and licenses
- Renovation of industrial buildings
- Ordering assembly machines and equipment
- Recruitment and training of staff
- Purchase of one (1) single-cabin pickup
- Purchase of one (1) light truck
- Procurement of machines, assembly lines, and tools
- Equipping the company with relevant facilities

The total estimated cost of the project is USD 1.5 million. The sponsors will contribute 30%, while the balance will be financed through local and international financial institutions.

1.1 Objective of the Study

The purpose of this study is to develop the technical, commercial, and financial details regarding the establishment of a factory for motorcycle assembly and vehicle spare parts production.

1.2 Mission Statement

Our mission is to generate sustainable profits while delivering durable, high-quality motorcycles and spare parts at affordable prices. Our products will serve customers in Tanzania and neighboring countries, providing us with a strategic advantage in expanding the regional market.

1.3 Company Objectives

The main objectives of the company are to establish a strong and sustainable industrial operation and to increase profitability over time. These objectives are divided into short-term and long-term goals.

1.3.1 Short-Term Goal

The Board of Directors aims to commence production and introduce new motorcycle and spare parts products to the market. Marketing will be enhanced through social media, banners, exhibitions, and online platforms. This will help increase sales and profitability.

1.3.2 Long-Term Goal

In the long term, the company aims to expand assembly operations, increase production capacity, diversify motorcycle models, and progressively increase localization of spare parts manufacturing. TIANYI HOLDING TANZANIA LIMITED also aims to expand exports into regional markets.

1.3.3 Products

The company intends to introduce new products and variations to remain competitive and reduce the threat posed by imported products. Our aim is to provide customers with durable, reliable, and modern motorcycles and spare parts at fair prices, thereby increasing customer loyalty.

1.4 Raw Material Base

The project will strictly comply with national laws, especially environmental regulations. Raw materials will be sourced both locally and internationally from countries such as China, India, and others.

1.5 Project Promoters

The shareholders of the project are experienced entrepreneurs with diverse business backgrounds. Ownership structure:

NAME	% SHARE	NATIONALITY
ZU ZHAOLONG	60%	Chinese
ZU ZHAOJING	40%	Chinese

1.6 Location

The project will be located at PLOT NO.4 Minazini street, Kurasini, Temeke District, Dar es salaam

2.0 Overview of the Tanzania Motorcycle & Spare Parts Industry

Tanzania's transportation sector has experienced rapid growth driven by the expansion of business activities, urbanization, and the increasing use of motorcycles (commonly known as *boda boda*) for transport. Over **1 million motorcycles** are currently registered in the country, and approximately **200,000–350,000** units enter the market annually.

Despite this high demand:

- The country relies heavily on imported motorcycles and parts.
- There is limited local assembly capacity.
- A significant portion of spare parts sold locally are of low quality.
- Regional demand in neighboring countries is also rising.

These conditions present major opportunities for the establishment of a domestic **motorcycle assembly and spare parts production facility**, supported by:

- Government policies encouraging local industrialization
- Cost advantages from assembling SKD (Semi-Knocked-Down) kits locally
- A growing regional market requiring reliable motorcycles and components

3.0 Development and Production

3.1 Production Process

TIANYI HOLDING TANZANIA LIMITED will have the following key departments for motorcycle assembly and spare parts production:

1. Component Receiving and Quality Control
2. Chassis Assembly Department
3. Engine and Transmission Installation Unit
4. Electrical and Body Fittings Department
5. Quality Control & Testing Department
6. Packaging and Warehousing Unit

3.1.1 Component Receiving and Inspection

Imported SKD/CKD components will be inspected for quality and verified for compliance with specifications. Quality tests will include dimensional checks, durability testing, and component integrity verification.

3.1.2 Chassis Assembly Department

This unit handles the assembly of the motorcycle frame, suspension system, handlebars, wheels, brake systems, and related mechanical components.

3.1.3 Engine and Transmission Unit

This unit performs the installation of engine components, carburetion systems, exhaust systems, chain drive systems, and transmission kits. For certain models, partial engine sub-assembly may be conducted.

3.1.4 Electrical and Body Fittings

This department handles the installation of electrical wiring, headlamps, indicators, batteries, fuel tanks, seats, dashboard panels, and other accessories.

3.1.5 Finishing, Testing, and the Assembly Room

Final finishing of motorcycles includes performance testing such as:

- Brake testing
- Road simulation
- Engine performance and fuel efficiency tests

The motorcycle is then cleaned, polished, labeled, and packaged for sale.

4.0 Market and Marketing Aspects

4.1 Products

- Standard motorcycles (100cc–200cc)
- Cargo tricycles
- Vehicle spare parts including:
 - Braking systems
 - Filters
 - Shock absorbers
 - Electrical components
 - Seats, mirrors, tyres, exhausts
- OEM-branded spare parts

4.2 Market and Production Capacity

The products will target both local and export markets. The company plans a production capacity of **25,000 motorcycles per year**, alongside large-scale spare parts production.

4.3 Supply Position

There is limited production of affordable and high-quality motorcycles and spare parts in Tanzania. The company will use modern technology to produce high-quality products that meet customer expectations.

4.4 Competition

Competition exists from imported motorcycles and brands such as Bajaj, TVS, Honda, Haojue, and others. However, due to increasing demand and insufficient local production, no severe supply-driven competition is expected.

4.5 Distribution

The company will establish:

- Its own showrooms

- Regional wholesale distribution networks
- Authorized dealers
- Online sales channels
- Export distribution routes for neighboring countries

4.6 Promotion

Marketing will include:

- Social media campaigns
- Exhibitions and trade fairs
- Dealer promotions
- Branding and demonstration events

4.7 Pricing Strategy

Prices will be set based on production cost, market demand, and customer purchasing power. Competitive pricing will ensure that the company secures a strong share of the market while maintaining profitability.

4.8 Project Sustainability

The growing domestic and regional demand for motorcycles and spare parts, combined with Tanzania's stable business environment, ensures long-term project sustainability.

4.9 Monitoring and Evaluation

Standard monitoring and evaluation tools will be applied throughout the project. The sponsors are committed to cooperating fully with the government and stakeholders for smooth operations.

5.0 Project Management

TIANYI HOLDING TANZANIA LIMITED will be managed by skilled professionals experienced in industrial assembly operations. The structure will include:

- Managing Director
- Technical Director
- Production Manager
- Sales & Marketing Director
- Finance & Administration Director
- Quality Control Engineers
- Assembly Technicians

Total expected employment: **73 staff.**

5.1 Project Management Policy

Daily operations will be supervised by the Managing Director, supported by the Production Director, Technical Director, Sales & Marketing Director, and Finance & Administration Director. Each director will oversee their respective departments to ensure efficiency and productivity.

6.0 Project Investment Capital

The estimated total capital investment required for the project is **USD 1,500,000.**

TIANYI HOLDING TANZANIA LIMITED COST STRUCTURE

Land and Buildings	1,000,000
Machinery & Equipment	1,500,000
Motor Vehicles	250,000
Furniture & Fixtures	5,000
Pre exp	20,000
Others	80,000
Working Capital	1,000,000
TOTAL	3,855,000

For the project to be a reality a total investment amounting to US \$3,850,000 is needed

(i) Land and Building: Us \$1,000,000

The project area is estimated to be 750 square meter and budgeted as above, the board of directors has planned to purchase a land and construct a building and warehouse

(ii) Machinery and Equipment: US\$ 1,500,000

A total investment of **US\$ 1,500,000** is projected for the purchase of various factory machinery and equipment required for the establishment of the motorcycle assembly and vehicle spare parts production facility. The investment will cover acquisition of modern assembly-line technology and specialized tools including:

- Motorcycle Assembly Line (SKD/CKD) Equipment
- Engine Assembly Benches and Tools
- Chassis Assembly Line Conveyor System
- Hydraulic & Pneumatic Tools for Assembly
- Frame Welding & Straightening Machines
- Automated Painting and Spraying Booths
- Parts Injection Molding Machines (for plastics and body fittings)

- Metal Fabrication Machines (cutting, bending, stamping)
- Electrical & Wiring Harness Installation Units
- Quality Control and Testing Machines:
 - Brake testing equipment
 - Engine performance testing units
 - Dynamometer (road simulation testing)
 - Vibration and durability testing units
- Tyre and Tube Fitting Machines
- Battery Charging & Testing Units
- Packaging and Labeling Machines
- Material Handling Equipment (forklifts, trolleys, cranes)
- Warehouse tools and storage systems
- IT Systems, diagnostic computers, and assembly software

(iii) Motor Vehicles:US\$250,000

The project will need 2 heavy trucks, 2 light trucks and 1 double cabin pick. These vehicles will be used in transportation of final products and double cabin pick up for administrative purposes.

(iv) Office Furniture and Equipment: US \$5000

This investment cost item has been estimated to cost US \$2,000. It will consist of office tables, chairs, telephone, fax, machines, file cabinets, sofa chairs etc.

(v) Pre-Operational Expenses: US\$ 10,000

They cover things like company registration, expenses spent by **TIANYI HOLDING TANZANIA LIMITED** in exploring the viability of the project, especially the market/client identification exercise. This pre-operational coast item also covers the architectural designs of project buildings and

other engineering services. Also included under this item are issues like consultancy fees, legal fees and recruitment and training costs of personnel.

(vi) Initial Working Capital: US\$1,000,000

Calculations as well as assumptions for working capital requirements, it is estimated that it will cost US \$ 1,000,000.

6.1 Financing Pattern

The project will be financed by equity constituting US\$ 2,000,000 and loan US \$1,855,000.

6.2 Project Operating Costs

In order to realize its intended objective, the project will have to meet the following operating costs which have been estimated to be 65% of total revenue.

7.0 Financial Analysis

7.1 Considerations and Assumptions:

Considerations and Assumptions

The corporate tax applied is 30% of the profits. The project will benefit from a 50% capital investment allowance, and all capital assets are exempted from customs duty and Value Added Tax (VAT) under approved investment incentives. The straight-line depreciation method has been applied to all capital items associated with the project.

It is assumed that major raw materials such as packaging materials, metal components, and some plastic fittings will be procured from the local market, while specialized motorcycle SKD/CKD kits and high-precision spare parts will be imported.

The factory will assemble various types of motorcycles (100cc–200cc), cargo tricycles, and produce selected vehicle spare parts including filters, brake components, electrical parts, shock absorbers, and body fittings.

Revenue projections have been conservatively estimated based on the promoters' experience in industrial operations, current market demand, and growth trends in Tanzania's motorcycle and automotive spare parts sector.

7.2 **Projected Profit and Loss Statement**

The Income and Expenditure Statement show the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$ 531,650** in first year to **US \$ 5,875,889** in the 8th year

7.3 **Projected Cash Flows**

This is shown in the financial statements. The project has a positive end of year cash flow from 1st year **US\$ 752,150** of operation to **U S \$ 6,839,889** in the 8th year

7.4 **Projected Balance Sheet**

The projected Balance Sheet of the projected is shown in the financial statements under same heading. Shareholders equity increases from **US\$ 1,855,000** in the first year of operation to **US \$ 6,839,889** in the 8th year.

7.5 **Projected Long Term Loan Repayment**

The projected loan is projected to be **US\$2,000,000** to be repaid within 5 years with bank interest of 8% annual.

7.6 **Project Projected Payback Period**

The projected Investment Cost is **US\$3,855,000**, Accumulated cash flow in 5th year is **US\$ 4,025,333**, which is greater than initial investment cost, therefore project payback period is within three years.

8.0 Economic Aspects

Implementation of this project will have the following social and economic values

- Motorcycle assembly and spare parts production will significantly contribute to the development of the local automotive industry, reducing reliance on imported finished products.
- The project will facilitate technology transfer through the introduction of modern assembly-line systems, quality control techniques, and engineering skills to the Tanzanian workforce.
- Employment opportunities will be created for approximately 180 people, including permanent and temporary staff, thereby improving household income and supporting national economic goals.
- Local suppliers and service providers will benefit from increased business opportunities, including packaging, metal works, logistics, maintenance, and auxiliary services.
- The project will generate substantial revenue for the government through corporate tax, value added tax on local inputs, PAYE, and other statutory payments.
- The project will contribute to foreign exchange earnings, particularly through the export of assembled motorcycles and spare parts to neighboring regional markets.

9.0 Conclusion and Recommendations

The project is technically feasible, financially viable, and economically sound, provided it is managed efficiently by the sponsors. The technological requirements, availability of

skilled labor, market demand for motorcycles and vehicle spare parts, and the investment environment in Tanzania all support the successful implementation of this initiative.

It is recommended that the project be approved by the Tanzania Investment Centre (TIC) and granted the TIC Certificate of Incentives, along with all associated privileges and benefits provided under the Tanzania Investment Act, 2022. These incentives will enhance the project's competitiveness, reduce operational costs, and further promote industrial growth in Tanzania's automotive sector.

TIANYI HOLDING TANZANIA LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue	2,800,000	2,940,000	3,087,000	3,241,350	3,403,418	3,573,588	3,752,268	3,939,881
Operating Expenses:	1,820,000	1,911,000	2,006,550	2,106,878	2,212,221	2,322,832	2,438,974	2,560,923
Profit before Depreciation & Interest	980,000	1,029,000	1,080,450	1,134,473	1,191,196	1,250,756	1,313,294	1,378,958
Interest	160,000	128,000	96,000	64,000	32,000	-	0	0
Depreciation	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500
Gross Profit	759,500	840,500	923,950	1,009,973	1,098,696	1,190,256	1,252,794	1,318,458
Tax (30%)	227,850	252,150	277,185	302,992	329,609	357,077	375,838	395,538
Profit After Tax	531,650	588,350	646,765	706,981	769,087	833,179	876,956	922,921
Accumulated Profit	531,650	1,120,000	1,766,765	2,473,746	3,242,833	4,076,012	4,952,968	5,875,889

TIANYI HOLDING TANZANIA LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5	6	7	8
Profit before interest and depreciation	-	980,000	1,029,000	1,080,450	1,134,473	1,191,196	1,250,756	1,313,294	1,378,958
Equity	1,855,000								
Loan	2,000,000								
Total Sources	3,855,000	980,000	1,029,000	1,080,450	1,134,473	1,191,196	1,250,756	1,313,294	1,378,958
Applications:									
Capital expenditure	2,755,000	-	-	-	-	-			
working Capital & Others	1,100,000								
Cash	-	752,150	776,850	803,265	831,481	861,587	893,679	937,456	983,421
Tax	-	227,850	252,150	277,185	302,992	329,609	357,077	375,838	395,538
Sub total	3,855,000	980,000	1,029,000	1,080,450	1,134,473	1,191,196	1,250,756	1,313,294	1,378,958
Total applications	3,855,000	980,000	1,029,000	1,080,450	1,134,473	1,191,196	1,250,756	1,313,294	1,378,958
Accumulated cash		752,150	1,529,000	2,332,265	3,163,746	4,025,333	4,919,012	5,856,468	6,839,889

TIANYI HOLDING TANZANIA LIMITED PROJECTED BALANCE SHEET USD

Fixed Assets		1	2	3	4	5	6	7	8
Opening balance	-	2,755,000	2,694,500	2,634,000	2,573,500	2,513,000	2,452,500	2,392,000	2,331,500
Total Long-term Assets	-	2,755,000	2,694,500	2,634,000	2,573,500	2,513,000	2,452,500	2,392,000	2,331,500
Less depreciation	-	60,500	60,500	60,500	60,500	60,500	60,500	60,500	60,500
Closing balance	-	2,694,500	2,634,000	2,573,500	2,513,000	2,452,500	2,392,000	2,331,500	2,271,000
Working capital	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Accumulated cash	-	752,150	1,529,000	2,332,265	3,163,746	4,025,333	4,919,012	5,856,468	6,839,889
Total assets	1,100,000	4,546,650	5,263,000	6,005,765	6,776,746	7,577,833	8,411,012	9,287,968	10,210,889

Financed by									
Equity	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000	1,855,000
Accumulated profit	-	531,650	1,120,000	1,766,765	2,473,746	3,242,833	4,076,012	4,952,968	5,875,889
Total equity	1,855,000	2,386,650	2,975,000	3,621,765	4,328,746	5,097,833	5,931,012	6,807,968	7,730,889
Long term loan	2,000,000	1,600,000	1,200,000	800,000	400,000	-			
Total debts	2,000,000	1,600,000	1,200,000	800,000	400,000	-	-	-	-
Total equity and debts	3,855,000	3,986,650	4,175,000	4,421,765	4,728,746	5,097,833	5,931,012	6,807,968	7,730,889

TIANYI HOLDING TANZANIA LIMITED PROJECTED LONG TERM LOAN REPAYMENT US\$

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	400,000.00	160,000.00	560,000.00	2,000,000.00
2	400,000.00	128,000.00	528,000.00	1,600,000.00
3	400,000.00	96,000.00	496,000.00	1,200,000.00
4	400,000.00	64,000.00	464,000.00	800,000.00
5	400,000.00	32,000.00	432,000.00	400,000.00

