

Payless Energy (T) Limited
SUMMARY OF INCENTIVES

S/N	Name of Incentive	Name of Items/Goods/Service	UoM	Estimated Quantity	HS Code If applicable	Total CIF Value of Goods/Services - USD	Estimated Value of the Incentive - USD	Incentive Implementation Period	Justify the Incentive
1	Exemption of Corporate Income Tax (CIT - 30%)				Appendix B	687,518,003	65,366,822	5 Years (2023 to 2028)	<p>1. The project requires a substantial capital investment (USD 150 Million) and requires an implementation period of 60 months to be fully operational hence a long break even period.</p> <p>2. This is a strategic project that will result to the country having an edge in terms of energy security and price stability of fuel which is a key aspect for economic development of the country.</p> <p>3. The project will address unemployment due to the new job creations created in the entire value chain of the project.</p> <p>4. The country will reap foreign exchange earnings from in transit fuel stored at the facility resulting to economic stability.</p>
2	Import Duty	2.1 Capital Goods			Appendix C	58,930,390	-	5 Years (2023 to 2028)	<p>1. Custom duties on capital goods, deemed capital goods and motor vehicles construction materials increase the startup cost of the project and are to be paid upfront before the project commences. A relief on these pre-operational taxes will attract the investor and enable the Company to effectively implement the project.</p> <p>2. Exemption from these duties eases the burden to the investors and reduce risks associated with the investment cementing the commitment of the investors to implement the project.</p>
		2.2 Deemed Capital Goods			Appendix D	1,568,627	282,353	5 Years (2023 to 2028)	
		2.3 Motor Vehicles and Trucks (25%)			Appendix E	-	0	5 Years (2023 to 2028)	
3	Customs Processing Fee (0.6%)	3.1 Capital Goods			Appendix C	58,930,390	353,582	5 Years (2023 to 2028)	
		3.2 Deemed Capital Goods			Appendix D	1,568,627	9,412	5 Years (2023 to 2028)	
		3.3 Motor Vehicles and Trucks			Appendix E	-	0	5 Years (2023 to 2028)	
4	Railway Development Levy(1.5%)	4.1 Capital Goods			Appendix C	58,930,390	883,956	5 Years (2023 to 2028)	
		4.2 Deemed Capital Goods			Appendix D	1,568,627	23,529	5 Years (2023 to 2028)	
		4.3 Motor Vehicles and Trucks			Appendix E	-	0	5 Years (2023 to 2028)	
5	Value Added Tax (18%)	5.1 Capital Goods			Appendix C	58,930,390	10,607,470	5 Years (2023 to 2028)	<p>1. The payment of Value-Added Tax (VAT) on capital goods, deemed capital goods and project motor vehicles presents a significant financial burden to investors, and relief on these pre-operational taxes is vital to attract investors and reduce investment risks.</p> <p>2. During the construction period, VAT on these items cannot be recovered through monthly returns, leading to an accumulation of VAT receivable, which could lead to cash flow difficulties.</p> <p>3. Thus, granting relief on VAT paid on these items is critical to safeguard the investor's capital and ensure the successful completion of the project</p>
		5.2 Deemed Capital Goods			Appendix D	1,568,627	282,353	5 Years (2023 to 2028)	
		5.3 Motor Vehicles and Trucks			Appendix E	-	0	5 Years (2023 to 2028)	
6	Exemption from Payment of	6.1 Local and international services related to project design, installation, construction, and engineering services.			Appendix G	6,145,471	307,274	5 Years (2023 to 2028)	<p>1. To meet the funding requirement the project promoters expect to borrow from international money lenders.</p> <p>2. However, withholding taxes on foreign loans, resulting in higher costs and increased risks for investors. This practice may require investors to bear the tax burden, leading to higher project costs.</p> <p>4. The success of the project relies on technical expertise from both local and international service providers. However, withholding taxes create a burden for service providers,</p>
		6.2 Local and international services related to business consultation and advisory services.						5 Years (2023 to 2028)	

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	Withholding Tax	6.3 Interest on foreign loans			Appendix F	12,890,051	1,289,005	5 Years (2023 to 2028)	<p>resulting in higher costs and increased risks for investors. This practice may require investors to bear the tax burden, leading to higher project costs.</p> <p>5. The project Investors expect their return in form of dividends. Due to significant investments made the company will take a long time to earn profit and distribute dividends. An exemption on withholding taxes on dividend will at least ensure that the investors get better return after a long wait.</p> <p>6. Withholding tax relief will greatly increase the viability of the</p>
		6.4 Dividend and unallocated income.			Appendix H	217,752,913	21,775,291	5 Years (2023 to 2028)	
7	Work and Residence Permits: Issue working visa to 50 technical experts during the construction phase and operation phase of the project.	/		/	/	/	500,000	5 Years (2023 to 2028)	<p>1. To meet the funding requirement the project promoters expect to borrow from international money lenders.</p> <p>2. However, withholding taxes on foreign loans, resulting in higher costs and increased risks for investors. This practice may require investors to bear the tax burden, leading to higher project costs.</p> <p>4. The success of the project relies on technical expertise from both local and international service providers. However, withholding taxes create a burden for service providers, resulting in higher costs and increased risks for investors. This practice may require investors to bear the tax burden, leading to higher project costs.</p>
8	Exemption from pre-shipment requirement and waiver of inspection fees				Appendix I	-	-	5 Years (2023 to 2028)	<p>5. The project Investors expect their return in form of dividends. Due to significant investments made the company will take a long time to earn profit and distribute dividends. An exemption on withholding taxes on dividend will at least ensure that the investors get better return after a long wait.</p> <p>6. Withholding tax relief will greatly increase the viability of the project and secure its success</p>
9	City Service Levy exemption for 5 years. (0.3%)	/			Appendix A	409,984,755	1,229,954	5 Years (2023 to 2028)	

Appendix B: Income and Profit Statement for 5 years

Item	Construction	Year 1	Year 2	Year 3
Income	-	60,807,115	69,928,183	80,417,410
Cost of sales	-	(41,829,200)	(46,012,120)	(50,613,332)
Gross Profit	-	102,636,315	115,940,303	131,030,742
Gross Profit Rate	-	168.79%	165.80%	162.94%
Operating Expenses	-	(3,853,731)	(4,123,492)	(4,412,136)
Total operating profit	-	106,490,046	120,063,795	135,442,878
Income tax	-	31,947,014	5,707,229	7,254,701
Net profit	-	74,543,032	114,356,565	128,188,177
	-	122.59%	163.53%	159.40%

Year 4	Year 5	Total
92,480,022	106,352,025	409,984,755
(55,674,665)	(61,242,132)	-255,371,449
148,154,687	167,594,157	665,356,204
160.20%	157.58%	162.29%
(4,720,986)	(5,051,455)	(22,161,800)
152,875,673	172,645,611	687,518,003
9,113,136	11,344,741	65,366,822
143,762,536	161,300,870	622,151,181
155.45%	151.67%	151.75%

APPENDIX C - CAPITAL GOODS

TOTAL VALUE - \$ 58,930,390

No	HS Code	Duty Rate	Category	Item Name	Quantity	Estimated FOB Value	TOTAL \$
1	7308.90.99	25/18	Structure/facility	Pre Fabricated Steel Structure	1	820,166	820,166
2	8711.60.00	25/18	Electric vehicle components	E2W - OASIS Voltix	8,000	676	5,408,000
3	8711.60.00	25/18	Electric vehicle components	E3W - Passenger	6,000	986	5,916,000
4	8711.60.00	25/18	Electric vehicle components	E3W - Cargo 2 Tonnes	6,000	892	5,352,000
5	8507.60.00	25/18	Battery components	Batteries - E2W & E3W	5,000	400	2,000,000
6	8507.60.00	25/18	Battery components	Batteries - Scooter	1,000	219	219,000
7	8507.60.00	25/18	Battery components	Lithium-ion Pouch Cells Components (50Ah 3.65V)	2,000,000	13	26,000,000
11	8537.10.00	25/18	Assembly Equipment	12 Cabinet Stations	3,000	2,756	8,267,882
12	6306.22.00	25/18	Infrastructure equipment	Rain shelter and camera	3,000	112	336,606
				E2W PRODUCTION			
	8479.89.00	0/18	E2W Assembly	Assembly Line	1	12,400	12,400
	8479.89.00	0/18	E2W Assembly	Inspection Line	1	20,500	20,500
	8479.89.00	0/18	E2W Assembly	Vibration Testing Machine	1	7,300	7,300
	8477.59.00	0/18	E2W Assembly	Tire press machine (AC 380 - 50Hz)	1	6,530	6,530
	8465.94.00	0/18	E2W Assembly	Name plate laser marking and bending machine	1	7,250	7,250
	8461.90.00	0/18	E2W Assembly	Piping pneumatic coding machine	1	5,600	5,600
	8462.10.00	0/18	E2W Assembly	Front Fork Bowl Press Machine	1	2,460	2,460
	8504.40.00	0/18	E2W Assembly	Stablizer Voltage Supply (100V 100A)	1	1,750	1,750
				E3W PRODUCTION			
	8479.89.00	0/18	E3W Assembly	Assembly Line	1	22,320	22,320
	8479.89.00	0/18	E3W Assembly	Inspection Line	1	36,900	36,900
	8479.89.00	0/18	E3W Assembly	Vibration Testing Machine	1	13,140	13,140
	8477.59.00	0/18	E3W Assembly	Tire press machine (AC 380 - 50Hz)	1	6,530	6,530
	8465.94.00	0/18	E3W Assembly	Name plate laser marking and bending machine	1	7,250	7,250
	8461.90.00	0/18	E3W Assembly	Piping pneumatic coding machine	1	5,600	5,600
	8462.10.00	0/18	E3W Assembly	Press Machine	1	4,428	4,428
	8504.40.00	0/18	E3W Assembly	Stablizer Voltage Supply (100V 100A)	1	1,750	1,750
				POUCH BATTERY PACK PRODUCTION LINE			
13	8433.600.00	0/18	Battery Assembly	Cell Sorting Machine	3	23,661.97	70,986
14	8451.50.00	0/18	Battery Assembly	Tab Cutting Machine	3	9,577.46	28,732
15	8479.40.00	0/18	Battery Assembly	Insulation Tape Application Machine	3	10,563.38	31,690
16	8515.80.00	0/18	Battery Assembly	Laser Welding Machine	3	34,507.04	103,521
17	7610.90.00	0/18	Battery Assembly	Module Section Line and Accessories	3	51,408.45	154,225
18	9024.80.00	0/18	Battery Assembly	End of Line (EOL) Testing Machine	3	19,014.08	57,042
19	8422.30.00	0/18	Battery Assembly	PACK Section Line and Accessories	3	40,281.69	120,845
20	8471.50.00	0/18	Battery Assembly	Manufacturing Execution System (MES)	3	17,605.63	52,817
				POUCH BATTERY TESTING MACHINERY			
21	9024.80.00	0/18	Battery Assembly	Cell Capacity Testing Machine	15	24,788.73	371,831
22	8466.93.00	0/18	Battery Assembly	Module Aging Machine	15	55,352.11	830,282

23	8466.93.00	0/18	Battery Assembly	Rate Aging Machine	3	36,366.20	109,099
24	9031.80.00	0/18	Battery Assembly	External Short - Circuit Test Machine	3	9,295.77	27,887
25	9031.80.00	0/18	Battery Assembly	Insulation Resistance Test Machine	3	2,647.89	7,944
26	9031.80.00	0/18	Battery Assembly	DC Power Supply Test Machine	3	2,183.10	6,549
27	9031.80.00	0/18	Battery Assembly	Load Test Machine	3	2,323.94	6,972
28	9031.80.00	0/18	Battery Assembly	Transport Vibration Test Machine	3	2,183.10	6,549
29	9031.80.00	0/18	Battery Assembly	Wet - Heat Cycle Test Machine	3	10,563.38	31,690
30	9031.80.00	0/18	Battery Assembly	Extrusion and Needle - Puncture Test Machine	3	7,746.48	23,239
31	9031.80.00	0/18	Battery Assembly	High - Altitude Test Machine	3	7,887.32	23,662
32	9031.80.00	0/18	Battery Assembly	Corrosion Test Machine	3	5,352.11	16,056
33	9031.80.00	0/18	Battery Assembly	Welding Force Test Machine	3	3,661.97	10,986
34	9031.80.00	0/18	Battery Assembly	Thermal Abuse Test Machine	3	9,154.93	27,465
35	9031.80.00	0/18	Battery Assembly	Battery Drop Test Machine	3	5,140.85	15,423
				CHASSIS PRODUCTION - E2W & E3W			
36	8462.29.00	0/18		<u>Bending Machinery - 8462.29.00</u>			
37	8458.19.00	0/18		75CNC-4A-2S - 8458.10.00	3	58,450	175,350
38	8458.19.00	0/18		63NC - 8458.19.00	3	5,916	17,748
39	8458.19.00	0/18		38CNC-4A-2S - 8458.19.00	3	28,169	84,507
40	7306.30.00	25/18		Tubes/Molds - 7306.30.00	54	704	38,028
							-
				<u>Cutting Machinery</u>			-
41	8464.10.00	0/18		Pipe Cutting Machine 315AC - 8464.10.00	3	1,972	5,916
42	8464.10.00	0/18		Flat Panel Cutting Machine - 8464.10.00	3	22,536	67,608
43	8464.10.00	0/18		Laser Pipe Cutting Machine - 8464.10.00	3	37,747	113,241
							-
				<u>Pressing Machinery</u>			-
44	8462.10.00	0/18		Punch press 160 tonnes - 8462.10.00	3	51,831	155,493
45	8462.10.00	0/18		Punch press 80 tonnes - 8462.10.00	3	40,141	120,423
46	8462.10.00	0/18		Punch press 63 tons - 8462.10.00	3	21,127	63,381
47	8462.10.00	0/18		Stamping mold 60 sets - 8462.10.00	3	112,677	338,031
48	8462.10.00	0/18		Edging Folding Machine (includes 5 knife sets) - 8462.10.00	3	51,831	155,493
49	8462.10.00	0/18		Embossing Machine - 8462.10.00	3	8,169	24,507
				<u>Welding Machinery</u>			
50	8515.39.00	0/18		Manual Welding Machine - 5 sets - 8515.39.00	3	11,268	33,804
51	8515.39.00	0/18		Welding Tooling - 8515.39.00	3	46,479	139,437
52	8462.31.00	0/18		Plate Sheering Machine	3	17,085	51,255
53	8479.89.00	0/18		Coating Production Line - 8479.89.00	1		729,313
				GRAND TOTALS			58,930,390

APPENDIX D - DEEMED CAPITAL GOODS

TOTAL VALUE - \$ 1,568,627

No	HS Code	Duty Rate	Category	Item Name	Item Group	UoM	Quantity	Estimated CIF Value	TOTAL \$	Duties
1		18%	Construction material	Concrete	Construction material	CMB			1,568,627	282,353
									1,568,627	282,353

APPENDIX G - LOCAL AND INTERNATIONAL SERVICES
TOTAL VALUE - \$ 307,274

No	Nature of the Service	Amount - USD
1	Civil and Architecture Services	1,176,471
2	Environmental and Sustainability Consulting	1,413,000
3	Project management	3,236,000
4	Business consultancy	320,000
	Total	6,145,471
	WHT PAYABLE (5%)	307,274

APPENDIX H - DIVIDEND AND UNALLOCATED INCOME
TOTAL VALUE - \$ 21,775,291.34

DETAIL	AMOUNT - USD
Profit attributable to Shareholders - Five Years	622,151,181.18
Retained earnings per year (65%)	404,398,267.77
Distributable Dividend (35%)	217,752,913.41
WHT payable (10%)	21,775,291.34